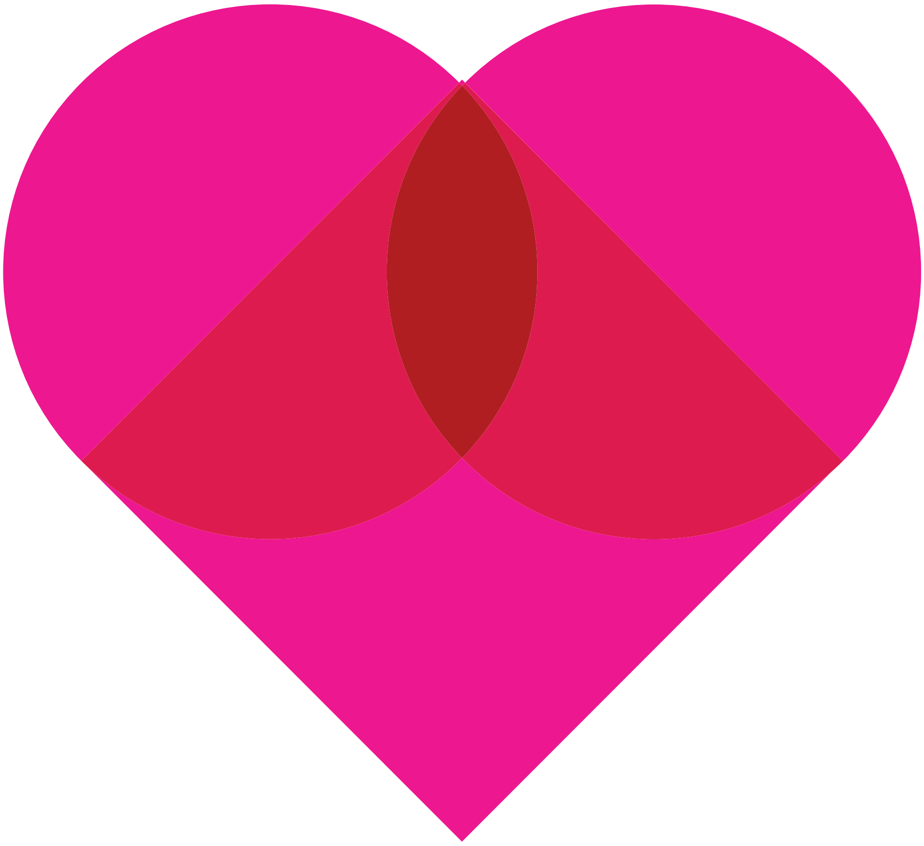
italiaonline

First Half Report
at June 30, 2016

Passion

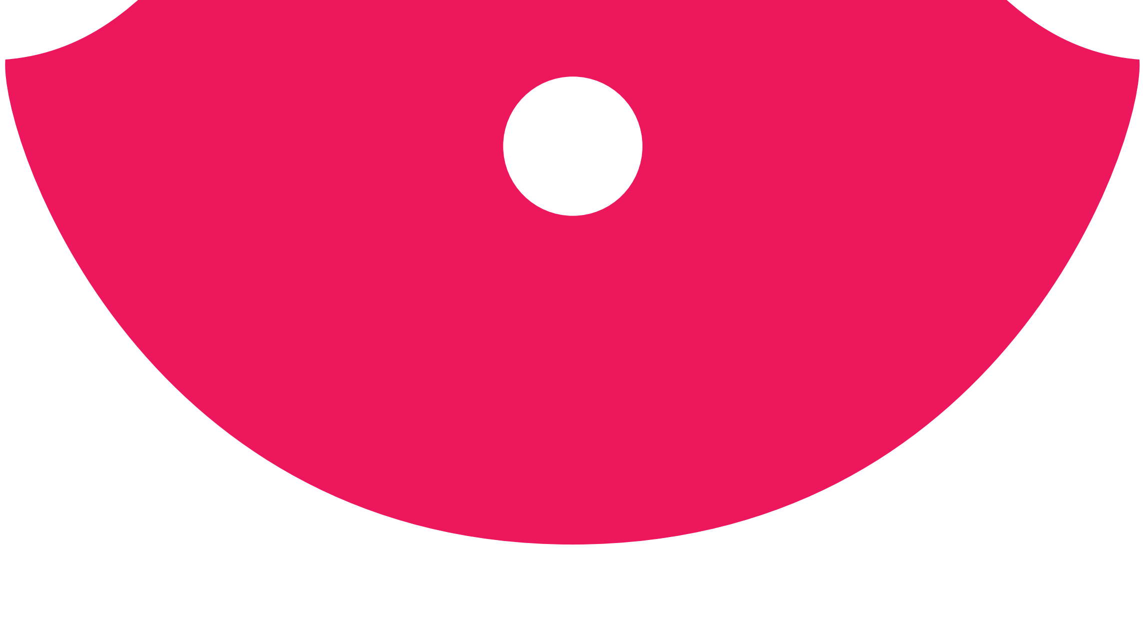


INTRODUCTION

Italiaonline provides web marketing and digital advertising services, including management of advertising campaigns and lead generation through social networks and search engines. It is also the leading operator in the Italian market for printed and online telephone directories. The company caters to small and medium-sized enterprises, which are the backbone of the Italian economy, as well as to large companies.

The new Italiaonline

Dynamism



HIGHLIGHTS AND GENERAL INFORMATION

Corporate Boards (updated on August 04, 2016)

Board of Directors (1)

Chairman: Khaled Galal Guirguis Bishara
Deputy Chairman: David Alan Eckert (2)
Chief Executive Officer: Antonio Converti (2)
Maria Elena Cappello (i) - Antonia Cosenz (i) (3) - Cristina Finocchi Mahne (i) - Onsi Naguib Sawiris - Corrado Sciolla (i) - Sophie Sursosck

Appointment & Remuneration Committee (4)

Chairman: Antonia Cosenz (3)
Cristina Finocchi Mahne - Corrado Sciolla

Audit Risk Committee (4)

Chairman: Cristina Finocchi Mahne
Maria Elena Cappello - Antonia Cosenz (3)

Board of Statutory Auditors (4)

Chairman: Maurizio Michele Eugenio Gili
Standing Auditor: Ada Alessandra Garzino Demo - Guido Nori
Alternate Auditor: Roberta Battistin - Giancarlo Russo Corvace

Common representative of Saving Shareholders (6)

Stella d'Atri

Chief Financial Officer

Andrea Servo

Independent Auditors (7)

KPMG S.p.A.

(1) The Board of Directors was appointed by the Shareholders' Meeting of October 8, 2015.
(2) Appointed by Board resolution of October 8, 2015.
(3) On March 8, 2016, the Shareholders' Meeting, in its ordinary session, appointed Antonia Cosenz – formerly co-opted by the Board of Directors of November 10, 2015 following the resignation of Mrs Mollis on November 6, 2015 from her position on the company's Board of Directors as a Member of the Board.
(4) The Committees were appointed by the Board of Directors on October 8, 2015 and were confirmed by the Board of Directors on March 8, 2016, following the appointment of Antonia Cosenz as mentioned above.
(4) The Board of Statutory Auditors was appointed by the Shareholders' Meeting of April 23, 2015. It is reported that Alternate Auditor Max Parodi passed away on September 5, 2015. To replace him, the Ordinary Shareholders' Meeting of March 8, 2016 appointed Giancarlo Russo Corvace as an Alternate Auditor.
(6) Appointed by the special meeting of saving shareholders of May 18, 2016 for 2016-2017-2018.
(7) Appointed by the shareholders' meeting of May 12, 2016.
(i) Directors who meet the independence criteria set forth in Articles 147-ter(4) and 148(3) of Legislative Decree 58/1998 and the Code of Corporate Governance for Listed Companies.

Financial highlights of the Group

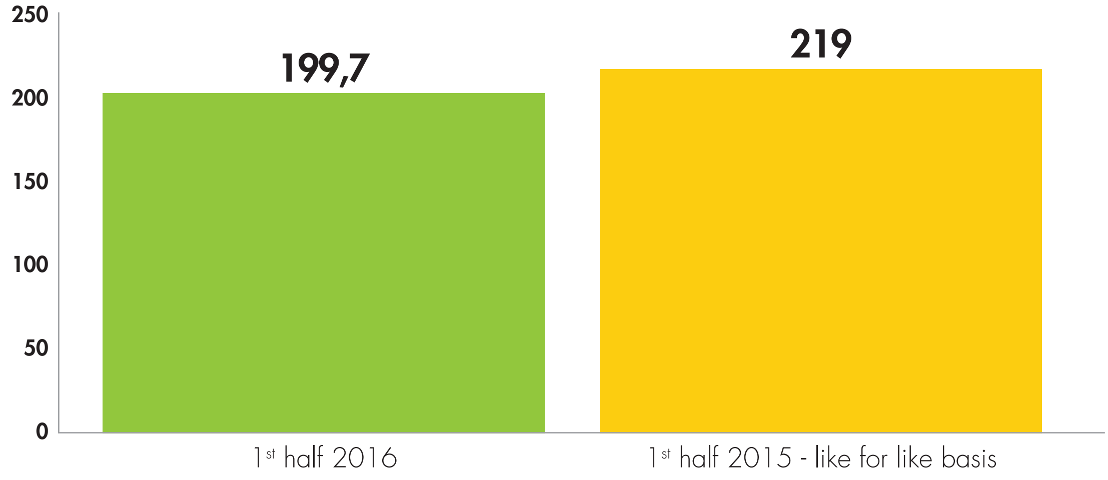
The results of the Italiaonline Group for the first half of 2016 and for the first half of 2015 on a like-for-like basis have been prepared in accordance with the international accounting standards issued by the International Accounting Standards Board and endorsed by the European Union (IFRS).
The data for the first half of 2015 have been shown on a like-for-like basis compared to those for the first half 2016, as described in the Report on Operations – section "Presentation of comparative accounting data" – of this Interim financial report at June 30, 2016.

- REVENUE of € 199.7 million, down 8.8% compared to the first half of 2015 on a like- for-like basis (€ 219.0 million). This reduction is mainly due to the natural decline in traditional business revenue from print directories and directory assistance and that of digital revenue resulting from strategic actions to optimize the mix of products designed to increase the commercial focus on those with higher margins.
- EBITDA amounted to € 29.5 million, an increase of 37.5% compared to the first half of 2015 on a like-for-like basis (€ 21.4 million), due to effective cost-cutting measures.
- Unlevered FREE CASH FLOW generated during the first half of 2016 amounted to € 35.5 million, up sharply, by €19.6 million (+122.6%), compared to the first half 2015 on a like for like basis (€ 15.9 million).
- NET FINANCIAL POSITION as at June 30, 2016 positive of € 102.0 million, an improvement of € 27.4 million compared with December 31, 2015 (€ 74.6 million).

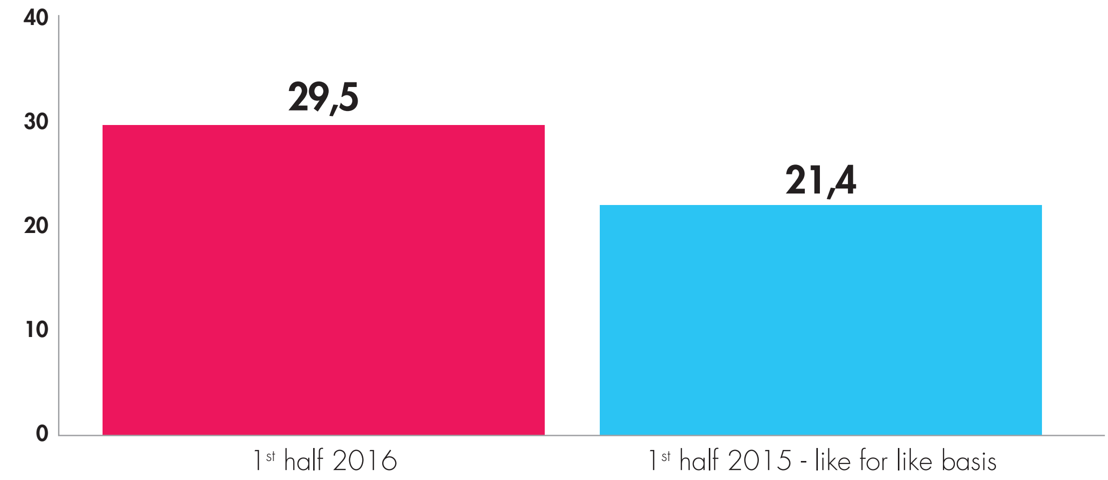
(euro/million)	1ST HALF 2016	1ST HALF 2015 *like-for-like basis (***)*
Financial Highlights		
Revenue from sales and services	199.7	219.0
GOP (*)	38.1	30.4
EBITDA (*)	29.5	21.4
EBIT (*)	(0.5)	(11.7)
Pre-tax loss	(0.3)	(8.7)
Profit (loss) from continuing operations	3.8	(10.5)
Profit (loss) attributable to the owness of the parent	3.9	(8.2)
OFCF (*)	36.2	20.4
Unlevered FCF (*)	35.5	16.0
Capital expenditure	12.1	19.2
Net invested capital (*)	244.8	263.1
of which godwill and marketing related intangible assets	*280.5*	*283.7*
of which net operating working capital	*(40.0)*	*(31.6)*
Equity attributable to the owness of the parent	347.0	288.2
Net financial position	(102.0)	(74.6)
Profitability ratios		
EBITDA/Revenue	14.8%	9.8%
EBIT/Ricavi	(0.3%)	(5.3%)
OFCF/Revenue	18.1%	9.3%
Workforce		
Workforce at the end of the period (units) (* *)	2,189	2,230
Average workforce for the period for continuing operations	1,873	2,108
Revenue/Average workforce	107	104

(*) See "Non IFRS performance indicators" below for details on how the items are calculated.
(* *) 2015 data refers to December 31 (includes staff in CIGS "zero-hour workers")
(* * *) The comparable data related to 6 months 2015 include Italiaonline and Seat Pagine Gialle S.p.A. data.

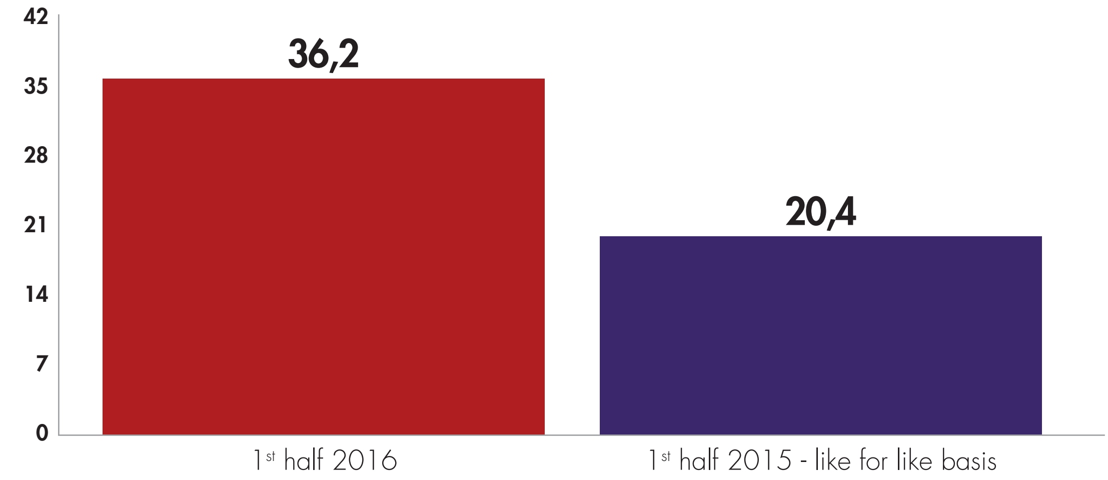
Revenues (euro/milion)



EBITDA (euro/milion)



Operating Free Cash Flow (euro/milion)



Non IFRS performance indicators

This section reports on several non-IFRS performance indicators measures used in the condensed interim consolidated financial statements at June 30, 2016, in order to provide tools for analysing the financial performance of the Group in addition to those based on the financial statements.

These indicators are not identified as accounting measures within the IFRS framework and, therefore, must not be considered an alternative standard by which to assess the results of the Group or its financial position and cash flows. Since these measures are not governed by the IFRS, the calculation methods used by the Group may not be consistent with those implemented by others, meaning that the indicators may not be comparable. Those indicators are as follows:

- **GOP** or *gross operating profit* refers to EBITDA before other operating income and expenses, net impairment losses, and provisions for risks and charges.
- **EBITDA,** or *operating profit before amortisation, depreciation, non-recurring and restructuring costs net*, is represented by **EBIT** (*operating profit*) before net non-recurring and restructuring costs and operating and non-operating amortisation, depreciation and impairment losses.
- **Operating Working Capital and Non-operating Working Capital** are calculated respectively as current operating assets (relating to operating revenue) net of current operating liabilities (relating to operating costs), and as current non-operating assets net of current non-operating liabilities: both items exclude current financial assets and liabilities.
- **Net Invested Capital** is calculated as the sum of operating working capital, non-operating working capital, goodwill, and other "marketing-related" intangible assets and other operating and non-operating non-current assets and liabilities.
- **Net Financial Debt** is an indicator of the ability to meet financial obligations comprising current and non-current Financial liabilities net of Cash and cash equivalents and Current loan assets.
- **OFCF** (*Operating Free Cash Flow*) is determined by the EBITDA, adjusted to take into account the effect of capital expenditure and the change in operating working capital and non-current operating liabilities on the net financial position.
- **Unlevered FCF** (*Unlevered Free Cash Flow*) corresponds to the OFCF adjusted by the effect of taxes paid.

Information for Shareholders

Composition of share capital and the major stock indicators

The ordinary shares (ISIN: IT0005187940) and savings shares (ISIN code IT0005070641) of Italiaonline S.p.A. are listed on the MTA (Italian Online Stock Market) organized and managed by Borsa Italiana S.p.A..
The ordinary shares of Italiaonline S.p.A. are listed on the indices of the FTSE All-Share Capped, FTSE Italia All-Share, FTSE Italia Small Cap, FTSE Italia Servizi al Consumo, and FTSE Italia Media.
The following are data on the composition of the share capital of Italiaonline S.p.A. and the major share indicators recorded on the date of June 30, 2016. They have not been compared with the figures from June 30, 2015 because they are not comparable.

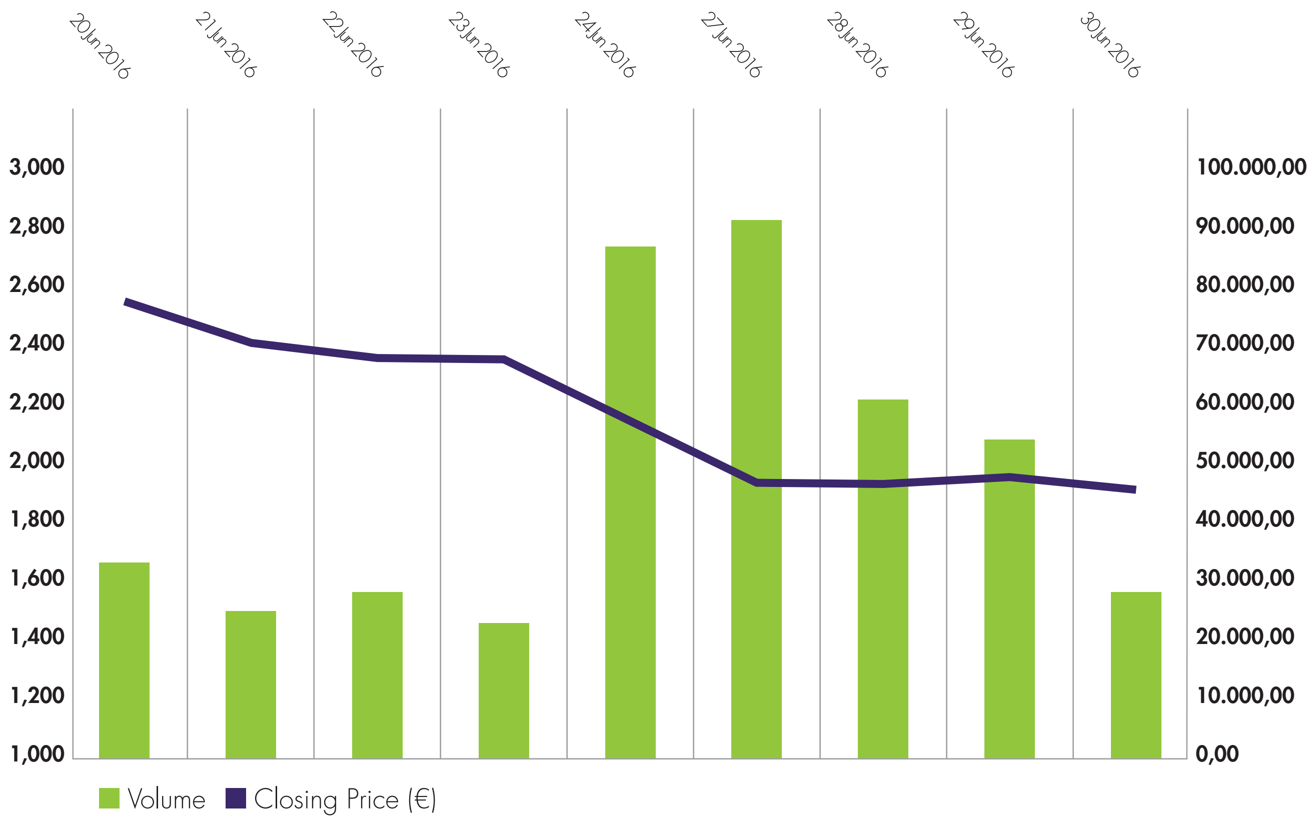
		AT 30.06.2016
Share capital	euro	20,200,142.97
Number of ordinary shares	n.	114,752,181
Number of savings shares	n.	6,803
Market capitalization *(based on market price as at March 31)* Ordinary shares Saving shares Total	 *euro/mln* *euro/mln* *euro/mln*	 *219* *2* *221*
Equity per share	euro	3.0236
Profit (loss) per share	euro	0.0337
Profit (loss) per share diluted	euro	0.0334

Source: Nasdaq IR Insight

Italiaonline on the Stock Exchange

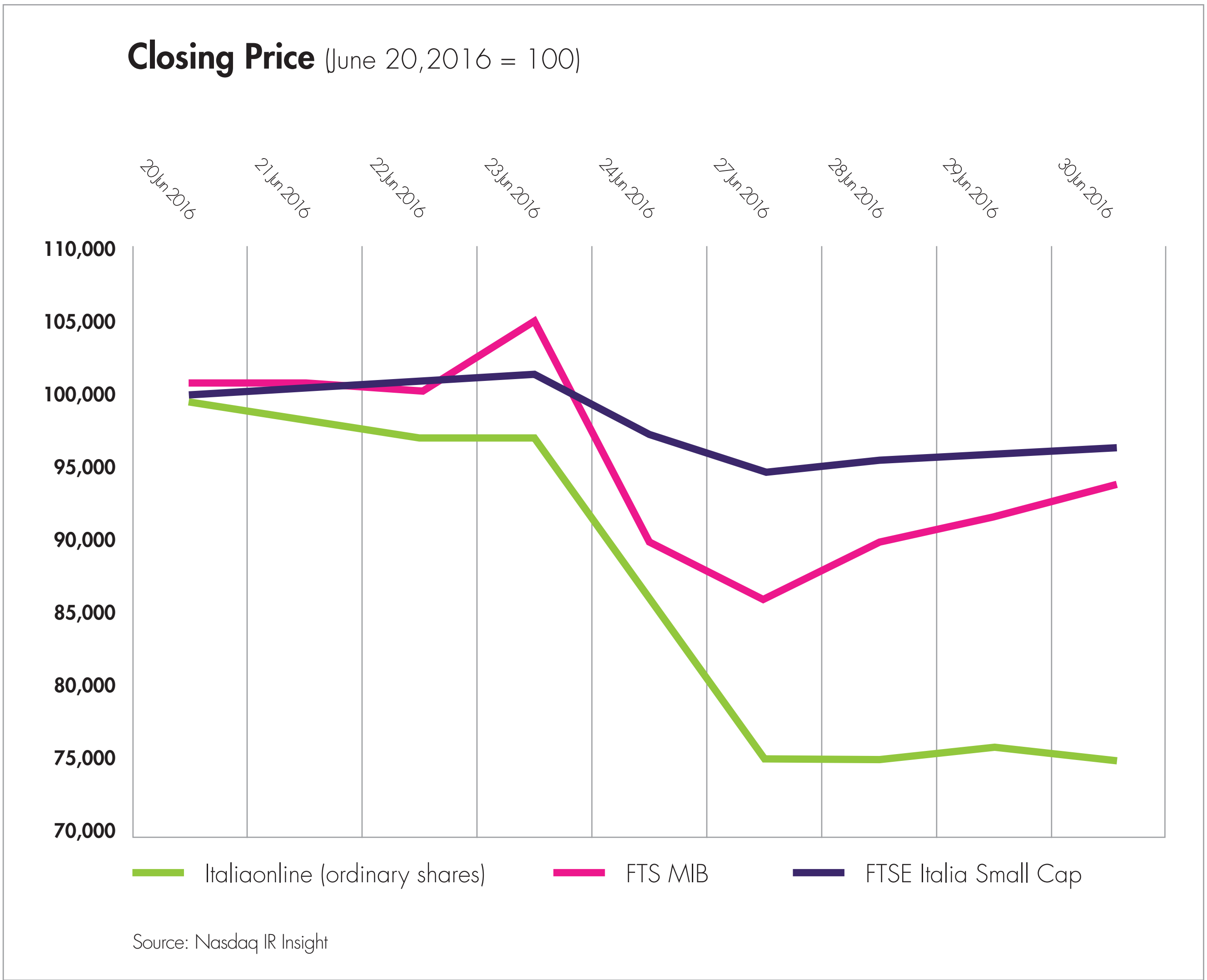
Between June 20, 2016, first day of trading after the reverse merger of Italiaonline S.p.A. into Seat Pagine Gialle S.p.A., and June 30, 2016, the last trading day of the reporting period, the reference price of the ordinary shares of Italiaonline SpA decreased reduced from Euro 2.524 to Euro 1.910, which is a decrease in the market capitalization from Euro 290 million to Euro 219 million.
In the same period, about 429,000 ordinary shares were traded, with a daily exchange of approximately 48 thousand ordinary shares (corresponding to 0.04% of total ordinary shares).
It is noted that the trend of the ordinary shares of Italiaonline S.p.A., like that of the main shares on the Milan Stock Exchange and foreign stock exchanges, was heavily penalized by the outcome of the June 22-23 referendum that approved Great Britain leaving the European Union ("Brexit").
As of August 4, 2016 the closing price of the ordinary shares of Italiaonline S.p.A. stood at Euro 2.39, slightly below that of the first day of listing. It noted that on July 25, 2016 the stock reached its maximum amount of Euro 2.7 benefiting from the cancellation of the parent from the list (so-called "*Black list*") of Consob.

Performance of the Italiaonline share



Source: Nasdaq IR Insight

Performance of the Italiaonline share with respect to the main indices



Shareholders

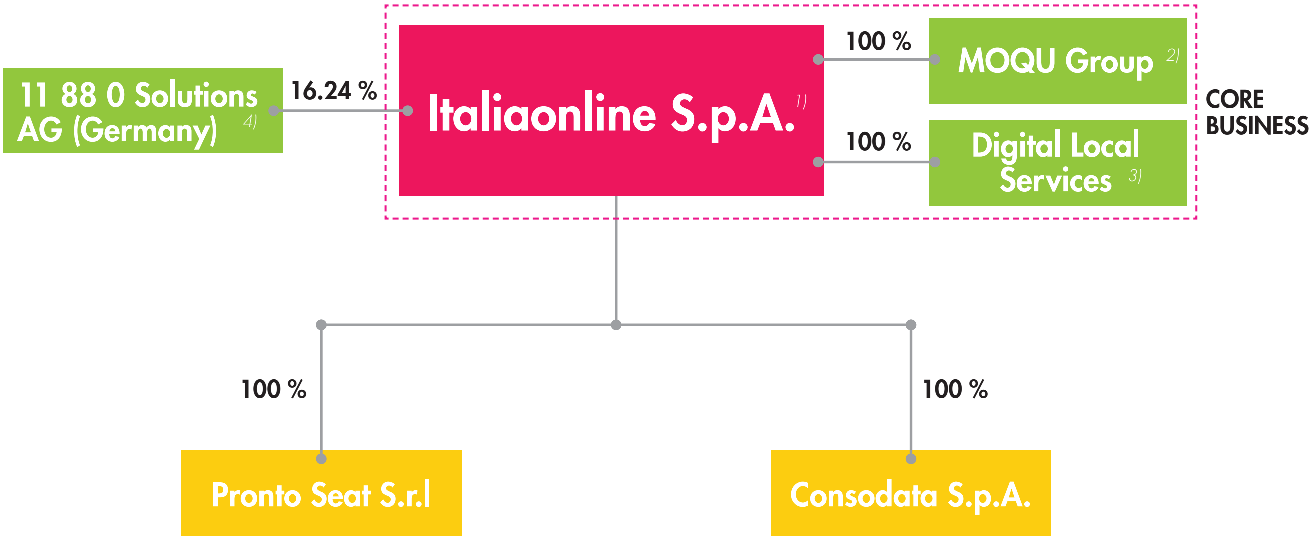
The holders of ordinary Italiaonline S.p.A. shares who held more than 5% of the parent's share capital, based on information available as of June 30, 2016, are set out below:

DECLARANT	SHAREHOLDERS	NO. OF SHARES	% OF CAPITAL
Marchmont Trust	Libero Acquisition S.à.r.l.	67,500,000.00	58.82
GoldenTree Asset Management LP	Fondi GoldenTree (1)	18,608,144.00	16.22
Lasry Marc	GL Europe Luxembourg S.à.r.l.	15,930,433.00	13.88
	Mercato	12,713,604.00	11.08
	Totale	114,752,181.00	100.00

(1) GoldenTree Asset Management Lux S.à r.l., GoldenTree SG Partners L.P., GT NM L.P. and San Bernardino County Employees Retirement Association

Organisational structure of the Group

(as at August 4, 2016)



1) Italiaonline also holds a 20% stake in Gold Five Ltd. and 100% of Couponing Italia S.r.l. "in liquidation"
2) The Moqu Group includes Moqu Adv S.r.l. and its 100% subsidiary Moqu Ireland Ltd.
3) 74 (of which 4 into liquidation) single shareholder limited liability companies directly owned by Italiaonline S.p.A.
4) Formerly Telegate AG

Tradition

CONTENTS OF THE REPORT ON OPERATIONS

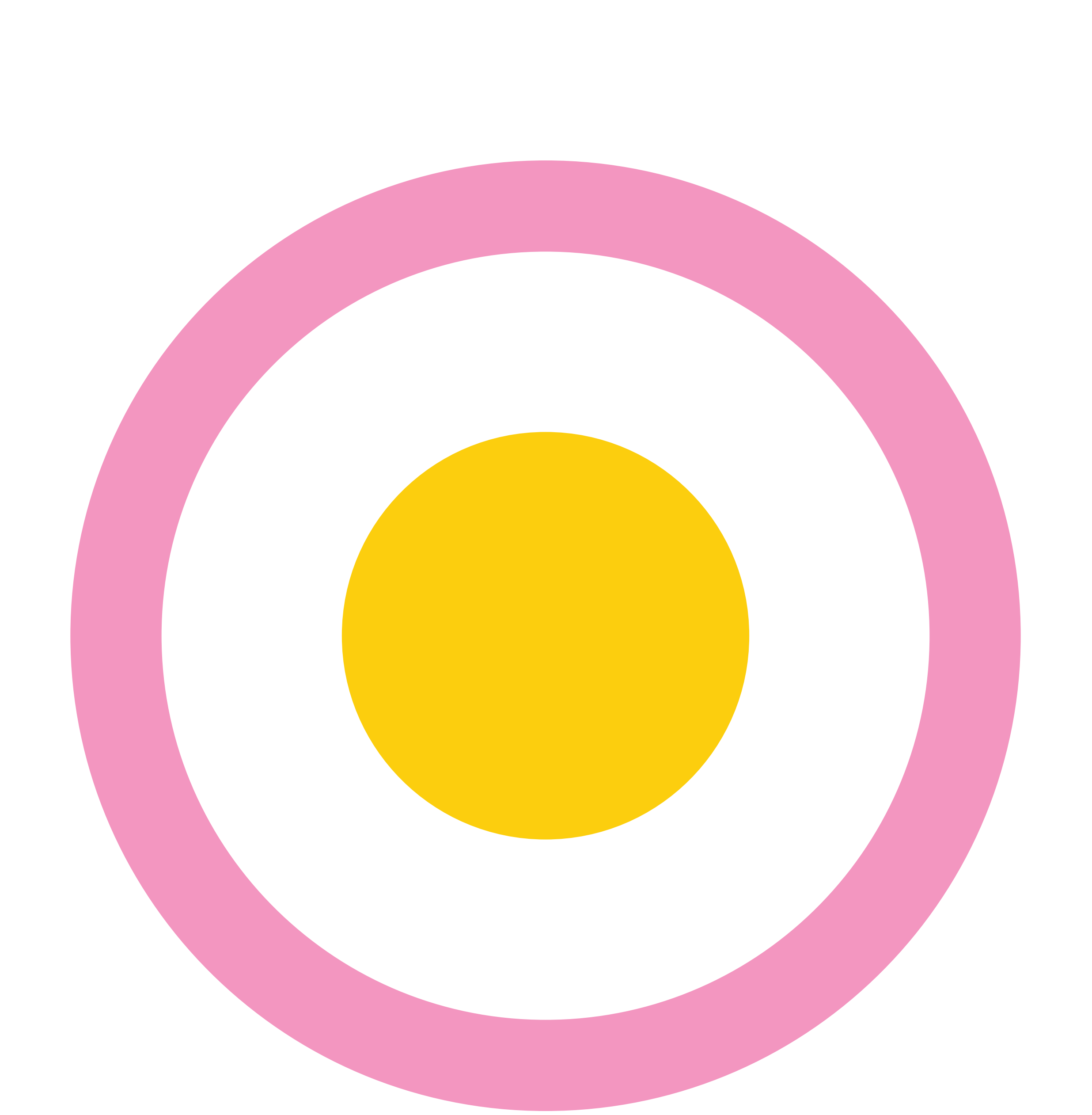
Introduction

On June 20, 2016 the reverse merger of Italiaonline S.p.A. into Seat Pagine Gialle S.p.A. took legal effect (which simultaneously changed its name to Italiaonline S.p.A.), the last operation planned under the Acquisition of the Seat Group by Libero Acquisition, which began with the signing on May 21, 2015 of an investment agreement between Italiaonline, Libero Acquisition as controlling shareholder of Italiaonline, and Avenue and GoldenTree Funds as the major shareholders of Seat Pagine Gialle S.p.A. (Seat), having as its object the merger of Italiaonline and Seat, with the goal of creating a leading player in the Italian digital advertising market.

The main steps of the Acquisition operation (for a detailed description of which reference is made to the press releases available on the site www.Italiaonline.it) were as follows:

- On September 9, 2015 the Seat shares owned by Avenue and GoldenTree Funds were contributed to Italiaonline. As a result of the transfer, Libero, Avenue and GoldenTree Funds hold, respectively, about 66.15%, 15.61%, and 18.24% of Italiaonline, which in turn is in possession of about 54.34% of the ordinary Seat shares;
- On November 6, 2015 the public purchase offer was concluded, made after the contributions, following which Italiaonline held 80,23% of the ordinary share capital of Seat;
- On January 20, 2016 the Boards of Directors of the Companies Participating in the Merger approved the terms of the reverse merger of Italiaonline in Seat Pagine Gialle and called the extraordinary meetings of shareholders for their relevant resolutions;
- On March 8, 2016 the shareholders' meetings of the companies participating in the merger approved, in extraordinary sessions, the merger;
- On June 20, 2016 the merger became effective; in the context of the merger Seat issued 50,479,717 ordinary shares with no par value, to be used in exchange for the old Italiaonline S.p.A. shares, without a concomitant increase in its share capital. As a result of the Merger, all the ordinary shares representing the entire share capital of the old Italiaonline S.p.A. will be canceled. Therefore, at the effective date of the merger, the new Italiaonline share capital is divided into 114,752,181 ordinary shares and 6,803 savings shares.

Experience



Performance of the Group

The results of the Italiaonline Group for the first half of 2016 and for the corresponding period of the previous year with which they are compared have been prepared in accordance with the international accounting standards issued by the International Accounting Standards Board and endorsed by the European Union ("IFRS").

The interim financial report at June 30, 2016 was prepared on a going concern basis, since there are reasonable expectations that Italiaonline S.p.A. will continue its operating activity in the foreseeable future (and in any case to a period of more than twelve months).

The "Outlook" section contains forward-looking statements regarding the Group's intentions, beliefs and current expectations in relation to its financial results and other aspects of its business and strategies. Readers of this interim financial report should not place excessive confidence in the reliability of these forward-looking statements, since the final results may differ from those contained in these forecasts for a number of reasons, some of which are beyond the Group's control.

Presentation of comparative figures

In order to provide information that on one hand is consistent with the accounting policies governed by the IFRS, and on the other hand allows a consistent comparison for an adequate analysis of the Group's performance, this interim report was prepared according to the following approach.

- In the section Performance of the Group, comparative data were compiled on the basis of a consolidated income statement and consolidated cash flow statement on a like for like, including the results for the first half of 2015 of SEAT and of the Italiaonline Group (pre-merger). The figures for SEAT Group have been adjusted to reflect *(i)* the non-recurring effect that originated from the change of the criterion of estimated revenue of the PagineBianche® offer, adopted as of January 1, 2015 and *(ii)* the change in the timing of the SmartBook®'s publication, introduced on January 1, 2016, which together resulted in a decrease of € 7,958 thousand in revenue and € 7,643 thousand in EBITDA. Consequently, the operating costs relating to such revenue of € 315 thousand and the theoretical tax effect of €1,769 thousand were excluded. It should also be noted that the above adjustments have no impact on the terms of billing and collection to and from customers and that, therefore, the changes in question have no effect on operating cash flows.
- In the section of the condensed interim consolidated financial statements, the comparative figures relating to the performance of the Group Italiaonline in the first half of 2015 included only the results of Italiaonline S.p.A. (pre-merger) and Moqu Group. The statement of financial position figures at December 31, 2015 have been restated to reflect, as of August 31 2015, the accounting effects of the Purchase Price Allocation.

The first half 2016 results show a marked improvement in key financial indicators.

The Group's EBITDA amounted to € 29,472 thousand (EBITDA margin 14.8%), up by 37.5% compared to the € 21,429 thousand (EBITDA margin 9.8%) for the c first half 2015 on a like-for-like basis, thanks to effective measures to reduce costs (down € 27.022 thousand). In this respect it should be noted that over 50% of the cost savings achieved in the half year (figures for the core business "Italiaonline" which includes the results of Italiaonline S.p.A., Moqu and Digital Local Services) is derived from efficiency gains not linked to the reduction in revenue.

The first half of 2016 closed with a profit for the first time after twelve consecutive negative half year periods: the profit for the period was € 3,834 thousand, an improvement of € 14,080 thousand compared to a loss of € 10,246 thousand in the first half of 2015 on a like-for-like basis.

Revenue shows a reduction of € 19,335 thousand, a decrease of 8.8%, in line with expectations and as a result of the structural decline of mature business (print and voice) as well as the revision of the revenue mix with a view to improved profitability.

The unlevered free cash flow of the Group amounted to € 35,523 thousand, increasing considerably

by € 19,564 thousand, compared to € 15,959 thousand in the first half of 2015 on a like-for-like basis due to *(i)* an increase in EBITDA of € 8,043 thousand, *(ii)* lower capital expenditure down by € 7,109 thousand and *(iii)* a reduction in tax payments for € 3,779 thousand.
The net financial position at June 30, 2016 was € 102,011 thousand, an improvement of € 27,454 thousand compared to December 31, 2015 when it was € 74,557 thousand.

Cash and cash equivalents at June 30, 2016 amounted to € 109,775 thousand, compared to an amount of € 123,566 thousand at December 31, 2015 (prior to reimbursement by Italiaonline of an amount equal to € 41,195 thousand, including interest, arising from the loan contract taken out for the purpose of partial payment of the purchase consideration for the mandatory public offer for the ordinary shares Seat Pagine Gialle which ended in November 2015).

RECLASSIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income statement

(euro/thousand)	1ST HALF 2016	1ST HALF 2015 like for like basis	CHANGE ABSOLUTE	CHANGE %
Revenues from sales and services	**199,673**	**219,008**	**(19,335)**	**(8.8)**
Costs of materials and external services (*)	(106,442)	(130,673)	24,231	18.5
Personnel expense (*)	(55,152)	(57,943)	2,791	4.8
Gross Operating Profit (GOP)	**38,079**	**30,392**	**7,687**	**25.3**
% on revenues	19.1%	13.9%		
Nel valuation adjustments and accruals to provisions for risks and charges	(7,014)	(7,266)	252	3.5
Other operating income (expense)	(1,593)	(1,697)	104	6.1
EBITDA	**29,472**	**21,429**	**8,043**	**37.5**
% on revenues	14.8%	9.8%		
Operating amortization, depreciation and impaiment losses	(21,841)	(24,823)	2,982	12.0
Non-operating amortization, depreciation and impaiment losses	(3,412)	(1,876)	(1,536)	(81.9)
Net non-recurring and restructuring expense	(4,717)	(6,453)	1,736	26.9
EBIT	**(498)**	**(11,723)**	**11,225**	**n.s.**
% on revenues	(0.2%)	(5.4%)		
Net financial income (expenses)	175	(2,920)	3,095	n.s.
Impaiment losses recognised on financial assets and losses from subsidiaries disposal	6	32	(26)	(81.3)
Net income from composition with creditors		5,875	(5,875)	(100.0)
Profit (loss) before taxes	**(317)**	**(8,736)**	**8,419**	**96**
Income taxes	4,151	(1,732)	5,883	n.s.
Profit (loss) on continuing operations	**3,834**	**(10,468)**	**14,302**	**n.s.**
Profit (loss) from non-current assets held for sale and discontinued operations	-	222	(222)	(100.0)
Profit (loss) for the year	**3,834**	**(10,246)**	**14,080**	**n.s.**
- of which attributable to the owners of the parent	3,865	(8,221)	12,086	n.s.
- of which attributable to non-controlling interest	(31)	(2,025)	1,994	98.5

(*) Minus costs debited to minority interests and shown in the IFRS financial statements under "Other revenue and income".

Statement of comprehensive income

(euro/thousand)	1ST HALF 2016	1ST HALF 2015 *like for like basis*
Profit (loss) for the period	**3,834**	**(10,246)**
Other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the period:		
Actuarial gains (losses)	(1,747)	326
Total other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the period	(1,747)	326
Other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the period:		
Profit (loss) from fair-value measurement of securities and investments AFS	(528)	(6,376)
Gain (loss) from translation of foreign operations	-	(94)
Profit (loss) from warrant valuation	-	4,714
Other changes	-	-
Total other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the period	(528)	(1,756)
Total other comprehensive income (expense), net of tax	**(2,275)**	**(1,430)**

Total comprehensive income (expense) for the period	**1,559**	**(11,676)**
- of which attributable to the owners of the parent	1,590	(9,388)
- of which attributable to non-controlling interests	(31)	(2,287)

Statement of financial position

(euro/thousand)		As at 30.06.2016	As at 31.12.2015 comparable data (**)	CHANGE
Goodwill and marketing related intangible assets		280,514	283,713	(3,199)
Other non-current assets (*)		81,608	91,774	(10,166)
Operating non-current liabilities		(42,143)	(38,783)	(3,360)
Non-operating non-current liabilities		**(30,415)**	**(44,717)**	**14,302**
Operating working capital		(39,958)	(31,631)	(8,327)
- *Operating current assets*		*210,049*	*246,782*	*(36,733)*
- *Operating current liabilities*		*(250,007)*	*(278,413)*	*28,406*
Non-operating working capital		**(6,785)**	**434**	**(7,219)**
- *Non-operating current assets*		*30,595*	*26,773*	*3,822*
- *Non-operating current liabilities*		*(37,380)*	*(26,339)*	*(11,041)*
Net non-current assets held for sale and discontinued operations		**2,000**	**2,320**	**(320)**
Net invested capital		**244,821**	**263,110**	**(18,289)**
Equity attributable to the owners of the parent		346,990	288,214	58,776
Equity attributable to non-controlling interests		(158)	49,453	(49,611)
Total equity	**(A)**	**346,832**	**337,667**	**9,165**
Current financial assets, cash and cash equivalent		(110,533)	(124,351)	13,818
Current financial liabilities		1,206	41,996	(40,790)
Non-current financial liabilities		7,316	7,798	(482)
Net financial position	**(B)**	**(102,011)**	**(74,557)**	**(27,454)**
Total	**(A+B)**	**244,821**	**263,110**	**(18,289)**

(*) This item includes the financial assets available for sale, as well as non-current financial assets.

(**) Comparable data at December 31, 2015 restated include the financial non recurring effect of the change in accounting estimate on the revenues PagineBianche®, adopted as of 1 January 2015, into shareholders' equity, operating working capital and non-operating currents liabilities.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE FIRST HALF OF 2016

Revenue from sales and services amounted in the first half of 2016 to € 199,673 thousand, down 8.8% compared to the comparable first half 2015 (€ 219,008 thousand). The decrease in total revenue is mainly attributable (data referred to the "Italiaonline" core business which includes the results of Italiaonline S.p.A., Moqu and Digital Local Services):

- to a drop of € 10,929 thousand in digital revenues resulting from the strategic actions to optimise the mix of products in order to increase commercial focus on those with higher margins and/or higher growth potential. The effect was also felt of the absence, in 2016, of the portion of revenues from two major contracts related to advertising investments subscribed in the past by Italiaonline with Telco operators in conjunction with mergers & acquisitions (M & A) operations;
- to a decline of € 5,280 thousand in print revenues;
- to a decline of € 3,424 thousand in other income, in particular relating to the directory assistance area (down by € 2,794, million) associated with a decrease in volumes of calls to the Pronto PAGINEGIALLE®, 12.40, Pronto PAGINEBIANCHE® and 12.54® services. The decline also reflected the effects of the new commercial strategy that involves the removal from the product portfolio of unprofitable and/or low-margin products.

More specifically, sales and service revenue is as follows:

- Revenue for the "Italiaonline" segment (which includes the results of Italiaonline S.p.A., Moqu and Digital Local Services) amounted in the first half of 2016 to € 192,046 thousand, down by 9.3%, compared to the first half 2015 on a like-for-like basis. For more details on the performance of individual product lines, please refer to the commentary on the "Italiaonline" segment.
- ProntoSeat revenue, earned almost entirely within the group of companies, amounted to € 2,605 thousand in the first half of 2016, in line with the same period of last year. The slight reduction in outbound revenues (-€ 0.1 thousand compared to the first half of 2015), determined by the cessation of "SmartSite" activities was offset by higher inbound revenue (+€ 0.1 thousand) due to the management of the 89.24.24 service.

The Europages and Consodata revenue, totalling € 9,695 thousand in the first half 2016, is in line with the same period of last year with reference both to the sales of Europages and Consodata

The **costs for external materials and services**, less the costs charged to third parties, included in the IFRS financial statements as "other income", amounted to € 106,442 thousand in first half 2016, a decrease of € 24,231 thousand (18.5%) with respect to the first half of 2015 on a like-for-like basis (€ 130,673 thousand). The strategies formulated in the cost reduction programme have involved all types of operating costs; the following cuts in particular are highlighted:

– paper consumption decreased by € 1,349 thousand, coming in at € 5,535 thousand;
– commissions and other agent costs, decreased by € 5,595 thousand, and came to € 27,282 thousand;
– production costs amounted to € 6,551 thousand, a decrease of € 3,214 thousand;
– consulting fees and professional services amounted to € 6,465 thousand, a decrease of € 3,028 thousand;
– advertising expenses decreased by € 2,356 thousand, totalling € 748 thousand

The **personnel expense**, reduced by related cost recoveries as included in the IFRS financial statements under "other income", amounting to € 55,152 thousand in the first half of 2016, decreased by € 2,791 thousand with respect to the first half of 2015, on a like for like basis (€ 57,943 thousand). This reduction is mainly attributable to reorganisation measures implemented within the Group.

The Group workforce - including directors, project workers and interns - was 2,189 people at June 30, 2016 (2,230 people at December 31, 2015); the active force of the Group, net of the staff "Cigs a zero ore [social welfare subsidised full layoff time]" is 2,039 people at June 30, 2016 and was 2,095 people at December 31, 2015. The average full-time equivalent (FTE) in the period in 2016 was 1,873 units (2,108 units in the first half of 2015 on a like-for-like basis).

The **Gross operating profit (GOP)**, amounted to € 38,079 thousand in the first half 2016, an increase of € 7,687 thousand with respect to the first half of 2015, on a like-for-like basis (€ 30,392 thousand), due to the aforementioned reduction in operating costs.

The **net impairment losses and accruals to provisions for risks and charges** amounted to € 7,014 thousand in the first half 2016 (€ 7,266 thousand in the first half of 2015 on a like-for-like basis). The net adjustments are to the amount of € 5,583 thousand are attributable to reserves against doubtful trade receivables, down by € 959 thousand compared with the same period of the previous year, thanks to the close monitoring of the quality of sales and strict management of trade receivables. The item also includes net provisions for operating risks and charges of € 702 thousand (€ 461 thousand in the first half of 2015 on a like-for-like basis).

The **other operating income and expense** in the first half of 2016 came to a net negative balance of €1,593 thousand (negative by € 1,697 thousand in the first half of 2015 on a like-for-like basis).

The **operating income before amortisation, depreciation**, non-recurring and restructuring costs net (EBITDA), of € 29,472 thousand in the first half of 2016 grew by 37.5% over the comparable first half of 2015 (€ 21,429 thousand), with an operating margin which also increased by 14.8% (9.8% in the first half of 2015 on a like-for-like basis).

The **operating amortisation and depreciation** amounted to € 21,841 thousand in the first half of 2016, down by € 2,982 thousand with respect to the first half of 2015 on a like-for-like basis (€ 24,823 thousand) and refer to intangible assets with finite useful life for € 18,825 thousand (€ 21,472 thousand in the first half of 2015 on a like-for-like basis) and to property, plant and equipment for € 3,016 thousand (€ 3,351 thousand in the first half 2015 on a like-for-like basis).

The **non-operating amortisation and depreciation** is valued at € 3,412 thousand (€ 1,876 thousand in the comparable first half 2015) an includes the amortisation of intangible assets known as Database and Customer Relationship of Italiaonline S.p.A. and Consodata S.p.A. following the Purchase Price Allocation completed in the period.

Net non-recurring and restructuring charges amounted to € 4,717 thousand (€ 6,453 thousand in the first half of 2015 on a like-for-like basis) and relate mainly to strategic consulting costs, of which € 2,278 thousand relates to the proposed merger and € 1,103 thousand relates to the rebranding of the new company. In the first half 2015 on a like-for-like basis this item included non-recurring income of € 30,007 thousand, with € 30,000 thousand attributable to the amount paid by the former directors of Seat Pagine Gialle S.p.A. with respect to the transaction resulting from the liability action outcome, net restructuring charges for € 32,247 almost entirely attributable to the amount allocated to the provision for corporate restructuring - current and non-current - resulting from the new personnel reorganisation plan launched by Seat Pagine Gialle S.p.A. in February 2015, and other non-recurring costs totalling €4,213 thousand.

The **Earning Before Interest and Taxes (EBIT)** were negative in the first half of 2016 by € 498 thousand (negative by € 11,723 thousand in first half of 2015 on a like-for-like basis). The improvement in operating loss (EBIT) reflects the business trends registered at GOP and EBITDA levels, the decrease in depreciation and amortisation and in net charges related to non-recurring transactions and corporate reorganisation processes underway.

Net financial income was € 175 thousand in the first half of 2016 (net financial expense of € 2,920 thousand in the first half 2015 on a like-for-like basis). In particular, financial expense amounted to € 1,867 thousand (€ 4,067 thousand in the first half of 2015) and mainly include:

– € 562 thousand for interest and commissions on the debt of approximately € 41 million, recognised and measured at amortised cost, taken on with Banca IMI S.p.A. pursuant to the loan agreement for the purpose of partial payment of the consideration for Seat ordinary shares tendered in the takeover bid promoted by Italiaonline;
– € 126 thousand related to interest on payables to Mediocredito Italiano S.p.A. for finance leases;
– € 1,115 thousand related to discounting interest.

The item in the same period of the previous year included the adjustment of warrants to fair value amounting to € 3,391 million.

Financial income in the first half of 2016 amounted to € 2,042 thousand (€ 143 thousand in the first half of 2015 on a like-for-like basis) and refers to € 358 thousand in interest income resulting from short-term liquidity in the banking system at market rates and to € 1,342 thousand related to the dividend paid by the investee Emittente Titoli as per shareholders' resolution of April 20, 2016.

Net income from execution of agreements included in the first half of 2015 on a like-for-like basis refers to the net effect resulting from the termination of 5 of the 7 lease contracts, for an amount of € 5,875 thousand, which had resulted in the elimination of the relevant debt and the amounts listed under non-current assets referenced in the relative leasing.
Income taxes for the first half of 2016 show a positive balance of € 4,151 thousand (negative € 1,732 thousand in the first half of 2015 on a like-for-like basis). According to IAS 34 provisions, taxes were calculated by applying the average rates, considering the estimate of taxable and tax benefits usable, to the gross profit before taxes for the entire 2016 year.
The **Profit (loss) attributable to the owners of the parent** shows a first half of 2016 profit of € 3,865 thousand (loss of € 8,221 thousand in the first half of 2015 on a like-for-like basis).

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2016

Given the will to dispose of the reference shareholding in the Europages group and given the non-materiality of the relative in relation to those of the Italiaonline Group, it was categorised among the "non-current assets held for sale" and therefore the figures of the group at June 30, 2016 are shown separately in the statement of financial position. In accordance with IFRS 5, the assets and liabilities relating to Europages were assessed at the lower of their carrying amount and fair value, which resulted in an adjustment of approximately € 882 thousand.

The item "non-current net assets held for sale" includes the reclassification, already made at December 31, 2015, of the assets and liabilities of the 12.54 business unit, following the decision taken by AGCM (the Antitrust Authority) on the sale of the number 1254 within the context of the acquisition of the Seat Group by Italiaonline.

Net invested capital

Net invested capital is € 244,821 thousand at 30 June 2016, down by € 18,289 thousand with respect to December 31, 2015 on a like-for-like basis.

Net invested capital can be broken down as follows:

- **goodwill and marketing related intangible assets** amounted to € 280,514 thousand at 30 June, 2016 (€ 283,713 thousand at 31 December 2015) and include:
  - trademarks with indefinite useful life amounting to € 169,406 thousand as follows: Virgilio brand measured at €53,000 thousand, Libero brand measured at €70,262 thousand, Pagine Gialle brand measured at €30,859 thousand and Pagine Bianche brand measured at €15,285 thousand;
  - the intangible asset Customer relationship measured at € 23,464 thousand (25,381 thousand as at December 31, 2015);
  - the intangible asset database measured at € 6,330 thousand (€ 7,612 thousand as at December 31, 2015);
  - goodwill measured at €81,314 thousand, of which € 9,317 thousand for the acquisition of Matrix and € 71,997 thousand generated in the Seat Pagine Gialle S.p.A. acquisition by Italiaonline determined in the Purchase Price Allocation (PPA) as the difference between the acquired assets fair value and the acquisition price. For more details on the PPA process, see paragraph IFRS 3 - Business Combinations.
- **other non-current assets**, amounted to € 81,608 thousand at June 30, 2016, € 91,774 thousand at 31 December 2015. These assets include:
  - non-current operating assets, intangible and property, plant and equipment valued at € 69,199 thousand at June 30, 2016, a decrease of € 9,548 thousand compared to 31 December 2015 (€ 78,747 thousand).

Capital expenditure amounting to € 12,095 thousand (€ 19,204 thousand in the first half of 2015 on a like-for-like basis), concerned the following areas:

- Italiaonline segment (€ 10,566 thousand in the first half of 2016; € 17,655 thousand in the first half of 2015 on a like-for-like basis) related to: *i)* improvements to Web and Mobile platforms, aimed at boosting integration between the different systems and intended specifically for updating and publishing content in real time, improving search algorithms and optimising service delivery times and identifying new graphic and functional solutions for the Parent's websites; *ii)* ongoing improvements to commercially offered web products relating to the optimisation of graphic design for mobile use, and to developments in the new range of websites for evolving business in the Large Customers segment *iii)* commercial and publishing improvements to upgrade the systems and adapt them to new product offerings; iv) acquisition of software and licenses;
- in Consodata S.p.A. (€ 1,468 thousand in the first half of 2016; *comparable to* € 1,530 thousand in the first half of 2015 on a like-for-like basis) for investments in the development

of software platforms, database enhancement and the purchase of databases mainly linked to sales information.
  - *Other investments*, totalling € 3,126 thousand at June 30, 2016 (€ 3,646 thousand at December 31, 2015), which represents the *fair value* of 16.24% of the remaining stake that Italiaonline S.p.A. holds in Telegate AG, which, in accordance with IAS 39, is a financial asset available for sale.
  - *Other non-current assets* totalling € 8,435 thousand at June 30, 2016 (€ 9,190 thousand at December 31, 2015) which include *i)* tax assets of € 4,518 thousand for surplus corporation tax (IRES) paid for tax periods prior to 2012, as a result of the failure to deduct regional production tax (IRAP) relating to personnel and similar expenses that were recognized in 2013 in accordance with the available official interpretations; *ii)* € 2,726 thousand for loans to employees granted at market rates.
- *Deferred tax assets* amounting to € 848 thousand at June 30, 2016 (€ 191 thousand at December 31, 2015).
- **non-current operating liabilities** of € 42,143 thousand at June 30, 2016 (€ 38,783 thousand at December 31, 2015). The item specifically includes:
  - the provision for agent severance of € 19,575 thousand at June 30, 2016 (€ 18,771 thousand at December 31, 2015). Pursuant to current legislation, this provision represents the accrued debt at the end of the period to sales agents for the indemnities due to them in the event of termination of the agency contract. Taking into consideration future cash flows, the provision was discounted using an average market rate for debts of similar duration, estimating its expected future use over time based on the average term of agency contracts;
  - provision for the employee's leaving entitlement totalling € 19,740 thousand at June 30, 2016 (€ 17,000 thousand at December 31, 2015);
- **non-operating non-current liabilities** totalling € 30,415 thousand at June 30, 2016 (€ 44,717 thousand at December 31, 2015). The item relates entirely to the provision for deferred taxation at December 31, 2015 it also included € 12,877 thousand for the provision for company restructuring (non-current portion) established in Seat Pagine Gialle S.p.A. as a result of the new personnel reorganisation plan launched in February 2015, reclassified under current liabilities.
- **operating working capital**, negative to the amount of € 39,958 thousand at June 30, 2016 (negative at € 31,631 thousand on December 31, 2015).

The following describes the major changes that occurred over the period with particular reference to:
  - trade receivables, amounting to € 168,422 thousand at June 30, 2016, which decreased by € 28,648 thousand respect to December 31, 2015 (then € 197,070 thousand);
  - payables for services to be provided and other current liabilities, amounting to € 112,217 thousand at June 30, 2016, which decreased by € 8,916 thousand compared to December 31, 2015 (then € 121,133 thousand). This change primarily reflects the timing of purchasing and invoicing related to advertising services;
  - trade payables amounting to € 119.498 thousand at June 30, 2016, which have reduced compared to December 31, 2015 by € 18,215 thousand.
- **non-operating working capital**, negative at June 30, 2016 to the amount of € 6,785 thousand (positive at € 434 thousand at December 31, 2015). This specifically includes:
  - provisions for risks and non-current operating charges amounting to € 28,437 thousand (€ 19,275 thousand at December 31, 2015) related to the provision for corporate restructuring;
  - current tax assets amounting to € 26,082 thousand at June 30, 2016 (€ 25,001 thousand at December 31, 2015); the amount includes the IRES credit arising from the national tax consolidation of Italiaonline group reported in previous tax periods, € 18,000 thousand of which was required for reimbursement by the the Parent Company by submitting the CNM model (Consolidated World National) 2014.

Net equity

The **consolidated equity** amounted to €346,832 thousand at June 30, 2016 (€ 337,667 thousand at December 31, 2015) of which € 346,990 related to the Parent (€288,214 thousand at December 31, 2015).

The increase of €58,776 thousand in the parent's share is mainly due to:

- € 49,580 thousand for the acquisition of non controlling interests in the course of the Seat merger; for accounting purposes, the merger qualifies as a purchase of additional stakes in a company over which it already has control. In the consolidated financial statements, these transactions are shown as "transactions between shareholders" pursuant to IFRS 10, paragraph 23. Therefore, any difference between the purchase cost and the related share of consolidated equity is directly accounted for in equity. In this situation, the purchase in question is paid for through the issuance of new shares, and therefore, for accounting purposes, simply results in a reclassification of the share of equity attributable to non-controlling interests, acquired to the equity attributable to the owners of the parent.
- € 3,865 thousand for profit for the period.

Net financial position

At June 30, 2016 the **net financial position** is € 102,011 thousand (€ 74,557 thousand at December 31, 2015). As of June 30, 2016, net financial position is structured as follows:

(euro/thousand)		As at 06.30.2016	Aa at 12.31.2015	CHANGE
A	Cash and cash equivalents	109,775	123,566	(13,791)
B	Other cash and cash equivalents	-	-	-
C	Financial assets hold for trading	-	-	-
D=(A+B+C)	**Cash and cash equivalents**	**109,775**	**123,566**	**(13,791)**
E.1	**Current loan assets due from third parties**	**758**	**785**	**(27)**
E.2	**Current loan assets due from related parties**	**-**	**-**	**-**
F	Current bank loan and borrowings	-	-	-
G	Current portion of non-current debt	1,139	1,118	21
H.1	Other current loans and borrowings due to third parties	67	40,878	(40,811)
H.2	Other current loans and borrowings due to related parties	-	-	-
I=(F+G+H)	**Current financial debt**	**1,206**	**41,996**	**(40,790)**
J=(I-E-D)	**Net current financial position**	**(109,327)**	**(82,355)**	**(26,972)**
K	Non-current bank loans and borrowings	-	-	-
L	Bonds issues	-	-	-
M.1	Other non-current loans and borrowings due to third parties	7,316	7,798	(482)
M.2	Other non-current loans and borrowings due to related parties	-	-	-
N=(K+L+M)	**Non-current financial debt**	**7,316**	**7,798**	**(482)**
O=(J+N)	**Net financial debt (ESMA)**	**(102,011)**	**(74,557)**	**(27,454)**

The change in the net financial position compared with December 31, 2015 is mainly due to net cash flow from operating activities; existing cash on hand resulting from the merger also made it possible on June 20, 2016 to repay the debt arising from the loan agreement, entered into for the purpose of partial payment of € 41,195 thousand as the purchase consideration for Seat ordinary shares tendered in the takeover bid plus interest.

– **non-current financial debt** at June 30, 2016 amounted to € 7,316 thousand (€ 7,798 thousand at December 31, 2015) and consists of the item other non-current loans and borrowings which refers to the two remaining finance lease contracts for the Turin buildings. The aforementioned lease contracts envisage repayment by means of 30 remaining instalments, all of which are quarterly deferred subject to a variable interest rate linked to the quarterly Euribor rate plus a spread of approximately 65 basis points p.a. The redemption value is fixed at approximately 1% of the value of the buildings covered by the agreement.
– **current financial debt** amounted to € 1,206 thousand at June 30, 2016 (€ 41,996 thousand at December 31, 2015) and for € 1,139 thousand refers to the current portion of the two remaining finance leases. At December 31, 2015 this item included € 40,878 thousand related to the debt undertaken in the loan agreement with Banca Imi S.p.A. described above, repaid on June 20, 2016 in advance of the contractual deadline of August 5, 2016.
– **current loan assets and cash and cash equivalents** amounted to € 110,533 thousand at June 30, 2016 (€ 124,351 thousand at December 31, 2015) and include € 109,775 thousand of cash (€ 123,566 thousand at December 31, 2015).

Risk associated with financial debt

At June 30, 2016 the maturity periods of outstanding financial instruments are as follows:

	DUE WITHING			
(euro thousand)	By 1 year	by 1 - 5 year	over 5 years	Total
Debts toward Mediocredito Italiano S.p.A.	1,139	5,008	3,704	9,851
Total financial debts	**1,139**	**5,008**	**3,704**	**9,851**

(*) In the consolidated financial statements, the item amounted to € a € 8,455 thousand for the measurement at amortized cost.

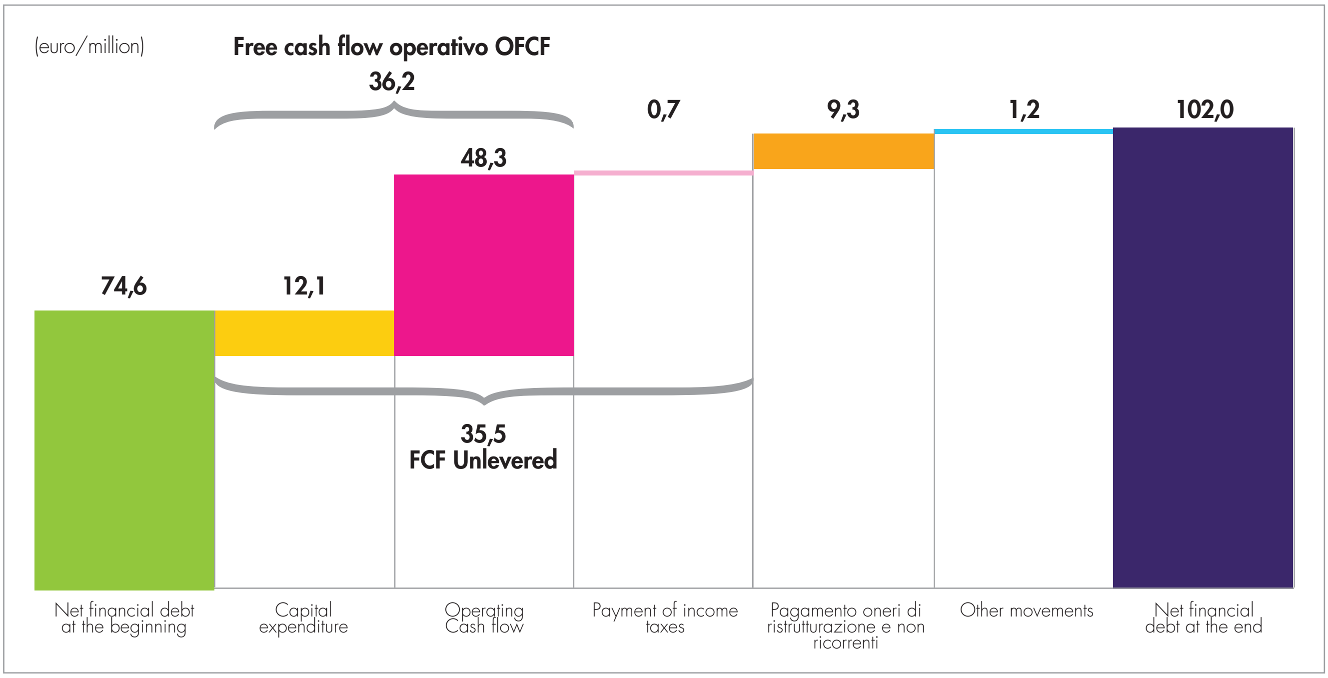
In light of the cash and cash equivalents available as of June 30, 2016, there are no appreciable risks relating to financial debt.

Credit risk

The Italiaonline group operates in a business sector characterised by the presence of a large number of customers.
The large volume of transactions carried out generates a large number of overdue positions, especially in light of the ongoing macroeconomic environment, resulting in the need for an efficient credit management organisation which specifically addresses the relevant customer and business categories. In September 2014, the Parent initiated a reorganisation of credit management, still in progress, which affected both the organisational aspect, where the entire structure has been revised in order to internally manage individual customer positions, as well as the process-related aspect, in particular, by acting on the software responsible for prior assessment of the credit risk in the course of acquisition of orders from customers, as well as making available an integrated management software covering the dynamics of scoring and collection.
On June 30, 2016, the Italiaonline Group had trade receivables amounting to approximately € 168 million (approximately € 197 million at December 31, 2015); about 97% of these receivables (about 95% at December 31, 2015) is related to the parent Italiaonline S.p.A, which at the end of 2015 had approximately 234,500 clients distributed throughout Italy, and consisting mainly of small and medium enterprises.
The amount of overdue receivables of the Group at June 30, 2016 and December 31, 2015 amounted to Euro 90 million and Euro 111 million with an average coverage rate of allowance for doubtful accounts around 57%, in line with previous periods deemed adequate.
Exposure to credit risk - represented in the financial statements as allowance for impairment - is measured using a statistical model, related to customer segmentation based on criteria of territoriality and days outstanding, which in its estimates reflects the historical experience in collecting amounts due and projects it into the future.
At Group level, the allowance for impairment stood at € 51,421 thousand at June 30, 2016, a decrease with respect to December 31, 2015 (€ 68,490 thousand) in part due to receivables considered not recoverable, during the year.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF OF 2016

The following graph summarizes the main factors that contributed to the change in net financial position during the first six months of 2016.



(euro/thousand)	1ST HALF 2016	1ST HALF 2015 LIKE-FOR-LIKE BASIS	CHANGE
EBITDA	29,472	21,429	8,043
Net interest income (losses) of discounting activities/ operating liabilities and stock options assets and liabilities	(576)	476	(1,052)
Decrease (increase) in operating working capital	18,656	21,275	(2,619)
(Decrease) increase in non-current operating liabilities (*)	761	(3,562)	4,323
Capital expenditure	(12,095)	(19,204)	7,109
(Gains) losses on disposal of non-current operating assets	(27)	(8)	(19)
Operating free cash flow - OFCF	**36,191**	**20,406**	**15,785**
Income taxes	(668)	(4,447)	3,779
Unlevered free cash flow	**35,523**	**15,959**	**19,564**
Collection of interest and financial expense, net	1,375	400	975
Payment of non-recurring and restructuring expense	(9,344)	(12,977)	3,633
Cash-in under the settlement of the directors' liability proceedings	-	30,000	(30,000)
Effect of the dissolution of leases agreements	-	23,216	(23,216)
Other charges (**)	(100)	65,794	(65,894)
Change in net financial position	**27,454**	**122,392**	**(94,938)**

(*) The change doesn't include the non - monetary effects arising from profit and losses recognised to equity.

(**) This item mainly includes in the first half of 2015 the effects of consolidation of the financial position of the Seat Group for € 71 million net of the investment in Moqu Group for € 5 million.

The **unlevered free cash flow**, generated in the first half of 2016, amounting to a positive € 35,523 thousand, improved compared to that generated during the first half of 2015 on a like-for-like basis, (€ 19,564 thousand) due to lower payments for taxes The operating free cash flow amounted to € 36,191 thousand, a significant increase (+€ 15,785 thousand) compared to the first half of 2015 on a like-for-like basis; this change mainly reflects the growth in EBITDA, up by € 8,043 thousand compared to the first half of 2015 on a like-for-like basis, as well as lower capital expenditure for € 7,109 thousand.

Disclosure required by Consob July 22, 2016 pursuant to art. 114 of Legislative Decree. no. 58/98

Pursuant to the request sent by Consob of July 22, 2016, file no. 0067885/16, pursuant to art. 114 of Legislative Decree no. 58/1998, regarding the request to integrate with some information the annual and interim reports as from the interim report at June 30, 2016, as well as press releases concerning the approval of said accounting documents, in lieu of the disclosure requirements provided with the request of September 7, 2011, file no. 11076499, the following is what is required, with reference to June 30, 2016.
The net financial position of the parent as at June 30, 2016 is as follows:

(euro thousand)		At 06.30.2016	At 12.31.2015	CHANGE
A	Cash and cash equivalents	109,044	113,039	(3,995)
B	Other cash and cash equivalents	-	-	-
C	Financial assets hold for trading	-	-	-
D=(A+B+C)	**Cash and cash equivalents**	**109,044**	**113,039**	**(3,995)**
E.1	**Current loan assets from third parties**	**758**	**717**	**41**
E.2	**Current loan assets due from related parties**	**7,585**	**6,095**	**1,490**
F	Current bank loan and borrowings	-	-	-
G	Current portion of non-current debt	1,139	1,118	21
H.1	Other current loans and borrowings due to third parties	14	6	8
H.2	Other current loans and borrowings due to related parties	13,992	15,029	(1,037)
I=(F+G+H)	**Current financial debt**	**15,145**	**16,153**	**(1,008)**
J=(I-E-D)	**Net current financial position**	**(102,242)**	**(103,698)**	**1,456**
K	Non-current bank loans and borrowings	-	-	-
L	Bond issues	-	-	-
M.1	Other non-current loans and borrowings due to third parties	7,316	7,798	(482)
M.2	Other non-current loans and borrowings due to related parties	-	-	-
N=(K+L+M)	**Non-current financial debt**	**7,316**	**7,798**	**(482)**
O=(J+N)	**Net financial position (ESMA)**	**(94,926)**	**(95,900)**	**974**

The net financial position of the Group at June 30, 2016 is described and commented in paragraph 19 "net financial position" of the notes to the condensed interim consolidated financial statements at June 30, 2016.
The net financial position of the parent and the Italiaonline Group at June 30, 2016 was positive and amounted respectively to € 94,926 thousand and € 102,011 thousand.
The existing cash and cash equivalents at the time of the merger enabled the repayment on June 20, 2016 of the debt arising from the loan agreement, entered into for the purpose of partial payment of the purchase consideration for mandatory tender offer for the ordinary shares Seat, equal to Euro 41,195 thousand, plus interest.
The debt does not include covenants, negative pledge clauses or other clauses involving limits on the use of financial resources.
The overdue accounts payable of the parent and the Group, according to their nature (financial, trading, tax, social security and to employees) and related to any of the creditors response

initiatives (reminders, injunctions, suspension in supply, etc.) are highlighted below:

– trade payables to suppliers expired on June 30, 2016 amounted to € 16,861 thousand (of which € 16,792 thousand related to Italiaonline S.p.A.), paid in July for € 10,537 thousand (of which € 10,469 thousand related to Italiaonline S.p.A.); there were no loans and borrowing or social security debts expired;
– overdue tax payables are of low value such to not affect the course of normal business.

This situation is considered normal within the usual commercial relationships with suppliers of the group and there were no response initiatives by creditors which may affect the course of ordinary business.

The transactions carried out by the parent and Italiaonline group, including intercompany transactions with related parties are all classifiable as part of ordinary business and are settled at market conditions or based on specific regulatory provisions. There were no atypical and / or unusual transactions, or potential conflict of interest and there have been no changes or developments in the related party transactions described in the last approved financial statements, which have had a material effect on the financial position or results of the Group and of Italiaonline S.p.A..

The following tables detail of transactions with related parties of the parent:

ITALIAONLINE SPA - INCOME STATEMENT 1ST HALF 2016

(euro/thousand)	PARENT COMPANY	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	"TOTAL RELATED PARTIES
Revenue from sales and services		762	38	-	800
Other income and revenues	-	6,755	-	227	6,982
Personnel expense	-	(22,539)	-	(2,669)	(25,208)
Salaries, wages and employee benefits	-	(93)	-	(1,319)	(1,412)
Financial income	-	5,167	-	-	5,167

(*) Directors, statutory auditors, managers with strategic responsibilities

ITALIAONLINE SPA - STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2016

(euro/thousand)	PARENT COMPANY	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	"TOTAL RELATED PARTIES
Assets					
Intangible assets with finite useful life	-	3	-	-	3
Other non-current financial assets	-	-	168	-	168
Trade receivables	-	775	48	107	930
Other current assets	90	6,211	-	234	6,535
Current financial assets	-	7,584	-	-	7,584
Liabilities					
Other non-current liabilities	-	744	-	-	744
Current financial liabilities	-	13,992	-	-	13,992
Trade payables	-	3,992	-	3,175	7,167
Liabilities for services to be provided and other current liabilities	-	2	-	242	244

(*) Directors, statutory auditors, managers with strategic responsibilities

ITALIAONLINE SPA - STATEMENT OF CASH FLOW 1ST HALF 2016

(euro/thousand)	CONTROLLANTI	CONTROLLATE	COLLEGATE	ALTRE PARTI CORRELATE (*)	TOTALE PARTI CORRELATE
Cash flows from operating activities	-	(15.761)	56	(7.517)	(21.875)
Cash flows from investing activities	-	(3)	-	-	(3)
Cash flows for financing activities	-	12.639	-	-	12.639
Cash flows from non-current assets held for sale and discontinued operations	-	-	-	-	-
Cash flows of the period	**-**	**(3.125)**	**56**	**(7.517)**	**(9.239)**

(*) Directors, statutory auditors, managers with strategic responsabilities

The related parties of the Group are set out in paragraph 32 "Transactions with related parties" of the notes to the condensed interim consolidated financial statements at June 30, 2016.
Based on the latest available data, for the first half 2016, the forecasts made in the Business Plan approved on January 15, 2016 are fully present, since the negative variance content of the first half revenue in 2016 compared to the Plan (-2.6 %) is largely offset by the positive change in EBITDA (+78.8%) and the free cash flow unlevered generated in the period (+39.2%).

Main events of the first half of 2016

Business Plan Approval

On January 15, 2016 SEAT's (the "Parent") Board of Directors approved the Business Plan 2016-2018 of the Group resulting from the merger by incorporating Italiaonline (the "Merged Company") into SEAT. This will give rise to the leading operator in the Italian digital advertising market for large accounts, and in communications services for small and medium-sized enterprises, which are the backbone of the Italian economy.

Approval of the merger plan

In their meeting of March 8, 2016, the shareholders of both companies approved the reverse merger of Italiaonline S.p.A. into Seat Pagine Gialle S.p.A. that had been previously approved by the Boards of Directors on January 20, 2016.
For further details, please refer to the documentation available on the web site: www.italiaonline.it section "en/investors/governance/corporate-documentation/meeting-documents/minutes/2016-2/minute-of-the-ordinary-and-extraordinary-shareholders-meetings-held-on-8-march-2016/.
On that occasion, the Shareholders of the Parent in their ordinary and extraordinary meetings also resolved to approve:
– the "Stock Option Plan 2014-2018 of Seat Pagine Gialle" and the assignment of powers to the Board of Directors to increase the share capital for the aforementioned Stock Option Plan pursuant to Article 2441(5)(6)(8) of the Italian Civil Code, also previously approved by the Board of directors on January 20, 2016. For further details, please refer to the documentation available on the web site: www.Italiaonline.it in the section "en/investor/governance/corporate-documentation/stock-option-plan-2014-2018/;
– the assignment of powers to the Board of Directors to increase the share capital one or more times, with exclusion of the option rights pursuant to Article 2441(4) of the Italian Civil Code;
– the appointment of Antonia Cosenz as a Member of the parent's Board of Directors, – co-opted on November 10, 2015, to replace Cristina Mollis who resigned on November 6, 2015 – who will remain in office until the expiration of the current Board of Directors, i.e. until the Shareholders' Meeting convened to approve the financial statements at 31 December 2017;
– the appointment as Alternate Auditor of Giancarlo Russo Corvace, replacing Massimo Parodi who passed away on September 5, 2015.

On the same date, the Board of Directors of the parent resolved – after assessing the independence requirements – to co-opt Antonia Cosenz as Chair of the Appointment & Remuneration Committee and Member of the Risk & Control Committee. Therefore:
– the Appointment and Remuneration Committee is comprised of Directors Cristina Mollis (Chair), Cristina Finocchi Mahne and Corrado Sciolla;
– the Risk and Control Committee is comprised of the Directors Cristina Finocchi Mahne (Chair), Maria Elena Cappello and Antonia Cosenz.

Exercise of Warrants and Changes in Share Capital

With reference to the Seat PG 2014-2016 Warrants exercised over the first half of the year, the parent announced that warrants were exercised as indicated in the following table:

PERIOD	N° OF WARRANTS EXERCISED	#N° OF SHARES ISSUED PRIOR GROUPING	N° OF SHARES ISSUED POST GROUPING	INCREASE SHARE CAPITAL (€)	SHARE PREMIUM (€)
9 March -24 March	2,703,703	2,703,703	-	79.72	12,086.94
13 May - 31 May	2,145,146	2,145,146	-	63.25	9,589.91
1 June - 30 June	637,000	-	637	18.78	2,847.72
	5,485,849	**4,848,849**	**637**	**161.75**	**24,524.57**

As a result, the share capital amounts to € 20,000,161.75 divided into 114,752,818 ordinary shares and 6,803 savings shares, all without par value.
For reference, it is noted that pursuant to art. 2.5 of the "Seat PG 2014-2016 Warrant Regulations", during the reporting period the parent has informed the Seat PG 2014-2016 warrant holders that the exercise of Warrants was suspended:

- from January 29, 2016 to March 8, 2016 (inclusive), during the publication of the convening of the Ordinary and Extraordinary Shareholders' Meeting of last March 8;
- from March 25, 2016 until April 27, 2016 (inclusive), the date of the Ordinary Shareholders' Meeting;
- and further suspended until May 12, 2016 (inclusive), the date of the Ordinary and Extraordinary Shareholders' Meeting.

The Warrant Exercise Period was extended by a number of days equal to that of the suspension period mentioned above and therefore ended on 27 July 2016 (last day of the exercise period), the date on which the warrants have definitively ceased to exist.
For completeness, it should also be noted that in the period July 1, 2016 - July 27, 2016 (last day of the exercise period) 8,407,000 Warrants were exercised and consequently 8,407 Italiaonline S.p.A. ordinary shares have been issued and granted.

Ordinary Shareholders' Meeting of April 27, 2016

On April 27, 2016 the Ordinary Shareholders' Meeting of Seat Pagine Gialle S.p.A. resolved to:

- approve the financial statements for 2015 of Seat Pagine Gialle S.p.A., the draft of which was approved by the Board of Directors on March 15, 2016, which closed with a loss for the year of € 27,114,345.46, and to cover the loss for the year in full through retained earnings;
- approve Section I of the Remuneration Report pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998.

Ordinary and Extraordinary Meeting of May 12, 2016

On May 12, 2016 the Ordinary and Extraordinary shareholders' meeting of the parent were held.
In ordinary session, the shareholders approved *(i)* the proposed mutual early termination of the legally required audit engagement in place with PricewaterhouseCoopers S.p.A. and *(ii)* the new assignment for the legally required audit for the period 2016 - 2024 to KPMG S.p.A..
In extraordinary session it also approved, with effectiveness subordinate to the effectiveness of the merger of Italiaonline into SEAT, to *(i)* approve the shares regrouping issued in the ratio of one new ordinary share for every 1,000 ordinary shares of the existing Parent, *(ii)* change the corporate name of the Parent to "Italiaonline S.p.A." and transfer its registered office to the Municipality of Assago (Milan), maintaining an office in the City of Turin, and *(iii)* to approve the consequential amendments to the Articles of Association.

Special meeting of savings shareholders of May 18, 2016

On May 18, 2016 the special meeting of savings shareholders of Seat Pagine Gialle S.p.A., *(i)* approved the statements relating to the Mutual Fund pursuant to ex article 146 of Leg. Decree no. 58/1998, *(ii)* confirmed Dr. Stella D'Atri as the common representative of the savings shareholders for the period 2016-2018, who is awarded an annual remuneration of EUR 36,000 for the assignment, *(iii)* approved the establishment of a provision ex art. 146 of the Consolidated Financial Act and set the amount of the provision for the cost of protecting the common interests of the holders of savings shares at EUR 150,000, *(iv)* authorized the common representative to analyse the impact on the merger and the category of the proposed reverse split of ordinary shares and possibly start any activities to protect the same category and *(v)* granted authorization to the common representative to propose a settlement to the Company relating to the legal resolution of the Shareholders meeting of 23 April 2015, as regards the part concerning the allocation of profit for the year ended December 31, 2014.

Merger

On June 16, Consob recognised the information document prepared as part of the merger as equivalent, pursuant to art. 57, paragraph 1, letter d), of Consob Regulation no. 11971/99.
On June 17, the deed relating to the merger of Italiaonline S.p.A. into SEAT (the "Merger") was registered with the Registrar of Companies of Milan and Turin.
Merger took legal effect from June 20, 2016, while the accounting and tax effects will be backdated to January 1, 2016.
With the legal effectiveness of the merger, the pre-existing Italiaonline S.p.A. ceased to exist against the assumption of all its relations, rights and obligations by the former SeatPagine Gialle S.p.A., which, inter alia and at the time of the merger, changed its name to Italiaonline S.p.A., moved its own headquarters to Assago, creating a branch in Turin, and has grouped its shares in the ratio of 1/1000.

Loan repayment with Banca Imi S.p.A.

On June 20, 2016, the company resulting from the merger, Italiaonline S.p.A., repaid the debt arising from the loan agreement signed in August 2015 with Banca Imi S.p.A. for the purpose of partial payment of the purchase consideration for mandatory public offer for the ordinary Seat shares, for about Euro 41 million.

Sale of the 1254 business unit

On June 30, the Parent announced the sale of the business division relating to the 1254 services to Contacta S.p.A., a company belonging to the Covisian Group, effective from July 1, 2016.

Significant subsequent events

Exit of the Parent from Consob's Blacklist

On July 22, 2016, just over one month from the merger of Italiaonline into Seat Pagine Gialle, Consob, in view of the development of the corporate situation, ordered the cessation of the monthly reporting requirements concerning the company's position under art. 114 of Legislative Decree. no. 58/98, requested by CONSOB in a note dated September 7, 2011.
As from July 2016, the new Italiaonline is, therefore, no longer in the list (the "Black list") of issuers subject to the above monthly obligations.

Europages sale

On August, 4 2016 100% was sold of the subsidiary Europages S.A., based in Paris, a company controlled by the private equity firm Paragon Partners, based in Munich (Germany).

The business was considered no longer strategic and consequently its sale in 2016 was planned in the business plan approved in the month of January 2016.

Favorable response on the ruling submitted to the Tax Authorities

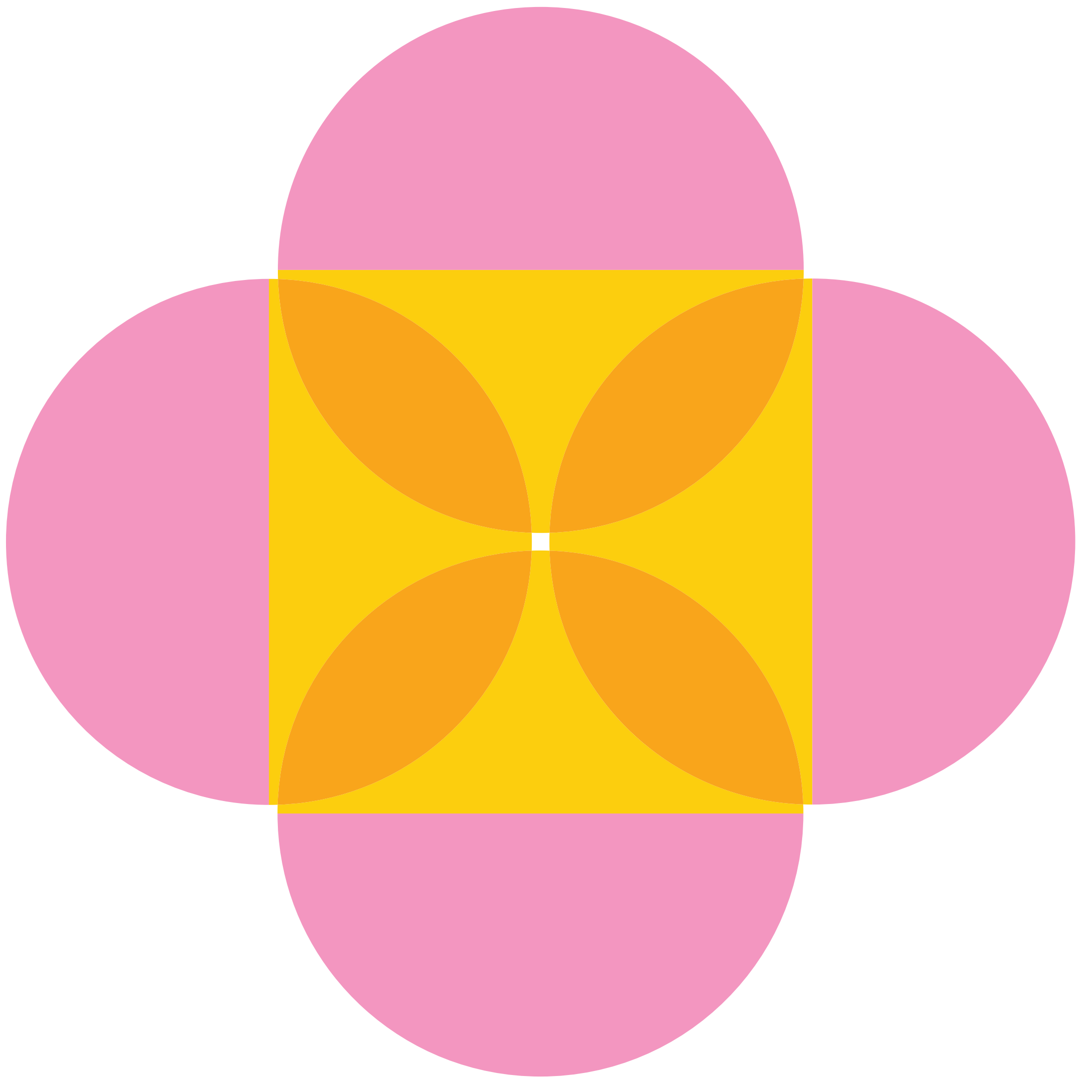
On August 3, 2016, the Tax Authorities notified a favourable ruling in respect of the carry forward of about € 650 million deductible interest, which adds to the existing tax losses carry forward of about € 160 million. The ruling was submitted on February 11, 2016 in order to seek non-application of the anti-avoidance rules that would have prevented the interest carry forward as a result of the merger between Seat Pagine Gialle S.p.A. and Italiaonline S.p.A..

Outlook

During 2016 management will continue decisively in the implementation of the Plan's strategic actions for the 2016-2018 three-year period, with the objective of achieving stabilization of revenue by 2018 and the return of the operating margins to levels between 25% and 30%.
The main actions will focus on the renewal of the product portfolio, on commercial activities regarding customer relationships, and on the reduction of operating costs. There is also ongoing activity for the enhancement of investments in subsidiaries in order to focus the attention of management on the development of core business in Italy.
For the second half 2016, the Parent expects:

- revenues in a range between € 191 and € 201 million (leading to a FY 2016 expected amount in a range of € 391 ÷ € 401 million), considering that the subsidiary Europages and the 12.54 services will be out of the scope of consolidation in the second half year 2016. New products are scheduled to be launched in September 2016 with the goal of helping reverse the revenue trend during 2017.
- EBITDA in a range between € 34 and € 37 million (leading to a FY 2016 expected amount in a range of € 64 ÷ € 67 million), supported by lower costs, due to:
  - the effects of the cost containment measures implemented in the first half of 2016 that will be fully visible in the second half of 2016;
  - new cost saving initiatives that will be executed. Particularly the implementation of the reductions in labour costs envisaged by the Strategic Plan will lead, after the completion of the reorganization plan, to a net saving of € 27 million on an annual basis.
  - EBITDA margin in a range between 17.8% and 18.4%.
- Cash and cash equivalents at 2016 year-end are expected to be consistently higher than the Plan's initial forecast (equal to € 80.6 million).

Creativity



Economic and financial performance by Business Area

The figures for the first half of 2015 are presented on a like for like basis with respect to those for the first half of 2016. This is described more fully in the Report on Operations – in the "Presentation of comparative accounting data" section – of this interim financial report at June 30, 2016.

(euro million)		ITALIAN DIGITAL	OTHER ACTIVITIESS	AGGREGATE TOTAL	ELIMINATIONS AND OTHER ADJUSTMENTS	CONSOLIDATED TOTAL
Revenue from sales and services	1st half of 2016	192.1	9.7	201.8	(2.1)	199.7
	1st half of 2015 *like for like basis*	212.1	9.1	(221.2)	2.2	219.0
GOP	1st half of 2016	38.9	(0.9)	38.0	0.1	38.1
	1st half of 2015 *like for like basis*	31.6	(1.5)	30.1	0.3	30.4
EBITDA	1st half of 2016	31.3	(1,8)	29.5	-	29.5
	1st half of 2015 *like for like basis*	23.1	(1,6)	21.5	(0.1)	21.4
EBIT	1st half of 2016	4.0	(4.5)	(0.5)	-	(0.5)
	1st half of 2015 *like for like basis*	(7.9)	(3.7)	(11.6)	(0.1)	(11.7)
Total assets	June 30, 2016	720.5	17.2	737.7	(19.3)	718.4
	December 31, 2015 *like for like basis*	771.7	21.8	793.5	(17.6)	775.9
Total liabilities	June 30, 2016	365.9	25.2	391.1	(19.6)	371.5
	December 31, 2015 *like for like basis*	435.4	25.8	461.2	(22.9)	438.3
Net invested capital	June 30, 2016	237.2	7.7	244.9	(0.1)	244.8
	December 31, 2015 *like for like basis*	254.0	9.3	263.3	(0.2)	263.1
Capital expenditure	1st half of 2016	10.6	1.5	12.1	-	12.1
	1st half of 2015 *like for like basis*	17.7	1.5	19.2	-	19.2
Average workforce	1st half of 2016	1,713	160	1,873	-	1,873
	1st half of 2015 *like for like basis*	1,944	164	2,108	-	2,108
Average number of sale agents	1st half of 2016	1,150	30	1,180	-	1,180
	1st half of 2015 *like for like basis*	1,529	36	1,565	-	1,565

DIGITAL ITALIA

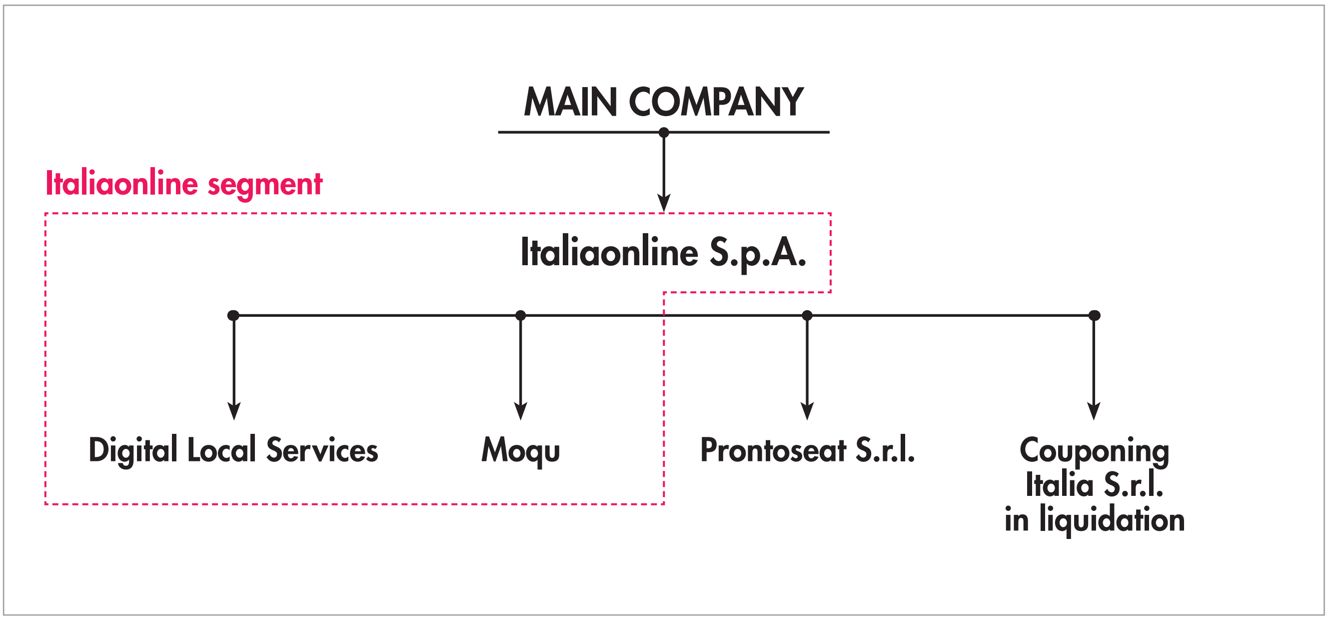
Market situation

The operating profit for the first half of 2016 was achieved in a situation of moderate economic growth and a slowly recovering advertising market:

- According to ISTAT, in the first quarter of 2016, gross domestic product (GDP) in Italy grew by 0.3% compared to the previous quarter and by 1% compared to the first quarter of 2015, mainly thanks to the boost in domestic demand. The results were in line with the preliminary estimates published by the National Institute of Statistics on May 13. The change for 2016, i.e. with no growth for the remainder of the year, amounts to +0.6%.
- According to Nielsen, in the first five months of 2016, the advertising market in Italy increased by 2.7% (to € 2,797 million) compared to the same period of 2015. With regard to individual media, the Internet showed a 1.9% decline in the cumulative period and a 6.3% decrease in May. With regard to other media, in the first five months, cinema grew by 18.6%, television by 6.1%, radio by 2%, outdoor by 5% and transit by 9.3%. Out-of-home TV fell sharply by -10.1%; newspapers (-4.7%), magazines (-3.6%) and direct mail (-7.6%) were also down. According to Nielsen "*The figures for May are in line with expectations, since the month of May 2015 – coinciding with the start of the Expo – had been a month of growth with an increase of 3%, preceded and followed by a month with negative performance. The forecast for year-end is for a quieter phase supported by the European Football Championship. However, it remains to be seen whether Brexit will have an impact on the performance of the advertising market this fall*".

Structure of the Business Area

The Digital Italian Business Area is organized as follows:



Financial highlights

The table shows the main results for the first half of 2016 compared with those from the same period of the previous year.

(euro million)	1ST HALF YEAR 2016	1ST HALF OF 2015 *like for like basis*	CHANGE ABSOLUTE	CHANGE %
Revenue from sales and services	192.1	212.1	(20.0)	(9.4)
MOL	38.9	31.6	7.3	23.1
EBITDA	31.3	23.1	8.2	35.5
EBIT	4.0	(7.9)	11.9	n.s.
Capital expenditure	10.6	17.7	(7.1)	(40.1)
Average workforce	1,713	1,944	(231)	(11.9)
Net invested capital	237.2	254.0	(*) (16.8)	(6.6)

(*) Data refers to December 31, 2015 like for like basis

Below is an analysis of the data divided by the Italiaonline Segment, for ProntoSeat S.r.l. and Couponing Italia S.r.l. in liquidation (formerly Glamoo S.r.l.).

ITALIAONLINE

The Italiaonline Segment includes Italiaonline S.p.A. data, 74 companies called Digital Local Services set up to ensure better management of the sales network and provide appropriate support to agents and customers, as well as Moqu, a digital media company focused on the performance advertising business, namely the optimization of advertising campaigns in performance and specifically based on search engines (SEM).
The table below shows the main results for the first quarter of 2016 compared with those from the same period of the previous year on a like for like basis. The latter were reduced due to the non-recurring effect caused by the change in the relevant criterion for the revenues of PagineBianche®, which was adopted as of January 1, 2015, and the change in the timing of the SmartBook®'s publication, introduced on January 1, 2016, which together resulted in a decrease of € 7,958 thousand in revenue and € 7,643 thousand in EBITDA.
It should be noted that the Moqu Group data are included in the scope of consolidation as of February 28, 2015.

(euro million)	1ST HALF OF 2016	1ST HALF OF 2015 *LIKE FOR LIKE BASIS*	CHANGE ABSOLUTE	CHANGE %
Revenue from sales and services	192.0	211.7	(19.7)	(9.3)
GOP	39.2	32.2	7.0	21.7
EBITDA	31.6	23.7	7.9	33.3
EBIT	4.3	(7.2)	11.5	n.s.
Capital expenditure	10.6	17.7	(7.1)	(40.1)
Average workforce	1,561	1,790	(229)	(12.8)
Net invested capital	236.6	253.4	(*) (16.8)	(6.6)

(*) Data refers to December 31, 2015 like for like basis

As of this interim financial report at June 30, 2016, the Parent will show revenue based on a new classification that is more consistent than in the past, with comprehensive consultancy for all digital development needs of Italian companies, from SMEs to Large Companies.
More specifically, revenue generated by the Italiaonline Segment are divided into the following areas:

Digital revenue include:

- Proprietary revenues mainly relating to the sale of advertising space on the generalist web portals Libero®, Virgilio® and Supereva®, on vertical (national and local) web portals and – to a lesser extent – on third-party websites as well as free proprietary webmail. Also included in this segment are performance advertising revenues from the subsidiary Moqu, Subscriber revenues generated by users of the e-mail service registered in Italiaonline domains that subscribe their respective paid services (premium services), and revenues from Direct Marketing (DEM) and SMS campaigns.
- Directory revenue relating to advertising activities carried out on internet portals owned by PagineGialle.it, PagineBianche.it and Tuttocitta.it;
- Website revenue relating to: construction and website management services optimised also for mobile use; the creation of multimedia content; visibility activities on the web; e-commerce and web marketing services; and managing the presence on social networks;
- Third-party revenue relating to visibility on digital media in partnership with specialized operators, including display advertising services and advertising campaign management on Google, Facebook and Sky platforms.

Print revenues: this item consists of revenues generated from advertising sales on the Smartbook®, i.e the paper volume including the PagineGialle®, PagineBianche® and TuttoCittà® directories and the portion of revenues returned to Italiaonline by telecom operators for the paper directory distribution service.

Other revenues: this item includes revenues generated: *(i)* by directory enquiry services; *(ii)* the sale of advertising on third-party traditional media; and *(iii)* direct marketing and merchandising services.

Revenue from sales and services of Italiaonline's Segment amounted to € 192,0 million in the first half of 2016, down by 9.3% compared to the first half of 2015 on a like for like basis. For further details on this trend, please refer to the commentary on the reclassified consolidated income statement for the first half of 2016.

More specifically:
a) Digital revenues: amounted to €132,4 million in first half of 2016, down 7.6% with respect to the first half of 2015 on a like for like basis. The total share of digital revenues in the period amounted to 69%.
Over the past twelve months, Italiaonline proved to be the number one Italian operator with an audience of 18.1 million unique monthly visitors (source: Audiweb View, powered by Nielsen, Total Digital Audience – Average data for the last 12 months June 2015 – May 2016).
Moreover, an average of 4.3 million unique users per day browsed Italiaonline's web properties from PC and mobile, remaining the leading internet company according to Audiweb (Audiweb DB, powered by Nielsen, Total Digital Audience – May 2016 Data (Google and Facebook excluded as they are not part of Audiweb's DB). The mobile audience data has made Italiaonline number one above the other top players with over 2.0 million unique users per day. At the end of June 2016, Italiaonline's main mobile applications (Libero Mail App®, Libero App®, Virgilio App®, Virgilio Mail App®, PagineGialle Mobile App®, PagineBiancheMobile App® and TuttocittàMobile App®) together reached the threshold of 14.6 million downloads. Moreover, Audiweb data confirms Italiaonline as the top player on the Italian Internet in terms of page views (71 million) and time spent on an average day (10:29 minutes).

b) Print: revenues from print products amounted to € 44,7 million in first half of 2016, down 10.6% with respect to the first half of 2015 on a like for like basis. The total share of print revenue in the period amounted to 23%. Net of the portion of revenues returned to Italiaonline by telecom operators for the paper directory distribution service, the decrease in print revenue would have been 21.6%. In the first half of 2016, 50 directories were published and 7.5 million Smartbook® volumes were distributed.

c) Others: revenue from other products amounted to € 15,0 million in the first half of 2016, down 18.6% with respect to the first half of 2015 on a like for like basis. Specifically, revenue from 89.24.24 Pronto PAGINEGIALLE®, 12.40 Pronto PAGINEBIANCHE® and 12.54® (69% of total revenue) directory enquiry services amounted to €10,294 thousand in the first half of 2016, down 21.3% with respect to the first half of 2015 on a like for like basis. The decline in revenue reflects the trend of call volumes equal to 3,373 thousand in the first half of 2016, a decrease of 26.0% over the first half of 2015.

GOP amounted to € 39.2 million in first half of 2016, up € 7.0 million compared to the first half of 2015 on a like for like basis, thanks to the efficiency of cost-cutting actions, which more than offset the decline in revenues.

Costs for materials and external services, net of costs charged to third parties, totalled € 105.3 million in first half of 2016, down € 24.7 million (19%) with respect to the first half of 2015 on a like for like basis.

Specifically, manufacturing costs, at € 57.6 million in the first half of 2016, fell by € 11.4 million over the first half of 2015 on a like for like basis (€ 69.0 million), due partly to the revenue trend and partly to interventions on the cost structure. Significant savings, amounting to approximately € 4.6 million, are recorded on costs for printing and distributing Smartbook® directories due to the lower number of pages and renegotiation of tariffs, while the fall in call volumes to directory enquiry services, combined with the new contract at better conditions for call center services for 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services, has resulted in a decrease in costs for inbound call center services amounting to approximately € 1.8 million. Industrial performance for digital services fell by approximately € 1.8 million, mainly due to the tariff review in the second half of 2015.

Sales costs, at € 33.6 million in first half of 2016, were down € 7.4 million compared to the first half of 2015 on a like for like basis. This decrease reflects the lower expenses for wages to the sales forces, partly due to the revenue trend and partly due to the streamlining of the network of agents.

Overheads, at € 14.2 million in the first half of 2016, were down 29.4% compared to the first half of 2015 on a like for like basis as a result of a careful cost-control policy, in particular for consultancy costs and advertising expenses.

Personnel expense, net of costs recovered for personnel seconded to other Group companies, totalled € 47.5 million in the first half of 2016, down € 2.0 million (-4.0%) in the first half of 2015 recovered. This change is due to the restructuring progress with the downsizing of the workforce and solidarity arrangements (government-sponsored lay-off scheme on a rotating basis). The workforce at 30 June 2016 – including directors, contract workers and interns – consisted of 1,769 employees (1,806 employees at December 31, 2015).

EBITDA amounted to € 31.6 million in first half of 2016, up € 7.9 million on the the first half of 2015 on a like for like basis (+33.3%) with a 16.4% effect on revenues (11.2% in the first half of 2015 on a like for like basis).

EBIT, positive at € 4.3 million in the first half of 2016, reflects the EBITDA performance and includes operating and non-operating amortisation, depreciation and impairment losses of € 22.9 million and net non-recurring restructuring costs of € 4.4 million, down significantly compared to the same period of the previous year.

In the first half of 2016, capital expenditure amounting to € 10.6 million mainly relates to: *i)* improvements of web and mobile delivery systems, specifically for real-time updates of content and its publication, improved search algorithms, and identification of new graphic-functional web portal solutions for the Company; *ii)* improvements of products mainly relating to the optimization of the graphics concept for use through mobile devices, developments for the new range of sites for improvements to Large Customer offers; *iii)* improvements in commercial and editorial ranges to adapt and strengthen systems to new product ranges.

The average active workforce amounted to 1,561 employees in the first half of 2016 compared to 1,790 employees in the first half of 2015 on a like for like basis, a decrease of 229 employees mainly due to the progress of the restructuring plan.

Prontoseat S.r.l.

Wholly owned by Italiaonline S.p.A.

The table shows the main results for the first half of 2016 compared with those from the same period of the previous year.

(euro million)	1ST HALF OF 2016	1ST HALF OF 2015	CHANGE	
			ABSOLUTE	%
Revenue from sales and services	2.6	2.6	-	-
GOP	(0.3)	0.1	(0.4)	n.s.
EBITDA	(0.3)	-	(0.3)	n.s.
EBIT	(0.3)	-	(0.3)	n.s.
Capital expenditure	-	-	-	n.s.
Average workforce	152	131	21	16.0
Net invested capital	0.7	0.7 (*)	-	-

(*) Data refers to December 31, 2015

Revenue from sales and services were recorded at € 2.6 million in the first half of 2016, essentially in line with the same period of the previous year. The slight reduction in outbound revenue (- € 0.1 thousand compared to the first half of 2015) was offset by higher inbound revenue (+ € 0.1 thousand) due to the 89.24.24 service management.
GOP was negative at -€ 0.3 million (positive at € 0.1 million in the same period of the previous year) due to higher personnel expense incurred in managing inbound and outbound services.
EBITDA and **EBIT** were negative at € 0.3 million, performing in line with GOP.
The **average workforce** (131 employees in the first half of 2015) increased by 21 employees compared to the same period of the previous year, due to needs relating to the management of services.

Couponing Italia S.r.l. in liquidation

Wholly owned by Seat Pagine Gialle S.p.A.

In their meeting of December 22, 2015 the Shareholders of Glamoo S.r.l. approved the company's liquidation without debt, changing its name to Couponing Italia S.r.l. in liquidation. The entry in the Register of Companies of Milan's Chamber of Commerce took place on January 21, 2016.
On February 9, 2016, the company Glamoo Ltd was removed from Companies House UK.

Reference regulatory framework

1. EU Directives on telecommunication and e-commerce systems and incorporating them into the Italian regulatory framework

The regulatory framework for the activities performed by Italiaonline S.p.A. (hereinafter "**Italiaonline**") mainly comes from a package of EC Directives on telecommunication and e-commerce systems.
Specifically, these directives are: Directive 2000/31/EC on e-commerce; Directive 2002/19/EC on access to electronic communication networks; Directive 2002/20/EC on permits for networks and electronic communications services; Directive 2002/21/EC establishing a common regulatory framework for networks and electronic communications services; Directive 2002/22/EC on the Universal Service and Directive 2002/58/EC on the processing of personal data and privacy protection in the electronic communications sector.
With the exception of Directive 2002/58/EC, implemented by Legislative Decree no. 196 of 30 June 2003 (Privacy Code) and Directive 2000/31/EC, implemented by Legislative Decree No. 70 of April 9, 2003, in Italy these Directives have been transposed into Legislative Decree No. 259 of August 1, 2003 (so-called "Electronic Communications Code") and other regulatory measures issued by both AGCOM and the Italian data protection authority.
At the end of 2009, these directives were subject to reform: the European Commission approved a new regulations package: Directive 2009/140/EC (for "Better Regulation"); Directive 2009/136/EC ("Citizens' Rights Directive"); Regulation 2009/1211, which set up the supranational regulation body "BEREC" (Body of European Regulators for Electronic Communications).
In Italy, these Directives were transposed in 2012, specifically: on June 1, 2012, the new Electronic Communications Code came into force through Legislative Decree No, 70 of May 28, 2012 (implementing EU Directive 2009/140/EC), which resulted in the exclusion of telephone directories from the universal-service obligations; on May 28, 2012, Legislative Decree No. 69 was enacted (to implement EU Directives No. 136/2009 and No. 140/2009), which introduced several changes to the personal data protection code (Legislative Decree No. 69/2012) including regulations for the processing of cookies.

2. The Privacy regulation: Telemarketing, the "cookies" provision, new Privacy Regulations and Privacy Shield

2.1 Telemarketing

With regard to Telemarketing services, following the publication of Presidential Decree No. 178 of September 7, 2010, the Public Register of subscribers opposed to the use of their telephone number for direct-marketing purposes was set up.
The Register, which is managed by the Ugo Bordoni Foundation, was activated on February 1, 2011.
With effect from this date:

- companies operating in the telemarketing sector may no longer contact subscribers with numbers included in the Register. All telesales lists taken from telephone directories (such as Pagine Bianche and Pagine Gialle) must therefore be checked against the opt-out database before being used. The validity of lists containing the names of subscribers who can be contacted has been reduced to 15 days;
- direct-marketing companies must describe themselves as such to the Ugo Bordoni Foundation and must sign a contract under which they agree to match their lists with the opt-out database.

The Order of the Italian data protection authority issued on January 19, 2011 ("Regulations on operator-assisted telephone processing of personal data for marketing purposes following the creation of the public opt-out register") stipulates that the new regulatory framework also gives businesses the right to opt out. Therefore, telesales of products of any company aimed at a business audience may be carried out using the aforementioned matching procedure (or using lists of parties that have given their express consent). Therefore, Italiaonline (formerly Seat Pagine Gialle S.p.A.) has signed up to the opt-out register for matching.

Lastly, on May 22, 2011, the previous regulation on postal marketing – which established an opt-out system (the possibility of being contacted without express consent), without prejudice to the right of individuals to object to postal marketing by signing up to the public opt-out register – was modified within the "Development Decree" (Article 6 of Legislative Decree no. 70 of May 22, 2011). As a result, regulations on direct marketing provided for equal treatment for telephone and postal marketing.
The Italian Data Protection Agency has not issued the implementing measure as of yet, and its impact on Italiaonline involves removing the "envelope" symbol printed in the Pagine Bianche directory, to make the consent of subscribers to receiving postal marketing materials (the current opt-in system) more explicit.

2.2 Cookies provision

With regard to the provisions of the Privacy Act, it is reported that, in accordance with Article 122 of the same code, the storage of non-technical cookies is only permitted on condition that the website visitor has been pre-informed and provided his/her explicit consent.
In this regard, on May 8, 2014, the Italian data protection authority enacted provision no. 229 (the "**Provision**") on establishing simplified procedures for the privacy notice and for the acquisition of consent for the use of cookies, which came into force on June 2, 2015.
The provision applies to all sites, including responsive sites, and to browsing thereof from any terminal/device, where such sites do not use exclusively proprietary analytical and technical cookies. It requires the user to be informed through two levels of information: first, a brief notice will be displayed appearing immediately on the page which the user accesses, then, an extended notice that can be accessed through a link in the brief notice as well as through a link at the bottom of every updated page of the website.

2.3 New privacy regulation

With regard to the development of privacy regulations, on April 14, 2016, the text of the new European regulation on personal data protection was approved. Said regulation entered into force on May 25, 2016, but its provisions will be directly applicable in Member States as of May 25, 2018.

2.4 Privacy Shield

Lastly, also in the area of privacy regulations, it should be noted that on February 2, 2016, the European Commission and the Government of the United States of America reached a political agreement on a new scheme for transatlantic exchanges of personal data for commercial purposes: this is the so-called EU-US "**Privacy Shield**". The Commission presented the draft text of the decision on February 29, 2016. Following the opinion of the Article 29 Group (DPAs) of April 13, 2016 and the European Parliament resolution of May 26, 2016, the Commission complete the adoption procedure on July 12, 2016.
The EU-US Privacy Shield aims to address the requirements laid down by the judgment of October 6, 2015 whereby the Court of Justice invalidated the old "**Safe Harbour**" scheme.

3. Electronic signature services

Electronic signature services – constantly spreading in common use – are also subject to specific regulations, including rules governing the processing of certain biometric data of subscribing customers. In particular, Italiaonline adopted an advanced electronic signature service, provided in accordance with: the provisions of the Digital Administration Code; the technical rules issued by the Prime Ministerial Decree of February 22, 2013; and with the provision of the Italian data protection authority of November 12, 2014. The advanced electronic signature ("AES"), as defined in the CAD, consists of a set of electronic data associated with an electronic document used to identify the signatory and ensure a unique connection to him/her.

4. Main resolutions issued by AGCOM

In relation to the regulatory framework, the following AGCOM resolutions are pointed out:

- Resolution No. 179/03/CSP, by which AGCOM approved the general guidelines on quality and charters for telecommunications services;
- Resolution No. 254/04/CSP, by which AGCOM approved the guidelines on quality and charters for fixed voice telephony services;
- Resolution No. 680/13/CONS, by which AGCOM issued the Regulation on the protection of copyright on electronic communication networks and the implementation procedures for Legislative Decree No. 70 of April 9, 2003

This regulation introduced powers of intervention held by AGCOM for the event of a suspected violation of copyright concerning the provision of public content on computer networks. Specifically, "entitled persons" (owners or licensees of copyright or trade associations) may report to AGCOM any suspected violations of copyright online and, after an adversarial procedure, AGCOM may adopt prohibitory measures such as selective removal, disabling access to the illegal content, or applying sanctions in the event of non-compliance. It is also possible to have an adversarial procedure with a person who has rights over online content, given that the internet provider can spontaneously remove the contents, as is usually done by Italiaonline for content posted by users on websites owned by Italiaonline.

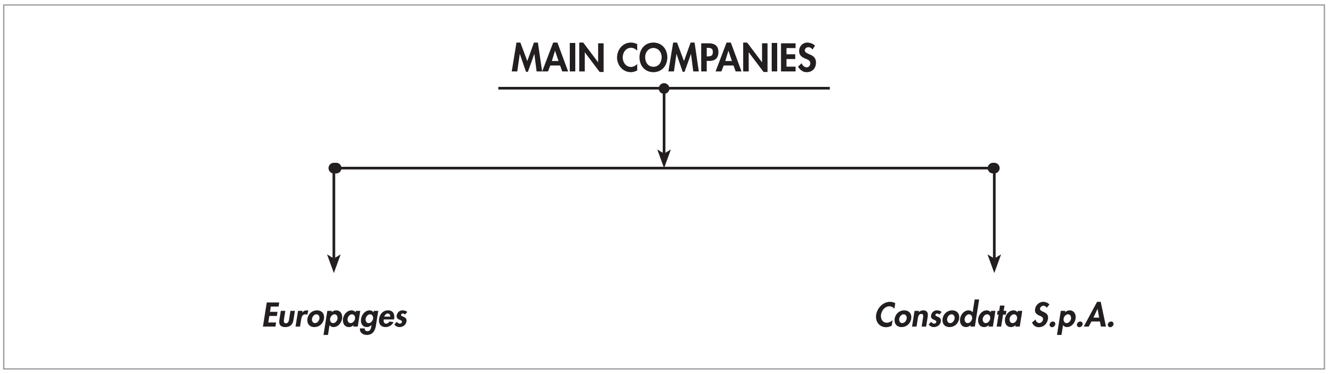
Signing up for the opt-out scheme

On January 28, 2013, the Parent's Board of Directors resolved to sign up for the opt-out scheme established under Article 70(8) and Article 71(1-bis) of the Issuers' Regulation, thereby availing itself of the option to avoid the obligation to publish a prospectus for significant mergers, demergers, and capital increases by way of in-kind consideration, acquisitions and disposals. On February 1, 2013, the Parent released appropriate information to the market.

OTHER ACTIVITIES

Structure of the Business Area

This Business Area comprises all activities not included in the previous area. It is organised as follows:



Following the decision to discontinue the shareholding in the Europages Group, deemed no longer in tune with the Group's activities, the statement of financial position and cash flow figures were reclassified among "Non-current assets held for sale".

Financial highlights

The table shows the main results for the first half of 2016 compared with those from the same period of the previous financial year.

(euro million)	1ST HALF OF 2016	1ST HALF OF 2015	CHANGE ABSOLUTE	CHANGE %
Revenue from sales and services	9.7	9.1	0.6	6.6
GOP	(0.9)	(1.5)	0.6	40.0
EBITDA	(1.8)	(1.6)	(0.2)	(12.5)
EBIT	(4.5)	(3.7)	(0.8)	(21.6)
Capital expenditure	1.5	1.5	-	-
Average workforce	160	164	(4)	(2.4)
Net invested capital	7.7	9.3	(*) (1.6)	(17.2)

(*) Data refers to December 31, 2015

The analysis of the figures is broken down below is divided between the various companies that make up the Business Area.

Europages

98.37% owned by Italiaonline SpA

On July, 12 2016, as part of the divestiture process of Europages group, the loan assets of Italiaonline S.p.A. were converted into equity and at the same time the write-down of the capital and the subsequent capital increase. The ownership percentage of Europages is 100%.
Europages is a lead generation and company research platform operating in the Business to Business (B2B) segment. It has a multilingual search engine that allows users to select and contact potential suppliers, clients and distributors from 35 countries, mainly in Europe. Firms are free to create their own profile on web pages that are set up for indexing on the major search engines. Europages gives its members the chance to manage published content and monitor a series of useful indicators for optimising results. Its database consists of more than 2.5 million companies. Europages also offers an exhaustive range of services for online marketing on its own media, from placement in multilingual search results, display advertising, retargeting through the Google Display Network, online catalogues through to email campaigns.
The table shows the main results for the first half of 2016 compared with those from the same period of the previous year.

(euro million)	1ST HALF OF 2016	1ST HALF OF 2015		CHANGE ABSOLUTE	CHANGE %
Revenue from sales and services	3.8	3.7		0.1	2.7
GOP	(0.7)	(0.9)		0.2	22.2
EBITDA	(1.5)	(1.0)		(0.5)	(50.0)
EBIT	(1.8)	(1.2)		(0.6)	(50.0)
Capital expenditure	0.1	-		0.1	n.s.
Average workforce	65	64		1.0	1.6
Net invested capital	-	0.3	(*)	(0.3)	(100.0)

(*) Data refers to December 31, 2015

In the first half of 2016, revenue from sales and services amounted to € 3.8 million (€ 3.7 million in first half of 2015). The growth in turnover was mainly due to the contribution of the German market, which offset the decline in revenues in the Italian, French and Spanish markets. Turnover was largely stable or slightly up in other countries.
In the first half of 2016, traffic amounted to 15.7 million page views (up 25%), with 60.2 million page views (+32% compared to the same period last year). The quality of traffic – confirmed by the positive indicators such as the number of searches per visitor and duration of visits – is also continuing to improve.
In the same period, there were 62,585 new users. Registration, which has been mandatory since 2014, is required for all users who use the contact tools available on the platform for sending messages to the businesses searched for.
GOP was -€ 0.7 million, showing a slight improvement compared to last year (-€ 0.9 million in the first half of 2015), this result reflects the trend in revenue and careful cost containment policy.
EBITDA and **EBIT** were negative respectively for € 2.0 million and € 2.7 million, respectively (negative respectively for € 1.0 million and € 1.2 million, in the first half of 2015), reflecting the effects of measurement at the lower of their carrying amount and their fair value which resulted in an adjustment of a total value of approximately € 0.9 million.
The **average workforce** was 67 employees in the first half of 2016 (64 employees in the first half of June 2015).
Net invested capital amounted to -€ 0.3 million at 30 June 2016 (€ 0.3 million at 31 December 2015).

Consodata S.p.A.

Wholly owned by Italiaonline SpA

Consodata S.p.A., the Italian market leader in Data-driven Marketing and Marketing Intelligence, with a growing presence in the business & credit information market, has been offering wide-ranging and innovative customer acquisition, evaluation and management services to thousands of businesses operating in various product sectors for over 20 years. Consodata S.p.A. focuses its business on the great wealth of statistical data and personal content of its database and on the recognized expertise in dealing with and imparting value to the data.

The table shows the main results for the first half of 2016 compared with those from the same period of the previous financial year.

(euro million)	1ST HALF OF 2016	1ST HALF OF 2015	CHANGE ABSOLUTE	CHANGE %
Revenue from sales and services	5.9	5.4	0.5	9.3
GOP	(0.2)	(0.6)	0.4	66.7
EBITDA	(0.3)	(0.6)	0.3	50.0
EBIT	(2.7)	(2.5)	(0.2)	(8.0)
Capital expenditure	1.5	1.5	-	-
Average workforce	95	100	(5)	(5.0)
Net invested capital	7.6	8.9 (*)	(1.3)	(14.6)

(*) Data refers to December 31, 2015

Revenue from sales and services amounted to € 5.9 million in the first half of 2016, up € 0.5 million compared to the first half of 2015. This increase is mainly due to the increased Direct Marketing sales through the Large Customers channel, which offset the reduction in Business Information product sales in the Italiaonline agent network.

Direct Marketing campaigns, in particular, benefit from the increase in the sale of Face to Face services, while Business Information sales services are affected by the temporal delay of several large orders, compared to 2015.

The profitability dynamics of the products sold by the various sales channels and the actions put in place to streamline fixed costs have led to a GOP – although negative at -€ 0.2 million – which is up € 0.4 million compared to the same period of the previous year.

EBITDA, negative at -€ 0.4 million, performed in line with GOP.

EBIT is a negative € 2.7 million (a negative € 2.5 million in the first half of 2015), showing a decline of € 0.2 million compared to the same period of the previous year, due to the higher restructuring expenses compared to 2015.

Capital expenditure amounted to € 1.5 million in the first half of 2016 (in line with the first half of 2015), and was related to developing software platforms, enriching the database and purchasing databanks.

The **average workforce** was 95 employees in the first half of 2016, down by 5 employees compared to the same period of the previous year.

Net invested capital amounted to € 7.9 million at June 30, 2016 (€ 8.9 million at December 31, 2015).

Additional information

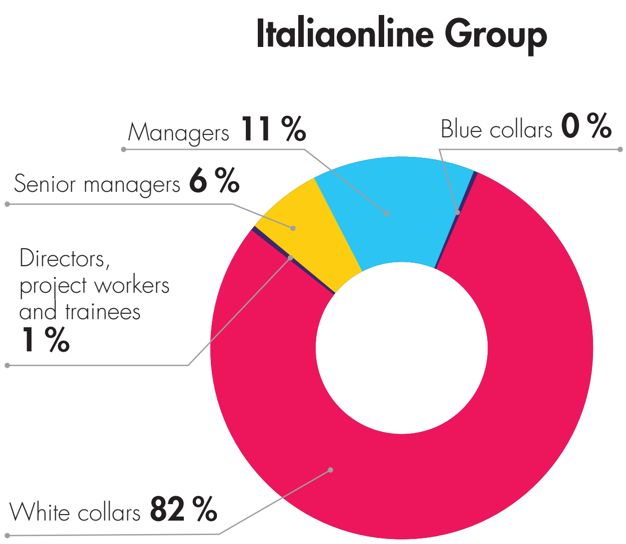
HUMAN RESOURCES

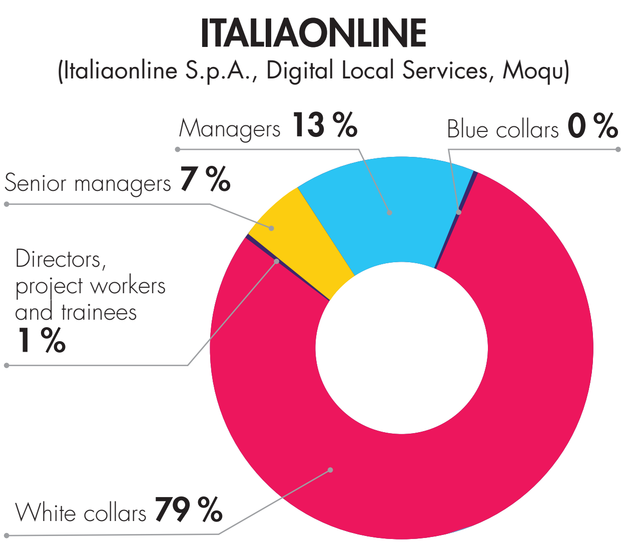
Italiaonline group

	As at 06.30.2016	As at 12.31.2015	CHANGE
Employees	2,174	2,217	(43)
of which government-sponsored lay-off scheme (CIGS zero hours)	*150*	*135*	*15*
Directors, project workers and interns	15	13	2
Total workforce at the end of the period	**2,189**	**2,230**	**(41)**

	1ST HALF 2016	1ST HALF 2015 *like for like basis*	CHANGE
Senior managers	134	135	(1)
Managers	235	282	(47)
White collars	1,364	1,563	(199)
Call operators	124	106	18
Employees	**1,857**	**2,086**	**(229)**
Directors, projects workers and interns	16	22	(6)
Average workforce for the period	**1,873**	**2,108**	**(235)**

Italiaonline group has a total workforce of 2,189 units on June 30, 2016, a decrease of 41 units compared with December 31, 2015 (of which 2039 are active – June 30, 2016 as compared to 2095 on December 31, 2015), as a result of the reorganisation, mainly implemented at the parent. The average attendance in the first half of 2016 was 1,873 units, down by 235 units compared to the first half of 2015 on a like for like basis (2,108 units).
As regards the distribution of human resources between the various Business Areas, the Italiaonline segment (Italiaonline S.p.A., Digital Local Service, Moqu) generated some revenues (96.1%) and employed 83.3% of the total average workforce.





ITALIAONLINE Segment
(Italiaonline S.p.A, Digital Local Services, Moqu)

	As at 06.30.2016	As at 12.31.2015	CHANGE
Employees	1,758	1,796	(38)
of which government-sponsored lay-off scheme (CIGS zero hours)	*140*	*128*	*12*
Directors, project workers and interns	11	10	1
Total workforce at the end of the period	**1,769**	**1,806**	**(37)**

	1ST HALF 2016	1ST HALF 2015 *like for like basis*	CHANGE
Senior managers	129	129	-
Managers	210	252	(42)
White collars	1,209	1,392	(183)
Employees	**1,548**	**1,773**	**(225)**
Directors, project workers and interns	13	17	(4)
Directors, project workers and interns	**1,561**	**1,790**	**(229)**

The headcount on June 30, 2016 reduced by 38 units as compared to December 31, 2015.
Using the average workforce, the decrease is even more significant with a reduction of over 12% compared to the average figure for the first half of 2015, taking into account the complete implementation of the reorganisation plan from the second half of 2015.

Organisational Development

The first level of the organisational structure for the new Italiaonline was implemented in February.
In summary, the model consists of 10 departments reporting directly to the CEO:

- *CFO (Administration and Finance)* whose scope is related to administration, tax, finance, credit, purchasing and *investor relations*;
- *Planning and Control Department,* responsible for *budgeting, planning, reporting* and *Mergers & Acquisitions*;
- *Legal and Corporate Affairs Department,* with expertise on legal matters, issues, corporate affairs, regulations and *privacy*;
- *Human Resources Department,* whose work includes the organisation, development and training of people, compensation and payroll, labour relations and the management of the facility;
- *Corporate Image and Communication Department,* whose work includes *branding* and *corporate image management*, relations with the media and communication;
- *Information Technology Department,* which includes production systems, business support systems, *security* and platform management and technological infrastructure;
- *Product Development Department,* whose purpose is the development of new quality and cutting-edge products, enhancing marketing and interfacing with *Marketing* functions;
- *Customer Operations Department,* whose jurisdiction covers the unique and effective management of the *Customer Service* processes, simplification of company processes and conduct of operations, *back office* and *front end* activities;
- the commercial structure is articulated under the *Media Agency Sales and Marketing Department,* which has **1000 exclusive agents**, and under the Directorate of *National Sales and Marketing Department*, both with the responsibility of achieving the targets, revenues and margins of the *marketing mix* through coordination and business planning of sales structures, *product* and *trade marketing*.

The staff of the *Integration Team* also report to the CEO and have the task of handling *program management* for all of the Parent's integration projects.

Finally, to complete the business organization, the Internal Audit Department reports hierarchically to the Chief Executive Officer and functionally to the Board of Directors.

Selection, Training

The *recruiting* activities, except for the inclusion of two directors (Legal and Corporate Affairs and Internal Audit) and the head of the new Mergers & Acquisitions function, have continued to focus mainly on research of commercial profiles, with 64 new agents being added. Research and selection activities have also continued to against the world of the Digital Local services, especially in terms of *media consultant*, which has led to a total of about 15 placements.

Commercial Training Network: In the first half of 2016, training courses for employees and agents of National Sales and Media Agency Departments were organised, for a total of about 558 participants and more than 11,000 hours of training.

The orientation courses for new trade commercial position as *sales assistant* continued. A new orientation process, extended to the whole Italian group, was also established with the introduction of an initial e-learning component followed by classroom training alternating with on-the-job training and in-the-field sales training. Depending on the comprehensive review of the new content module, it is delivered in testing related to Sales Techniques.

For agents who have already been recruited, there were seven different paid training modules, in 31 editions, with specific objectives aimed at improving sales performance and overcoming the objections related to the appointment.

A "pilot" training module was realised in "*gaming*" mode to improve the effectiveness for sale with renewal of agent training through *role play*, with the further aim of presenting the new company in line with the *rebranding* activity; this module will be distributed throughout Italy from July 2016 onward.

The ICF certification activity and internal coaching began for internal trainers and *for the senior coach agents* in 2015. Training activities aimed at improving classroom management skills and *public speaking* skills have also continued for the position of *media consultant*.

A training project was launched for the function of *national sales* which provides for a series of training *steps*, focused on handling issues in complex negotiations and conflict management as well as on additional and effective management tools for negotiation with the customer.

The *telesales* sales channel was involved in *on-the-job training* with the aim to streamline and industrialise preparation and improve customer contact of the telephone operators.

Corporate training continued the delivery of courses and corporate training courses in the first half of 2016 for a total of approximately 540 participants and more than 7,400 hours.

In particular, continuing on from 2015, language training continued in the form of professional training of 15 apprentices (through *training on the job* and coaching) and training courses were concluded for the talent mapped by the Parent as a result of an *Assessment Centre* on operational and managerial issues through workshops on the Harvard negotiation model and *Group Coaching sessions*.

Support training was also offered to various business areas on technical/specialised topics through courses, seminars, *workshops* on the *web* and *mobile* (SEO), the use of the *web page test* platform, on *social media marketing* and *digital communication*, SAP management system and generally in support of the reorganisation of work, development and integration of skills, including updating *best practices* related to the roles.

Training has also been provided to the personnel working under government-sponsored lay-off scheme CIGS zero-hours contracts through the refresh projects on *technical*, commercial and interpersonal skills for a total of 352 days in the classroom; the project will continue throughout the second half of 2016, with new training content.

Some courses for employees during the first half of 2016 were funded through 2 active plans of Fondimpresa, one for employees and one dedicated to government-sponsored lay-off scheme zero-hour workers.

People services

In the first half of 2016, a number of charitable initiatives were promoted with which employees have helped support the activities of various non-profit organisations and associations.
After the Christmas season, all the gifts sent by customers and suppliers to employees were offered to associations such as Daily Bread (committed to ensuring daily free food to the poorest sections of the population) and the non-profit organisation Onlus Comitato Maria Letizia Verga (dedicated to the study and the treatment of child leukemia).
Through the fair trade market and the sale of eggs at Easter, it was possible to collect funds for more charities such as: Emergency; Onlus Wamba for the realisation of social and health projects including the construction of centres devoted to children with SMA (spinal muscular atrophy); those who ...with Luca to support and fund scientific research against childhood leukemia; etc.
Other initiatives also include "embrace the future" targeted at all employees who wished to offer a few hours of their free time and work to engage in voluntary activities at the CAF Onlus Association.
Corporate summer camps were promoted for employees' children aged between 6 and 12 years in the following locations: Lignano Sabbiadoro, Lake Trasimeno, Parco del Cilento and La Magdeleine (Aosta).
In the first half of 2016 health coverage continued through Cassa Mutua, which includes about 3,200 members shareholders among employees, dependents and retirees.

Industrial relations

Labour relations, in the first half of 2016, continued in the wake of the union agreement signed with the trade unions and ratified by the Ministry of Labour and Social Policy dated February 12, 2015, relating to the restructuring plan for the period February 2015 - February 2017.
Furthermore, the procedure of merger of Italiaonline S.p.A. and Seat Pagine Gialle S.p.A. under Article 47 Law 428/90 was initiated on February, 1 2016 and implemented on February, 25 2016.

Property & Facilities Management

In the first half of 2016, this function has ensured continuity in the monitoring of transactions with real estate properties as well as overseeing the maintenance of cleanliness, mail service, logistics and company cars.
In accordance with the new targets set for the current year, several activities were also launched and completed to improve the economic optimisation of cleaning, reception and maintenance activities, in particular through procurement tenders that led to the complete overhaul of economic procurement contracts and also to the identification of a new supplier in some cases. The tenders have also led to the unification of suppliers used for former premises of Italiaonline and for those of Seat.
The optimisation plan also involved electricity suppliers through a single supply plan for all locations (including Digital Local Services) in the area which used different operators.
The commercial consolidation process which involved some of the DLS locations distributed throughout the country started during the reporting period.
Function through the Prevention and Protection continuity in the management of related issues has been ensured in safety of the workplace and health surveillance for all areas of responsibility. During that reporting period, all the activities that led to the maintenance of the OHSAS 18001 certification for the scope of the premises and former Italiaonline staff were also carried out. In the same period initial assessments about the extent of the certification and the new corporate structure were performed.
Likewise the obligations with regard to environmental protection 152/06 were fulfilled.

ADMINISTRATIVE, JUDICIAL AND ARBITRATION PROCEDURES

Administrative, judicial and arbitration procedures involving the Italiaonline S.p.A. Group

1. Disputes with the Italian Revenue Authority

On December, 24 2014, the Parent received a tax assessment notice from at the Italian Revenue Authority - Lombardy Regional Office (hereinafter "DRE"), claiming that the company failed to apply withholding taxes in 2009 on interest paid to the Royal Bank of Scotland (Milan branch) for the "senior" loan. According to the DRE, the Parent should have applied withholding tax on part of the interest paid to the Royal Bank of Scotland. The DRE has calculated the withholding tax that it believes should have been applied in 2009 € 5.2 million euro, in addition to approximately € 1 million in interest. The DRE did not apply penalties due to the objective uncertainty inherent in this issue. Therefore, the total amount requested is approximately € 6.2 million. Said notice of assessment has been partially cancelled, as a precaution, reducing the amount being demanded to € 3.0 million.

The Parent, through its tax consultants, has accordingly challenged the assessment notice: the action, which seeks the annulment of the claim, has been notified to the Revenue Agency dated May 13, 2015 and filed, for the appearance in court, at the Provincial Tax Commission on May 25, 2015. As stipulated by the rules of Collection, on May 21, 2015 before the formal proceedings, the Parent paid on a provisional basis, pending judgement, one third of the required sum of €1.2 million. The appeal was discussed at the Provincial Tax Commission on November, 3 2015. By judgement of the Provincial Tax Commission of Milan, filed on December 1, 2015, the appeal against the notice of assessment for the tax period of 2009 was received and an annulment at first instance was ordered. Following this judgement, the Parent has acquired the right to reimbursement of the amounts paid pending judgement, totalling € 1.2 million; this amount was paid in full (plus interest of €11,863) on July 7, 2016.

On June 7, 2016, the Parent received notification that the DRE has prepared its appeal against the judgement of the Provincial Tax Commission of Milan, which ordered the annulment of the tax assessment issued for the purpose of withholding taxes for the period 2009. The deadline for the filing of counterclaims by the Parent, taking into account the working suspension of the procedural terms from 1 to 31 August, will expire on September 6, 2016.

On October 2, 2015, the Parent received five notices of tax assessment issued by DRE, following the one received on December 24, 2014 referring to the year 2009; with assessments alleging the failure to apply in the years 2010, 2011 and 2012, withholding tax on interest paid to the Royal Bank of Scotland as part of the "Senior" loan financing for about € 7.7 million, in addition to about € 6.4 million in penalties for untrue declarations of withholding taxes and for failure to apply withholding taxes, and € 1 million in interest. Therefore, the total demand amounted to about € 15 million, plus interest. In light of the above, the Parent has outsourced the activity to tax advisors in charge for bringing an appeal against acts relating to 2010, 2011 and 2012. During February 2016, the Parent appealed the tax assessment for the years 2010, 2011 and 2012 and took steps to make payment on a provisional basis, pending judgement, one third of the required sum of € 2.9 million.

On the date of this report, it has not yet been set for the hearing of the application of the remedies brought against the Notices 2010, 2011 and 2012.

The Parent, supported by its advisers, considered that the risk of having to use resources to produce economic benefits for the assessment notices and acts of contestation of penalities notified by DRE is not considered likely but possible. Therefore, in accordance with IAS 37, it has not made any provision for risks and tax charges.

2. Request for compensation of damages

In an arraignment of July 30, 2014, Mr. Rocco Amabile and an additional 32 individuals (the "Plaintiffs") - representing non-controlling interest in the Parent - have hinged at the Court of Rome, an action for damages against, among others, Seat. The Plaintiffs have asked to establish the liability of Seat contractually and extra contractually, "the financial

collapse of the company and related degradation of the share and, consequently, to ascertain and declare the right of the Plaintiffs to be recognised the amounts shown in the bank documents attached". The facts alleged by the Plaintiffs include a series of transactions that involved the Parent (in particular, the merger of 2003, the distribution of a dividend in 2004, the debt restructuring of 2012 and the admission to the composition with creditors procedure made in 2013).
Such action on the merits must be preceded by an action for seizure ex Articles 669-bis and 700 of the Civil Procedure Code dated December 21, 2012 before the Court of Rome, as proposed by the seven individuals who appear as Plaintiffs today to question the merits, which are deemed instrumental in a subsequent action for damages. By order dated April 12, 2013, the Court of Rome rejected the seizure because, among other things, "the appeal does not show clearly enough what wrongfulness is attributable to the merger of 2003-2004 and, above all, what are the specific facts of responsibility have their origin from which the right to compensation for damages is invoked. Similar considerations apply with regard to the recent operation of the debt restructuring, which took place during 2012". It does not appear that any complaint was submitted against that order.
The Company was constituted in terms calling for the rejection of the demands of the Plaintiffs based on a series of preliminary objections (in particular, a lack of locus standi of the Plaintiffs, lack of passive legitimacy of Seat, the statute of limitations), and as unfounded on the merits.
During the first hearing held on February 10, 2015, the Plaintiffs requested a hearing for the personal appearance of the parties and in the alternative terms for preliminary briefs pursuant to Article 183, paragraph 6 of the Italian Code of Civil Procedure. The issuer insisted on the acceptance of various preliminary objections formulated as absorbent for the definition of the judgement.
After hearing argument, the judge granted time for preliminary pleading to Plaintiff pursuant to Article 183, paragraph 6, of the Italian Code of Civil Procedure.
On May 19, 2015, the hearing on the preliminary motions was held following which the judge declared that the case was ready for the decision phase and scheduled a hearing for closing arguments on April 5, 2016, during which the plaintiffs quantified the loss which they suffered amounting to € 1.3 million after which the judge set the legal deadline for filing closing arguments (60 days) and responses (20 days after the deadline for filing closing arguments).
All parties have filed their final statements and responses within the specified time limits and are now waiting for the publication of the judgement, unless the Court decides not to accept the requests of the Plaintiffs and decides to reopen the investigation phase of the proceedings.
The law firm assisting the Company prently, believes the opposing claims are dubious consistency, indicating the risk of an unfavourable outcome as remote.

3. Savings Shareholders

On July 16, 2015, the special meeting of savings shareholders of the Parent resolved to authorise the common representative, Ms. Stella D'Atri, to take the necessary action to challenge - under and for the purposes set out in Article 2377 et seq. of the Italian Civil Code - the resolution passed by the Ordinary Shareholders Meeting of Seat on April 23, 2015, in the part concerning the allocation of profit for the year ended December 31, 2014. The Parent reiterated that the request to allocate part of the operating result for 2014 to the distribution of dividends in favour of the savings shareholders is not compatible with the creditors agreement proposal approved by the Court of Turin and, before that, with the resolution passed by the Extraordinary Shareholders Meeting of Seat on March 4, 2014 and by the Meeting of Savings Shareholders of July 2, 2014, and is therefore untenable.
On July 17, 2015, the Parent was notified of a writ of summons filed with the Court of Turin by the common representative of the savings shareholders. The plaintiff requested the annulment of the resolution of April 23, 2015 claiming that this resolution passed to pay the preferred dividend was in violation of the rights of the savings shareholders provided for in Article 6, the sixth and eighth paragraphs, of the Bylaws, and therefore, requested to have the complete or partial annulment of the aforementioned resolution. The Issuer has filed for an appearance by pleading the invalidity of the opposing questions while also noting that the decision was made by the same savings shareholders subject to prior approval. Subsequently, on May 18, 2016 the meeting of the

savings shareholders resolved, among other things, to delegate the Common Representative, Stella D'Atri, to submit a settlement proposal for the proceedings brought against the Company consisting of the waiver of the on-going lawsuit against the split of the savings shares or other transactions with similar purpose.
During the hearing on July 6, last year, the judge adjourned the proceedings for continuation of the attempt at reconciliation until October 12, 2016.

4. Disbursement of Contribution to the Communications Authority ("AGCOM") for the period 2006-2010

It should be noted that the hearing for the handling of the appeal was held on May 9, 2012 before the Lazio Regional Administrative Court (TAR); following this, the Lazio TAR - at the request of the company - suspended the proceedings with a ruling on May 22, 2012, pending the resolution of a similar appeal, by another telecommunications industry operator appealing against the decisions taken by AGCOM as regards the Contribution, which had been referred to the Court of Justice of the European Union.
On July 18, 2013, the European Court of Justice ruled on the preliminary question, stating that Member States could only impose on companies providing services under the system of general authorisation those administrative charges which cover the total costs incurred in management, control and enforcement of the general authorisation system. Such charges may only cover costs related to these activities in a proportionate, objective and transparent manner and may not include other expenses.
On September 23, 2015, AGCOM notified an application for preliminary decision on jurisdiction with which it has asked the Supreme Court to declare the incompetence of TAR of Lazio to decide on the contribution, arguing that the issue falls within the exclusive jurisdiction of the tax court. The AGCOM has notified an application for stay of proceedings before the Administrative Court until the definition of the preliminary issue of jurisdiction by the Supreme Court.
On October 7, 2015 a new hearing was held at the Regional Administrative Court of Lazio to discuss where Seat, besides reiterating the illegality of the enforcement decisions of the Contribution in accordance with both the approach adopted by the European Court of Justice and subsequent Italian administrative case laws, opposed the suspension of the administrative proceedings requested by AGCOM.
By order filed October 20, 2015, however, the Regional Administrative Court of Lazio decided to stay its judgement pending the appeal for determination of jurisdiction, previously appealed to the Supreme Court. As part of that judgement, the Parent filed a defence and a brief in accordance with law. At the hearing on July 19, 2016, fixed on that date by the Supreme Court in order to discuss the regulation of jurisdiction, the case was adjourned for judgement by the Court, which is expected soon.

5. Disputes with former agents, ex Matrix

By notice of June 11, 2013, the MDE di Detti S.a.s. (hereinafter "MDE") has summoned the Incorporated Company (then Italiaonline) before the Milan Court requesting compensation for damages related to the alleged sudden interruption of the working relationship with the then Matrix S.p.A. The plaintiff of the application requested the judge to order payment of a sum amounting to € 1.2 million for amounts due to *(i)* failure to pay the compensation for termination of employment under art. 1751 of the Italina Civil Code, *(ii)* residual charges agreed contractually, and *(iii)* compensation for damages suffered. Italiaonline appeared before the court requesting the rejection of all counterparty requests and formulating counterclaim seeking to obtain the repayment of advances and payments (€ 288,910.50), reimbursement of expenses (€ 688,073.88), in addition to compensation of Euro 2,742,934.52. The next hearing is scheduled for June 21, 2017 for the submission of the parties' statements.
With notification dated October 6, 2014, Uomini & Affari S.r.l. ("Uomini & Affari") summoned the Incorporated Company (then Italiaonline) before the Milan Court requesting compensation for damage caused as a result of alleged breaches of contract in the period of the advertising concession contract between the Italiaonline and Uomini & Affari valid from January 1, 2010 to January 31, 2014; the amount is greater than € 3 million. The contract, for which Uomini & Affari complains of a plurality of failures, concerned the management of the "news" section of the Libero portal by Uomini & Affari and provided for the payment, by Italiaonline, of fees to Uomini & Affari based on the sale of the advertising space on affaritaliani.it site by Italiaonline.

With the appearance of a defence statement, the Parent has rejected all the requests made by the opposing party, highlighting the lack of validity of claims. On the occasion of the first hearing of September 23, 2015, the Judge granted the terms for filing the briefs provided for in Article 183, paragraph 6, the Italian Civil Code Procedure and deferred the judgement until April 7, 2016. With subsequent order at the hearing on April 7, 2016, the judge adjourned the proceedings until the hearing on December 2, 2016 for collection of evidence.
The law firm assisting the Parent presently believes the opposing claims are dubious and therefore pointed a possible risk of an unfavourable outcome.

CORPORATE GOVERNANCE

Introduction

Pursuant to Article 123 bis of Legislative Decree no. 58/98, the Parent has written and published a report on its corporate governance and shareholder structure for 2015.
The Report is available on the parent's website www. Italiaonline.it "Investor / Governance / Corporate Governance / Corporate Governance Report".

On April 24, 2013, the Parent's Board of Directors resolved to adhere to the Corporate Governance Code for Listed Companies, as subsequently amended at the end of 2011 (the "Code").
Below is an update concerning only the events that took place in the first half of this year.

Shareholders' Meetings

1. Ordinary Meetings of Shareholders

In their Extraordinary meeting of March 8, 2016 the shareholders of Seat and Italiaonline voted to approve the merger, following the favourable opinion of the committee of independent directors - and Italiaonline, according to the exchange ratio set to 1,350 ordinary shares for each share of Italiaonline.
The company's shareholders also approved:
- The "Stock Option Plan 2014-2018 of Seat Pagine Gialle" ("Stock Option Plan") and the granting of a proxy to the Board of Directors to increase the share capital for the aforementioned Stock Option Plan under Article 2441, paragraphs 5, 6 and 8, of the Italian Civil Code;
- the assignment of powers to the Board of Directors to increase the share capital or more times, with exclusion of the option rights pursuant to Article 2441(4) of the Italian Civil Code;
- the appointment, as a member of the Board of Directors, Lawyer Antonia Cosenz, co-opted by the Board of Directors on November 10, 2015;
- The appointment of Dr. Giancarlo Russo Corvace as substitute auditor.

Two directors participated in the shareholders' meeting.
In the Ordinary Meeting of April 27, 2016 Shareholders of the Parent approved the financial statements of the parent (then known) Seat Pagine Gialle S.p.A. for 2015, whose draft had been approved by the Board of Directors on March 15, 2016.
The Shareholders also resolved to cover the lossfor the year for the full amount of € 27,114,345.46 through the use of the "Retained earnings reserve" in accordance with the proposal of the Board.
In their meeting the shareholders resolved to approve Section I of the Remuneration Report pursuant to Article 123-ter of Legislative Decree 58 of February 24, 1998.
Two directors participated in the shareholders' meeting.

2. Savings Shareholders' Meeting

On May 12, 2016 the shareholders of the parent met in an Ordinary and Extraordinary Meeting and approved:
- the early termination, for its remaining part, of the legally-required audit engagement originally awarded to the independent auditors PricewaterhouseCoopers S.p.A. for the nine year period 2012-2020 by the shareholders in their meeting held on June 12,2012 and
- the appointment of the independent auditors KPMG S.p.A. to perform the legally-required audit for the 2016-2024 period.

In the extraordinary session, the shareholders also approved a series of resolutions whose effectiveness was subject to the effectiveness of the Merger and in particular:
- to approve the split of ordinary shares in the ratio of one new ordinary share for every 1,000

ordinary shares of existing companies;
- to change the name of the company (it is important to remember at the time that the company was still called Seat Pagine Gialle S.p.A.) to "Italiaonline S.p.A." and to transfer its registered office to the Municipality of Assago (Milan) while maintaining an office in the City of Turin;
- to approve consequential amendments to the Bylaws.

Three directors participated in the shareholders' meeting.

Board of Directors

In the first half of the year, the Board of Directors met on eight occasions.
On October 8, 2015 the Board of Directors of the Parent defined the governance structure of the parent.
During the first six months of 2016 the shareholders, however, confirmed as a member of the Board of Directors, Antonia Cosenz, co-opted by the Board of Directors on November 10, 2015.

Audit and Risk Committee

The Audit and Risk Committee, appointed recently by the Board of Directors after the Shareholders meeting held on October 8, 2015, is composed of Cristina Finocchi Mahne (Chairman), Maria Elena Cappello and Antonia Cosenz.
In the reporting period, the Committee - also as Independent Directors Committee - met 7 times and 2 times in the following months; during the meetings, among others, the following activities were carried out:
- examination and evaluation of the organisational structure of the Internal Audit function, in order to monitor its level of autonomy, adequacy, effectiveness and efficiency;
- examination and approval of the action plan drawn up by the Internal Audit department for 2016, deeming it in line with the department's targets and the main results of the annual Enterprise Risk Management (ERM) process;
- examination of the methodology and results of the annual ERM process aimed at identifying, assessing and managing the main operating, strategic, reporting and compliance risks;
- examination of the Merger of Italiaonline S.p.A. into Seat Pagine Gialle S.p.A. - in the role attributed to the Independent Directors Committee and in accordance with the procedure for transactions with related parties - in order to assess the existence of the company's interest to execute the merger, based on the terms indicated by management in the draft of the Merger, and based on the convenience and substantial fairness of the terms and conditions of the Merger, expressing a favourable opinion;
- examination of the progress of the merger of Seat/Italiaonline;
- meeting with the Board of Statutory Auditors and the Independent Auditors, with senior executives from the Administration, Finance and Control department to examine the main points of the separate and consolidated financial statements at December 31, 2015 and the interim financial report at June 30, 2016, and the correct use of the accounting principles applied;
- review and assessment of the methodology adopted in the execution of impairment testing;
- examination of the "document on the organisational, administrative and accounting structure" prepared by the competent corporate departments in order to assist the assessment of the parent´s corporate-governance system, the Group structure and the organisational, administrative and accounting structure of SEAT pursuant to Article 1.C.1.c) of the Code;
- meeting with the representative of the Independent Auditors to examine the results of the audit carried out;
- preparation and issuance of the Committee's periodic reports to the Board of Directors.

Appointments and Remuneration Committee

On October 8, 2015 the Company's Board of Directors appointed for the period 2015 - 2017, an Appointments and Remuneration Committee composed of Cristina Mollis (Chairman), Cristina Fennel Mahne and Corrado Sciolla.

As far as applicable, it should be noted that

- on November 6, 2015, Cristina Mollis resigned, effective immediately, from positions held on the Company's Board of Directors and therefore as part of the Appointments and Remuneration Committee;
- on November 10, 2015, following the co-option as a new member of the board of directors, Antonia Cosenz has also been appointed as Chairman of the Appointments and Remuneration Committee and a member of the Audit and Risk Committee;
- On March 8, 2015 *(i)* the Assembly confirmed Antonia Cosenz as member of the Board of Directors and *(ii)* the Company's Board of Directors reinstated the latter as Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Committee;

Consequently the above-mentioned Committee is now composed of Antonia Cosenz (Chairman), Cristina Fennel Mahne and Corrado Sciolla.

In the first half of 2016, the Committee met on three occasions.

The main subjects discussed were:

- the approval of the Stock Option Plan;
- the evaluation of the size, composition and functioning of the Board of Directors and its committees;
- the assessment of the consistency between responsibilities and remuneration of the committees within the Board of Directors;
- making recommendations to the Board on the remuneration of the CEO of the company resulting from the merger;
- the approval of the MBO 2016 mechanism guidelines for the CEO;
- the assessment of the achievement of performance targets placed at the base of 2016 MBO card and the 2016 final report on the objective for the CEO.

Board of Statutory Auditors

In the first half of 2016, the Board of Statutory Auditors met on eight occasions.

During these meetings it verified the correct application of the criteria and control procedures adopted by the Board to assess the independence of its members.

Chief Financial Officer

On April 24, 2015, the Board of Directors confirmed the appointment of Andrea Servo as the Manager in charge of preparation of accounting documents of the company for the period 2015 – 2016.

Supervisory Body

To the date of approval of this Interim report, the Supervisory Board had met on two occasions.

The Supervisory Board consists of Alberto Mittone, as the Chairmain and Francesco Nigri from the Internal Audit Department.

During the reporting period, the Supervisory Board continued its ordinary supervisory activities and started the prodromal activities in order to achieve the updating of documentation pursuant to Legislative Decree 231/2001 which became necessary as a result of the merger mentioned above.

ENVIRONMENTAL SUSTAINABILITY

The company only works with manufacturers and printers who observe the strictest standards of quality and environmental certification. For the realisation of publications, papers and cards are used - products from some of the leading paper manufacturers in Northern Europe that are characterised by being in possession of certificates for quality management systems (ISO 9001) and environmental management (ISO 14001 and EMAS) - which on average contain 40% recycled fibre, while the remaining 60% comes from cellulose derived from forests managed according to the PEFC (Programme for the Endorsement of Forest Certification schemes) and FSC (Forest Stewardship Council) standards.
Regarding the requirement containment of raw materials, the Italian PagineGialle and PagineBianche have played a leading role in Europe for directories using lightweight paper: Since 1995, the phone books have been respectively printed on 32 and 34 gr/sq.m. paper.
Great attention is given to the management and recycling of used directories: for many years, in fact, we have carried out house to house collection of used directories and forwarded them to the paper mill for the production of new raw material.
Alternatively, depending on the area, the parent enters into agreements with leading local consortia and, thanks to citizen focused publicity campaigns, the old directories are disposed of in a separate waste collection.
Continuing the decade-long commitment pursued by Seat Pagine Gialle, today Italiaonline is a "Print Power" partner, a multi-year pan-European project carried out by the main operators and associations representing the entire value chain of printed paper, which is divided into two initiatives to demonstrate the quality and potential of print media to the market, both in terms of advertising effectiveness, and of sustainability of environmental impacts "*Print Power*" and "*Two Sides*".

Print Power

This is an advertising initiative that supports the specific values of printed press and its effectiveness.
The campaign focuses on strengthening and providing complementary functions of paper with respect to communication on the internet or in other media.
Today, it is unthinkable to lead the consumer manually along an articulate and effective path that is not part of integrated communication, using both online and offline means simultaneously.
The "*Print Power*" campaign is aimed at the advertising investment decision-makers in companies, media centres and advertising agencies.

Two Sides

"*Two Sides*" - The green side of paper is an information campaign, launched at the end of 2010 and relaunched in 2011 and early 2013, aimed at a broad *group*, in relation to the environmental sustainability of the paper industry. By using facts and figures, the campaign aims to overcome stereotypes such as the supposed adverse ecological impact connected to the use of this raw material. As a "*Two Sides*" partner, we are committed to minimising the environmental impact of our operations, thus contributing to sustainable development:

- conducting business activities in an environmentally and socially responsible manner;
- supporting and promoting forest certification systems and recycling of cellulose fibre;
- ensuring that raw materials come from sustainable sources;
- quantifying and managing the environmental footprint by eliminating or minimising the impact on nature;
- promoting efficient collection and recycling systems to reduce (and in the future eliminate) the disposal of waste paper and printed material in landfills;
- improving the sustainability of business activities while minimising waste and the use of water and energy.

For 2016, the new campaign "NON È VERO CHE LA CARTA È NEMICA DELLE FORESTE" was approved which will be published in newspapers, magazines and trade press thanks to the collaboration of the associations of FIEG and ANES publishers and will also be displayed on the website www.twosides.info/it and on Facebook and Twitter. Italiaonline will again contribute with the publication of a full-colour page on the PAGINEBIANCHE® in Rome, Milan, Turin and Naples.

CORPORATE RESPONSIBILITY

"There is a major undertaking for all companies", states the advertising campaign announcing the birth of a new industrial entity created from the merger of Italiaonline into Seat Pagine Gialle: the company which works on large scale and is aware of its responsibility towards the investors, customers, employees, the environment and the region in which it operates, with the desire make a vital contribution to the digitisation and technological development of the country. An ethical responsibility - and not only economic - to create lasting value and grow over time, to be delivered safely to future generations.
It is the new Italiaonline: the largest internet company in Italy and the largest next-generation national network of digital marketing professionals, that can provide to institutions, to the Public Administration, the associative and business world - large, medium and small - the most complete and effective system of media and communication services in the area, where each entity can find representation, and directly meet their customers. A responsible, accountable and transparent company looking to the future, always close to the world of public administration, thanks to the biggest Italian consulting network, present throughout the country.
Underlying all this is a strong and deep-rooted sense of corporate social responsibility that influences and determines industrial and commercial decisions, carried out with the aim of supporting the growth of the country and creating a corporate awareness of sustainability.
Italiaonline values, which are the basis of this major industrial project and that constitute daily tracks, are the unremitting attention to the development of the economic and social fabric of the communities in which it operates, the focus on continuous innovation, to contribute to healthy growth of the business of small and large companies, the desire to seriously earn the trust of customers, thanks to the fairness, transparency and passion that characterise all business relationships, both internal and external to the organisation.
For all these reasons, every customer who chooses Italiaonline is involved in a major project of sustainable growth.
Also in the first half of 2016, Italiaonline therefore continued to engage in harmonising its environmental services and products and the spread of communication and multi-channel promotion, to effectively support the activities, values, customs and ways of life of its customers, employees, suppliers, partners and institutions with which it interacts on a daily basis, contributing concretely to the action of contrast of the crisis and the economic and social revival of the country.
The product range of Italiaonline is an increasingly functional evolution of new forms of participatory citizenship and behavioural mechanisms of social interaction: the ability to observe and monitor the habits and needs of consumers, enable the development and use, without limits of space and time, next-generation products and services. Moreover, in addition to continuous innovation, upgrading and dissemination of new information models and multi-channel promotion, networking and mobile, Italiaonline pays special attention to the needs of those audiences who, for various reasons, do not access, or still have difficulty accessing, the opportunities generated by the digital arena.
Thanks to the continued strong commitment, in economic and industrial terms, in the first six months of this year, Italiaonline was further enriched with new and useful content for the citizens and guests of the Italian territories, providing an effective daily support to the needss for knowledge and enjoyment of the services and products available across the country.

Italiaonline media partner of the Public Administration

An increasingly close relationship with the public is built by reorganising the institutional relations with individual municiplities where there not only a proper place for business, but especially where Italiaonline becomes an indispensable partner for information for citizens, needed both in case of emergency and on a daily basis. A social function which strengthens the credibility not only among the partners of public administation, but also between commercial operators and individual citizens. For

this reason, more and more public administrations grant their institutional patronage to the media broadcasting of Italiaonline and decide to use the launch of smartbook to inform the citizens on their most significant and strategic initiatives.
From Turin to Milan, to Venice, Florence, Chieti, Rome, Naples, Catania... in territory after territory, Italiaonline confirms its primary role as a media partner of the Italian municipalities.
In particular, the most "famous" multimedia system of information on Italian service providers and businesses - PagineBianche, Tuttocittà PagineGialle - is becoming an increasingly genuine "guide" linking territories and citizens, across the nation, from North to South offering a service of reliable contact information, alternative and complementary to other channels (phone, web and mobile), and generating more than a billion consultations per year.
The constant analysis of the use of Italiaonline products, showing the new unique volume, published in 113 editions, spread in 18.5 million copies and distributed in all urban areas in a certified manner, is used throughout the year by more than 19 million Italians, of all social strata, especially by those who have difficulty in using new technologies, for economic reasons and due to lifestyles choices.

Digital culture to SMEs: the path of CNA and Italiaonline for the digitisation of the country continues with DIGITALY.

SMEs account for over 99% of Italian companies: 4 million; they generate about 70% of sales; and employ 80% of workers in our country. To expand their potential in global markets, digital tools are becoming increasingly necessary. For this reason Digitaly tour continues; designed, conceived and promoted by CNA in partnership with Italiaonline, Google, Amazon and Registro.it of CNR. For over a year now, the initiative is effectively spreading the culture and the digital opportunities for small and medium enterprises through a series of events throughout the Italian territory. In this context Italiaonline and other partners provide their know-how through training sessions to raise awareness and sometimes transfer the importance of being digital to make their business grow to SMEs, thanks to tools such as advanced management systems, use of Internet-oriented business, network used for e-commerce, management of customers and suppliers, CRM, e-invoicing, relations with banks and public administration, *recruiting*, an effective website; digital strategies for Social Media.
The participating companies are also involved in B2B meetings organised by CNA to create a direct comparison between digital companies and "traditional" companies.
The project includes a calendar of 50 events across the country.

Italiaonline and the school: the *coding* project

In January, Italiaonline also expanded its commitment to the dissemination of digital culture as an element of growth and social development to schools, and has also started in Turin - after Milan, Pisa and Rome - a support training to high school students, to promote their mental flexibility, finding solutions to complex problems with creativity: all this through the teaching of *coding*. These are modules - taught by experts from the scientific academia of various cities - which will address the use of *Python* language for different purposes: from finding solutions to problems of textual analysis, math, puzzles; the development of web applications; programming of *embedded* systems. The goal of Italiaonline, aware of its role and its public responsibility as the primary internet company in the country, is to help develop logic skills and ability to solve problems creatively and efficiently, now a fundamental quality for all future citizens who wish to be a part of technological innovation and not merely be beneficiaries. The first high schools involved are the "Volta" in Milan, the "Dini" of Pisa, the "Virgil" of Rome and the "Galileo Ferraris" of Turin.

MOVIDUP, free time for the healthy and sustainable growth of urban communities

The promotion of excellence of territory, food, leisure along with cultural, artistic and tourist entertainment as basic tools to train people, promote health, education and integration, enhancing human capital as a strategic resource and a decisive factor for the development and growth of urban communities in terms of social, economic and civil aspects: a healthy social development is also based on a close balanced connection between work and leisure.

On this basis, *Movidup*, a new application to know everything, absolutely everything, the "nightlife" of every Italian city, its entertainment, every aspect of artistic and cultural life, be it evening or night was launched in March. This is the spirit of the *app*, created as part of Italiaonline Lab (contest/ lworkshop founded in the Company at the end of 2014 to encourage all employees with a business idea in mind, to develop a winning product or service or improve an existing one) and composed of sections - such as events, venues, cinemas - selectable by date, by distance and also "tailor-made" through *recommendation* mechanisms, organised chronologically, searchable by geographic location, also powered by a careful selection of thousands of *Facebook* pages of appointments, organisation of events, concerts and shows. *Movidup* provides information on about 4 thousand events a week and 22 thousand venues and locations - easy to reach with the map display and each accompanied by photos and comments of the *Foursquare* community - and more than 5 thousand cinemas throughout Italy.

The new SUPEREVA portal: focus on editorial choices of Italiaonline for public awareness.

For an editor, among the most sensitive issues of the *Corporate Social Responsibility* is that of information processing and how this might influence the awareness and involvement of people. The new portal project superEva is inspired by what they do in the US for brands such as *buzzfeed* and prestigious publications such as *Forbes*, but it is based entirely on a *data-driven* publishing strategy. Completely renovated in February by the Italiaonline team and ready to support even Italians in their online inquiries, it will follow *social and search trends* and launch a new way of producing content in Italy for the first time.

The new superEva is a *lifestyle destination site*, which highlights the most searched and discussed topics of the moment, according to algorithms that follow the growth trend, dissemination and sharing, by analysing the flow of information on the main social networks and search engines. The articles are *crowd sourced*, with a group of young editors who write on-demand content on the indications of superEva team. As such, the site's programming is not determined through editorial meetings by default, but modelled in real time on the user's actual interests. This makes superEva the number one site in Italy with topics chosen 100% based on Seo (*Search Engine Optimization*) *and social trends*. It is a new way of producing content that has even given rise to a new profession: *audience editor* – a figure that knows how to listen to the web and its trends, identifying them and circulating them to give them a voice.

"KIDS IN THE OFFICE WITH MOM AND DAD": an interesting work-life balance initiative to strike the right balance between work and private life.

Also this year in May, in the wake of a tradition that has lasted for some time now, Italiaonline joined the "Kids in the office with Mom and Dad" initiative promoted by Corriere della Sera (in collaboration with La Stampa), which aims to close the gap between family and work by welcoming employees' children into the office: a full afternoon of entertainment and fun with over 420 young guests, spread over 11 branches (Assago, Turin, Bologna, Brescia, Milan, Naples, Palermo, Pisa, both offices in Rome and Treviso). There was strong support for this initiative, which was particularly significance as it was carried out during the merger between SEAT Pagine Gialle and Italiaonline, and helped to facilitate the integration between the two companies.

Connection

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position at June 30, 2016

Assets

(euro thousand)		AT 06.30.2016	AT 12.31.2015 *RESTARTED*	NOTE
Non-current assets				
Intangible assets with an indefinite useful life		250,720	250,720	(6)
Intangible assets with a finite useful life		83,312	93,360	(8)
Property, plant and equipment		9,438	11,752	(9)
Leased assets		6,243	6,628	(10)
Other investments		3,126	3,646	(11)
Other non-current financial assets		3,320	2,358	(12)
Deferred tax assets, net		848	191	(29)
Other non-current assets		5,115	6,832	(15)
Total non-current assets	**(A)**	**362,122**	**375,487**	
Current assets				
Inventories		4,687	3,789	(13)
Trade receivables		168,422	197,070	(14)
Current tax assets		26,628	26,598	(29)
Other current assets		40,907	46,098	(15)
Current financial assets		758	785	(19)
Cash and cash equivalents		109,775	123,566	(19)
Total current assets	**(B)**	**351,177**	**397,906**	
Non-current assets held for sale and discontinued operations	**(C)**	**5,076**	**2,525**	(31)
Total assets	**(A+B+C)**	**718,375**	**775,918**	

Liabilities

(euro thousand)		AT 06.30.2016	AT 12.31.2015 RESTARTED	NOTE
Equity attributable to the owners of the parent				
Share capital		20,000	7,558	(16)
Share premium reserve		117,177	207,628	(16)
Legal reserve		4,000	884	(16)
Actuarial reserve		(2,569)	337	(16)
Other reserves		204,517	75,013	(16)
Profit (loss) for the period		3,865	4,052	
Total equity Equity attributable to the owners of the parent	**(A)**	**346,990**	**295,472**	**(16)**
Non-controlling interests				
Share capital and reserves		(127)	50,860	
Profit (loss) for the period		(31)	(1,407)	
Total non-controlling interests	**(B)**	**(158)**	**49,453**	**(16)**
Total equity	**(A+B)**	**346,832**	**344,925**	**(16)**
Non-current liabilities				
Non-current financial liabilities		7.316	7,798	(19)
Non-current provision for employees		20,979	18,393	(21)
Deferred tax liabilities and non-current tax liabilities		30,415	33,762	(31)
Other non-current liabilities		21,164	33,531	(22)
Total non-current liabilities	**(C)**	**79,874**	**93,484**	
Current liabilities				
Current loans and borrowings		1,206	41,996	(19)
Trade payables		119,498	137,713	(24)
Liabilities for services to be provided and other current liabilities		119,122	116,621	(24)
Provision for risks and current charges		43,633	36,048	(23)
Current tax liabilities		5,134	4,926	(29)
Total current liabilities	**(D)**	**288,593**	**337,304**	
Liabilities directly associated with non-current assets held for sale and discontinued operations	**(E)**	**3,076**	**205**	**(31)**
Total liabilities	**(C+D+E)**	**371,543**	**430,993**	
Total liabilities and equity	**(A+B+C+D+E)**	**718,375**	**775,918**	

Income statement for the first half of 2016

(euro thousand)	1ST HALF 2016	1ST HALF 2015	NOTE
Sales of goods	721	-	(25)
Provision of services	198,952	44,018	(25)
Revenue from sales and services	**199,673**	**44,018**	**(25)**
Other income	1,575	365	(26)
Total revenue	**201,248**	**44,383**	
Costs of materials	(6,295)	(164)	(26)
Costs for external services	(101,049)	(15,721)	(26)
Personnel expense	(55,265)	(12,094)	(26)
Valuation adjustments	(6,312)	(665)	(14)
Accruals to provisions for risks and charges, net	(702)	-	(22;23)
Other operating expenses	(2,153)	(1,139)	
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	**29,472**	**14,600**	
Amortization, depreciation and impairment losses	(25,253)	(5,253)	(8-10)
Non-recurring costs, net	(4,671)	(305)	(26)
Restructuring costs, net	(46)	-	(26)
Operating profit (loss)	**(498)**	**9,042**	
Interest expense	(1,867)	(81)	(27)
Interest income	2,042	143	(27)
Adjustments to financial assets values	6	32	(28)
Profit (loss) before income taxes	**(317)**	**9,136**	
Income taxes for the period	4,151	(3,346)	(29)
Profit (loss) for the period	**3,834**	**5,790**	
- of which attributable to the owners of the parent	3,865	5,790	
- of which attributable to non-controlling interests	(31)	-	

		AT 06.30.2016	AT 06.30.2015
Number of Italiaonline S.p.A. shares		114,758,984	50,000,000
- ordinary shares	*no.*	*114,752,181*	*50,000,000*
- saving shares	*no.*	*6,803*	
Shares outstanding (*)		*114,758,984*	*50,000,000*
Profit (loss) attributable to the owners of the parent	€/thousand	3,865	5,790
Profit (loss) per share	€	0.0337	0.116

(*) Figure refers to the number of shares outstanding following the completion of the merger with retroactive effect from January 1, 2016

Statement of comprehensive income for the first half of 2016

(euro thousand)	1ST HALF 2016	1ST HALF 2015
Profit (loss) for the period	**3,834**	**5,790**
Other comprehensive income (expense) that will not be reclassified subsequently to profit or loss:		
Actuarial gains (losses)	(1,747)	(103)
Total other comprehensive income (expense) that will not be reclassified subsequently to profit or loss	(1,747)	(103)
Other comprehensive income (expense) that will be reclassified subsequently to profit or loss:		
Profit (loss) from fair-value measurement of securities and AFS investments	(528)	-
Gain (loss) from translation of foreign operations	-	-
Profit (loss) from warrant valuation	-	-
Other changes	(528)	-
Total other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the period	**(2,275)**	**(103)**
Total other comprehensive income (expense), net of tax		
Total comprehensive income (expense) for the period	**1,559**	**5,687**
- of which attributable to the owners of the parent	1,590	5,687
- of which attributable to non-controlling interests	(31)	-

Statement of cash flows for the first half of 2016

(euro thousand)		1ST HALF 2016	1ST HALF 2015	NOTE
Cash flows from operating activities				
Operating profit (loss)		(498)	9,042	
Amortization, depreciation and impairment losses		25,253	5,253	(8)-(9)-(10)
Stock options		323	378	
(Gain) loss on disposal of non-current assets		(27)	-	
Change in working capital		14,487	2,886	
Income taxes		(668)	(1,350)	
Change in non-current liabilities		(596)	(1,124)	
Foreign exchange adjustments and other changes		(45)	(1)	
Cash flows generated by operating activities	**(A)**	**38,229**	**15,084**	
Cash flows for investing activities				
Purchase of intangible assets with a finite useful life		(11,728)	(3,817)	(8)
Purchase of property, plant and equipment		(367)	(812)	(9)
Other investments		(980)	(5,000)	
Proceeds from disposal of non-current assets		1,593	-	
Cash flows used in investing activities	**(B)**	**(11,482)**	**(9,629)**	
Cash flows from financing activities				
Repayment of non-current loans		(554)	-	
Paid interest and financial expense, net		1,375	138	
Change in other financial asset and liabilities		(40,784)	297	
Cash flows generated by (used in) financing activities	**(C)**	**(39,963)**	**435**	
Cash flows from non-current assets held for sale and discontinued operations	**(D)**	**-**	**-**	
Cash flows of the period	**(A+B+C+D)**	**(13,216)**	**5,890**	
Opening cash and cash equivalents from continuing operations	**(E)**	**123,566**	**28,659**	**(19)**
Cash and cash equivalent classified as non-current assets held for sale and discontinued operations at the beginning of the period	(F)	-	-	
Opening cash and cash equivalents		**123,566**	**28,659**	**(19)**
Closing cash and cash equivalents from continuing operations	**(H)**	**109,775**	**34,549**	
Cash and cash equivalent classified as non-current assets held for sale and discontinued operations at the end of the period	(I)	575	-	
Closing cash and cash equivalents		**110,350**	**34,549**	

Statement of changes in equity from December 31, 2015 to June 30, 2016

(euro thousand)	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	STOCK OPTION RESERVE	ACTUARIAL RESERVE	OTHER RESERVES	PROFIT (LOSS) FOR THE PERIOD	TOTAL	NON-CONTROLLING INTERESTS	TOTAL
At 12.31.2015 restated	**7,558**	**207,628**	**884**	**790**	**337**	**74,223**	**4,052**	**295,472**	**49,453**	**344,925**
Allocation of previous year profit (loss)	-	-	-	-	-	4,052	(4,052)	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	323	-	-	-	323	-	323
Total other comprehensive income (expense) for the period	-	-	-	-	(1,747)	(528)	3,865	1,590	(31)	1,559
Merger	12,442	(90,473)	3,116	-	(1,159)	125,655	-	49,581	(49,581)	-
Capital increase and other changes	-	22	-	1	-	1	-	24	1	25
At 06.30.2016	**20,000**	**117,177**	**4,000**	**1,114**	**(2,569)**	**203,403**	**3,865**	**346,990**	**(158)**	**346,832**

Statement of changes in equity from December 31, 2014 to December 31, 2015

(euro thousand)	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	STOCK OPTION RESERVE	ACTUARIAL RESERVE	OTHER RESERVES	PROFIT (LOSS) FOR THE PERIOD	TOTAL	NON-CONTROLLING INTERESTS	TOTAL
At 12.31.2014	**5,000**	**76,010**	**202**	**34**	**(150)**	**61,153**	**13,638**	**155,887**	**-**	**155,887**
Allocation of previous year profit (loss)	-	-	682	-	-	12,956	(13,638)	-	-	-
Capital increase	2,558	132,459	-	-	-	-	-	135,017	-	135,017
Share-based payments	-	-	-	756	-	-	-	756	-	756
Total other comprehensive income (expense) for the year	-	-	-	-	487	5,070	4,052	9.609	(46)	9,563
Other changes	-	(841)	-	-	-	(4,956)	-	(5,797)	49,499	43,702
At 12.31.2015 restated	**7,558**	**207,628**	**884**	**790**	**337**	**74,223**	**4,052**	**295,472**	**49,453**	**344,925**

Accounting policies and notes to the condensed interim consolidated financial statements

1. Corporate information

Italiaonline provides web marketing and digital advertising services, including management of advertising campaigns and lead generation through social networks and search engines. It is also the leading operator in the Italian market for printed and online telephone directories. The company caters to small and medium-sized enterprises, which are the backbone of the Italian economy, as well as to large companies.

The Parent Italiaonline S.p.A. has its registered office in Assago, Via del Bosco Rinnovato 8, and a share capital of € 20,000 thousand; the duration is fixed as required by the Articles of Incorporation until December 31, 2100.

The Group's main activities are described in the report on operations, under the heading "Financial performance by Business Area".

2. Basis of preparation

The condensed consolidated half-year financial statements as of June 30, 2016 were prepared pursuant to Article 154-ter of Legislative Decree no. 58/98, and were prepared in accordance with the IFRS applicable in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the European Council of July 19, 2002 and, in particular, IAS 34 – interim financial statements – as well as the orders issued for implementation of Article 9 of Legislative Decree no. 38/2005. They do not include all the information required for annual consolidated financial statements and, therefore, must be read together with the consolidated Annual Report of the Italiaonline Group prepared for 2015.

The Italiaonline Group adopted the IFRS in compliance with Regulation (EC) no. 1606 of July 19, 2002.

The financial statement formats adopted are consistent with those of IAS 1. Specifically:

- the consolidated statement of financial position was prepared by classifying assets and liabilities as "current/non-current" and showing "Non-current assets/liabilities held for sale and discontinued operations" as two separate items, as required by IFRS 5;
- the consolidated income statement was prepared by classifying operating costs by type, as this is considered the best way to present the Group's activities and complies with internal reporting methods. In addition, the results of continuing operations are separated form "profit (loss) from non-current assets held for sale and discontinued operations" as required by IFRS 5. As required by Consob resolution no. 15519 of July 27, 2006 in the context of the income statement by type, income and expenditure from non-recurring transactions were specifically identified, highlighting their impact on the operating result.

  Non-recurring income and expenses include those which, by their nature, do not occur continuously in the normal course of operations, such as:
  - company restructuring costs;
  - extraordinary and highly strategic consultancy (relating mainly to identifying and implementing solutions for company and/or financial restructuring);
  - costs linked to director and department manager severance pay.
- the consolidated statement of comprehensive income shows the cost and/or revenue items not yet recognized in the income statement with an impact on Group equity at the reporting date;
- the consolidated statement of cash flows was prepared by recording cash flows from operating activities according to the "indirect method," as allowed by IAS 7, showing cash flows from operating, investing and financing activities separately from those from non-current assets held for sale and discontinued operations.

  Cash and cash equivalents in the financial statement include cash, checks, bank overdrafts and short-term securities which are readily convertible into cash.

  Cash flows from operating activities are presented after adjusting the operating profit or loss for the period for the effects of: non-cash transactions; any deferment or setting aside of past or future operating receipts or payments; items of income or expenditure associated with investing or financing cash flows or which relate to non-current assets held for sale and discontinued operations;

- the statement of changes in equity shows the changes that took place in equity items in relation to:
  – the allocation of the profit for the period attributable to the parent and subsidiaries to minority interests;
  – the breakdown of the total profit/(loss);
  – capital transactions due to non-recurring operations;
  – the effect of errors or possible changes in accounting standards.

The data is shown in euros and all figures have been rounded off to the nearest thousand, unless otherwise indicated.

The publication of Italiaonline Group's condensed consolidated half-year financial statements at June 30, 2016 was authorized through a resolution of the Board of Directors dated August 4, 2016.

2.1 Assessment of the company's viability as a going concern

The condensed consolidated half-year financial statements at June 30, 2016 were prepared on a going concern basis since there is a reasonable expectation that Italiaonline S.p.A. will continue its operations in the foreseeable future (and in any case for a time period greater than twelve months).

2.2 Basis of consolidation

The condensed consolidated half-year financial statements include the half-year financial statements of Italiaonline S.p.A. and its subsidiaries. Where necessary, these financial statements have been amended to align them with the accounting principles adopted by the Parent Company.

Subsidiaries:

The parent Italiaonline S.p.A. has control when it simultaneously has:

– decision-making power over the investee, i.e., the ability to direct the investee's relevant activities, or those activities that significantly affect the investee's returns;
– the right to variable (positive or negative) returns from the investee;
– the ability to affect these returns through its power over the investee.

The company reassesses whether it controls the investee any time that events or circumstances indicate that one or more of the three elements of control has changed.

The subsidiaries are consolidated fully as of the date of acquisition, or the date on which the Group acquires control, and cease to be consolidated on the date on which control is transferred outside of the Group or if they are held for sale.

The following principles of consolidation were also used:

– recognition of assets, liabilities, costs and revenue in their total amount, not considering the amount of equity held, and recognizing to non.controlling interests, in separate items, the share of equity and profit for the year attributable to them;
– elimination of receivables and payables, as well as costs and revenue arising from intra-group transactions;
– elimination of intra-group dividends.

Non-controlling interests represent the portion of the profit or loss and equity of the subsidiaries not held by the Group. These are presented separately from the portions pertaining to the Group in the consolidated income statement and equity.

2.3 Discretionary assessments and accounting estimates

The preparation of the condensed consolidated half-year financial statements and respective notes threreto in compliance with IFRS, requires Management to make estimates and assumptions that have an effect on the amounts of revenue, costs, assets and liabilities on the financial statements and in the information on potential assets and liabilities at the reporting date. The actual results may differ from these estimates.

The estimates are used to measure the provisions for risks on receivables and errors, amortization and depreciation, impairment losses, employee benefits, taxes, restructuring provisions and other accruals and provisions for risks.

The estimates and assumptions are periodically reviewed, and the effects of any change are immediately reflected in the income statement.

These valuations and estimates must be considered together with the measurement criteria described in more detail in Note 4.

3. Accounting policies and interpretations issued by the IASB/IFRIC

3.1 Accounting policies, amendments and interpretations issued by IASB / IFRIC applicable from January 1, 2016

On November 24, 2015, EU Regulation no. 2173-2015 was approved, transposing into EU law the amendments contained in the document issued in May 2014 and relating to the change to IFRS 11– Accounting for the acquisition of an interest in a joint operation. The amendment requires an entity to adopt the principles contained in IFRS 3 to determine the accounting effects resulting from the acquisition of an interest in a joint operation which constitutes a "business". This standard applies both to the acquisition of an initial stake and to subsequent acquisitions of additional interests. However, a previously held shareholding is not re-evaluated when the acquisition of an additional share does not alter the joint control (i.e. the acquisition does not involve obtaining control over the investee).

On December 2, 2015, EU Regulation No. 2231-2015 was approved, transposing into EU law the amendments contained in the document issued in May 2014 relating to to IAS 16 (Property, systems and equipment) and to IAS 38 (Intangible assets) – Clarification of methods of amortization and depreciation applicable to intangible and tangible assets: application mandatory from January 1, 2016. The amendments made to both these standards provide that it is incorrect to base the evaluation of an asset's amortization on the revenue it itself generates in a given period. According to the IASB, the revenue generated by assets generally reflects factors other than the consumption of the economic benefits derived from the asset.

On December 15, 2015, EU Regulation No. 2343-2015 was approved, transposing into EU law certain improvements to the IFRS for the period 2012-2014 contained in the document issued in September 2014 relating to:

- "Amendment to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations"; the amendment clarifies the accounting treatment of changes to a plan to dispose of a non-current asset (or disposal group);
- "Amendment to IFRS 7 – Financial Instruments: Disclosures"; the amendment clarifies the existence of an entity's ongoing involvement in the event of a servicing contract with regard to the financial assets fully transferred and derecognised from the financial statements. It also introduced additional information on offsetting financial assets and financial liabilities in interim financial reporting;
- "Amendments to IAS 19 – Employee Benefits, Defined Benefit Plans"; the amendment indicates the relevant currency for determining the discount rate of a defined benefit plan;
- "Amendment to IAS 34 – Interim Financial Reporting"; the amendment also introduces additional information presented outside of the interim financial statements.

On December 18, 2015, EU Regulation no. 2406-2015 was issued, transposing into EU law the amendments contained in the document issued in December 2014 relating to the amendments to IAS 1 – Presentation of financial statements. The changes, which are part of a wider initiative to improve the presentation and disclosure of financial statements, specifically include updates in the following areas: materiality, aggregation of items, display of subtotals, structure of financial statements and disclosure concerning accounting policies. The amendment also modifies the requirements for additional information for other comprehensive income. Now paragraph 82A of IAS 1 explicitly requires that the share of OCI attributable to associates and joint ventures accounted for using the equity method be indicated, including which of these amounts will or will not subsequently be reclassified to profit or loss.

On December 18, 2015, EU Regulation no. 2441-2015 was issued, transposing into EU law the amendments contained in the document issued in August 2014 relating to the Amendments to IAS 27 – equity method in separate financial statements: in particular, these amendments provide for the compulsory exemption from the preparation of consolidated financial statements for entities who qualify as mere investment entities.

The above amendments came into force from January 1, 2016, but do not have a significant impact on the Group's condensed interim consolidated financial statements.

3.2. New standards and interpretations issued by the IASB and not yet endorsed by the EU

At the reporting date of these condensed interim consolidated financial statement, the following new Standards / Interpretations have been issued by the IASB, but have not yet been endorsed by the EU:

- IFRS 2 (Classification and Measurement of Share-based Payment Transactions);
- IFRS 9 (Financial Instruments);
- IFRS 10 (Consolidated financial statements) and IAS 28 (Investments in Associates and Joint Ventures);
- IFRS 14 (Regulatory Deferral Accounts);
- IFRS 15 (Revenue from Contracts with Customers);
- IFRS 16 (Leases);
- IAS 7 (Disclosure initiative);
- IAS 12 (Recognition of Deferred Tax Assets for Unrealized Losses).

4. Accounting principles

Intangible assets

Intangible assets consist of identifiable and controllable non-monetary assets without physical substance, which are able to generate future economic benefits for the company. Intangible assets acquired separately as well as internally generated development costs are recorded at cost of acquisition and/or production cost, including expenses directly associated with preparing the asset for operations, net of accumulated amortisation and any impairment losses. Any interest expense accrued during the period of production or development of intangible assets acquired is considered part of the purchase cost where they require a substantial period of time before being ready for use. Intangible assets acquired in a business combination are recognized at their fair values at the acquisition date.

Amortization begins when the asset is available for use and is distributed systematically over its remaining useful life, i.e. based on its estimated useful life.

The useful life of intangible assets is recognized as finite or infinite.

Intangible assets with a finite useful life are amortized over their useful life and are subject to impairment testing whenever there are indications of possible impairment.

Intangible assets with an indefinite useful life refer to goodwill and company trademarks.

(a) Goodwill

Goodwill resulting from an acquisition or merger is initially measured as described in the “Business combinations” section.

After initial recognition, goodwill is measured at cost minus any accumulated impairment losses. This undergoes impairment testing once a year, or more frequently if events or changes in circumstances indicate that an impairment loss mat have occurred, in accordance with IAS 36 (Impairment of Assets).

(b) Trademarks

This item includes – among other things – the trademarks Libero, Virgilio, Seat Pagine Gialle and Seat Pagine Bianche. Said trademarks are classified as intangible assets with an indefinite useful life and, therefore, are initially recognized at cost and then assessed at least once a year to identify any impairment losses ("impairment testing"), in accordance with IAS 36 (Impairment of Assets). With respect to the consolidated financial statements at 31 December 2015, the Seat Pagine Gialle and Seat Pagine Bianche trademarks were classified as having an indefinite useful life following the Purchase Price Allocation (PPA) concluded during the first half of 2016.

Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost, including directly attributable additional costs, and are shown net of depreciation and accumulated impairment losses.

Costs incurred after the acquisition are recognized only if they increase the future economic benefits of the asset to which they refer. All other costs are recognized in the income statement at the time they are incurred.

Costs incurred to maintain the efficiency of an asset are recognized in the income statement of the period in which they are incurred. Costs relating to the extension, modernization or improvement of facilities, that are owned or leased, are recognized provided that they satisfy the requirements for being separately classified as an asset or part of an asset.

Land, including that pertaining to company buildings, is not depreciated.
Depreciation is calculated systematically based on rates considered to represent an appropriate distribution of the carrying amount of property, plant and equipment, according to their residual useful life.
The indicative useful life estimated by the Group for the various categories of property, plant and equipment is as follows:
Property: 33 years
Plant and equipment: 4 – 10 years
Other: 2.5 – 10 years

Leased assets
Assets held via finance leases, pursuant to which all risks and benefits related to ownership of the asset are essentially transferred to the Group, are recorded as assets at their fair value or, if lower, the present value of all minimum payments due pursuant to the lease, including any sums to be paid for exercising a purchase option. The corresponding liability to the lessor is included in the statements under financial liabilities. Financial expense is allocated directly to the income statement.
With regard to the Turin real estate complex, the assets under finance leasing are depreciated over a period that reflects their useful life. Leases pursuant to which the lessor essentially retains all risks and benefits related to ownership of the assets are classified as operating leases. Operating lease payments are recorded in the income statement on a straight-line basis for each financial year of the term of the lease.

Impairment of assets
At each reporting date, the group assesses whether there are any asset impairment indicators. If impairment indicators exist, or if an annual impairment test is required, the group estimates the recoverable amount of the asset in question. If the carrying amount of an asset is greater than its recoverable amount, the asset is written down and recognised at its recoverable amount. Impairment losses on continuing operations are recorded under the cost categories in line with the function of the impaired asset in the income statement.
Similarly, at each reporting date, the group assesses whether there is any indication that an impairment loss recognised in previous years for an asset other than goodwill may no longer exist or may have decreased. If there is any indication of such case, it is restored to the original amount, net of amortization/depreciation.

Investments in associates
Investments in associates are included in the consolidated financial statements under the equity method, as required by "IAS 28– Investments in Associates and Joint Ventures" and by "IFRS 11– Joint Arrangements". An associate is a company in which the group holds at least 20% of the voting rights, or over which it exercises significant influence, but not control or joint control.
Under the equity method, the equity investment is recorded in the statement of financial position at cost, plus any changes (subsequent to the acquisition) in the share of the net assets of the associate attributable to the owners of the parent. The goodwill relating to the associate is included in the carrying amount of the equity investment and is not subject to amortization. After the initial recognition of an equity investment, the group determines whether it is necessary to record any impairment losses. The income statement reflects the share of the associate's profit for the period attributable to the owners of the parent. If an associate records adjustments directly attributable to equity, the group records its respective share of the adjustments and, where applicable, recognizes this in the statement of changes in equity.
The annual reporting date for associates is the same as that of the group. The accounting standards used comply with those used by the group for transactions and events of the same nature and in similar circumstances.

Other investments
Other investments (other than those in subsidiaries and associates) are classified as non-current assets if the group intends to maintain them for more than 12 months or, otherwise, as current assets.
They are classified in the following categories at the time of acquisition:
- "available-for-sale financial assets", under either non-current or current assets;

- "assets at fair value through profit or loss", under current assets where held for trading.

Other investments classified as "available-for-sale financial assets" are measured at fair value. Changes in the value of these investments are recognised in an equity reserve through allocation to other comprehensive income (fair value reserve), which is transferred to the income statement at the time of the disposal or of an impairment deemed definitive.

Other unlisted investments classified as "available-for-sale financial assets" for which the fair value cannot be determined reliably are measured at cost adjusted by impairment losses recognised in the income statement, in accordance with the provisions of IAS 39 (Financial Instruments: Recognition and Measurement).

Impairment losses on other investments classified as "available-for-sale financial assets" shall not be subsequently reversed.

Changes in the value of other investments classified as "financial assets at fair value through profit or loss" are recognised directly in the income statement.

Effects of changes in exchange rates

Financial statements of subsidiaries that are not euro denominated are converted into euros by applying reporting date exchange rates (current exchange-rate method) to statement of financial position items and average exchange rates of the reporting period to income statement items. Differences arising from the conversion of opening equity and profit/loss for the period are recognised in the statement of comprehensive income until disposal of the equity investment concerned. When preparing the consolidated statement of cash flows, the average exchange rates for the period are used to convert the cash flows of foreign subsidiaries.

Financial assets

IAS 39 provides for the following types of financial instruments: financial assets at fair value through profit or loss, loans and receivables, investments held-to-maturity and available-for-sale assets. Initially all financial assets are recorded at fair value, plus any additional costs.

The Italiaonline group determines how to classify its financial assets after their initial recognition and, where appropriate and allowed, reviews this classification at the end of each period.

Financial assets include:

- *financial assets at fair value* through profit or loss are measured at fair value; Gains or losses on assets held for trading are recognised in the income statement;
- *investments held to maturity*: these are recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Gains and losses are entered in the income statement when the investment is de-recognised for accounting purposes or impaired, as well as through the amortization process;
- *loans and receivables*: these are measured at amortized cost using the effective interest rate method. Gains and losses are recognised in the income statement when the loans and receivables are eliminated or impaired, and through the amortization process;
- *available-for-sale financial assets*: these are measured at fair value based on internal estimates, and the corresponding gains and losses are recorded in a separate item under equity until such assets have been derecognised or until it has been ascertained that they have been impaired. In either of these cases, the gains or losses accumulated up to that time in equity are recognised in the income statement.

Valuations are frequently carried out to check for objective evidence of impairment losses on a financial asset or group of assets. If there is objective evidence, the impairment loss is expensed in the income statement for the period.

Cash and cash equivalents

Cash and cash equivalents include cash and on-demand and short-term bank deposits with an original maturity of three months or less.

Loans and borrowings

Financial payables are recorded at amortized cost.

Medium and long-term loans are recorded net of their additional transaction costs.

Derivatives

In accordance with the provisions of IAS 39, derivatives are accounted for using hedge accounting only if, at the inception of the hedge, the derivative is formally designated as such, and the hedge is highly effective and this effectiveness can be reliably measured. All derivatives are measured at market value.

When derivatives meet the necessary criteria for hedge accounting, the following accounting methods are applied:

- fair value hedge: if the derivative is designated as a hedge against exposure to changes in the present value of an asset or liability attributable to a particular risk that may have an effect on the income statement, the gain or loss arising from subsequent measurements of the present value of the derivative is recorded in the income statement. Gains or losses on the hedged item – which are attributable to the hedged risk – change the carrying amount of this item and are recorded in the income statement;
- cash flow hedge: if a financial instrument is designated as a hedge against exposure to changes in the cash flows of an asset or liability or of a highly probable transaction that may have an impact on the income statement, the effective portion of the gains or losses on the financial instrument is recorded in the statement of comprehensive income. The accumulated gains or losses are recognised in the income statement in the period in which the hedged transaction is recorded. The gains or losses associated with a hedge or the ineffective portion of the hedge are immediately recognised in the income statement.

The Italiaonline group used derivatives exclusively to hedge against interest- and exchange-rate risk. It does not currently use derivatives for those purposes.

Inventories

Inventories are measured at the lower of the acquisition or production cost and the value inferred from market trends.

Specifically, these include:

- *raw materials,* which are measured at acquisition cost, including additional costs, calculated using the progressive weighted average cost method;
- *work in progress*, which is measured based on directly attributable costs, taking into account auxiliary production costs and the depreciation and amortization of assets used;
- *contract work in progress*, comprising services not yet completed at the reporting date in relation to contracts for inseparable services that will be completed in the next 12 months, which are measured at production cost;
- *finished products*, comprising telephone directory products, which are measured at production cost and may be adjusted via a corresponding impairment loss in relation to the period of publication;
- *goods*, relating to the merchandising of products acquired for resale, which are measured at acquisition cost.

Trade receivables and other assets

Trade receivables arising from the sale of goods or services produced or marketed by the group, including those with a maturity of greater than 12 months, are included in current assets. They are recognised at the original invoice amount net of allowance for doubtful debts, accrued based on estimates of the risk of outstanding bad loans at the end of the period.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, which is the amount measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or non-recoverability.

Impairment losses are recognised when there is objective evidence that the group will not be able to recover the amount owed by the counterparty under the contract terms.

Objective evidence includes events such as:

a) significant financial difficulties of the debtor;

b) legal disputes with the debtor relating to the asset's payment;

c) the likelihood that the debtor will enter bankruptcy or commence other financial procedures.

The amount of the impairment loss is measured as the difference between the carrying amount and the present value of future cash flows and recognised in the income statement. The non-recoverable receivables are removed from the statement of financial position through the allowance for doubtful debts. If in subsequent periods the reasons for the impairment loss no longer exist, the amount of the assets is restored up to the amount that would have resulted from valuation at amortized cost.

Provisions for risks and charges
These provisions are recorded when, pursuant to a legal or constructive obligation to a third party, it is likely that the group will have to use financial resources to fulfill its obligation, and when the amount of the obligation can be reliably estimated.
They can be broken down into:
- *provision for sales agents' termination indemnities;*
- *provision for commercial risks;*
- *provision for contractual and other operating risks;*
- *non-operating provisions;*
- *provision for restructuring.*

Changes in estimates are reflected in the income statement in the period in which they occurred.

Employee benefits
Pension plans
The group operates various types of defined-benefit and defined-contribution pension plans, in accordance with the conditions and local practices of the countries in which it operates. Defined-benefit pension plans are based on the expected remaining average working life of the employees paying for the plans and the remuneration they receive throughout a predetermined period of service.
Assets intended to fund defined-benefit and defined-contribution pension plans and the related annual cost recorded in the income statement are measured by independent actuaries using the projected unit credit method.
Actuarial gains and losses are immediately recognised in the period in which they occur, being recorded on the statement of comprehensive income and in a dedicated "Actuarial reserve" under equity.
Accrued liabilities are recorded net of assets intended to fund their future disbursement.
Defined-contribution pension plan payments are recorded in the income statement as a cost, where applicable.

Employees' leaving entitlement
The provision for employees' leaving entitlement held by Italian companies, insofar as it continues to represent an obligation for the group, is considered to be a defined-benefit plan and is accounted for in the same way as other defined-benefit plans.

Share-based payment
Pursuant to the provisions of "IFRS 2 - Share-based Payment", the total amount of the fair value of the stock options on the grant date is recognised in the income statement as a cost during the vesting period in equal monthly instalments, with a balancing-entry in the statement of comprehensive income under a dedicated equity reserve.

Trade payables and other liabilities
Trade payables and other liabilities are stated at fair value and are measured at amortized cost using the effective interest rate.
Financial liabilities are recognised at amortized cost, which is the amount measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment losses or non-recoverability.

Non-current assets held for sale and discontinued operations - disposal groups (IFRS 5)
Non-current assets held for sale and discontinued operations refer to business lines and assets (or groups of assets) sold or being disposed, whose carrying amount has been or will be recovered mainly through the sale thereof, rather than through continued use. Non-current assets held for sale are measured at the lower of net carrying amount and fair value, less costs to sell.
In accordance with IFRS, the data relating to significant business lines (discontinued operations) are presented as follows:
- In two specific items of the statement of financial position as "Non-current assets sold/held for sale" and "Liabilities directly associated with non-current assets held for sale and discontinued operations";

- In a specific item of the income statement: "profit/(loss) from non-current assets held for sale and discontinued operations";
- In a specific item of the cash flow statement, "Cash flows from non-current assets held for sale and discontinued operations".

The corresponding income statement and statement of cash flow amounts relating to the previous period, where present, are reclassified and presented separately for comparative purposes.
With regard to business lines considered not material (assets held for sale), the statement of financial position figures alone are presented separately in two specific items ("Non-current assets held for sale and discontinued operations" and "Liabilities directly associated with non-current assets held for sale and discontinued operations"); there was no need to restate the relevant comparative values.

Business combinations
Pursuant to "IFRS 3 - Business Combinations", goodwill is recognised in the consolidated financial statements at the date of acquisition of control of a business, and represents the excess of a) over b), where:
a) is the aggregate of:
– the amount paid (measured in accordance with IFRS 3, generally calculated based on fair value at the acquisition date);
– the amount of any non-controlling interest in the acquired entity, measured in proportion to the non-controlling interest in the identifiable net assets of the acquired entity, recognised at fair value;
– in the case of a business combination carried out in stages, the fair value at the date of acquisition of control of the equity interest already held in the acquired company;
b) is the fair value of the identifiable assets acquired, net of the identifiable liabilities assumed, measured at the date of acquisition of control.

In agreement with the IFRS, the following is also called for:
- related costs associated with the business combination must be recognised in the consolidated income statement;
- in the case of a business combination carried out in stages, the acquirer must remeasure the value of the equity interest it previously held in the acquired entity at fair value at the date of acquisition of control, recognising the difference in the consolidated income statement.
  Goodwill is classified as an intangible asset with an indefinite useful life and treated as described above.

Recognition of revenue
Revenue is recorded to the extent that the corresponding economic benefits are likely to be achieved by the group and the related amount may be reliably calculated. The following criteria must be met when allocating revenue to the income statement:
– *sale of goods*: revenue is recognised when the group has transferred all significant risks and benefits associated with ownership of the asset to the buyer;
– *provision of services:*
  - print revenue, which relates to the publication of paper directories, are recognised in full at the time of publication;
  - online and onvoice revenue is recognised on a straight-line basis over the duration of the contract, therefore the amount of advertising services that have already been invoiced and will be implemented after the reporting date are shown in the statement of financial position liabilities under "payables for services to be provided";
  - revenue from the sale of "impressions" is recognised by multiplying the fee each customer has paid for each thousand impressions (CPT or "cost per thousand") by the number of views of the advertisement (in thousands) in the reporting period; impressions are one of the ways in which advertisers buy ad space to develop visibility and brand awareness on a particular site.
  - revenue from the sale of "timed" spaces is recognised on a straight-line basis over the term of the contract; with this type of contract the advertiser requests the exclusive display of its banner (not in rotation) for a specified period of time, regardless of the consumed traffic;
  - revenue from the sale of "unique browsers with frequency cap" (also called "reaches") is recognised at the time of banner display; with this type of contract, the customer determines the frequency with which the same browser displays the same banner, in a given time slot

or day of the week. With this type of contract, for example, it is possible to display advertising in a browser only upon a user's first access to the site.

- revenue from "performance" campaigns is accounted for according to the campaign's performance during the period in question; in particular the campaign performances are determined ex post, based on visitor clicks made on the advertisement or the actions that are performed by the same as a result of having viewed the ad. In the first case, the performance is calculated based on the number of clicks (CPC or "cost per click") made by visitors, as the advertiser's goal is generally to re-route to the web page sponsored in the advertising. In the second case, however, the performance is based on the achievement of the advertiser's predetermined results, such as filling out a registration form (CPA or "cost per action"), requiring the carrying out of a complex activity by the visitor of the web page (or action).

– *interests:* are recorded as financial income following ascertainment of interest income, using the effective method;
– *dividends*: are recorded when shareholders are entitled to receive the payment.

Government grants
Government grants are recorded when there is a reasonable certainty that they will be received and all the conditions relating thereto are met. When grants relate to cost components, they are recognised as revenue but are systematically distributed over several years so as to make them proportionate to the costs they are intended to offset. In the case where the grants are related to an asset, their fair value is recognised in the statement of financial position as an adjustment to the carrying amount of the asset.

Recognition of costs
Costs are recognised when they relate to goods and services purchased, consumed or allocated in the year.

Financial income and expense
Interest income and interest expense and other income and expense are recognised and stated on an accrual basis.

In accordance with "IAS 23 - Borrowing Costs", financial expense directly related to the acquisition, construction and production of assets that require a significant period of time to be ready for use or sale are capitalized as part of the cost of the asset. The group has not had expenses of this type to date. If these requirements are not satisfied, financial expense is recognised in the income statement on an accruals basis.

Income taxes
Current taxes
Current income taxes, which are recorded in the income statement, are accounted for based on the rates in force on the reporting date in the various countries in which the group operates.
Income taxes relating to items recorded directly in equity are allocated directly to equity and are accounted for using the tax rates in force.
Taxes not relating to income, such as real estate and capital taxes, are included in other operating costs.

Deferred taxes
Deferred taxes are calculated at the end of each period, using the so-called liability method on temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the end of the previous year.
Deferred tax liabilities are recognised for all taxable temporary differences resulting from the date of the last financial statements between the tax base for assets and liabilities and the amounts reported in the financial statements.
Deferred tax assets are recorded for all deductible temporary differences and for tax assets and liabilities carried forward to the extent that they are likely to be able to be recovered against future taxable income. An exception is made for deferred taxes arising from the initial recognition of goodwill or of an asset or liability in a non-business-combination transaction which are recognised even if they have no impact on either the result for the year calculated for the purpose of financial statements or the result for the year calculated for tax purposes.
They also exclude taxable temporary differences associated with equity investments in subsidiaries and associates for which deferred tax liabilities are

not recognised if the reversal of such differences can be controlled and it is likely that this will not take place in the foreseeable future.
The amount of deferred tax assets recorded at the beginning of the period is reviewed at the end of the period and measured in consideration of the possibility to use such asset in the future. Deferred tax assets not recorded are reviewed annually and recorded to the extent that it becomes likely that they will be used in the future.
Deferred tax assets and liabilities are calculated using the tax rates expected to be applicable, pursuant to the respective regulations of the countries in which the group operates, in the years in which the temporary differences will be realized or eliminated.
Current and deferred tax assets and liabilities are offset if the entity has a legally enforceable right to offset current tax assets with current tax liabilities and the deferred taxes relate to the same tax entity and the same tax authority.

Profit/(loss) per share

Profit/(loss) per ordinary share is calculated by dividing the group's profit or loss by the average number of ordinary shares outstanding during the reporting period.

Presentation of comparative accounting data

In order to provide information that on one hand is consistent with the accounting policies governed by the IFRS, and on the other hand allows a consistent comparison for an adequate analysis of the group's economic situation, this interim financial report was prepared according to the following approach.

- In the Group Performance section, comparative data were compiled on the basis of an income statement and cash flow statement *prepared on a like-for-like basis*, combining the results for the first half of 2015 for Italiaonline group with those of the SEAT group, adjusted to reflect (i) the non-recurring effect that originated from the change of the criterion of estimated revenue of the PagineBianche® offer, adopted as of January 1, 2015 and (ii) the change in the timing of the SmartBook®'s publication, introduced on January 1, 2016, which together resulted in a decrease of € 7,958 thousand in revenue and € 7,643 thousand in EBITDA. Consequently, the operating costs relating to such revenue of € 315 thousand and the theoretical tax effect of € 1,769 thousand were excluded. It should also be noted that the above adjustments have no impact on the terms of billing and collection to customers and that, therefore, the changes in question have no effect on operating cash flows.
- In the condensed interim consolidated half-year financial statements, the comparative figures relating to the financial and economic performance of the Italiaonline group in the first half of 2015 included only the results of Italiaonline S.p.A. (pre-merger) and Moqu.

The statement of financial position figures at December 31, 2015 were restated to reflect, as of August 31, 2015, the accounting effects of the purchase price allocation process.

5. IFRS 3 - Business Combination

On June 20, 2016 the merger of Italiaonline into Seat came into effect.
The merger was the last step in a process characterized by the acquisition of control over Seat by Italiaonline with the contribution of the controlling stake of Seat to Italiaonline, which took place on September 9, 2015 and the subsequent public tender offer.
The evaluation of the assets and liabilities of Seat acquired by Italiaonline at fair value was completed in late June 2016, in accordance with paragraph 45 of IFRS 3 - Business Combinations, which regulates the manner of accounting for business combinations and which provides for a "period of evaluation" during which the company must conduct a preliminary initial accounting for the acquisition, and complete the assessment subsequently, within 12 months from the date of acquisition.

5.1 Accounting treatment of the acquisition and relative merger

The steps of the acquisition were the following:

- on September 9, 2015 a capital increase was carried out for the contribution in relation to which the Avenue and GoldenTree Funds contributed their shareholdings in Seat to Italiaonline which amounted to 53.87% of the share capital of Seat, estimated at € 0.0039 per share in the releasing of the capital increase in kind, nominally for € 2,558 thousand, with a € 132,459 thousand share premium. As an effect of the contribution, Libero, Avenue and GoldenTree Funds held, respectively, about 66.15%, 15.61%, and 18.24% of Italiaonline which, in turn, held about 54.34% of the Seat ordinary shares (equal to the sum of the contributed shares and the 299,990,000 Seat ordinary shares already held by Italiaonline ante-contribution as a result of purchases made in July 2015 for an amount of € 1,170 thousand);

- on September 25, 2015, Italiaonline published the public public tender offer document, for a total maximum of 29,348 million Seat ordinary shares, representing approximately 45.66% of the outstanding ordinary shares. The tender offer provided for a payment of € 0.0039 "cum dividendo" for each share tendered. According to the final results of the public tender offer, 16,639 billion shares were tendered, equal to 25.89% of Seat's share capital, for a total amount of €64,892 thousand. At the end of the public tender offer, Italiaonline held 51,559 million ordinary shares in SEAT, equal to 80.23% of the share capital thereof.

Therefore, the acquisition price amounts to a total of € 201,080 thousand corresponding to 51,558,863,664 shares valued at € 0.0039 per share.

For the purposes of acquisition accounting, as indicated in the following table, the fair value of the assets acquired and liabilities assumed and the related goodwill were determined as the difference between the offer price and the net amount of the acquired assets and liabilities, considering the fair value of the equity portion attributable to non-controlling interests (so-called Full Goodwill).

(euro thousand)

Offer price	201,080
Fair value of the equity portion attributable to non-controlling intere	49,563
Total value of acquisition	250,643
Net fair value of acquired assets and liabilities assumed at acquisirion date	178,646
Goodwill	**71,997**

The fair value evaluation of net assets at the date of acquisition had the following significant accounting effects:

- identification and evaluation of certain intangible assets (trademarks, database and customer relationships) for a total of € 12,318 thousand;
- determination of tax effects, where applicable, of the adjustments described above amounting to € 3,572 thousand;
- recognition of deferred tax assets of € 8,700 thousand related to the tax benefit of loss carryforwards that can be carried forward and used in the timeframe of the 2016 to 2018 plan, on the assumption of their recoverability and viability based on available forecasts;
- recongnition of a residual of goodwill set at approximately € 71,997 thousand.

The following table details the fair value of assets acquired and liabilities assumed at the date of acquisition:

(euro thousand)	CARRYING AMOUNTS	FAIR VALUE ADJUSTMENTS	PURCHASE PRICE ALLOCATION
Fair value of net assets acquired			
- Non-current assets	**140,661**	**21,018**	**161,679**
- of which Database	-	8,468	8,468
- of which Customer Relationships	22,811	3,850	26,661
- of which Patents, concessions, brands and licences	46,276		46,276
- of which Other intangible assets	43,252		43,252
- of which Property, plant and equipment	14,632		14,632
- of which Other investments	3,878		3,878
- of which Deferred tax assets	820	8,700	9,520
- Current assets	**348,450**		**348,450**
- Non-current liabilities	**(72,316)**	**(3,572)**	**(75,888)**
- of which provision for Deferred taxation	(20,691)	(3,572)	(24,263)
- of which Non-current provisions for employees	(13,492)		(13,492)
- of which Non-current financial liabilities	(8,285)		(8,285)
- Current liabilities	**(255,595)**		**(255,595)**
- of which Trade paybales	(89,675)		(89,675)
- of which Payables for services to be provided and other current liabilities	(117,358)		(117,358)
- of which Current tax liabilities	(7,971)		(7,971)
Net assets acquired	**161,200**	**17,446**	**178,646**
Total amount of acquisition			250,643
Goodwill			**71,997**

The purchase price allocation was performed at the reference date of August 31, 2015, corresponding to the date of acquisition (September 9, 2015) of control of Seat group I by Italiaonline S.p.A..

6. Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life amount to € 250,720 thousand at June 30, 2016 and refer to: *i)* € 71,997 thousand of goodwill generated in the acquisition of the Seat group *ii)* € 9,317 thousand for the acquisition of Matrix, *iii)* € 169,604 thousand relating to the trademarks of Virgilio (€ 53,000 thousand), Libero (€ 70,262 thousand), PagineBianche® (€ 15,285 thousand) and PagineGialle® (€ 30,859 thousand).

7. Impairment testing

As required by IAS 36, the group, at the reporting date of the condensed interim consolidated financial statements, has evaluated, considering information from external and internal sources, if there is any indication that any assets might have suffered an impairment loss. In the case of goodwill and other intangible assets with an indefinite useful life, IAS 36 requires that, irrespective of any indications of impairment, there should be an annual check (always at the same time every year) that their recoverable amount is at least equal to the carrying amount. The group has chosen to make a comparison between the recoverable amount and the carrying amount of intangible assets with an indefinite useful life and equity investments in subsidiaries and joint ventures (impairment test) at the annual reporting date (December, 31).
With reference to intangible assets with a finite life (including the customer relationship and database intangible assets), the international financial reporting standards ("IFRS") require that impairment testing is carried out only in cases where it is felt necessary, that is, when there is a triggering event (IAS 36 § 9). To this end, the external and internal sources of information referred to in paragraphs 12-14 of IAS 36 are examined in order to assess whether there are indications of any impairment losses.
At June 30, 2016, no indicators of impairment losses have been identified from market interest rate trends and other financial parameters. Additionally, the performance trends of the reporting period, as described in the report on operation (Outlook section), are in line with the corresponding forecasts. Due to the foregoing, there are no specific events or circumstances that would lead one to assume an impairment loss on such intangible assets and, therefore, no impairment testing has been performed.
Such trends will nevertheless be closely monitored in the coming months so as to detect factors which could require impairment testing to be performed in a timely manner.
It should be highlighted that the results of the impairment testing carried on the assets with indefinite useful life at December 31, 2015 indicated the recoverability of the investments, and therefore did not result in the recognition of impairment losses.

8. Intangible assets with a finite useful life

Intangible assets with a finite useful life total € 83,312 thousand at June 30, 2016 and are broken down as follows:

	1ST HALF 2016				
(euro thousand)	CUSTOMER RELATIONSHIP E DATABASE	SOFTWARE	PATENTS, CONCESSION, BRAND AND LICENCES	OTHER INTANGIBLE ASSETS	TOTAL
Cost restated	*92,088*	*360,863*	*23,064*	*30,808*	*506,823*
Accumulated amortization restated	*(59,095)*	*(312,308)*	*(22,953)*	*(19,107)*	*(413,463)*
Restated opening balance	**32,993**	**48,555**	**111**	**11,701**	**93,360**
- Investments	-	8,859	61	2,808	11,728
- Purchases	-	*3,561*	*61*	*826*	*4,448*
- Capitalized costs	-	*5,298*	-	*1,982*	*7,280*
- Amortization	(3,202)	(17,405)	(253)	(970)	(21,830)
- Impairment losses	-	(10)	(307)	(46)	(363)
- Held for sale (*)	-	61	372	(12)	421
- Changes	3	7,058	41	(7,106)	(4)
Closing balance	**29,794**	**47,118**	**25**	**6,375**	**83,312**
of which:					
Cost	*35,128*	*382,964*	*4,688*	*26,453*	*449,233*
Accumulated amortization	*(5,334)*	*(335,846)*	*(4,663)*	*(20,078)*	*(365,921)*

(*) This includes data of the 12.54 service recognised as available-for-sale assets

Intangible assets with a finite useful life consist of:

– *customer relationships and database* totalling € 29,794 thousand at June 30, 2016, related to assets referred to as customer relationships for € 23,464 thousand and database for € 6,330 thousand. During the first half of 2016, the item decreased by the amortisation for the period amounting to € 3,202 thousand;
– *software*, for € 47,118 thousand at June 30, 2016 which includes the costs for purchases from third parties and the internal implementation of programs owned and used under license mainly to improve the algorithms used by search engines and to support new commercial offerings regarding Internet & Mobile services. During the first half of 2016, the item decreased due to amortisation of € 17,405 thousand, but investments of € 8,859 thousand were made in particular to support the new sale offers on internet & mobile platforms at Italiaonline S.p.A;
– *patent rights, concessions, trademarks and licenses*, equal to € 25 thousand at June 30, 2016 (€ 111 thousand at December 31, 2015);
– *other intangible assets*, amounting to € 6,375 thousand at June, 30 2016 (€ 11,701 thousand at December 31, 2015), refer primarily to software projects in progress.

Capital expenditure amounting to € 12,095 thousand concerned the following areas:

– Italiaonline segment (€ 10,566 thousand in the first half of 2016):
  - improvements to web and mobile platforms, aimed at boosting integration between the different systems and intended specifically for *i)* updating and publishing content in real time, *ii)* improving search algorithms and optimising service delivery times and *iii)* identifying new graphic and functional solutions for the group's websites;
  - ongoing improvements to commercially offered web products relating to the optimisation of graphic design for mobile use, and to developments in the new range of websites for evolving business in the large customers segment;
  - commercial and publishing improvements to upgrade the systems and adapt them to new product offerings;
  - acquisition of software and licenses to be used for technological updates for agents and employees (e.g. Microsoft license);
– Consodata S.p.A. (€ 1,468 thousand in the first half of 2016) for investments in the development of software platforms, database enhancement and the purchase of databases mainly linked to business information.

The following table gives an overview of the amortisation rates used:

	1ST HALF 2016	1ST HALF 2015
Customer relationships e Database	10%-25%	10%-25%
Software	20-50%	20-50%
Patents, concessions, brands and licences	10%	7%-10%
Other intangible asssets	20%	20%

9. Property, plant and equipment

Property, plant and equipment amounted to € 9,438 thousand at June 30, 2016. This item was recorded net of accumulated depreciation totalling € 45,568 thousand at the reporting date, which as a proportion of the gross value was 82.84%. These are broken down as follows:

(euro thousand)	1ST HALF 2016 PROPERTY	PLANT AND EQUIPMENT	OTHER ITEM OF PROPERTY, PLANT AND EQUIPMENT	TOTAL
Cost	*5,592*	*5,926*	*92,262*	*103,780*
Accumulated amortization	*(3,434)*	*(4,789)*	*(83,805)*	*(92,028)*
Opening balance	**2,158**	**1,137**	**8,457**	**11,752**
- Investments		4	363	367
- Depreciation and impairment losses	(297)	(227)	(2,151)	(2,675)
- Disposals and other changes	3	(1)	(8)	(6)
Closing balance	**1,864**	**913**	**6,661**	**9,438**
of which:				
Cost	*5,241*	*1,673*	*48,092*	*55,006*
Accumulated amortization	*(3,377)*	*(760)*	*(41,431)*	*(45,568)*

Property, plant and equipment include:

- *property* for € 1,864 thousand at June 30, 2016 (€ 2,158 thousand at December 31, 2015. Depreciation for such assets amounted to € 297 thousand;
- *plant and equipment totalling* € 913 thousand at June 30, 2016 (€ 1,137 thousand at December 31, 2015). This item decreased during the period mainly as a result of depreciation, by € 227 thousand.
- other items of property, plant and equipement of € 6,661 thousand at June 30, 2016 (€ 8,457 thousand at December 31, 2015), of which € 5,077 thousand related to IT equipment and systems. Investments during the period amounted to € 363 thousand, of which € 331 thousand in Italiaonline S.p.A., mainly related to the technological upgrading of the sales area under the new business model.

The accumulated depreciation (€ 45,568 thousand at June 30, 2016) is considered to be adequate, for each category of property, plant and equipment, to cover the depreciation of the assets in relation to their estimated residual useful life.

The following table gives an overview of the depreciation rates used:

	1ST HALF 2016	1ST HALF 2015
Property	3%	3%
Plant and equipment	10-25%	10-25%
Other fixed assets	10-40%	10-40%

10. Leased assets

Assets held under finance leases amounted to €6,243 thousand at June 30, 2016 and reflect the two remaining finance lease agreements relating to buildings of the Turin branch of Italiaonline S.p.A..
The assets comprising the real estate complex are broken down as follows:

	1ST HALF 2016				
(euro thousand)	LEASED LAND	LEASED PROPERTY	LEASED PLANT	OTHER LEASED ASSETS	TOTAL
Cost	*1,547*	*9,806*	*4,845*	*1,484*	*17,682*
Accumulated depreciation	-	*(5,891)*	*(3,888)*	*(1.275)*	*(11,054)*
Opening balance	**1,547**	**3,915**	**957**	**209**	**6,628**
- Depreciation and impairment losses	-	(147)	(160)	(78)	(385)
- Disposals and other changes	-	1	-	(1)	-
Closing balance	**1,547**	**3,769**	**797**	**130**	**6,243**
of which:					
Cost	*1,547*	*4,014*	*1,063*	*261*	*6,885*
Accrued amortization	-	*(245)*	*(266)*	*(131)*	*(642)*

11. Other investments

This item includes € 85 thousand for the amount of the investment in the associate Gold 5 S.r.l. and € 3,041 thousand for the fair value measurement of the 16.24% investment held by Italiaonline S.p.A. in Telegate AG which, in accordance with IAS 39, is an available-for-sale financial asset measured in accordance with level 1 (listed market) of the fair value hierarchy.

12. Other non-current financial assets

Other non-current financial assets at June 30, 2016 totalled € 3,320 thousand (€ 2,358 thousand at December 31, 2015) and specifically include loans to employees for € 2,726 thousand, issued at market rates for transactions of this nature.

13. Inventories

The amount of inventories can be broken down as follows:

	1ST HALF 2016				
(euro thousand)	RAW MATERIAL, SUPPLIERS AND CONSUMABLES	MERCHANDISING PRODUCT	WORK IN PROGRESS AND SEMI - FINISHED GOODS	FINISHED GOODS	TOTAL
Opening balance	**2,134**	**2**	**1,477**	**176**	**3,789**
Increase (decrease)	796	(2)	128	(3)	919
(Accrual to) Release of the provision for the write-down of inventory	-	-	-	(22)	(22)
Other changes	-	-	1	-	1
Closing balance	**2,930**	**-**	**1,606**	**151**	**4,687**

Inventories at June 30, 2016 amounted to € 4,687 thousand (€ 3,789 thousand at December 31, 2015); raw materials, consumables and supplies include inventories related to the print products of Italiaonline S.p.A. and products for resale include goods for merchandising activities.

14. Trade receivables

	1ST HALF 2016		
(euro thousand)	TRADE RECEIVABLES	ALLOWANCE FOR DOUBTFUL TRADE RECEIVABLES	CARRYING AMOUNT
Opening balance	**265,560**	**(68,490)**	**197,070**
Accruals	-	(5,645)	(5,645)
Utilization	-	21,969	21,969
Recognised as Held for sale (*)	(1,786)	687	(1,099)
Other changes	(43,931)	58	(43,873)
Closing balance	**219,843**	**(51,421)**	**168,422**

(*) This includes Europages Group data classified as asset available for sale

Trade receivables, net of allowance for impairment, totalled € 168,422 thousand at June 30, 2016.
The allowance for doubtful accounts amounted to € 51,421 thousand at June 30, 2016 (€ 68,490 thousand at December 31, 2015), of which € 51,421 thousand relating to Italiaonline S.p.A., and is considered sufficient to cover estimated losses.
In the first half of 2016, € 21,969 thousand was drawn down from the provision from receivables considered not recoverable and without any effect in the income statement (of which € 21,868 thousand relating to Italiaonline S.p.A.) and an accrual of € 5,645 thousand was added to it, meaning that the coverage of overdue receivables remained adequate, also thanks to the maintenance of a high level of focus on the quality of sales and on the management of trade receivables.
The change in trade receivables includes € 1,786 thousand for the reclassification of the Europages group balances under assets available for sale and € 43,931 thousand for invoice and collection trends linked to business performance. For a more detailed analysis of the group's credit risk, see Note 20.

15. Other assets (current and non-current)

Other assets (current and non-current) amounted to € 46,022 thousand at June 30, 2016 (€ 52,930 thousand at December 31, 2015), detailed as follows:

(euro thousand)	AT 06.30.2016	AT 12.31.2015	CHANGE
Advances on sales commissions and other receivables due from agents	20,109	21,830	(1,721)
Prepaid expenses	9,590	11,031	(1,441)
Advances to suppliers	689	5,766	(5,077)
Other receivables	10,519	7,471	3,048
Total other current assets	**40,907**	**46,098**	**(5,191)**
Other non-current assets	**5,115**	**6,832**	**(1,717)**
Total other current assets and non-current assets	**46,022**	**52,930**	**(6,908)**

Specifically:

- the advances on sales commissions and other assets due from agents amounted to € 20,109 thousand at June 30, 2016 (€ 21,830 thousand at 31 December 2015) and are reported net of the respective accumulated depreciation for an amount totalling € 11,385 thousand at June 30, 2016 (€ 11,261 thousand at December 31, 2015);
- *prepaid expenses* amounted to € 9,590 thousand at June 30, 2016 (€ 11,031 thousand at December 31, 2015); the item includes the deferral of direct production costs with the same frequency with which the corresponding revenue is recognised in the income statement;
- *the advance payments to suppliers*, totalling € 689 thousand at June 30, 2016 (€ 5,766 thousand at December 31, 2015);
- *other* totalling € 10,519 thousand at June 30, 2016 (€ 7,471 thousand at December 31, 2015) includes amount due from INPS for € 2,557 thousand, security deposits totalling € 672 thousand and assets totalling € 4,098 thousand which are a result of the provisional payment, pending judgement with reference to the notice of assessment issued by the national Tax Authority (Agenzia delle Entrate), which contest the failure to apply withholding taxes – over the years 2009 to 2012 – to interest paid to the Royal Bank of Scotland (Milan branch) under the so-called "Senior" funding scheme;
- *other non-current assets* of € 5,115 thousand at June 30, 2016 concerning € 4,518 thousand in tax assets for the refund of the surplus corporation tax (IRES) paid for tax years prior to 2012 due to the failure to deduct regional production tax (IRAP) relative to personnel and similar expense recognized in 2013 in accordance with the available official interpretations.

16. Net equity

Net equity is broken down as follows:

(euro thousand)	AT 06.30.2016	AT 12.31.2015 RESTATED	NOTE
Share capital	20,000	7,558	12,442
Share premium reserve	117,177	207,628	(90,451)
Legal reserve	4,000	884	3,116
Actuarial reserve	(2,569)	337	(2,906)
Other reserves	204,517	75,013	129,504
Profit (loss) for the period	3,865	4,052	(187)
Total equity attributable to the owners of the parent	**346,990**	**295,472**	**51,518**
Share capital and reserves	(127)	50,860	(50,987)
Profit (loss) for the period	(31)	(1,407)	1,376
Total equity attributable to non-controlling interests	**(158)**	**49,453**	**(49,611)**
Total equity	**346,832**	**344,925**	**1,907**

Net equity at June 30, 2016 reflects the effects of the merger of Italiaonline S.p.A. into the group finalized on June, 20 2016 with retroactive accounting and tax effect from January 1, 2016.

Share capital

The share capital stood at € 20,000 thousand at June 30, 2016.

At June 30, 2016, the share capital consisted of 114,752,181 ordinary shares and 6,803 savings shares.

The number and categories of shares currently forming the share capital result from the completion of transactions approved and decisions made by the group's shareholders in their extraordinary meetings of March 8, 2016 and May 12, 2016 (registered with the Turin Register of Companies, respectively, on March 11, 2016 and June 6, 2016):

1. the issue of 50,479,717 new ordinary shares (already grouped) with no par value, issued as part of the merger of Italiaonline S.p.A. into the group to service the exchange ratio, without a concomitant increase in its share capital; and
2. regrouping of the group's ordinary shares on the basis of a ratio of one new ordinary share (ISIN IT0005187940 and coupon no.1) per 1,000 existing ordinary shares (ISIN IT0005070633 and coupon no.1), after annulling, for the sole purpose of allowing for the general picture of the overall transaction, of 424 ordinary shares owned by a shareholder who has made them available, without, however, proceeding in the absence of a par value, with the reduction of the share capital.

It should be noted that, as regards the share capital, tax has been deferred on the sum of € 13,741 thousand. Deferred tax liabilities have not been accounted for in this amount, as Italiaonline S.p.A. is not planning to repay this portion of the capital.

Share premium reserve

Totals € 117,177 thousand at June 30, 2016.

It is to be considered fully subject to taxation in case of distribution as a result of the realignment made in 2005 between the carrying amount and the tax base of the customer data base, pursuant to Law no 342/2000.

Legal reserve

Totals € 4,000 thousand, at June 30, 2016.

This reserve is subject to taxation in the event of distribution with regard to € 1,499 thousand pursuant to article 109 of the consolidated Income tax act, and with regard to € 2,501 thousand due to the realignment carried out in 2005 pursuant to Law no. 342/2000.

Actuarial reserve

The actuarial reserve at June 30, 2016 was -€ 2,569 thousand (€ 337 thousand at December 31, 2015)

and included the effect of recording actuarial gains (losses) on defined-benefit plans (for Italian companies, the employees' leaving entitlement held by the company) due to their recognition in the financial statements pursuant to IAS 19, paragraph 93A.
For more details on how these amounts were determined, see Note 21.

Other reserves
Other reserves come to a negative € 204,517 thousand at June 30, 2016 and relate to:

- *the Purchase Price Allocation Reserve* amounting to € 17,446 thousand, recorded following the allocation to the assets and liabilities of the respective fair value called "Purchase Cost", net of the related tax effect;
- *Reserve for stock options* equal to € 1,114 thousand;
- *Other reserves and retained earnings (losses carried forward)* amounted to € 185,957 thousand; this item includes € 49,580 for the effects related to the acquisition of Seat's non-controlling interests following the merger. For accounting purposes, the merger qualifies as a purchase of additional shares of holdings in a company over which it already has control. In these condensed interim consolidated financial statements, these transactions are shown as "transactions between shareholders" pursuant to IFRS 10, paragraph 23. Therefore, any difference between the purchase cost and the related share of consolidated net equity is directly accounted for in net equity. In this situation, the purchase in question is paid for through the issuance of new shares, and therefore, in accounting term, only results in a reclassification of the share of equity acquired from non-controlling interests to equity attributable to the owners of the parent.

17. Other comprehensive expense

(euro thousand)	1ST HALF 2016	1ST HALF 2015
Other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year		
Net actuarial gain (loss)	(2,410)	(103)
Tax effect of net actuarial gain (loss)	663	-
Other changes in the period	-	-
Total other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year	(1,747)	(103)
Other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year		
Profit (loss) from fair value measurement of AFS securities and investments	(528)	-
Other changes in the period	-	-
Other changes in the period	(528)	
Total other comprehensive income (expense) net of tax effect	**(2,275)**	**(103)**

18. Profit/(loss) per share

Profit (loss) per share is calculated by dividing profit or loss by the average number of outstanding shares throughout the period.

(euro thousand)		AT 06.30.2016	AT 06.30.2015
Number of Italiaonline S.p.A. shares		114,758,984	50,000,000
- ordinary shares	*n.*	*114,752,181*	*50,000,000*
- saving shares	*n.*	*6,803*	
Shares outstanding (*)		*114,758,984*	*50,000,000*
Profit (loss) attributable to the owners of the parent	€/thousand	3,865	5,790
Profit (loss) per share	€	0.0337	0.116

(*) Figure refers to the number of shares outstanding following the completion of the merger with retroactive effect from January 1, 2016

Moreover, the result per share is reported below also considering the shares granted under the stock option plan of the parent (858,744)

(euro thousand)		AT 06.30.2016	AT 06.30.2015
Number of Italiaonline S.p.A. shares	n.	115,617,728	51,004,424
Profit (loss) per share	€	0.0334	0.114

19. Net financial position

The net financial position at June 30, 2016 was € 102,011 thousand (€ 74,557 thousand at December 31, 2015).
At June 30, 2016, the net financial position debt was structured as follows:

(euro thousand)		AT 06.30.2016	AT 12.31.2015	CHANGE
A	Cash and cash equivalents	109,775	123,566	(13,791)
B	Other cash and cash equivalents	-	-	-
C	Financial assets hold for trading	-	-	-
D=(A+B+C)	**Cash and cash equivalents**	**109,775**	**123,566**	**(13,791)**
E.1	**Current loan assets due from third parties**	**758**	**785**	**(27)**
E.2	**Current loan assets due from related parties**	**-**	**-**	**-**
F	Current bank loan and borrowings	-	-	-
G	Current portion of non-current debt	1,139	1,118	21
H.1	Other current loans and borrowings due to third parties	67	40,878	(40,811)
H.2	Other current loans and borrowings due to related parties	-	-	-
I=(F+G+H)	**Current financial debt**	**1,206**	**41,996**	**(40,790)**
J=(I-E-D)	**Net current financial position**	**(109,327)**	**(82,355)**	**(26,972)**
K	Non-current bank loans and borrowings	-	-	-
L	Bond issues	-	-	-
M.1	Other non-current loans and borrowings due to third parties	7,316	7,798	(482)
M.2	Other non-current loans and borrowings due to related parties	-	-	-
N=(K+L+M)	**Non-current financial debt**	**7,316**	**7,798**	**(482)**
O=(J+N)	**Net financial position (ESMA)**	**(102,011)**	**(74,557)**	**(27,454)**

The change in the net financial position compared with December 31, 2015 is mainly due to net operating cash flow; existing cash on hand resulting from the merger has also made it possible on June 20, 2016 to repay the debt arising from the loan agreement, entered into for the purpose of partial payment of € 41,195 thousand, plus interest, as the purchase consideration for Seat ordinary shares tendered in the takeover offer.
A description of the items which constitute net financial position is provided below:

Non-current financial liabilities
At June 30, 2016, they amounted to € 7,316 thousand (€ 7,798 thousand December 31, 2015) and refer to the two remaining finance leases (effective since December 2008) relating to the purchase of the real estate complex in Turin. The aforementioned agreements provide for repayment through the payment of 30 remaining instalments, all of which are quarterly deferred instalments subject to a variable interest rate linked to the quarterly Euribor rate plus a spread of approximately 65 basis points p.a.. The redemption value is fixed at approximately 1% of the value of the buildings covered by the agreement.

Current financial liabilities

At June 30, 2016, current financial liabilities amounted to € 1,206 thousand (€ 41,996 thousand at December 31, 2015), detailed as follows:

(euro thousand)	AT 06.30.2016	AT 12.31.2015	CHANGE
Current portion of non-current financial debt	1,139	1,118	21
Other current loans and borrowings due to third parties	67	40,878	(40,811)
Current financial debt	**1,206**	**41,996**	**(40,790)**

They include the current portion of the two remaining finance lease agreements in the amount of € 1,139 thousand.
Other current loans and borrowings due to third parties included, as of December 31, 2015, € 40,878 thousand of debt assumed under the loan agreement with Banca Imi S.p.A., repaid on June 20, 2016 in advance of the contractual deadline of August 5, 2016.

Current financial assets

The current financial assets amounted to € 758 thousand at June 30, 2016 (€ 785 thousand at December 31, 2015) and mainly refer to loan assets totalling € 622 thousand (€ 637 thousand at December 31, 2015) and € 136 thousand in loans to employees (€ 148 thousand at December 31, 2015).

Cash and cash equivalents

Cash and cash equivalents totalled € 109,775 thousand at June 30, 2016 (€ 123,566 thousand at December 31, 2015) and mainly refer to Italiaonline S.p.A. for € 109,044 thousand.
It is reported that approximately 2.17% of cash and cash equivalents is subject to bonds/guarantees, related to the composition with creditor procedure.

20. Information on financial risks

Risk associated with financial debt

At June 30, 2016 the maturity dates of outstanding financial instruments are as follows:

	DUE			
(euro thousand)	WITHIN 1 YEAR	WITHIN 1-5 YEARS	AFTER 5 YEARS	TOTAL
Loans and borrowings due to Mediocredito Italiano S.p.A.(*)	1,139	5,008	3,704	9,851
Total loan and borrowings	**1,139**	**5,008**	**3,704**	**9,851**

(*) In the condensed interim consolidated financial statements, the item amounted to € 8,455 thousand for the measurement at amortized cost.

There are no risks identified relating to financial debt in light of the financial resources available at June 30, 2016.

Credit risk

The Italiaonline group operates a business sector characterised by the presence of a large number of customers.
The large volume of transactions carried out generates a large number of overdue positions, especially in light of the ongoing macroeconomic environment, resulting in the need for an efficient credit management organisation which specifically addresses the relevant customer and business categories. In September 2014, the group initiated a reorganisation of credit management, still in progress, which affected both the organisational aspect, where the entire structure has been revised in order to internally manage individual customer positions, as well as the process-related aspect, in particular, by acting on the software responsible for prior assessment of the credit risk in the course of acquisition of orders from customers, as well as making available an integrated management software covering the dynamics of scoring and collection.

On June 30, 2016, the Italiaonline group had trade receivables amounting to approximately € 168 million (approximately € 197 million at December 31, 2015); about 97% of these receivables (about 95% at December 31, 2015) is related to Italiaonline S.p.A, which at the end of 2015 had approximately 234,500 clients distributed throughout Italy, and consisting mainly of small and medium enterprises.
The amount of overdue receivables of the group at June 30, 2016 and December 31, 2015 amounted to € 90 million and € 111 million with an average coverage rate of around 55%.
Exposure to credit risk - represented in the financial statements as the allowance for doubtful accounts - is measured using a statistical model, related to customer segmentation based on criteria of territoriality and days outstanding, which in its estimates reflects the historical experience in collecting amounts due and re-projects it into the future.
At group level, the allowance for doubtful accounts stood at € 51,421 thousand at June 30, 2016, a decrease with respect to December 31, 2015 (€ 68,490 thousand), in part due to use during the year, while maintaining sufficient coverage of overdue amounts.

Financial instruments

The assets and liabilities at June 30, 2016 according to IAS 39 and on the basis of IFRS 7 indications, are stated at cost with the exception of the shareholding held by Italiaonline S.p.A. in Telegate AG, which under IAS 39 represents an available-for-sale financial asset. The fair value is based on listed market prices (level 1).

21. Non-current provisions for employees

Italianonline group companies provide post-employment benefits to their active and retired former employees, both directly and through Seat Pagine Gialle contributions to external funds. The terms under which these benefits are provided vary depending on the legislative, tax and economic conditions in each country in which the group operates. Employee benefits are usually based on remuneration and length of service.
Group companies provide post-employment benefits through defined-contribution and/or defined-benefit plans.
Under defined-contribution plans, the group pays contributions to public or private insurers pursuant to statutory or contractual obligations, or on a voluntary basis. The group fulfils all its obligations by paying these contributions. The cost for the financial period accrues based on the service history of the employee and is recorded in the profit and loss account (€ 1,441 thousand in the first half of 2016).
Defined-benefit plans are either unfunded, as in the case of employees' leaving entitlement, or fully funded by the contributions paid by the group and its employees to a legally separate entity or fund that pays out the employee benefits.
The table below shows the changes in the different types of plans during the reporting period.

	1ST HALF 2016			
(euro thousand)	NET LIABILITES FOR DEFINED BENEFIT PLANS	RESERVE FOR SEVERANCE INDEMNITIES	DEFINED CONTRIBUTION PLANS	TOTAL
Opening balance	**208**	**17,000**	**1,185**	**18,393**
Accruals	-	380	1,441	1,821
Contributions	-	-	*455*	*455*
Benefits paid	-	(359)	(2,275)	(2,634)
Discounting interest	-	173	-	173
Actuarial losses (gains) recognised in equity	-	2,410	-	2,410
Recognition as held for sale (*)	(208)	123	279	194
Foreign exchange adjustments and other changes	-	13	154	167
Closing balance	-	**19,740**	**1,239**	**20,979**

This includes Europages Group and 12.54 service data classified as liabilities available for sale

The figures for pension plans, liabilities to employees and related costs in the income statement, were determined based on valuations carried out by an independent expert using the projected unit credit method, in accordance with the provisions of IAS 19.

Net liabilities for defined-benefit pension plans
Following the recognition of the Europages group balances under available-for-sale liabilities, the net liabilities for defined-benefit funds were written down to zero at June 30, 2016. On December 31, 2015 the net liabilities for defined-benefit funds, amounting to € 208 thousand, were recognised net of assets used to finance these funds.

Employees' leaving entitlement
Employees' leaving entitlement, amounting to € 19,740 thousand atJune 30, 2016 (€ 17,000 thousand at December 31, 2015), was measured (being considered a defined-benefit fund) according to the indications contained in IAS 19 revised.
Following the entry into effect of the supplementary pension reform (Legislative Decree no. 252 of December 5, 2005), the structure of employees' leaving entitlement, as of January 1, 2007, changed from a defined-benefit plan to a defined-contribution plan. Consequently, the liability recorded in the financial statements represents the defined-benefit plan liability – valued based on IAS 19 criteria – for employees for service up to December 31, 2006.
In addition, during 2015, a net equity change for € 2,410 thousand was recorded, of which € 1,902 thousand is attributable to Italiaonline S.p.A.. In application of IAS 19, paragraph 93A, such profits are recorded, net of the related tax effects, directly in the statement of comprehensive income.

(euro thousand)	AT 06.30.2016	AT 12.31.2015
A. Change in defined benefit obligations		
1. Opening definded benefit obligations	*17,000*	*5,019*
2. Current service cost	*380*	*178*
3. Financial expense	*173*	*210*
4. Benefits paid by plan/company	*(359)*	*(607)*
5. Other changes and change in consolidation scope	*136*	*13,419*
6. Changes recognised in equity (OIC effect)	*2,410*	*(1,219)*
a. Effects due to changes of demographic assumptions	*-*	*-*
b. Effects due to changes of financial assumptions	*48*	*-*
c. Effects due to changes of actuarial assumptions	*2,362*	*-*
7. Curtailment		
Closing benefit obligations	*19,740*	*17,000*
B. Reconciliation of assets and liabilities recognised in the statement of financial position		
Plans that are fully unfunded plans that are wholly or partly funded		
1. Present value of defined-benefit unfunded obligations at the end of the period	*19,740*	*17,000*
2. Other changes		
Net liablity recognised in the statement of financial position	*19,740*	*17,000*
Amounts in the statement of financial position		
1. Liabilities	*19,740*	*17,000*
2. Assets		
C. Cost component		
Amounts recognised in the income statement		
1. Current service costs	380	178
2. Interest expense	*173*	*210*
Total cost recognised in the income statement		
D. Main actuarial ssumptions		
Weighted-average assumptions to determine benefit obligation		
1. Discount rate	*1.05%*	*2.12%*
2. Rate of inflation	*1.90%*	*1.50%*
3. Annual increase rate of the employees' leaving entitlement	*2.93%*	*2.63%*
E. Weighted-average assumptions to determine net pension cost		
a. Discount rate	*n.s.*	*n.s.*
b. Rate of price inflation	*n.s.*	*n.s.*

(euro thousand)	AT 06.30.2016	AT 12.31.2015
F. Sensitivity analysis - benefit obligation evaluation based on assumptions events below		
1. Discount rate		
a. Discount rate -0,25%	19,312	n.s.
b. Discount rate +0,25%	18,257	n.s.
2. Rate of inflation		
a. Rate of inflation -0,25%	18,435	n.s.
b. Rate of inflation +0,25%	19,120	n.s.
3. Turnover rate		
a. Turnover rate -1%	19,037	n.s.
b. Turnover rate +1%	18,544	n.s.
4. Weighted-average duration of benefit obligation (years)		
- ITALIAONLINE S.p.A.	21.9	10.66
- DLS	11.4	14.03
G. Expected cash flow for next year		
1. Contributions for the next year		
- ITALIAONLINE S.p.A.	-	n.s.
- DLS	908	n.s.
2. Expected payments of total performances		
Year 1	1,219	885
Year 2	895	650
Year 3	747	706
Year 4	813	740
Year 5	927	634

(*) This is the amount of actuarial gains/ (losses) from applying the previous year's actuarial assumptions to the current workforce.

22. Other non-current liabilities

Other non-current liabilities amounting to € 21,164 thousand at June 30, 2016 (€ 33,531 thousand at December 31, 2015), are detailed as follows:

(euro thousand)	1ST HALF 2016				
	PROVISION FOR SALE AGENTS' TERMINATION BENEFITS	OTHER NON-CURRENT OPERATING LIABLITIES	PROVISION FOR RESTRUCTURING	OTHER NON-OPERATING LIABILITIES	TOTAL
Opening balance	**18,771**	**1,619**	**12,877**	**264**	**33,531**
Accruals	688	4	-	-	692
Utilizations/repayments	(694)	(34)	-	-	(728)
Discounting losses (gains)	725	-	-	-	725
Recognition as Held for sale (*)	-	-	-	(14)	(14)
Other changes	85	-	(12,877)	(250)	(13,042)
Closing balance	**19,575**	**1,589**	**-**	**-**	**21,164**

(*) This includes Europages Group data classified as liabilities available for sale

The balances at June 30, 2016 for non-current provisions were calculated considering expected future cash flows using the pre-tax discount rate which reflects the current market valuation of the cost of money over time. The increase due to the passage of time and changes in the applied discount rate was recorded as a financial expense (€ 725 thousand).

The provision for agents' termination benefits represents the amount due to active sales agents for benefits owed to them in the event of termination of the agency relationship, as provided for by current regulations. This provision at June 30, 2016 amounted to € 19,575 thousand and increased in the period by an amount of € 804 thousand (€ 18,771 thousand at December 31, 2015).

The non-current portion of the provision for restructuring at June 30, 2016 is zero as a result of the reclassification of € 12,877 thousand to the current portion of the provision for restructuring.

23. Provisions for current risks and charges (operating and non-operating)

These are broken down as follows:

	1ST HALF 2016			
(euro thousand)	PROVISION FOR COMMERCIAL RISKS	PROVISION FOR CONTRACTUAL AND OTHER OPERATING RISKS	NON-OPERATING PROVISION	TOTAL
Opening balance	**5,437**	**9,483**	**21,128**	**36,048**
Accruals	684	583	150	1,417
Utilizations	(1,197)	(1,146)	(4,101)	(6,444)
Revision of estimates	-	(564)	-	(564)
Recognition as Held for sale	-	(9)	-	(9)
Other changes	-	(13)	13,198	13,185
Closing balance	**4,924**	**8,334**	**30,375**	**43,633**

(*) This includes Europages Group data classified as available-for-sale liabilities

Provisions for risks and current charges at June 30, 2016 amounted to € 43,633 thousand (€ 36,048 thousand at December 31, 2015) and consist of:

- the provisions for commercial risks, of € 4,924 thousand at June 30, 2016 (€ 5,437 thousand at December 31, 2015), commensurate with any charges associated with imperfect performance of contractual obligations;
- the provisions for contractual and other operating risks, of € 8,334 thousand (€ 9,483 thousand at December 31, 2015), include € 5,754 thousand for legal disputes (€ 5,391 thousand at December 31, 2015) and € 1,655 thousand for pending litigation with agents and employees (€ 2,793 thousand at December 31, 2015);
- the non-operating provisions - current portion - amount to € 30,375 thousand at June 30, 2016 (€ 21,128 thousand at December 31, 2015). They include *(i)* € 25,310 thousand as provision for restructuring- current portion which reflects the reclassification of the amount equal to € 12,877 thousand for the corporate reorganisation plan underway at Italiaonline S.p.A.. This provision was used in the first half of 2016 for € 3,455 thousand; *(ii)* € 3,127 thousand for the sales network restructuring provision, used in the first half of 2016 for € 239 thousand; *(iii)* the amount of € 750 thousand (unchanged from December 31, 2015) for the risks provision quantified taking into account the applicable provisions and the reasonable possibility of reaching an agreement with tPR (the Pension Regulator) and the trustee of the TDL Fund with respect to the financial support to be provided to the TDL Fund, taking into account the applied negotiating simplifications.

24. Trade payables and other current liabilities

Trade payables and other current liabilities are detailed as follows:

(euro thousand)	AT 06.30.2016	AT 12.31.2015	CHANGE
Payables to suppliers	73,954	93,182	(19,228)
Payables due to agents	16,592	20,265	(3,673)
Payables due to employees	23,105	17,253	5,852
Payables due to social security institutions	5,462	6,592	(1,130)
Payables due to other	385	421	(36)
Total trade payables	119,498	137,713	(18,215)
Liabilities for services to be provided	108,659	107,872	787
Advances from customers	1,903	1,707	196
Other current liabilities	8,560	7,042	1,518
Total liabilities for services to be provided and other current liabilities	**119,122**	**116,621**	**2,501**

All trade payables have a maturity of less than 12 months.
Specifically:

- *payables to suppliers* of € 73,954 thousand at June 30, 2016 (€ 93,182 thousand at December 31, 2015), are applicable to Italiaonline S.p.A. for the amount of € 70,458 thousand;
- *payables to agents*, which totalled € 16,592 thousand (€ 20,265 thousand at December 31, 2015), should be considered in conjunction with "advances on sales commissions," recorded under "other current assets" and totalling € 20,109 thousand (€ 21,830 thousand at 31 December 2015); it is to be noted that the implementation of new IT procedures during the first half of 2015 made it possible to perform a specific analysis of assets and liabilities associated with relations with agents, which has allowed for allocating amounts previously set aside in provisions related to them;
- the *liabilities for services to be provided* amounted to € 108,659 thousand (€ 107,872 thousand at December 31, 2015); the item includes the advance invoicing of advertising services for printed directories as well as the deferral of revenue arising from the provision of web and voice services on a straight-line basis over the contractually agreed period for the online and on-voice services.

25. Revenue from sales and services

Revenue from sales and services amounted to € 199,673 thousand in the first half of 2016, of which € 192,046 thousand attributable to revenue from the Italiaonline segment (including the results of Italiaonline S.p.A., Moqu and Digital Local Services).

For an in-depth analysis of performance, please efer to the report on operations in the Performance by business areas section, as indicated in the figures presented in these notes, revenue for the first half of 2015 included only the results of Moqu and Italiaonline S.p.A. (pre-merger).

26. Other operating costs and revenue

26.1 Other revenue and income

Other revenue and income totalled € 1,575 thousand in the first half of 2016 (€ 365 thousand in the first half of 2015). The item includes € 850 thousand relating to the recovery of postal, legal and administrative costs from third parties and € 531 thousand from other revenue and income.

26.2 Cost of materials

The cost of materials amounted to € 6,295 thousand in the first half of 2016 (€ 164 thousand in the first half of 2015). These primarily include € 5,535 thousand for paper consumption.

26.3 Costs for external services

The costs for outside services totalled € 101,049 thousand in the first half of 2016 (€ 15,721 thousand in the first half of 2015). External services costs in the first six months of 2016 include in particular:

- *commissions and other agent costs* of € 27,282 thousand, directly related to increased sales;
- *consulting and professional services costs* for € 6,465 thousand;
- *web publisher* fees amounting to € 20,147 thousand related to the management of new web digital offers targeted at increasing web traffic;
- rental costs of leased assets amounted to € 10,299 thousand;
- *costs for outbound call centre services* totalled € 3,839 thousand;
- *advertising costs* equal to € 748 thousand.

26.4 Personnel expense

Personnel expense in the first half of 2016 amounted to € 55,265 thousand (€ 12,094 thousand in the first half of 2015).

The group's workforce - including directors, project workers and interns - totalled 2,189 people at June 30, 2016 (2,230 headcount at December 31, 2015); the average full-time equivalent in the first half of 2016 was 1,873 units (394 at June 30, 2015).

26.5 Net non-recurring charges

Non-recurring charges came to € 4,671 thousand (€ 305 thousand in the first half of 2015) and include, in particular:

- € 2,805 thousand mainly relating to strategic consultancy, of which € 2,278 thousand was incurred for the merger;
- € 1,104 thousand related to expenses incurred for the re-branding of the Parent.

26.6 Net restructuring costs

The net restructuring costs amounted to € 46 thousand in the first half of 2016, and relate mainly to streamlining of the investee Consodata S.p.A..

27. Financial income and expense

27.1 Financial expense

Financial expense of € 1,867 thousand in the first half of 2016 (€ 81 thousand in the first half of 2015) is detailed as follows:

(euro thousand)	1ST HALF 2016	1ST HALF 2015	CHANGE	
			ABSOLUTE	%
Interest expense on lease liabilities	126	-	126	n.s.
Foreign exchange losses	48	3	45	n.s.
Other financial expense	1,693	78	1,615	n.s.
Total financial expense	**1,867**	**81**	**1,786**	**n.s.**

Interest expense on lease liabilities amounted to €126 thousand which relates to interest expense on amounts due to Italian Mediocredito S.p.A. for finance leases.

The other financial expense includes:

- € 562 thousand for interest on the debt, recognised and measured at amortised cost, taken on with Banca IMI S.p.A. pursuant to the loan agreement for the purpose of partial payment of the consideration for Seat ordinary shares tendered in the takeover offer;
- € 1,115 thousand for discounting losses mainly related to employees' leaving entitlement.

27.2 Financial income

Financial income in the first half of 2016 amounted to € 2,042 thousand (€ 143 thousand in the first half of 2015) including € 358 thousand for interest income arising from the use of short-term liquidity in the banking system at market rates and € 1,342 thousand related to the dividend distributed by Emittente Titoli S.p.A. as per shareholders' resolution of April 20, 2016.

28. Adjustments to financial asset values and losses on the disposal of investments

This item for the first half of 2016, includes the profit of € 6 thousand from the 20% stake in Gold 5 S.r.l..

29. Income taxes

The income taxes for the reporting period show a positive balance of € 4,151 thousand (negative to the amount of € 3,346 thousand in the first half 2015). In compliance with the provisions of IAS 34, taxes were calculated by applying the average rates to the gross profit before taxes expected for the entire 2016 year.

Net deferred tax assets and liabilities

Net deferred tax assets and liabilities are detailed in the table below:

(euro thousand)	AT 12.31.2015	CHANGES DURING THE PERIOD			AT 06.30.2016
		INCOME TAXES RECOGNISED IN THE INCOME STATEMENT	INCOME TAXES RECOGNISED IN FOR EQUITY	OTHER CHARGES	
Deferred tax assets	443	(128)	140	(4)	451
Deferred tax liabilities	(34,014)	3,468	523	5	(30,018)
Total	**(33,571)**	**3,340**	**662**	**0**	**(29,567)**
shown in the statement of financial position					
Deferred tax assets	191				848
Deferred tax liabilities	(33,762)				(30,415)

(1) In the consolidated financial statements, deferred tax assets and liabilities are recorded at their carrying amount, having being offset against each other, where possible in terms of the tax authority, the taxed entity and the relevant time frames.

As part of the purchase price allocation process carried out at the date of August 31, 2015, deferred tax assets were recognised for € 8,700 thousand related to the tax benefit of losses that can be carried forward and used in the timeframe of the 2016 to 2018 plan, and deferred tax liabilities for Euro 3,697 thousand relating to the tax effect on fair value evaluation of assets at the acquisition date. Thi amounts are included in deferred tax liabilities at December 31, 2015 (equal to € 34,014 thousand).

Current tax assets

Current tax assets amounted to € 26,628 thousand at June 30, 2016 (€ 26,598 thousand at December 31, 2015) and are detailed as follows

(euro thousand)	AT 06.30.2016	AT 12.31.2015	CHANGE
Income tax assets	26,082	25,001	1,081
Other tax assets	546	1,597	(1,051)
Total current tax assets	**26,628**	**26,598**	**30**

The amount of € 26,082 thousand at June 30, 2015 refers mainly to the corporation tax (IRES) asset resulting from Italiaonline group's national tax consolidation scheme recorded in previous tax periods, of which € 18,000 thousand was subject to a refund request by the parent submitted in the 2014 Global National Consolidation form.

Current tax liabilities

Current tax liabilities amounted to € 5,134 thousand at June 30, 2016 (€ 4,926 thousand at December 31, 2015) and are detailed as follows

(euro thousand)	AT 06.30.2016	AT 12.31.2015	CHANGE
Income tax liabilities	100	279	(179)
Other tax liabilities	5,034	4,647	387
Total current tax liabilities	**5,134**	**4,926**	**208**

30. Long-term incentive schemes with share-based payments

The stock option plan is structured in two tranches, Tranche A and Tranche B, whose performance periods correspond to:

- for Tranche A, the period between January 1, 2014 and December 31, 2016;
- for Tranche B, for the period between January 1, 2016 and December 31, 2018.

Each tranche of the stock option plan consists of a vesting period of 36 months and a further period during which the beneficiary may exercise the options ("**Exercise Period**"), which begins on the first day following the end of the vesting period and ends:

- for Tranche A, on 31 December 2020;
- for Tranche B, on 31 December 2022;

beyond these dates, unexercised options will expire.

The options can be exercised individually by the beneficiaries in the course of the Exercise Period except during blackout periods. This multi-year time horizon is defined in line with the strategic planning cycle of the group, with the aim of focusing the beneficiary managers on creating medium to long term value and the need to put in place tools which will sustain retention over a multi-year period.

The stock option plan is intended to benefit:

- regarding Tranche A, those managers employed at Italiaonline on December 15, 2014, identified by the Italiaonline board of directors and confirmed on January 20, 2016 by the group's board of directors, as being among those holding organisational positions of significant importance or otherwise considered worthy of incentivisation and/or retention. On conclusion of the merger, these managers shall be confirmed as employees of the company resulting from the merger;
- regarding Tranche B, managers and executive directors that will be identified by the group's board of directors, subject to consultation with the appointments and remuneration committee, including those who hold organisational positions of significant importance to the group or its subsidiaries, or otherwise deemed worthy of incentivisation and/or retention.

The full vesting of the stock option rights for each tranche is subject to the achievement of at least 85% of a performance target, represented by:

- Tranche A: target of cumulative EBITDA for 2014-2016 consisting of the following elements: Italiaonline EBITDA for the years 2014 and 2015 and EBITDA of the post-merger group for 2016.
- Tranche B: target cumulative EBITDA for 2016 - 2018 consisting of the post-merger group EBITDA for 2016, 2017 and 2018.

For Tranche B a lock-up clause applies to the effect that 25% of the shares subscribed and/or purchased through exercise of stock options by managers with strategic responsibilities identified in the annual remuneration report, may not be transferred until the 24th month from the date of subscription and/or purchase. For key management staff who also qualify as executive directors, this term shall be deemed to be deferred until the expiry of their term of office, whichever occurs later.

The stock option allocation plan is set up as an "equity-settled" plan: the relevant cost at June 30, 2016 is approximately € 323 thousand, classified under personnel expense with a specific balancing-entry in equity.

For the purpose of calculating the fair value of the stock options plan assigned in 2014, the Black and Scholes formula was used.

The assumptions regarding the parameters used in the calculation of fair value, all based on conservative assumptions, are, with regard to volatility, the average historical volatility of a panel of comparables (international) considered by the directors to be representative of the business and the group's characteristics.

31. Non-current assets held for sale and discontinued operations

Pursuant to the will to dispose of the shareholding in the Europages group and given the non-materiality of values in relation to those of the Italiaonline group, it was categorized among the "non-current assets held for sale" and therefore the balances at June 30, 2016 related to it are shown separately in the statement of financial position. In accordance with IFRS 5 provisions, the assets and liabilities of Europages have been measured at the lower of its carrying amount and fair value, determining an impairment loss of approximately € 882 thousand.
This item also includes the classification, already carried out on December 31, 2015, of the assets and liabilities of the 12.54 service, as a result of the decision of the Italian Antitrust Authority regarding the sale of the 1254 number as part of the acquisition process of the Seat group.

Statement of financial position

(euro thousand)	AT 06.30.2016 EUROPAGES GROUP	AT 06.30.2016 12.54 SERVICE	AT 06.30.2016	AT 12.31.2015 12.54 SERVICE
Intangible assets with a finite useful life	-	*2,104*	2,104	2,525
Trade receivables	*1,099*	-	1,099	-
Current tax assets	*250*	-	250	-
Other current assets	*1,048*	-	1,048	-
Cash and cash equivalents	*575*	-	575	-
Non-current assets held for sale and discontinued operations	***2,972***	***2,104***	**7,180**	**2,525**
Non-current provisions for personnel	*(71)*	*82*	11	205
Other non-current liabilities	*14*	-	14	-
Trade payables	*1,616*	-	1,616	-
Liabilities for services to be provided and other current liabilities	*1,383*	*22*	1,405	-
Current tax liabilities	*21*	-	21	-
Provision for risks and current charges	*9*	-	9	-
Liabilities directly associated with non - current assets held for sale and discontinued operations	***2,972***	***104***	**3,076**	**205**

32. Related-party transactions

With reference to the provisions contained in IAS 24 and in accordance with CONSOB regulation no. 17221 of March 12, 2010, the impact of related-party transactions of the group on the financial position at June 30, 2016 and the results of operations for the period then ended are summarized below.
The effects of intra-group transactions between consolidated companies have been eliminated in the condensed interim consolidated financial statements.
Transactions carried out by group companies with related parties, including intra-group transactions, fall within the ordinary course of business and are settled at market conditions or based on specific regulatory provisions. There were no atypical and/or unusual transactions that may represent a conflict of interest and there were no changes or developments of related party transactions described in last approved financial statements that had a material effect on the financial position or results of the group.

Income statement

(euro thousand)	1ST HALF 2016	PARENT COMPANY	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	TOTAL RELATED PARTIES
Revenue from sales and services	199,673	-	-	38	-	38
Other income	1,575	-	-	-	227	227
Personnel expenses	(101,049)	-	-	-	(2,867)	(2,867)
Salaries, wages and employee benefits	(55,265)	-	-	-	(1,319)	(1,319)

(*) Directors, statutory auditors, managers with strategic responsibilities

(euro thousand)	1ST HALF 2015	PARENT	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	TOTAL RELATED PARTIES
Revenue from sales and services	44,018	-	-	55	339	394
Cost of external services	(101,049)	-	-	-	(2,001)	(2,001)
Financial income	2,042	-	-	-	4	4

(*) Directors, statutory auditors, managers with strategic responsibilities

Statement of financial position

(euro thousand)	AS JUNE, 30 2016	PARENT	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	TOTAL RELATED PARTIES
Assets						
Other non-current financial assets	3,320	-	-	168	-	168
Trade receivables	168,422	-	-	48	107	155
Other current assets	40,907	90	-	-	234	324
Liabilities						
Trade payables	119,498	-	-	-	3,256	3,256
Liabilities for services to be provided and other current liabilities	119,122	-	-	-	242	242

(*) Directors, statutory auditors, managers with strategic responsibilities

(euro thousand)	AS DECEMBER 31, 2015	PARENT	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	TOTAL RELATED PARTIES
Assets						
Other non-current financial assets	2,358	-	-	168	-	168
Trade receivables	197,070	-	-	85	-	85
Other current assets	46,098	90	-	-	347	437
Liabilities						
Trade payables	137,713	-	-	-	3,249	3,249
Liabilities for services to be provided and other current liabilities	116,621	-	-	-	1,000	1,000

(*) Directors, statutory auditors, managers with strategic responsibilities

Statement of cash flows

(euro thousand)	1ST HALF 2016	PARENT	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	TOTAL RELATED PARTIES
Cash flows from operating activities	38,229	-	-	75	(4,704)	(4,629)
Cash flows for investing activities	(11,482)	-	-	-	-	-
Cash flows for financing activities	(39,963)	-	-	-	-	-
Cash flows from non-current assets held for sale and discontinued operations	-	-	-	-	-	-
Cash flows of the period	**(13,216)**	**-**	-	**75**	**(4,704)**	**(4,629)**

(*) Directors, statutory auditors, managers with strategic responsibilities

(euro thousand)	1ST HALF 2015	PARENT	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	TOTAL RELATED PARTIES
Cash flows from operating activities	15,084	-	-	55	(1,795)	(1,740)
Cash flows for investing activities	(11,482)	-	-	-	-	-
Cash flows for financing activities	(39,963)	-	-	-	-	-
Cash flows from non-current assets held for sale and discontinued operations	-	-	-	-	-	-
Cash flows of the period	**(36,361)**	**-**	-	**55**	**(1,795)**	**(1,740)**

(*) Directors, statutory auditors, managers with strategic responsibilities

33. Information related to Consob Communication no. DEM/6064293 of July 28, 2006

Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006, information is set out below regarding the impact of non-recurring significant events and transactions, financial positions and results of operations of the Italiaonline group. The impacts of non-recurring events and transactions during the first half of 2016 were as follows:

(euro thousand)	EQUITY	PROFIT (LOSS) FOR THE PERIOD	NET FINANCIAL POSITION	CASH FLOWS (*)
Carrying amount	346,832	3,834	102,011	(13,791)
Net non-recurring and restructuring costs	(4,717)	(4,717)	(9.344)	(9,344)
of which:				
- *Strategic consulting, merger project and rebranding*	*(3,909)*	*(3,909)*	*(1,553)*	*(1,553)*
- *Net restructuring costs*	-	-	*(4,161)*	*(4,161)*
- *Earn-out Moqu*	-	-	*(1,000)*	*(1,000)*
Impact%	*-1.4%*	*n.s*	*-9.2%*	*67.8%*

(*) Cash flows refer to the increase (decrease) in cash and cash equivalent during the period.

List of investments included in the condensed interim consolidated financial statements on a line-by-line basis (Consob Communication DEM/6064293 of July 28, 2006) / Table 1

COMPANY (BUSINESS)	REGISTERED OFFICE	SHARE CAPITAL		ORDINARY SHARES HELD		% HELD BY ITALIAONLINE
				%	BY	
ITALIAONLINE S.p.A.	Milan (Italy)	Euro	20,000,000			
SUBSIDIARIES						
COUPONING ITALIA S.r.l. IN LIQUIDAZIONE (e-commerce)	Milan (Italy)	Euro	100,000	100.00	Italiaonline S.p.A.	100.00
CONSODATA S.p.A. (direct marketing services, database creatin, management and distribution)	Rome (Italy)	Euro	2,446,330	100.00	Italiaonline S.p.A.	100.00
EUROPAGES S.A. (production, promotion and marketing of the "Europages directory")	Paris (France)	Euro	1,000,000	98.37	Italiaonline S.p.A.	98.37
EUROPAGES Benelux SPRL (production, promotion and marketing of the "Europages directory")	Brussels (Belgium)	Euro	20,000	99.00	Europages S.A.	97.39
PRONTOSEAT S.r.l. (call center service)	Turin (Italy)	Euro	10,500	100.00	Italiaonline S.p.A.	100.00
TELEGATE HOLDING GmbH (holding)	Munich (Germany)	Euro	26,100	100.00	Italiaonline S.p.A.	100.00
Digital Local Services ADRIATICO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services ADRIATICO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services ADRIATICO 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services BERGAMO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services BERGAMO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services BOLOGNA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services BOLOGNA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services BOLZANO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services BRESCIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services BRESCIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services CALABRIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services CALABRIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00

COMPANY (BUSINESS)	REGISTERED OFFICE	SHARE CAPITAL		ORDINARY SHARES HELD		% HELD BY ITALIAONLINE
				%	BY	
Digital Local Services CAMPANIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services CAMPANIA 2 S.r.l. in liquidation (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services CAMPANIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services COMO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services CUNEO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services EMILIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services EMILIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services EMILIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services FIRENZE 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services FIRENZE 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services FIRENZE 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services FRIULI 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services GENOVA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services LAZIO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services LAZIO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services LAZIO 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services LIGURIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services LIGURIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services LOMBARDIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services LOMBARDIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services LOMBARDIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services MILANO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services MILANO 2 S.r.l. in liquidation (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00

List of investments included in the condensed interim consolidated financial statements on a line-by-line basis (Consob Communication DEM/6064293 of July 28, 2006) / Table 1

COMPANY (BUSINESS)	REGISTERED OFFICE	SHARE CAPITAL		ORDINARY SHARES HELD		% HELD BY ITALIAONLINE
				%	BY	
Digital Local Services MILANO 3 S.r.l. (consulenza commerciale e marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services NAPOLI 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services NAPOLI 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services PIEMONTE 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services PIEMONTE 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services PUGLIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services PUGLIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services PUGLIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services PUGLIA 4 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services ROMA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services ROMA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services ROMA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services ROMAGNA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services ROMAGNA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services SARDEGNA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services SARDEGNA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services SICILIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services SICILIA 2 S.r.l. in liquidazione (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services SICILIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services SICILIA 4 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services SICILIA 5 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services SICILIA 6 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00

COMPANY (BUSINESS)	REGISTERED OFFICE	SHARE CAPITAL		ORDINARY SHARES HELD		% HELD BY ITALIAONLINE
				%	BY	
Digital Local Services SONDRIO LECCO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services TORINO 1 S.r.l. in liquidazione (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services TORINO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services TORINO 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services TORINO 4 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services TOSCANA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services TOSCANA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services TRENTO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services UMBRIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services VARESE 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services VENETO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services VENETO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services VENETO 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services VENETO 4 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services VENETO 5 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services VENEZIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services VERONA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00

List of investments accounted for using the equity method (Consob Communication DEM/6064293 of July 28, 2006)

(euro thousand)	CURRENCY	EQUITY (1) (2)	PROFIT (LOSS) (1)	% HELD BY ITALIAONLINE S.P.A.	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT
GOLDFIVE	Euro	390	32	20.00	78

(1) From the last financial statements

(2) This includes profit (loss) for the period

Local and global

ADDITIONAL INFORMATION

Certification of the condensed consolidated interim financial statements pursuant to article 154-bis of Legislative Decree no. 58/98

1. The undersigned, Antonio Converti, in his capacity as Chief Executive Officer, and Andrea Servo, as Chief Financial Officer of Italiaonline S.p.A., hereby certify, taking into account the provisions of article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of February 24, 1998, that the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements, deemed to be suitable for the characteristics of the business, have been effectively applied during the first half of 2016.

2. The administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements at June 30, 2016 have been subjected, during the half year, to a critical examination in order to evaluate their suitability and the effectiveness of their application. No anomalies have emerged as a result of this verification.

3. The following is also certified:
   3.1. the condensed consolidated half-year financial statements at June 30, 2016:
   - have been prepared in compliance with the applicable IAS/IFRS recognized by the European Union in compliance with (EC) Regulation No. 1606/2002 of the European Parliament and of the Council of July 19, 2002, and in particular IAS 34 – Interim Financial Reporting – as well as the implementing measures of article 9 of Legislative Decree 38/2005;
   - correspond to the results contained in the accounting books and records;
   - are suitable to provide a true and fair representation of the assets, results and cash flows of the issuer and of all the companies included in its consolidation scope;

   3.2. the interim report on operations contains references to important events which have taken place in the first six months of the financial year and their effect on the half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year, in addition to information concerning significant related-party transactions.

Assago, August 4, 2016

Chief Executive Officer
Antonio Converti

Chief Financial Officer
Andrea Servo

KPMG S.p.A.
Revisione e organizzazione contabile
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Relazione di revisione contabile limitata sul bilancio consolidato semestrale abbreviato

Agli Azionisti della
Italiaonline S.p.A.

Introduzione

Abbiamo svolto la revisione contabile limitata dell'allegato bilancio consolidato semestrale abbreviato, costituito dal prospetto della situazione patrimoniale-finanziaria, dal conto economico, dal conto economico complessivo, dal rendiconto finanziario, dai movimenti del patrionio netto e dalle relative note esplicative, del Gruppo Italiaonline al 30 giugno 2016. Gli amministratori sono responsabili per la redazione del bilancio consolidato semestrale abbreviato in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea. E' nostra la responsabilità di esprimere una conclusione sul bilancio consolidato semestrale abbreviato sulla base della revisione contabile limitata svolta.

Portata della revisione contabile limitata

Il nostro lavoro è stato svolto secondo i criteri per la revisione contabile limitata raccomandati dalla Consob con Delibera n. 10867 del 31 luglio 1997. La revisione contabile limitata del bilancio consolidato semestrale abbreviato consiste nell'effettuare colloqui, prevalentemente con il personale della società responsabile degli aspetti finanziari e contabili, analisi di bilancio ed altre procedure di revisione contabile limitata. La portata di una revisione contabile limitata è sostanzialmente inferiore rispetto a quella di una revisione contabile completa svolta in conformità ai principi di revisione internazionali (ISA Italia) e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti significativi che potrebbero essere identificati con lo svolgimento di una revisione contabile completa. Pertanto, non esprimiamo un giudizio sul bilancio consolidato semestrale abbreviato.

Conclusioni

Sulla base della revisione contabile limitata svolta, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il bilancio consolidato semestrale abbreviato del Gruppo Italiaonline al 30 giugno 2016 non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

Milano, 5 agosto 2016

KPMG S.p.A.

Francesco Spadaro

Francesco Spadaro
Socio

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