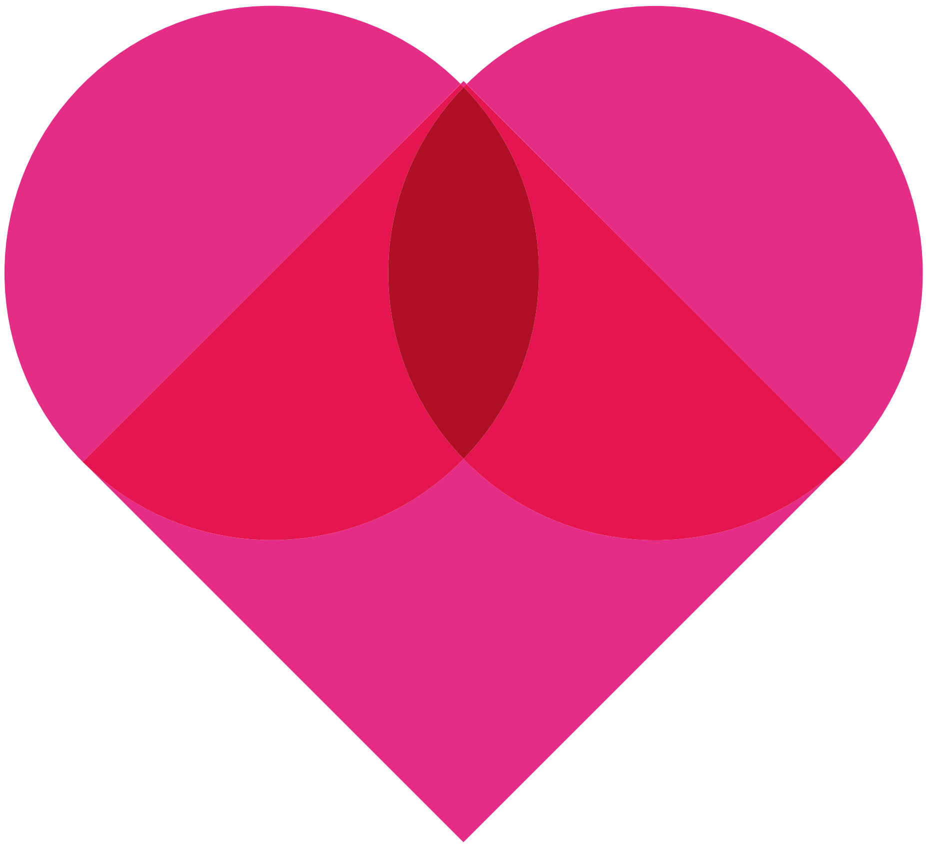
Interim Financial Report
June 30, 2017

Passion

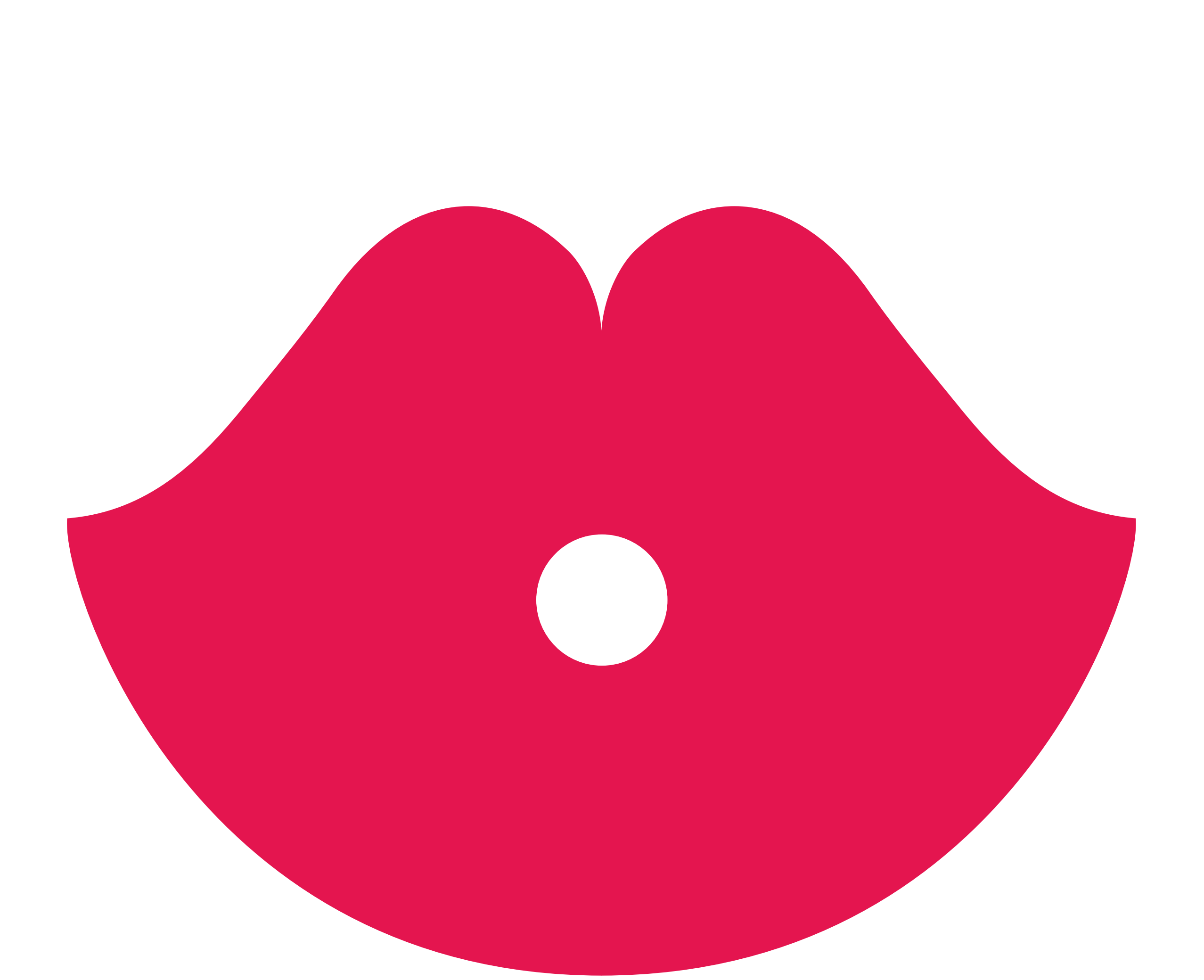


INTRODUCTION

Italiaonline provides web marketing and digital advertising services, including management of advertising campaigns and lead generation through social networks and search engines. It is 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 (at August 2, 2017)

Board of Directors (1)

Chairman Tarek Aboualam (2)
Deputy Chairman David Alan Eckert (3)
Chief Executive Officer (CEO) Antonio Converti (3)
Maria Elena Cappello (i) - Antonia Cosenz (i) (4) - Cristina Finocchi Mahne (i) - Onsi Naguib Sawiris - Corrado Sciolla (i) - Sophie Sursock
Secretary to the Board of Directors Fabrizio Manzi (5)

Appointments & Remuneration Committee (6)

Chairman Antonia Cosenz (4)
Cristina Finocchi Mahne - Corrado Sciolla

Audit & Risk Committee (6)

Chairman Cristina Finocchi Mahne
Maria Elena Cappello - Antonia Cosenz (4)

Board of Statutory Auditors (7)

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

Manager in charge of Financial Reporting (8)

Gabriella Fabotti

Independent Auditors (9)

KPMG S.p.A.

Common Representative of Savings Shareholders (10)

Stella d'Atri

(1) The Board of Directors was appointed by the Shareholders' Meeting on October 8, 2015.
(2) Appointed Director and Chairman of the Board of Directors by the Shareholders' Meeting on April 27, 2017. Tarek Aboualam had been co-opted on February 14, 2017, following the resignation of Khaled Bishara.
(3) Position granted with Board resolution on October 8, 2015.
(4) On March 8, 2016, the Ordinary Shareholders' Meeting appointed Antonia Cosenz member of the Board of Directors. Antonia Cosenz had been co-opted by the Board of Directors on November 10, 2015, as a result of the resignation of Cristina Mollis, on November 6, 2015, from the positions held in the Board of Directors of the Company.
(5) On August 2, 2017, the Board of Directors appointed Fabrizio Manzi as Secretary to the Board of Directors.
(6) The Committees were appointed by the Board of Directors on October 8, 2015 and confirmed by the Board of Directors on March 8, 2016, following the appointment of Antonia Cosenz mentioned above.
(7) The Board of Statutory Auditors was appointed by the Shareholders' Meeting on April 23, 2015. Alternate Auditor Massimo Parodi passed away on September 5, 2015. To replace him, the Ordinary Shareholders' Meeting on March 8, 2016 appointed Giancarlo Russo Corvace as an Alternate Staturory Auditor.
(8) Appointed on January 12, 2017.
(9) Appointed by the Shareholders' Meeting on May 12, 2016.
(10) Appointed by the special Meeting of Savings Shareholders' on May 18, 2016 for the 2016-2018 period.
(i) Directors who meet the independence criteria set forth in Art. 147-ter(4) and 148(3) of Legislative Decree 58/1998 and in the Corporate Governance Code for Listed Companies.

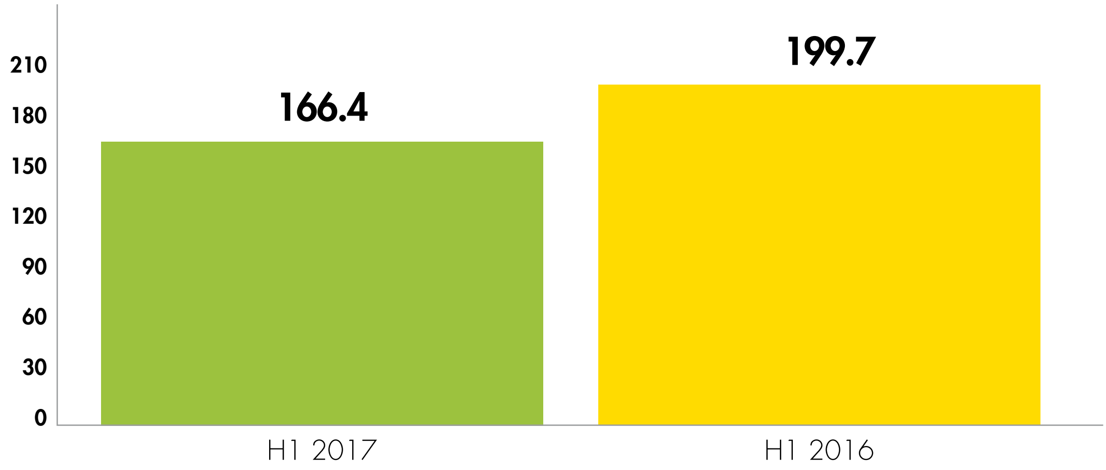
Financial Highlights of the Group

The financial statements of the Italiaonline Group for the first half of 2017 and the first half of 2016 were prepared in accordance with the international accounting standards issued by the International Accounting Standard Board and endorsed by the European Union (IFRS).
The main indicators (Revenue and EBITDA) for the first half of 2016 were analyzed and discussed also on the basis of pro forma data. This was done to reflect the change in scope due to the sales of the subsidiary Europages and the 12.54 service and to the repositioning of some business lines (arbitrage contract of Moqu on the Google Ad Sense market) carried out in 2016 in order to make possible the comparison with the results of the first half of 2017. As a result of these adjustments, the comparable data at June 30, 2016 show Revenue lower by € 10.3 million and Ebitda lower by € 0.4 million compared to the data for the first half of 2016 published and reported in the tables in this Report.

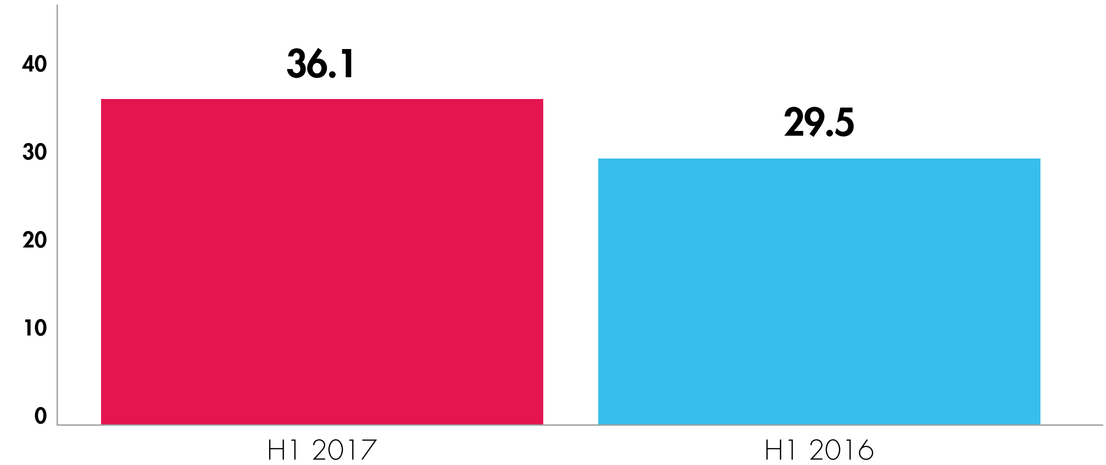
(euro/million)	**H1 2017**	**H1 2016**
Financial Highlights		
Revenue from sales and services	166.4	199.7
GOP (*)	42.0	38.1
EBITDA (*)	36.1	29.5
EBIT (*)	16.6	(0.5)
Profit (loss) attributable to the owners of the Parent	6.3	3.9
OFCF (*)	37.2	36.2
Unlevered FCF (*)	36.9	35.5
Capital expenditure	16.3	12.1
Net invested capital (*) (**)	225.5	245.2
of which goodwill and marketing-related intangible assets	*275.1*	*277.7*
of which net operating working capital	*(51.8)*	*(35.0)*
Equity attributable to the owners of the Parent (**)	294.3	367.3
Net financial position (*) (**)	(68.8)	(122.1)
Profitability ratios		
GOP/Revenue	25.2%	19.1%
EBITDA/Revenue	21.7%	14.8%
EBIT/Revenue	10.0%	(0.3%)
OFCF/Revenue	22.4%	18.1%
Workforce		
Workforce at the end of the period (units) (***)	1,907	2,008
Average workforce for the period for continuing operations	1,515	1,873
Revenue/Average workforce (€/000)	110	107

(*) See "Non-IFRS performance indicators" below for details on how the items are calculated.
(**) 2016 data refers December 31, 2016.
(***) 2016 data refers to December 31, (includes Cigs - government-sponsored layff scheme - staff) and includes the end-of-period workforce of Consodata S.p.A. (at the end of the previous period these data had been reclassified as Held for sale).

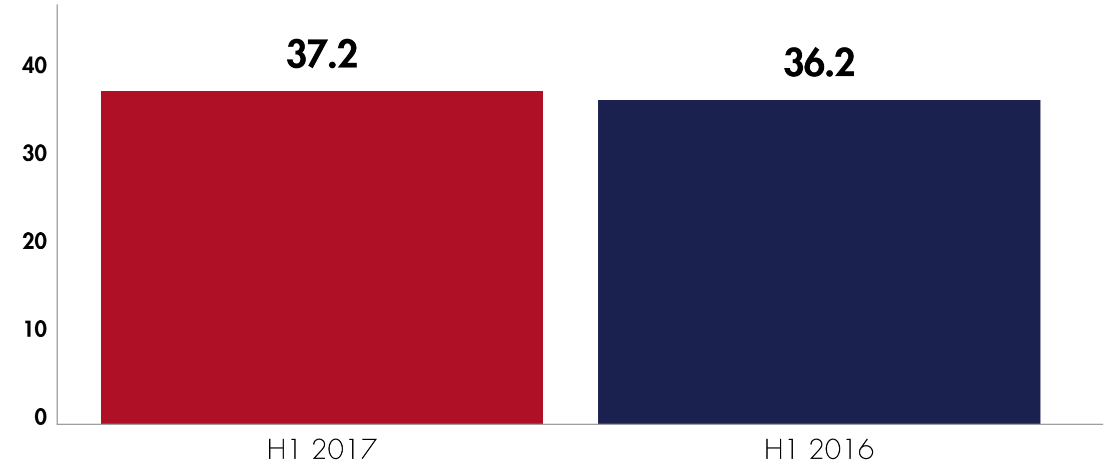
Revenues (€ million)



EBITDA (€ million)



Operating Free Cash Flow (€ million)



Non-IFRS performance indicators

This section reports several non-IFRS performance indicators used in the condensed interim consolidated financial statements as at June 30, 2017, in order to provide tools for analysing the 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 as alternative measures by which to assess the performance of the Group, its financial position or cash flows. Since the calculation of these measures is not regulated by 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.

The indicators are the following:

- **GOP** or *gross operating profit* corresponds to EBITDA before other operating income and expenses, net allowances for impairment and accruals to provisions for risks and charges.
- **EBITDA**, or *operating profit before amortisation, depreciation, net non-recurring and restructuring costs*, corresponds to **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 (related to operating revenue) net of current operating liabilities (related 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 Indebtedness**, an indicator of the ability to meet financial obligations, corresponds to current and non-current financial liabilities, net of cash and cash equivalents and current loan assets.
- **OFCF** (*Operating Free Cash Flow*) is calculated from EBITDA, adjusted to take into account the effect of capital expenditure, changes in operating working capital and changes in operating non-current liabilities on the net financial position.
- **Unlevered FCF** (Unlevered Free Cash Flow) corresponds to OFCF adjusted for the effect of the taxes paid.

Information for Shareholders

Composition of share capital and major share indicators

The ordinary shares (ISIN: IT0005187940) and savings shares (ISIN 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 included in the indices FTSE All-Share Capped, FTSE Italia All-Share, FTSE Italia Small Cap, FTSE Italia Servizi al Consumo and FTSE Italia Media.
We provide below data on the composition of the share capital of Italiaonline S.p.A. and the main share indicators at June 30, 2017.

Share capital and share indicators		**AT 06.30.2017**	**AT 06.30.2016**
Share capital	euro	20,000,410	20,000,143
Number of ordinary shares	n.	114,761,225	114,752,181
Number of savings shares	n.	6,803	6,803
Market capitalization *(based on market price as at June 30)*(*)			
Ordinary shares	euro/million	323	219
Saving shares	euro/million	2	2
Total	euro/million	325	221
Equity per share	euro	2.5646	3.0236
Profit per share	euro	0.0550	0.0337
Diluted profit per share	euro	0.0532	0.0334

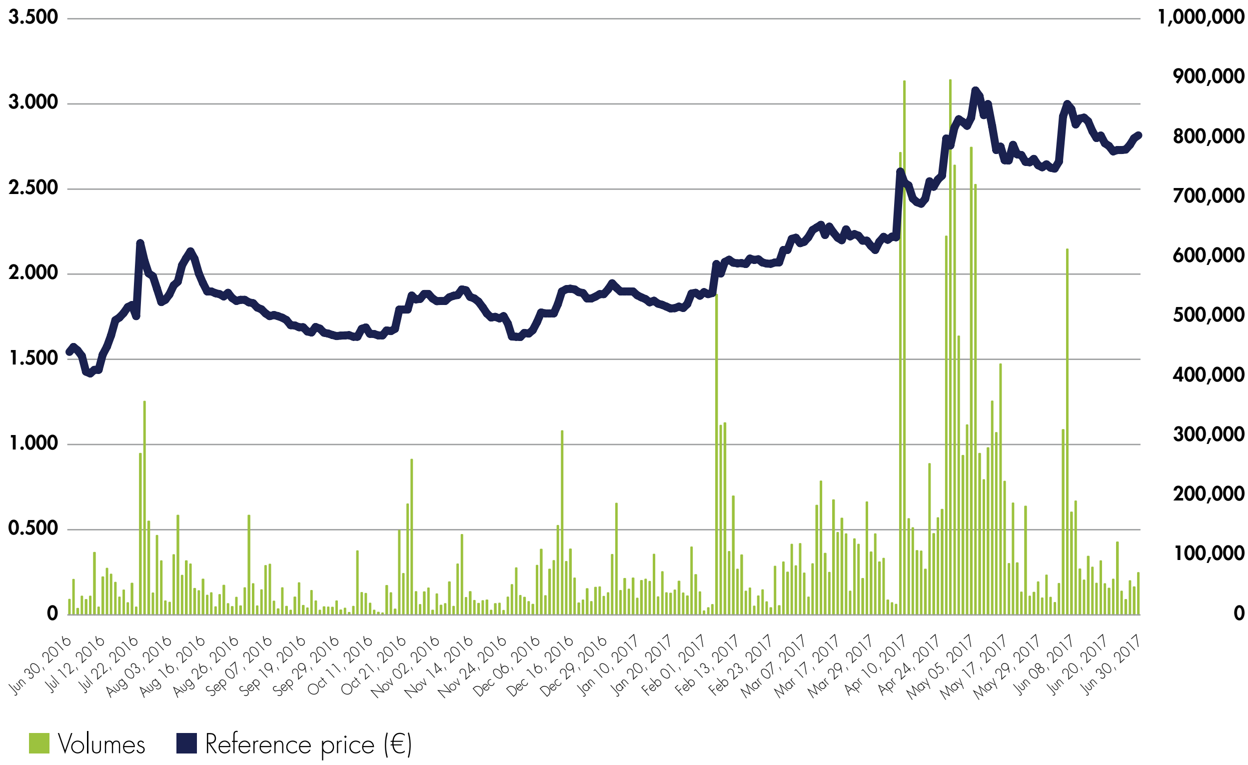
(*) Adjusted reference price.

On May 10, 2017, as a result of the resolution of the Ordinary Shareholders' Meeting on April 27, 2017, Italiaonline has made available for payment, with ex-dividend date set to May 8, 2017, an extraordinary dividend equal to €0.692, gross of the legally-required withholdings, for each of the 114,768,028 shares of the Company, for a total amount equal to €79,419,475.38.
Therefore, ordinary shareholders received a dividend equal to €0.692 for each ordinary share and savings shareholders, in view of the preferred dividend due to savings shares, a total dividend equal to €90.692 for each savings share.

Source: Nasdaq IR Insight

Italiaonline on the Stock Exchange

On June 20, 2016, the new Italiaonline S.p.A. was listed on the stock exchange, after the finalization of its merger into Seat Pagine Gialle S.p.A. and the reverse stock split (with a 1:1000 ratio).
In their first year on the stock market, between June 30, 2016 and June 30, 2017, the overall performance of the ordinary shares of Italiaonline S.p.A., calculated on the adjusted reference prices, also as a result of the allocation of an extraordinary dividend of €0.692 per ordinary share (made available for payment on May 10, 2017) was positive with an increase of 82.4%, to reach a market capitalization at June 30, 2017 equal to €323 million.
In the same period, approximately 26.3 million ordinary shares of Italiaonline S.p.A. were traded, with an average daily exchange of approximately 102 thousand ordinary shares (equal to an average of about €242 thousand).



Source: Nasdaq IR Insight

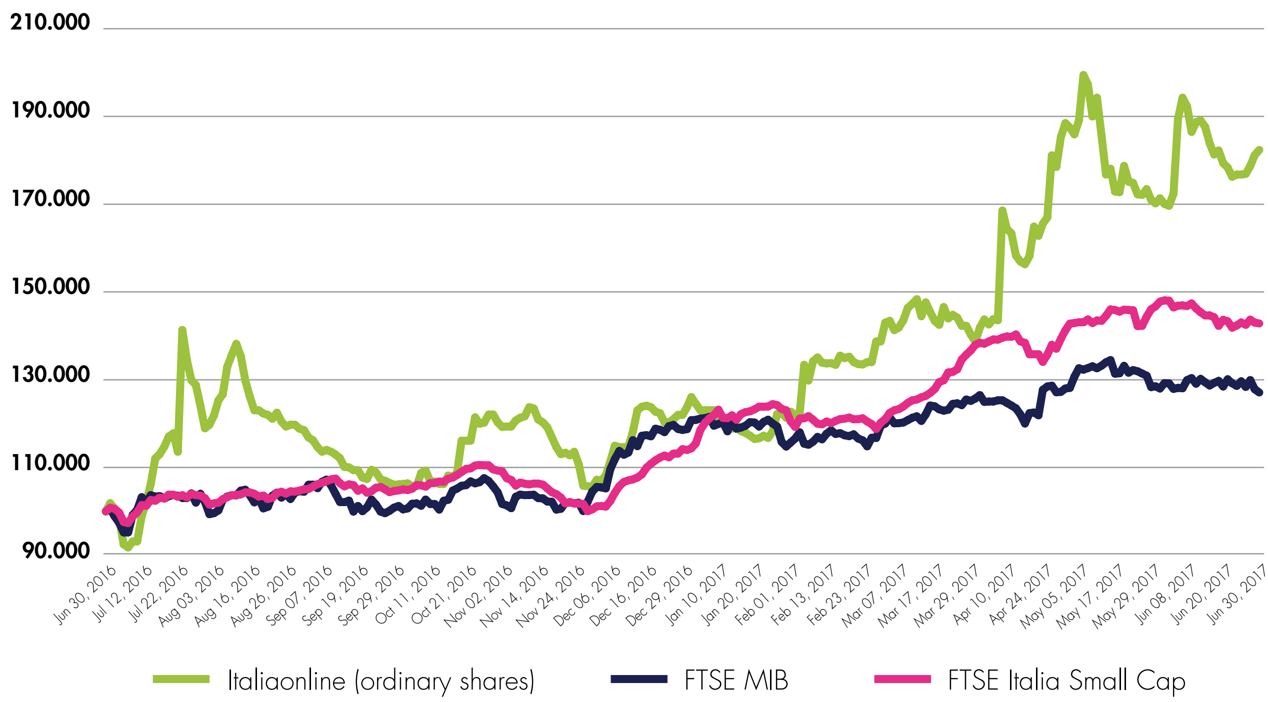
Share price	**DATE**	**EURO**
Reference price	06/30/2017	2.816
Reference price	06/30/2016	1.544
Average price		2.071
Highest price	05/08/2017	3.080
Lowest price	07/07/2016	1.418

Volumes traded	**DATE**	**NUMBER OF SHARES**
Average volume		102,140
Highest volume	04/27/2017	897,246
Lowest volume	10/14/2016	3,012

Source: Nasdaq IR Insight

Lastly, analysing the performance of Italiaonline ordinary shares against the main reference indexes, in the period considered, Italiaonline clearly outperformed the FTSE MIB and FTSE Italia Small Cap indexes.

Reference price (base at 06/30/2016 = 100)



Source: Nasdaq IR Insight

Investor Relations activities

The Investor Relations business of Italiaonline Group aims to build and maintain a transparent and continuous dialogue with the Financial Community. Disclosure to Market Operators aims to provide the most comprehensive, transparent and timely flow of information, using and innovating the channels of interaction of Investor Relations, in compliance with the regulations dictated by Consob and the Stock Exchange.

During the first half of 2017 Italiaonline participated in some national and international roadshows (Paris) to describe the equity story and the outlook for the new Italiaonline to the financial community after the reverse merger of 2016 with Seat PG. In addition, in June and July, the analysts of Intermonte Sim and Banca Imi began covering the share (available on the Italian Stock Exchange website), adding to the coverage of Banca Akros.

Analyst coverage

At the date of publication of this Interim Financial Report, Italiaonline S.p.A. is covered by three prime brokers, Intermonte, Banca IMI and Banca Akros, with an average target price on ordinary shares equal to €3.7.

Shareholders

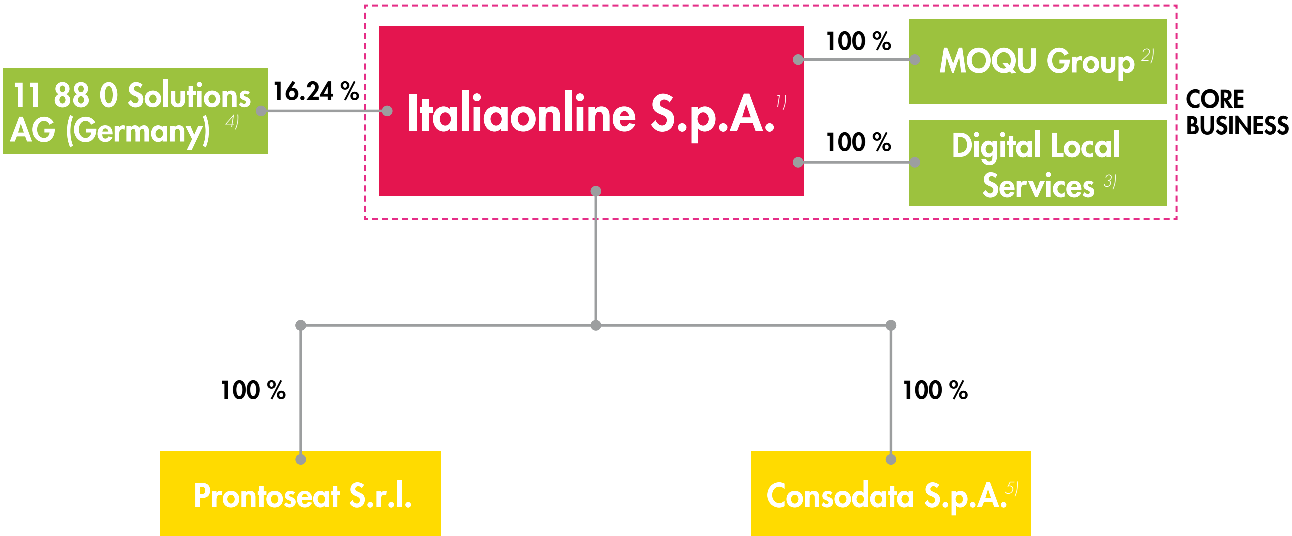
The shareholders holding Italiaonline S.p.A. ordinary shares with a holding exceeding 5% of the share capital of the Parent, on the basis of information available at June 30, 2017, are listed below.

DECLARANT	SHAREHOLDERS	NO. OF SHARES	% OF CAPITAL
Marchmont Trust	Libero Acquisition S.à.r.l.	67,499,999	58.82
GoldenTree Asset Management	LP Fondi GoldenTree(1)	18,608,144	16.21
Lasry Marc	GL Europe Luxembourg S.à.r.l.	15,930,433	13.88
	Market	12,722,648	11.09
	Total	114,761,224	100.00

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

Organizational structure of the Group

(at August 2, 2017)



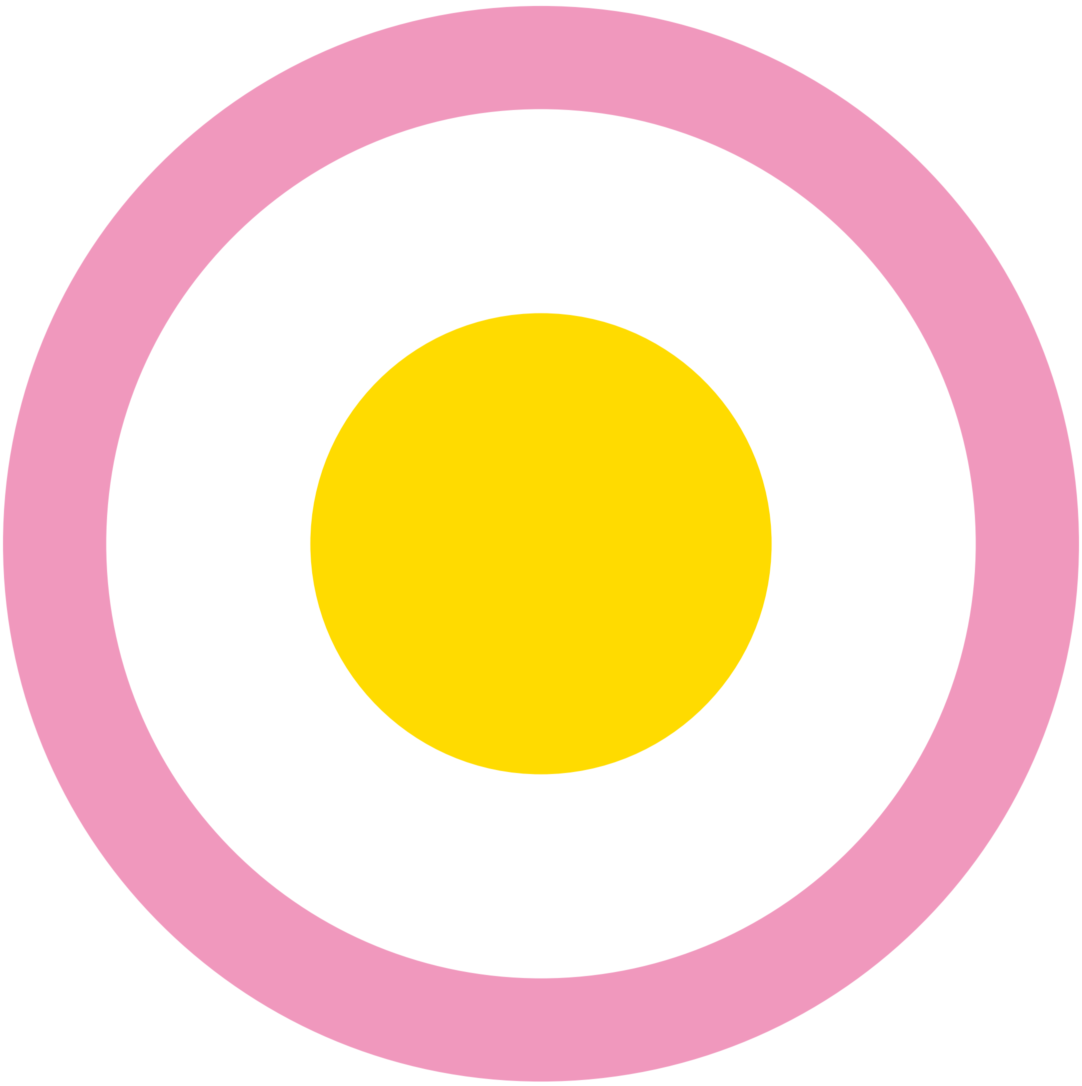
1) Italiaonline also holds a 20% stake in Gold Five Ltd. (in liquidation from October 18, 2016), 100% of Couponing Italia S.r.l. "in liquidation" and 100% of Telegate Holding GmbH (in liquidation from June 29, 2016).
2) The Moqu Group includes Moqu Adv S.r.l. and its 100% subsidiary Moqu Ireland Ltd (in liquidation).
3) 74 (of which 11 in liquidation) single member limited liability companies directly owned by Italiaonline S.p.A.
4) Formerly Telegate AG
5) As the plan of Parent to sell the equity investment in Consodata S.p.A. has been put on hold, the assets and liabilities referred to this company were no longer classified "net non-current assets held for sale", pursuant to IFRS 5.

Tradition

REPORT ON OPERATIONS

Contents of the Report on Operations

Experience



Performance of the Group

The condensed interim consolidated financial statements of the Italiaonline Group for the first half of 2017, and the corresponding period of the previous year, used for comparison, were 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 as at June 30, 2017 was prepared on a going-concern basis, since there is a reasonable expectation that Italiaonline S.p.A. will continue to operate in the foreseeable future for 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 consider that the actual results may differ from those contained in these forecasts for a number of reasons, some of which are beyond the Group's control.

RECLASSIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENT

Income statement

(euro/thousand)	H1 2017	H1 2016	CHANGE ABSOLUTE	CHANGE %
Revenue from sales and services	**166,429**	**199,673**	**(33,244)**	**(16.6)**
Costs of materials and external services (*)	(84,301)	(105,976)	21,675	20.5
Personnel expense (*)	(40,143)	(55,618)	15,475	27.8
GOP	**41,985**	**38,079**	**3,906**	**10.3**
% on revenue	*25.2%*	*19.1%*		
Net allowances for impairment and accruals to provisions for risks and charges	(6,076)	(7,014)	938	13.4
Other net operating income (expenses)	213	(1,593)	1,806	n.s.
EBITDA	**36,122**	**29,472**	**6,650**	**22.6**
% on revenue	*21.7%*	*14.8%*		
Operating amortization, depreciation and impairment losses	(16,538)	(21,841)	5,303	24.3
Non-operating amortization, depreciation and impairment losses	(2,614)	(3,412)	798	23.4
Net non-recurring and restructuring expense	(393)	(4,717)	4,324	91.7
EBIT	**16,577**	**(498)**	**17,075**	**n.s.**
% on revenue	*10.0%*	*(0.2%)*		
Net financial income (expense)	678	175	503	n.s.
Impairment losses recognised on financial assets and losses from subsidiaries disposal	-	6	(6)	(100.0)
Pre-tax profit (loss)	**17,255**	**(317)**	**17,572**	**n.s.**
Income taxes	(10,946)	4,151	(15,097)	n.s.
Profit (loss) for the period	**6,309**	**3,834**	**2,475**	**64.6**
- of which attributable to the owners of the Parent	6,309	3,865	2,444	63.2
- of which attributable to non-controlling interest	-	(31)	31	100.0

(*) Less costs charged to non-controlling interests and shown in the IFRS financial statements under “Other income”.

Statement of comprehensive income

(euro/thousand)	H1 2017	H1 2016
Profit (loss) for the period	**6,309**	**3,834**
Other comprehensive income (expense) that will not be reclassified subsequently to profit or loss:		
Actuarial gains (losses) net of tax	476	(1,747)
Total other comprehensive income (expense) that will not be reclassified subsequently to profit or loss	476	(1,747)
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)
Total other comprehensive income (expense) that will be reclassified subsequently to profit or (loss)	-	(528)
Total other comprehensive income (expense), net of tax	**476**	**(2,275)**
Total comprehensive income (expense) for the period	**6,785**	**1,559**
- of which attributable to the owners of the Parent	6,785	1,590
- of which attributable to non-controlling interests	-	(31)

Statement of financial position

(euro/thousand)		AT 06.30.2017	AT 12.31.2016	CHANGE
Goodwill and marketing-related intangible assets		275,089	277,703	(2,614)
Other non-current assets (*)		77,107	77,568	(461)
Operating non-current liabilities		(39,197)	(39,368)	171
Non-operating non-current liablities		(20,013)	(20,454)	441
Operating working capital		(51,791)	(34,952)	(16,839)
- Operating current assets		*179,116*	*200,217*	*(21,101)*
- Operating current liabilities		*(230,907)*	*(235,169)*	*4,262*
Non-operating working capital		(15,667)	(13,152)	(2,515)
- Non-operating current assets		*10,546*	*11,171*	*(625)*
- Non-operating current liabilities		*(26,213)*	*(24,323)*	*(1,890)*
Net non-current assets held for sale and discontinued operations		-	(2,125)	2,125
Net invested capital		**225,528**	**245,220**	**(19,692)**
Equity attributable to the owners of the Parent		294,332	367,337	(73,005)
Equity attributable to non-controlling interests		-	-	-
Total equity	**(A)**	**294,332**	**367,337**	**(73,005)**
Current financial assets, cash and cash equivalent		(68,863)	(122,176)	53,313
Current financial liabilities		59	59	-
Net financial position	**(B)**	**(68,804)**	**(122,117)**	**53,313**
Total	**(A+B)**	**225,528**	**245,220**	**(19,692)**

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

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE FIRST HALF OF 2017

The main indicators (Revenue and EBITDA) for the first half of 2016 were also analyzed on the basis of pro forma data. This was done to reflect the change in scope due to the sales of the subsidiary Europages and the 12.54 service and to the repositioning of some business lines (arbitrage contract of Moqu on the Google Ad Sense market) carried out in 2016 in order to make possible the comparison with the results of the first half of 2017.

The use of pro forma data results in Revenue lower by €10 million and EBITDA lower by €0.4 million.

In the first half of 2017, Revenue from sales and services was €166,429 thousand, down 16.6% with respect to the first half of 2016 (the decrease was only 12.1% with respect to the first half of 2016 using pro forma data).

The analysis of the revenue for the core business (97.5% of consolidated revenue), represented by the "ITALIAONLINE" segment (Italiaonline S.p.A., Moqu and Digital Local Services), shows that this contraction reflects the restructuring of the product portfolio and the structural contraction of the traditional business based on phone directories and directory assistance services. Notably:

- Digital Revenue: this was €112,936 thousand in the first half of 2017, down by 11.4% with respect to the first half of 2016. This performance shows however an improvement of approximately 4 percentage points with respect to the drop recorded in the first quarter of the year, as the strategy of rejuvenation of the product portfolio initiated in 2016 started to produce positive effects. The total share of Digital Revenue in the period was 69.6%.
- Traditional Revenue: this was equal to €48,932 thousand in the first half of 2017, down by 19.4% with respect to the first half of 2016 (a decrease of only 13.6% with respect to the first half of 2016 using pro forma data). The share of Traditional Revenue on the total for the period was 30.1%.

The breakdown of revenue from sales and services was as follows:

- in the first half of 2017, revenue of the "ITALIAONLINE" segment (Italiaonline S.p.A., Moqu and Digital Local Services) was €162,330 thousand, down by 15.5% on the first half of 2016 (the decrease was only 12.2% when using pro forma data). For more details on the performance of individual product lines, please refer to the comments on the "ITALIAONLINE" segment.
- Prontoseat revenue, earned almost entirely within the Group, was equal to €2,750 thousand in the first half of 2017, with an increase of €145 thousand with respect to the first half of 2016. The change in sales revenue is basically due to the increase in outbound revenue (+€140 thousand with respect to the first half of 2016) related to the sale of Italiaonline products. The inbound revenue was basically stable: the increase revenue related to the management of customer service centres offsetting the fall in the revenue related to the 89.24.24 service.
- Consodata revenue was equal to €4,653 thousand in the first half of 2017 (€5,859 thousand in the first half of 2016). The decrease of €1,206 thousand is mainly due to the decreased sales of Business Information products by the Italiaonline agent network, only partly offset by an increase in data sales, which have benefited from increasing use of partnership agreements with suppliers.

Costs for external materials and services, net of costs charged to third parties, included in the IFRS financial statements as "other income", were equal to €84,301 thousand in the first half of 2017, down by €21,675 thousand (20.5%) with respect to the first half of 2016 (€105,976 thousand).

The strategic initiatives aimed at containing costs have involved all types of operating costs. In particular, the following cost cuts were implemented:

- on paper consumption, by €4,613 thousand, for a total of €922 thousand following renegotiation of contracts;
- on commissions and other agent costs, by €5,108 thousand, for a total of €22,174 thousand;
- on web publisher fees, by €3,277 thousand, for a total of €16,870 thousand;
- on consulting and professional services costs, by €1,020 thousand, for a total of €5,445 thousand.

Personnel expense, net of costs charged to third parties, included in the IFRS financial statements under "other income", was equal to €40,143 thousand in the first half of 2017, down by €15,475 thousand with respect to the first half of 2016 (€55,618 thousand). This decrease was mainly due to the reorganization initiatives implemented within the Group.

The Group workforce, including directors, long-term consultant and interns, counted 1,907 units as at June 30, 2017 (2,008 units as at December 31, 2016 including the Consodata S.p.A. workforce; the 2016 figures had been reclassified as non-current assets held for sale and discontinued operations). The active force of the Group, net of the staff in "CIGS a zero ore" [government-sponsored lay-off scheme], counted 1,652 units as at June 30, 2017 and 1,692 units as at December 31, 2016. The average full-time equivalent (FTE) in the first half of 2017 was 1,515 units (1,873 units in the first half of 2016).

Gross operating profit (GOP) was equal to €41,985 thousand in the first half of 2017, up by €3,906 thousand with respect to the first half of 2016 (€38,079 thousand), due to the aforementioned cuts in operating costs.

Net allowances for impairment and accruals to provisions for risks and charges were equal to €6,076 thousand in the first half of 2017 (€7,014 thousand in the first half of 2016). The net allowances for impairment losses refer for €3,563 thousand to the net accrual to the allowance for doubtful trade receivables, down by €2,020 thousand with respect to the first half of 2016, thanks to the close monitoring of the quality of sales and the management of trade receivables. The item also includes € 1,508 thousand due to the write-down of assets forming the sales network deemed not recoverable by the Parent. Net provisions for operating risks and charges, amounted to €1,005 thousand (€702 thousand in the first half of 2016).

In the first half of 2017, **other operating income and expense** recorded a net positive balance equal to €213 thousand (it was negative for €1,593 thousand in the first half of 2016).

Operating income before amortization, depreciation, net non-recurring and restructuring costs (EBITDA) was €36,122 thousand in the first half of 2017, up by 22.6% with respect to the first half of 2016 (€29,472 thousand); the EBITDA margin also increased, to 21.7% (14.8% in the first half of 2016).

Operating amortization, depreciation and impairment losses were €16,538 thousand in the first half of 2017, down by €5,303 thousand with respect to the first half of 2016, mainly due to minor investments (€21,841 thousand). They refer to intangible assets with a finite useful life for €14,604 thousand (€18,825 thousand in the first half of 2016) and to property, plant and equipment for €1,934 thousand (€3,016 thousand in the first half of 2016).

Non-operating amortization, depreciation and impairment losses were equal to €2,614 thousand (€3,412 thousand in the first half of 2016). These include the amortization charge for the Database and Customer Relationship intangible assets, recorded in Italiaonline S.p.A. following the Purchase Price Allocation process pursuant to IFRS 3.

Net non-recurring and restructuring costs were €393 thousand (€4,717 thousand in the first half of 2016). This item included income of €2,126 thousand from the sale of the two remaining finance leases, related to the buildings of the Turin office, in place with Mediocredito Italiano S.p.A. to the company Engineering Ingegneria Informatica S.p.A. Non-recurring charges, equal to €2,519 thousand in the first half of 2017 (€4,671 thousand in the first half of 2016), mainly represented costs for strategic consulting and rebranding for €1,075 thousand and for the reorganization within the group for € 548 thousand. In the first half of 2016, the item included mainly consulting for the merger project, for €2,278 thousand, and costs related to the rebranding of Italiaonline S.p.A. for €1,103 thousand.

Earnings Before Interest and Taxes (EBIT) in the first half of 2017 were positive for €16,577 thousand (negative for €498 thousand in the first half of 2016). The improvement in EBIT reflects, besides the business trends registered at GOP and EBITDA level, the decrease in depreciation and amortisation and in net charges for non-recurring transactions and the ongoing corporate reorganisation processes.

Net financial income was €678 thousand in the first half of 2017 (€175 thousand in the first half of 2016).

Specifically, *financial expense* was €367 thousand (€1,867 thousand in the first half of 2016) and included discount interest for €329 thousand (€1,115 thousand in the first half of 2016). In the first half of 2016, this item included: *i)* €562 thousand for interest expense and fees on the loan of approximately €41 million, recognized and measured at amortised cost, taken out 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 S.p.A.; *ii)* €126 thousand as interest paid on the amounts due to Mediocredito Italiano S.p.A. for finance leases.

Income taxes for the first half of 2017 recorded a negative balance equal to €10,946 thousand (positive for €4,151 thousand in the first half of 2016). Pursuant to IAS 34, tax liabilities were calculated by applying to the pre-tax profit (loss) the average tax rates provided for in the Business plan for 2017 (tax rate).

Profit (loss) attributable to the owners of the Parent in the first half of 2017 was €6,309 thousand (profit of €3,865 thousand in the first half of 2016).

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2017

As the plan of the Parent Italiaonline S.p.A. to sell the equity investment in Consodata S.p.A. has been put on hold, the assets and liabilities referred to this company were no longer classified as "net non-current assets held for sale" and therefore the related items as at June 30, 2017 were recognized separately in the respective items of the financial statements. Pursuant to IFRS 5, the assets and liabilities referred to Consodata S.p.A. were measured at the lower of the recoverable value calculated at the date when the decision not to sell was taken and the carrying amount before the assets were classified as held for sale, adjusted for all amortization, depreciation, impairment losses and reversal of impairment losses that would have been otherwise been recognized if the assets had not been classified as held for sale.

Net invested capital

Net invested capital was €225,528 thousand as at June 30, 2017, down by €19,692 thousand with respect to December 31, 2016.
The breakdown of net invested capital was as follows:

- **goodwill and "marketing-related" intangible assets** were €275,089 thousand as at June 30, 2017 (€277,703 thousand as at December 31, 2016) and included:
  - brands with indefinite useful life for €169,406 thousand, as follows: Libero €70,262 thousand, Virgilio €53,000 thousand, Pagine Gialle €30,859 thousand and Pagine Bianche €15,285 thousand;
  - "Customer relationships" equal to €20,107 thousand (€21,737 thousand as at December 31, 2016);
  - "Databases" equal to €4,262 thousand (€5,246 thousand as at December 31, 2016);
  - goodwill equal to €81,314 thousand, of which €9,317 thousand for the acquisition of Matrix and €71,997 thousand generated in the acquisition of the SEAT Group by Italiaonline, calculated in the Purchase Price Allocation (PPA) as the difference between the fair value of net assets acquired and the acquisition price.
- **other non-current assets** were €77,107 thousand as at June 30, 2017 (€77,568 thousand as at December 31, 2016). These assets included:
  - *non-current operating assets,* both intangible assets and property, plant and equipment, for €47,991 thousand as at June 30, 2017, down by €285 thousand from December 31, 2016 (€48,276 thousand).

    Capital expenditure, equal to €16,256 thousand (€12,095 thousand in the first half of 2016), broken down among business areas as follows:
    - in the Italiaonline segment, €15,111 thousand in the first half of 2017 (€10,566 thousand in the first half of 2016), related to:
      - *i)* configuration and deployment of the portion of Datacenter Supernap Italia dedicated to host the IT services of the company; *ii)* purchase of three-year licence for the email system Open X-Change; *iii)* building and system upgrade for the offices in Florence, Pisa and Assago; *iv)* user licence for the software platform "AdVantage Platform" (Matchcraft), for the use of application services for the implementation and management of marketing campaigns;
      - in Consodata S.p.A., €1,140 thousand in the first half of 2017 (€1,468 thousand in the first half of 2016), for investments in the development of software platforms, database expansion and the purchase of databases.
  - *other investments,* equal to €2,110 thousand as at June 30, 2017, representing the fair value of 16.24% of the remaining stake that Italiaonline S.p.A. holds in 11 880 Solutions AG (formarly Telegate AG), classified, pursuant to IAS 39, as a financial asset available for sale.
  - *other non-current assets*, equal to €26,902 thousand as at June 30, 2017 (€27,029 thousand as at December 31, 2016), which

include mainly *i)* €18,543 for the the tax credit for IRES tax refund claim filed by the Parent by presenting the 2014 CNM (National Consolidated World) form; *ii)* €4,518 thousand for the tax credit for reimbursement of the additional IRES paid up to 2012 as a result of the failure to deduct IRAP on costs for employees and similar personnel recorded in 2013, pursuant to relevant official interpretations; *iii)* €2,663 thousand for loans to employees, provided at market rates;
  - *net deferred tax assets* were equal to €104 thousand as at June 30, 2017 (€152 thousand as at December 31, 2016).
- **operating non-current liabilities** were €39,197 thousand as at June 30, 2017 (€39,368 thousand as at December 31, 2016). These liabilities included:
  - *provisions for agents' termination indemnities* equal to €19,377 thousand as at June 30, 2017 (€19,283 thousand as at December 31, 2016). Pursuant to current legislation, this provision represents the liabilities accrued at the end of the period for the indemnities due to sales agents 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 liabilities of a similar duration, estimating its expected future use over time based on the average term of agency contracts;
  - *provision for employee's leaving entitlement,* for €17,595 thousand as at June 30, 2017 (€17,832 thousand as at December 31, 2016).
- **Non-operating non-current liabilities,** equal to €20,013 thousand as at June 30, 2017 (€20,454 thousand as at December 31, 2016). This item consists entirely of *net deferred tax liabilities,* which increased by €10,747 thousand in the period. As at December 31, 2016, the item included €11,187 thousand representing the non-current portion of the provision for corporate reorganisation made last year as a result of the new corporate staff reorganisation plan and entirely reclassified among current liabilities in first half of 2017.
- **operating working capital**, negative for €51,791 thousand as at June 30, 2017 (negative for €34,952 thousand as at December 31, 2016). The main changes occurred over the period were as follows:
  - *trade receivables*, equal to €138,909 thousand as at June 30, 2017, were down by €22,877 thousand with respect to December 31, 2016 (€161,786 thousand);
  - *payables for services to be provided and other current liabilities*, equal to €105,638 thousand as at June 30, 2017, were up by €1,834 thousand with respect to December 31, 2016 (€103,804 thousand). This change primarily reflects the timing of purchasing and invoicing for advertising services;
  - *trade payables*, equal to €104,303 thousand as at June 30, 2017, down by €6,724 thousand with respect to December 31, 2016 (€111,027 thousand);
- **non-operating working capital**, negative for €15,667 thousand as at June 30, 2017 (positive for €13,152 thousand as at December 31, 2016). This item included:
  - *provisions for risks and current non-operating charges* equal to €20,298 thousand (€15,122 thousand as at December 31, 2016) related to the provision for reorganization charges. The increase reflects the joint effect of the reclassification for €11,187 thousand of the non-current portion of the provision for reorganization charges created in 2016 (as above indicated) and the uses of the provision made in first half of 2017 equal to €6,301 thousand in execution of the staff reorganization plan.
  - *current tax assets* equal to €7,219 thousand as at June 30, 2017 (€6,845 thousand as at December 31, 2016) mainly relating to the tax assets for current taxes (IRES and IRAP) of the Parent.

Equity

Consolidated **equity** was equal to €294,332 thousand as at June 30, 2017 (€367,667 thousand as at December 31, 2016) and was entirely attributable to the Parent.
The decrease of €73,005 thousand mainly reflects the effects

- of the distribution of dividends to ordinary and savings shareholders of the Parent for a total of €80,032 thousand (for more details, see section "Main events of the first half of 2017" of this Report);
- of profits for the period equal to €6,309 thousand.

Net financial indebtedness

The net financial indebtedness as at June 30, 2017 was positive for €68,804 thousand (positive for €122,117 thousand as at December 31, 2016).
The net financial indebtedness as at June 30, 2017 was structured as follows:

(euro/thousand)		AT 06.30.2017	AT 12.31.2016	CHANGE
A	Cash and cash equivalents	67,932	121,566	(53,634)
B	Other cash and cash equivalents	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	**Liquidity**	**67,932**	**121,566**	**(53,634)**
E.1	**Current financial receivables due from third parties**	**931**	**610**	**321**
E.2	**Current financial receivables due from related parties**	**-**	**-**	**-**
F	Current bank debt	-	-	-
G	Current portion of non-current debt	-	-	-
H.1	Other current financial debt to third parties	59	59	-
H.2	Other current financial debt due to related parties	-	-	-
I=(F+G+H)	**Current financial debt**	**59**	**59**	**-**
J=(I-E-D)	**Net current financial indebtedness**	**(68,804)**	**(122,117)**	**53,313**
K	Non-current bank debt	-	-	-
L	Bond issues	-	-	-
M.1	Other non-current loans due to third parties	-	-	-
M.2	Other non-current loans due to related parties	-	-	-
N=(K+L+M)	**Non-current financial debt**	**-**	**-**	**-**
O=(J+N)	**Net financial indebtedness (ESMA)**	**(68,804)**	**(122,117)**	**53,313**

The change in the net financial position with respect to December 31, 2016 reflects the payment of ordinary and extraordinary dividends on May 10, 2017, for a total amount of €80,032 thousand. For more details, see the section "Main events of the first half of 2017" of this Report.
In addition, on February 23, 2017, Italiaonline S.p.A. signed the deeds for the sale of the two remaining finance lease agreements, related to the buildings of the Turin office, in place with Mediocredito Italiano S.p.A., to the company Engineering Ingegneria Informatica S.p.A. Therefore the remaining financial liability, which as at December 31, 2016 had been reclassified among non-current liabilities held for sale, has been cancelled.
A short description of the items included in the net

financial indebtedness is provided below:

- **current financial debt** was €59 thousand as at June 30, 2017 unchanged with respect to December 31, 2016.
- **current financial receivables and cash and cash equivalents** were €68,863 thousand as at June 30, 2017 (€122,177 thousand as at December 31, 2016) and included €67,932 thousand of cash and cash equivalents (€121,566 thousand as at December 31, 2016), the decrease mainly being due to the distribution of a dividend equal to a total of €80,032 thousand as described above.

Risk associated with financial debt

Given the financial resources available as at June 30, 2017, there are no risks connected with financial debt, also taking into account that on February 23, 2017 Italiaonline S.p.A. signed deeds for the sale of the two remaining finance lease contracts in place with Mediocredito Italiano S.p.A. to the company Engineering Ingegneria Informatica S.p.A..

Credit risk

The business of the Italiaonline Group is characterised by the presence of a large number of customers in the SME segment (small medium enterprises), which have suffered during the crisis and for which the recovery has not started or consolidated in all business segments of our target market. This market environment, as well as the complexity generated by the large number of transactions, led the Company to implement a structured credit management, which uses a behavioural scoring process for each contract proposal and a timely and gradual credit collection process, which uses both internal teams and external partners, first with a series of telephone calls, followed with a quality collection network, operating throughout Italy, which is familiar with our customers and our products, and finally with legal action against customers who have not paid the amount due after one year.

In this context the activity for overseeing collections involve tools such as advances and guarantees, collected during the contract creation process, and incentives to use forms of payment such as SEPA Direct Debit (SDD), equal to 78% of sales to SMEs (+2% per annum), allowing our group to better manage the dynamics of collections at due dates.

As part of its investment to upgrade previous legacy systems, the group has implemented integrated software across the two main activities related to the assessment of scoring and the management of the credit collection process.

The trade receivables of the Italiaonline Group as at June 30, 2017 amounted to approximately €139 million (approximately €162 million as at December 31, 2016), almost entirely due to the Parent Italiaonline S.p.A., which in late 2016 had approximately 230,000 customers spread all over Italy consisting mainly of small and medium-sized enterprises.

The amount of overdue trade receivables of the Group as at June 30, 2017 amounted to approximately €65 million (€68 million as at December 31, 2016) with an average coverage percentage of the allowance for impairment amounting to about 60%, in line with prior years and deemed adequate. The monitoring at an early stage of the credit collection process described above has led the Company to gradually decrease overdue trade receivables compared to total receivables, the main macroscopic indicator of credit quality.

Exposure to credit risk - represented in the financial statements as the 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 to the ampunt due as at June 30.

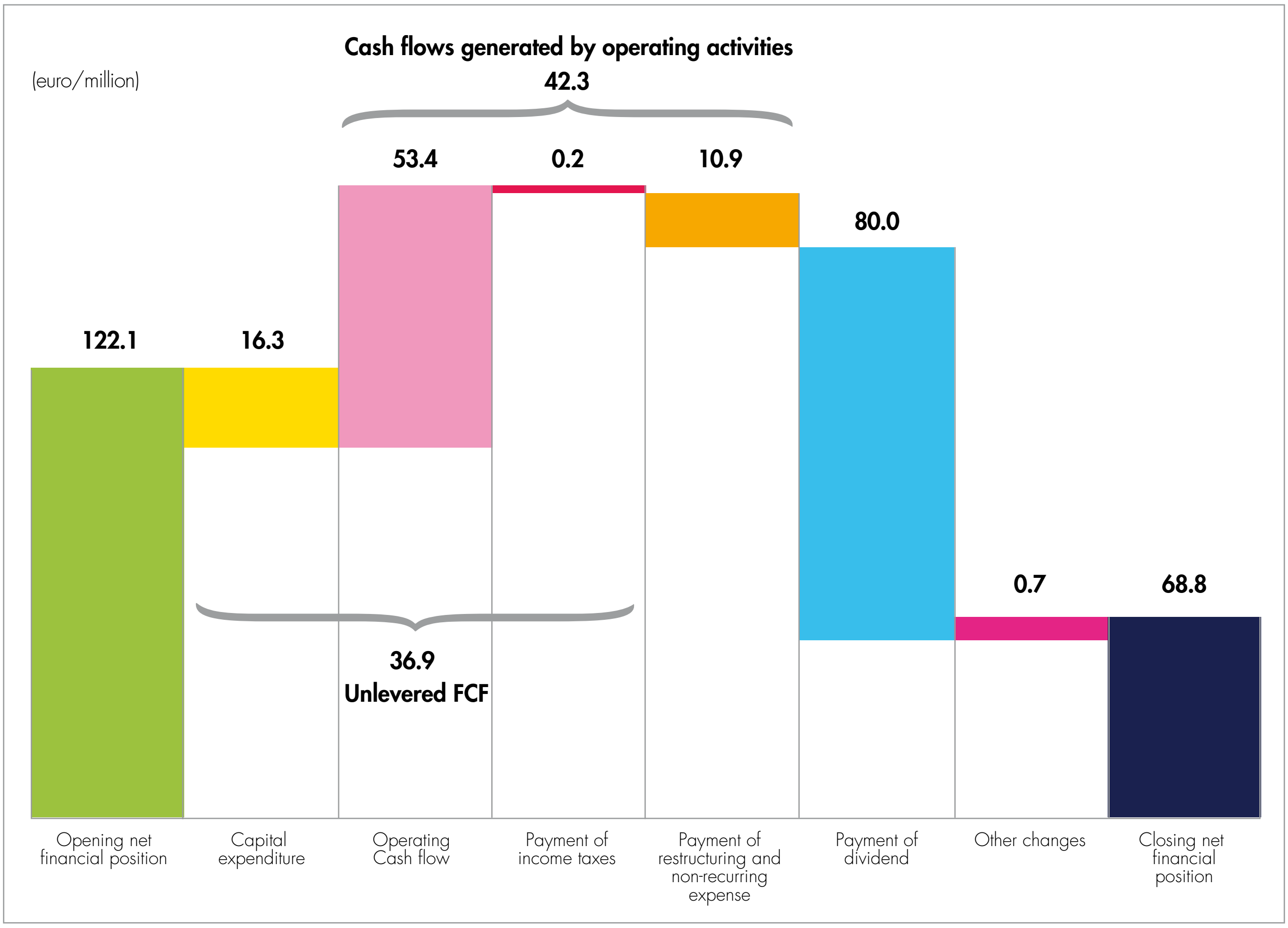
As at June 30, 2017, the allowance for impairment at Group level amounted to €39.7 million (€42.1 million as at December 31, 2016), down because, despite its utilization, the outstanding receivables were deemed qualitatively better, due to the reduction of the days overdue and gradual improvement in collections by the due date.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF OF 2017

(euro/thousand)	H1 2017	H1 2016	CHANGE
EBITDA	36,122	29,472	6,650
Net interest income (expense) from discounting of operating activities/liabilities and stock options	305	(576)	881
Decrease (increase) in operating working capital	17,983	18,656	(673)
(Decrease) increase in non-current operating liabilities (*)	(965)	761	(1,726)
Capital expenditure	(16,256)	(12,095)	(4,161)
(Gains) losses on disposal of non-current operating assets	(1)	(27)	26
Operating free cash flow - OFCF	**37,188**	**36,191**	**997**
Income taxes	(249)	(668)	419
Unlevered free cash flow	**36,939**	**35,523**	**1,416**
Collection of interest and financial expense, net	(2)	1,375	(1,377)
Payment of non-recurring and restructuring expense	(10,857)	(9,344)	(1,513)
Dividend distribution	(80,032)	-	(80,032)
Other charges	639	(100)	739
Change in net financial position	**(53,313)**	**27,454**	**(80,767)**

(*) The change does not include the non - monetary effects arising from actuarial gains and losses recognised in equity.

The following graph summarizes the main factors that contributed to the change in net financial indebtedness during the first six months of 2017.



The **unlevered free cash flow** generated in the first half of 2017, was positive for €36,939 thousand, improved (+€1,416 thousand) with respect to that generated in the first half of 2016 (€35,523 thousand).

This result benefits from the increase in EBITDA of €6,650 thousand and lower tax payments by € 419 thousand, mainly offset by a € 4,161 thousand increase in investments in the period.

Disclosure required by CONSOB on July 22, 2016 pursuant to Article 114 of Legislative Decree No. 58/98

In compliance with the request received from CONSOB on July 22, 2016, file ref. No. 0067885/16, pursuant to Art. 114 of Legislative Decree 58/1998, regarding the integration of the disclosure made in the annual and interim reports, starting with the half-year Financial Statements as at June 30, 2016, as well as with the press releases on the approval of said accounting documents, in replacement of the disclosure requirements made in the request of September 7, 2011, file Ref. No. 11076499, we provide the following data as at June 30, 2017.

The net financial position of the Company as at June 30, 2017 was as follows:

(euro/thousand)		AT 06.30.2017	AT 12.31.2016	CHANGE
A	Cash and cash equivalents	67,654	120,738	(53,084)
B	Other cash and cash equivalents	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	**Liquidity**	**67,654**	**120,738**	**(53,084)**
E.1	**Current financial receivables due from third parties**	**922**	**610**	**312**
E.2	**Current financial receivables due from related parties**	**340**	**319**	**21**
F	Current bank debt	-	-	-
G	Current portion of non-current debt	-	-	-
H.1	Other current financial debt to third parties	6	6	-
H.2	Other current financial debt due to related parties	12,739	11,651	1,088
I=(F+G+H)	**Current financial debt**	**12,745**	**11,657**	**1,088**
J=(I-E-D)	**Net current financial indebtedness**	**(56,171)**	**(110,010)**	**53,839**
K	Non-current bank debt	-	-	-
L	Bond issues	-	-	-
M.1	Other non-current loans due to third parties	-	-	-
M.2	Other non-current loans due to related parties	-	-	-
N=(K+L+M)	**Non-current financial debt**	**-**	**-**	**-**
O=(J+N)	**Net financial indebtedness (ESMA)**	**(56,171)**	**(110,010)**	**53,839**

The net financial position of the Group as at June 30, 2017 is described and discussed under item 17 "Net financial indebtedness" of the notes to the condensed interim consolidated financial statements at June 30, 2017.

The net financial position of the Parent and of the Italiaonline Group as at June 30, 2017 was respectively €56,171 thousand and €68,804 thousand.

The change in the net financial position with respect to December 31, 2016 is mainly due to the payment, on May 10, 2017, of ordinary and extraordinary dividends for a total of €80,032 thousand. For more details, see "Main events of the first half of 2017" of this Report.

In addition, on February 23, 2017 Italiaonline S.p.A. signed the deeds for the sale of the two remaining finance leases, related to the buildings of the Turin office, in place with Mediocredito Italiano S.p.A, to the company Engineering Ingegneria Informatica S.p.A. Therefore the residual financial liability, which as at December 31, 2016 had been reclassified as a non-current liability held for sale, was derecognized.

The breakdown of overdue accounts payable of the Company and the Group according to their nature (financial, trading, tax, social security and employees) and the related creditors' response initiatives (reminders, injunctions, suspension in supply, etc.) is provided below:

- overdue trade payables to suppliers as at June 30, 2017 were €18,179 thousand (of which €17,480 thousand related to Italiaonline S.p.A.), paid in July 2017 for €14,088 thousand (of which €14,045 thousand related to Italiaonline S.p.A.);
- there were no overdue financial or social security liabilities;
- overdue tax liabilities are of small amounts and, as such, do not affect the ordinary course of business.

This situation is deemed normal under the usual commercial relationships with the Group's suppliers. There were no significant actions by creditors that may affect the course of ordinary business.

The related party transactions carried out by the companies of the Italiaonline group, including intra-group transactions, were all part of ordinary business and settled at market conditions or according to specific regulatory provisions. There were no atypical and / or unusual transactions, nor potential conflicts of interest. There were no changes or developments in the related party transactions described in the last approved financial statements that had a material effect on the financial position or results,of operations of the Group and Italiaonline S.p.A..

The following tables provide information on the related party transactions of the Parent:

ITALIAONLINE S.p.A. - INCOME STATEMENT 1st half year 2017

(euro/thousand)	PARENT	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	TOTAL RELATED PARTIES
Revenue from sales and services	-	1	2	-	3
Other income	-	5,378	-	196	5,574
Cost of external services	-	(20,772)	-	(2,268)	(23,040)
Personnel expense	-	(167)	-	(1,523)	(1,690)
Financial income	-	5	-	-	5

(*) Directors, statutory auditors, key managment personnel

ITALIAONLINE S.p.A. - STATEMENT OF FINANCIAL POSITION at June 30, 2017

(euro/thousand)	PARENT	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	TOTAL RELATED PARTIES
Assets					
Intangible assets with a finite useful life	-	350	-	3	353
Property, plant and equipment and Leased assets	-	-	-	62	62
Other non-current financial assets	-	-	168	-	168
Trade receivables	-	-	-	-	-
Other current assets	90	4,978	-	222	5,290
Current financial assets	-	6,132	-	-	6,132
Liabilities					
Other non-current liabilities	-	744	-	-	744
Current financial liabilities	-	12,739	-	-	12,739
Trade payables	-	5,075	-	1,974	7,049
Liabilities for services to be provided and other current liabilities	-	3	-	242	245

(*) Directors, statutory auditors, key managment personnel

The related parties of the Group are listed in section 29, "Related party transactions", of the Notes to the condensed interim consolidated financial statements at June 30, 2017.

On the basis of the most recent data available, referred to the first half of 2017, the main economic and financial indicators of the Group were in line with the forecasts of the 2017-2019 Updated Business Plan, approved on March 15, 2017.

Main events of the first half of 2017

Manager in charge of financial reporting

On January 12, 2017, the Company's Board of Directors resolved to appoint, with the approval of the Board of Statutory Auditors, Ms Gabriella Fabotti, head of the Finance Administration and Control Department of the Company, as new manager in charge of financial reporting, pursuant to Art. 154-bis, Legislative Decree No. 58/98.

Board positions

On February 14, 2017, Khaled Galal Guirguis Bishara tendered his resignation from the Board of Directors of the Company, of which he was also the Chairman. At the same meeting, the Board of Directors, acknowledging this resignation, appointed Tarek Aboualam to the Board of Directors, through co-optation pursuant to Art. 2386, Par. 1, of the Italian Civil Code, appointing him also Chairman of the Board.
At the Shareholders' Meeting on April 27, 2017, Tarek Aboualam was confirmed in these positions and appointed member and Chairman of the Board of Directors.

Assignment of lease agreements

On February 23, 2017, the Company signed the deeds for the sale of the two remaining finance leases agreements with Mediocredito Italiano S.p.A. to the company Engineering Ingegneria Informatica S.p.A. The residual liability as at December 31, 2016 was €9,287 thousand, recognized for €7,985 thousand. The real estate portions relating to the contracts are recognized as assets in the amount of €5,859 thousand, including the value of the fixed installations, which are also financed. These items have been duly reclassified under non-current assets held for sale and discontinued operations.

Updated Business Plan

On March 15, 2017 the Board of Directors of the Company approved an update of the Pre-Merger Plan, extending the period to 2019 and updating the financial targets for 2017-2019 ("Updated Business Plan ").

Request for integration of the agenda of the Ordinary Shareholders' Meeting on April 27, 2017

On April 6, 2017, the Company announced that, on the same date, the shareholders Libero Acquisition S.à. r.l., GL Europe Luxembourg S.à r.l., GoldenTree Asset Management Lux S.à r.l., GoldenTree SG Partners L.P., GT NM, L.P and San Bernardino County Employees' Retirement Association, jointly holders of 88.921% of the share capital of Italiaonline, had presented, pursuant to Art. 126-bis of Legislative Decree No. 58/1998, a request for the integration of the agenda of the Ordinary Shareholders' Meeting called for April 27, 2017, asking to add the following topic as third item on the agenda: *"distribution of a portion of the distributable reserves resulting from the financial statements of Italiaonline S.p.A. for the year ended December 31, 2016, by payment to the shareholders of total extraordinary dividends of €79,419,475.38, that is, equal to gross €0.692, for each of the 114,761,225 ordinary shares and 6,803 savings shares"*. The shareholders had also asked to make said extraordinary dividend available for payment on May 10, 2017, with ex-dividend date set to May 8, 2017 and record date set to May 9, 2017.

On April 10, 2017, the Board of Directors of Italiaonline resolved to approve the integration of the agenda of the Meeting according to the requests of the shareholders and published, together with the report of the shareholders, a report of its own on the request received.

On April 20, 2017, the Company and the Board of Statutory Auditors received from CONSOB a request, pursuant to Art. 114, Par. 5, Legislative Decree No. 58/1998, for integration of the information provided to the public in the press releases published on March 15 and April 10, 2017 as well as provided in the Report with which the Board of Directors has expressed its opinion on said request for integration of the agenda.

On April 26, 2017, the Board of Directors and the Board of Statutory Auditors, each within its area of competence, acknowledged the CONSOB requests with a press release issued in the required terms and manner.

Ordinary Shareholders' Meeting of April 27, 2017

On April 27, 2017, the Ordinary Shareholders' Meeting of Italiaonline S.p.A. resolved:

- to approve the 2016 financial statements of Italiaonline S.p.A. (the draft of which had been approved by the Board of Directors on March 15, 2017), showing a profit for the year of €28,210,588.26;
- to allocate the profit to *(i)* the Legal Reserve for €81.93; *(ii)* distribution of a unit dividend to savings shareholders of €90.00 (as the sum of the preferred dividends for 2014, 2015 and 2016) to each outstanding savings share, for a total amount of €612,270.00 and *(iii)* to carry forward the residual profit of €27,598,236.33;
- to distribute an extraordinary dividend equal to €0.692, gross of withholding taxes, to each of the 114,768,028 outstanding shares of the Company, for a total amount of €79,419,475.38, so that, gross of legally-required withholdings, ordinary shareholders would receive a dividend of €0.692 for each ordinary share while saving shareholders - in consideration of the preferred dividend due to savings shares - would receive a unit dividend of €90.692 for each savings share;
- to approve the appointment of Mr Tarek Aboualam to the Board of Directors and to the office of Chairman of the Board, until the expiration of the current Board of Directors, confirming therefore the appointment made on February 14, 2017;
- to approve Section I of the Remuneration Report, pursuant to Art. 123-ter of Legislative Decree No. 58/1998.

The dividend was made available for payment from May 10, 2017, against presentation of coupon No. 1, both for ordinary shares and for savings shares, with ex-dividend date set to May 8, 2017 and record date, pursuant to Art. 83-terdecies of Legislative Decree No. 58/1998, set to May 9, 2017.

Special Meeting of Savings Shareholders of April 27, 2017

On April 27, 2017, the special Meeting of Savings Shareholders of the Italiaonline S.p.A. resolved:

- to give a mandate to their Common Representative to contact the Company to assess a proposal for a savings shares split;
- to give a mandate to their Common Representative to study further, also by making use of consultants, the impact on savings shares of the distribution of extraordinary dividends - resolved by the Ordinary Shareholders' Meeting at that date - as well as to assess the necessary actions to be taken to protect this share category;
- to postpone the meeting, in continuation, to May 16, 2017.

On May 16, 2017, the special Meeting of Savings Shareholders then resolved not to approve:

- the proposal to withdraw from the proceedings before the Court of Turin to contest the resolution of the Ordinary Shareholders' Meeting of April 23, 2015 for the part concerning the allocation of the profit of the year ended December 31, 2014;
- the settlement proposal concerning said proceedings and the conversion of savings shares into ordinary shares according to terms reviewed before the Court of Turin.

Additional regular disclosures

On May 11, 2017, the Company announced its intention to continue to publish, on a voluntary basis and until resolved otherwise, an additional quarterly financial disclosure with respect to the annual and Interim Financial Report, providing with this disclosure, starting with the first quarter of 2017, a representation of its business more concise and focused on relevant information, such as the main consolidated economic-financial indicators and, if appropriate, additional qualitative and quantitative information on the business performance.

The disclosure, to be made by issue of a press release, must be approved by the Board of Directors in a meeting to be held within 45 days of the end of the first and third quarter of each year.

Appointment of the Supervisory Body

On May 11, 2017, the Board of Directors of the Company resolved to appoint to the Supervisory Body pursuant to Legislative Decree 231/2001, Giancarlo Russo Corvace (Chairman), Angelo Jannone and Giuseppe Vaciago, for the period until the Shareholders' Meeting called to approve the financial statements as at and for the year ending December 31, 2018.

Industrial relations

In the first half of 2017, industrial relations focused on the issues covered in the agreement signed on December 14, 2016, at the Ministry for the Economic Development and the Ministry of Labour, concerning the new reorganization programme, which makes use of the government-sponsored lay-off scheme [Cassa Integrazione Guadagni Straordinaria].

The annual meeting with the trade unions to discuss the performance of the Company took place in April, in the presence of the Chief Executive Officer.

Meetings were also held concerning the transfer of the staff from Rome to Assago.

Significant events after June 30, 2017

Saving shareholder appeals

On July 25, 2017, a writ of summons was notified to the Company with which the Common Representative of savings shareholders of Italiaonline S.p.A., Ms Stella d'Atri, appealed before the Court of Milan, for the purposes of art. 2377 et seq. of the Italian Civil Code, the resolution on item 3 on the agenda of the ordinary Shareholders' Meeting of April 27, 2017, concerning the distribution of an extraordinary dividend of Euro 0.692 for each of the 114,768,028 outstanding shares of the Company, as it is detrimental to the interests of the category represented. The hearing was scheduled for January 20, 2018.

Consodata Headquarters Transfer

In July after several meetings in May and June, an agreement was reached between Consodata and the trade unions regarding the collective transfer of staff from Rome to Assago, with the aim of developing business synergies, processes and facilitating business development.

Outlook

In line with the strategy pursued in the first part of the year, in 2017 Italiaonline, besides continuing to work to improve operating margins with additional cost optimisation initiatives, will focus on a series of initiatives aimed at ensuring the recovery of digital revenue.
More specifically:

Business Unit Large Accounts:
In the first half of 2017, Italiaonline carried out:

- The launch of the new SuperEva, the portal of trendy and feel-good content, designed for a young audience (Millennials).
- The launch of the new Virgilio Video portal, with new contents and video formats, to seize the opportunities of video advertising, one of the fastest-growing segments in the digital market.
- The launch of the new WebMail, entirely responsive and therefore with optimised browsing on all fixed and mobile devices and with a new series of widgets and functions, in particular a virtual drive integrated into the mailbox, on which users can save and share their files and attachments.
- The start of advertising in exclusive on important players of the Italian media sector:
  - Sportube (from February 2017), the first Italian web TV entirely devoted to sport. The agreement provides for the distribution of the video contents of Sportube on the national and local portals of Italiaonline and the advertising in exclusive by Italiaonline on the contents of Sportube.
  - Lettera43 (from May 2017), the online pure-digital daily, entirely free and independent. The partnership includes customised solutions and special projects.
- The experimentation of a new programmatic advertising architecture/stack, which will come onstream in the second part of the year and envisages the adoption of the header bidding, a technique that integrates and creates competition (real-time bidding) between different demand sources for a more efficient the management of the available advertising space of inventory management and optimise cash in.

In July 2017, Italiaonline announced the launch of IOL Advertising, the new national online advertising distributor, a real sales house able to place customers at the centre of the action, starting from three key elements of the evolution of the market (audience, brand safety, technology innovation).
Again in July 2017, Italiaonline announced a strategic partnership with 3bMeteo, which has given Italiaonline an exclusive on the sale of advertising on this website.
In the next few months, Italiaonline is planning:

- The start of other strategic partnerships focused on the realisation of synergies at the level of publishing product and advertising in exclusive by Italiaonline.
- The restyling of all thematic vertical channels (DiLei, SiViaggia, QuiFinanza, Virgilio Motori and Virgilio Sport), accompanied by a new range that includes a suite of new products aimed at promoting premium advertising.
- The strengthening of the video advertising range on all properties of the network Italiaonline, including third party.
- A new mobile advertising range, increasingly geo-profiled and hyperlocal.
- A new native (display and video) range with new, more flexible formats, more integrated in the layout of the pages and more advanced.

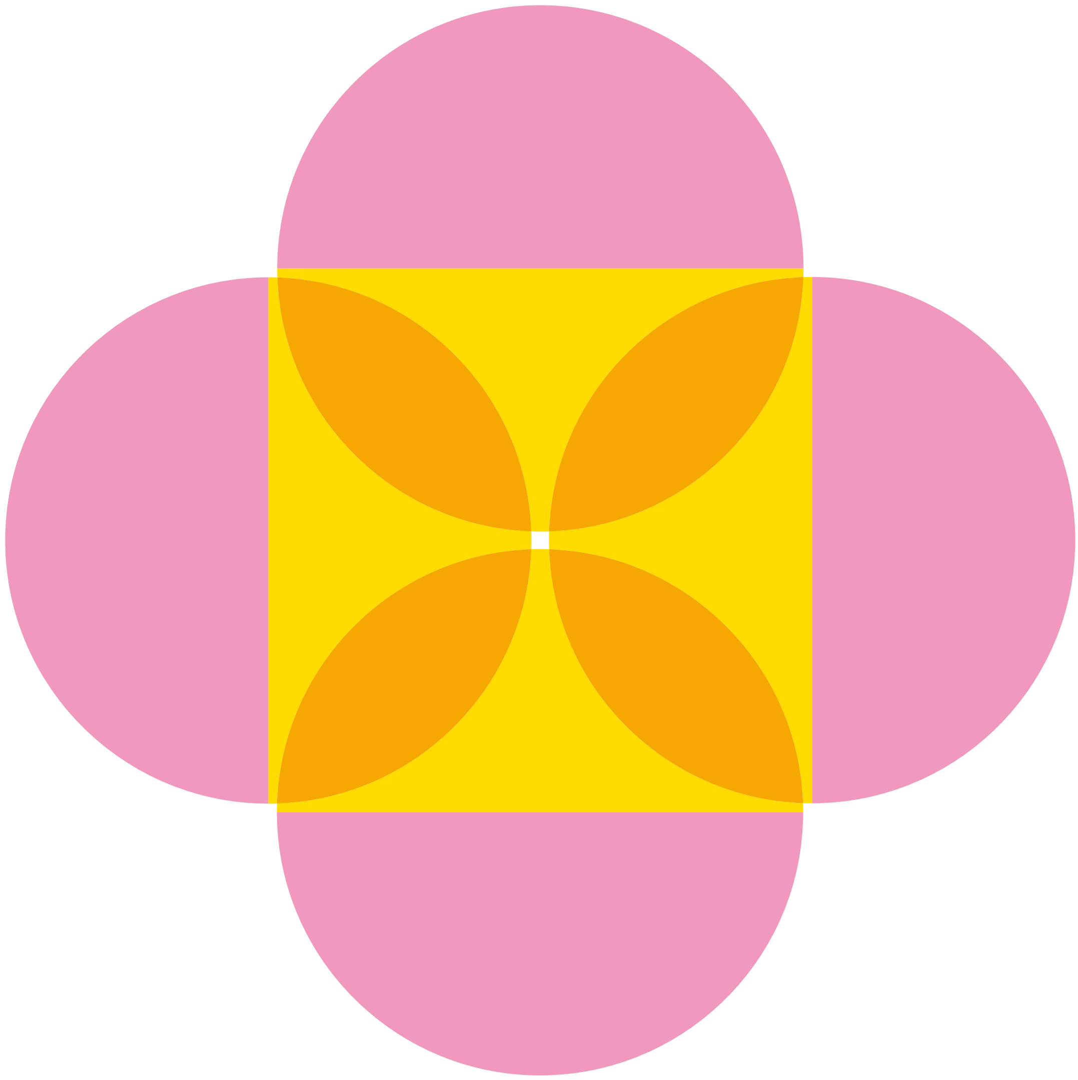
Business Unit SME Media Agency:
The first half of 2017 was characterised by a widening of the new product range launched in 2016:

- with regard to the Web Presence segment, the platform IOL Connect was expanded with products devoted to large companies with presence throughout the country and, in the next few months, new tools will be launched to help customers monitor the results obtained and gather user suggestions. Also, on July 2017, a new portal, PGCasa, has just been launched, devoted to the residential property sector and its professionals, which allows users to request estimates and to find useful information and contacts about the companies of the sector and in their towns.
- with regard to the Website and eCommerce segment, the IOL Website range will be expanded with customised solutions that include advanced and specific functions to meet the requirements of market segments identified within a market

segmentation study. Lastly, a new eCommerce range integrated with the platform Digital Marketing IOL Audience is at the design stage.
- With reference to the Digital Marketing segment, the IOL Audience platform was expanded with the management of advertising campaigns on SKY AdSmart (new platform for TV spots, geo-localised through the SKY decoder). In July, Italiaonline released a new performance range, in display mode, and made available the "call only" feature for the AdWords campaigns, to re-direct users to the phone contact of the customer. In the next few months, Italiaonline will also renew its range for the management of advertising campaigns on Facebook and Google Display Network, providing customers with integrated and detailed reporting to monitor the ROI of their communication investment.

On the basis of the information currently available, the Italiaonline Group plans to close the 2017 with an increasing of EBITDA margin respect to 2016; revenue is expected to continue to fall, mainly because of the physiological contraction of some traditional businesses, despite the progressive improvement in the performance of digital activities.

Creativity



Performance by Business Area

The figures for December 31, 2016 include the assets of the investedd Consodata because the Parent had changed its intention to discontinue the investment so it has not been reclassified among the "Non-Current Assets and Liabilities held for Sale "(Held for sale).

(euro/million)		DIGITAL ITALIA	OTHER DIRECTORIES	AGGREGATE TOTAL	ELIMINATIONS AND OTHER ADJUSTMENTS	CONSOLIDATED TOTAL
Revenue from sales and services	1st half year 2017	162.4	4.7	167.1	(0.7)	166.4
	1st half year 2016	192.1	5.9	198.0	1.7 (*)	199.7
GOP	1st half year 2017	42.4	(0.5)	41.9	0.1	42.0
	1st half year 2016	38.9	(0.2)	38.7	(0.6) (*)	38.1
EBITDA	1st half yearr 2017	36.7	(0.6)	36.1	-	36.1
	1st half year 2016	31.3	(0.3)	31.0	(1.5) (*)	29.5
EBIT	1st half year 2017	18.5	(1.9)	16.6	-	16.6
	1st half year 2016	4.0	(2.7)	1.3	(1.8) (*)	(0.5)
Total assets	June 30, 2017	612.6	4.3	616.9	(6.2)	610.7
	December 31, 2016	702.5	7.2	709.7	(9.1) (*)	700.6
Total liabilities	June 30, 2017	312.4	10.4	322.8	(6.4)	316.4
	December 31, 2016	328.5	13.8	342.3	(9.0) (*)	333.3
Net invested capital	June 30, 2017	225.8	(0.3)	225.5	-	225.5
	December 31, 2016	244.4	0.9	245.3	(0.1) (*)	245.2
Capital expenditure	1st half year 2017	15.2	1.1	16.3	-	16.3
	1st half year 2016	10.6	1.5	12.1	- (*)	12.1
Average workforce	1st half year 2017	1,426	89	1,515	-	1,515
	1st half year 2016	1,713	95	1,808	65 (*)	1,873
Average number of sale agents	1st half year 2017	843	21	864	-	864
	1st half year 2016	1,150	30	1,180	-	1,180

(*) This include the figures of Europages Group sold on August 4, 2016.

DIGITAL ITALIA

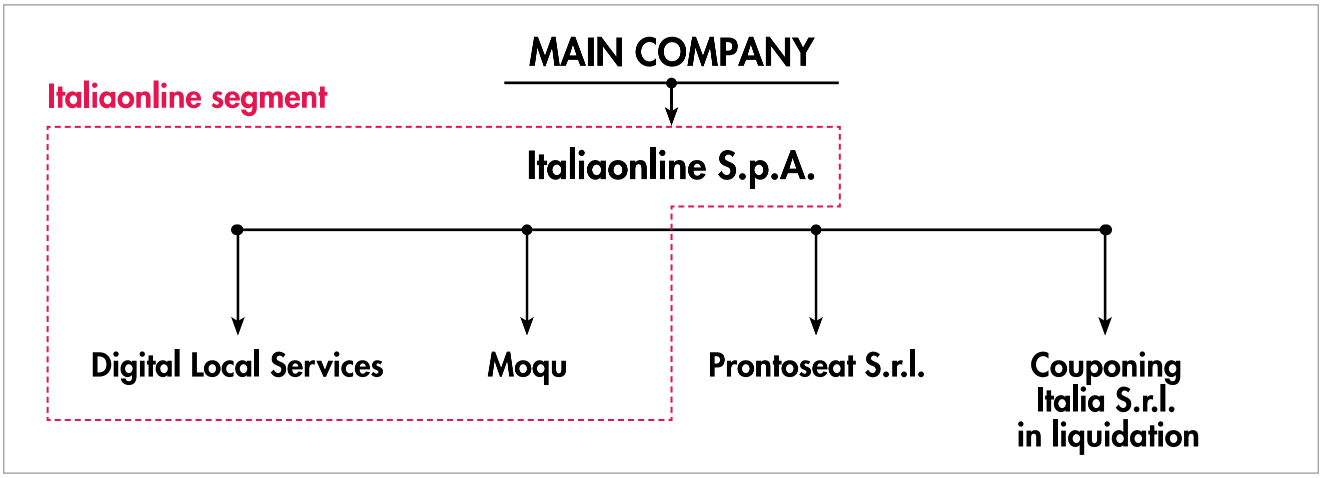
Market situation

The operating profit for the first half of 2017 was achieved in a situation of moderate economic growth and a declining advertising market:

- According to ISTAT, in the first quarter of 2017, gross domestic product (GDP) in Italy grew by 0.4% compared to the previous quarter and by 1.2% compared to the first quarter of 2016, mainly due to the boost in domestic demand (as a result of a growth of 0.5% in domestic consumption). The results were revised upwards with respect to the preliminary estimates published by the National Institute of Statistics on May 16. The change for 2017, i.e. with no growth for the remainder of the year, amounted to +0.9%;
- According to Nielsen, in the first five months of 2017 the advertising market in Italy decreased by 1.9% (to €2,737 million) compared to the same period of 2016. With regard to individual media, in the first five months of the year growth was recorded for Internet (+0.6%), radio (+4.1%), GoTV (+2.8%) and transit (+0.7%); a decline was recorded, however, for outdoor (-17.6%), cinema (-14.4%), newspapers (-10.3%), magazines (-6.1%), direct mail (-4.7%) and TV (-0.2%). According to Nielsen, the advertising market performed better in May than expected; forecasts for the coming two months see an unsurprising standstill due to the fact that the month of June 2016 recorded a growth of 9.3% driven by the European Football Championship; the forecasts for the end of the year are positive, with a return to growth already expected at the beginning of autumn.

Business structure

The Digital Italia Business Area is organised as follows:



It is noted that:

- On January 12, 2017, the Quotaholders' Meeting of Prontoseat S.r.l. appointed the new Board of Directors, in the persons of Antonio Converti, Maurizio Mongardi and Stefano Sorrenti, in office until revocation or resignation. On the same date, the Board of Directors appointed Antonio Converti as Chairman of the Board of Directors with certain powers assigned to Antonio Converti and Maurizio Mongardi.
- On January 12-13, 2017, the Quotaholders' Meetings of the 68 Digital Local Services (not in liquidation) resolved to appoint Gabriella Fabotti as Sole Director, replacing Andrea Servo, who resigned.
- On February 8, 2017, the Board of Directors of Consodata S.p.A., having acknowledged the resignation of Andrea Servo, co-opted Gabriella Fabotti, pursuant to art. 2386, paragraph 1, of the Italian Civil Code, appointing her as a member of the Board of Directors.

- On March 13-14, 2017, the Quotaholders' Meetings of the 68 DLS (not in liquidation) resolved to (i) approve the financial statements at December 31,2016, (ii) set the number of members of the Board of Directors at 2 and (iii) appoint Andrea Fascetti (as Chairman) and Gabriella Fabotti as directors, until revocation or resignation. On the same dates, the respective Board of Directors meetings were held for the conferral of powers of the newly appointed directors.
- On March 14, 2017, the Board of Directors of Moqu ADV S.r.l. - having acknowledged the resignation of Marco Bozzoli on March 9, 2017 from the positions of Chief Executive Officer and member of the Board of Directors held in the Company - , co-opted Gabriella Fabotti, pursuant to art. 2386, paragraph 1, of the Italian Civil Code, also appointing her Chief Executive Officer.
- On April 27, 2017, the Shareholders' Meeting of Moqu ADV S.r.l. confirmed the appointment of Gabriella Fabotti as a member of the Board of Directors, in office until the next Meeting called to approve the financial statements of the Company as at December 31, 2017; on the same date the Board of Directors appointed Gabriella Fabotti as Chief Executive Officer.
- On April 27, 2017, the Ordinary Shareholders' Meeting of Consodata S.p.A. approved the financial statements at December 31, 2016 and approved the appointment of the Board of Directors in the persons of Fabrizio Vigo, as Chairman, Gabriella Fabotti and Ivan Ranza, in office until approval of the financial statements at December 31, 2017.
- On June 30, 2017, the Boards of Directors of Digital Local Services Bologna 2 S.r.l., Digital Local Services Calabria 2 S.r.l., Digital Local Services Puglia 2 S.r.l. and Digital Local Services Toscana 1 S.r.l. resolved to assess the grounds for the winding up of the companies. In turn, on July 3, 2017, the respective Quotaholders' Meetings resolved to take the appropriate measures referred to in article 2484 of the Italian Civil Code, appointing Rossella Muià as liquidator.
- On July 27-28, 2017, the respective Boards of Directors of the 74 DLS, according to their respective competences, resolved, inter alia, to appoint a single-member Supervisory Body in the person of Angelo Jannone, Manager of the Internal Audit and Compliance Department of Italiaonline.
- On August 1 2017, the Board of Directors of Digital Local Services Roma 1 S.r.l. resolved to assess the grounds for dissolution of the company.

Financial highlights

The table shows the main results of the Digital Italia Business Area for the first half of 2017 compared with those from the corresponding period of the previous year.

(euro/million)	H1 2017	H1 2016	CHANGE ABSOLUTE	CHANGE %
Revenue from sales and services	162.4	192.1	(29.7)	(15.5)
GOP	42.4	38.9	3.5	9.0
EBITDA	36.7	31.3	5.4	17.3
EBIT	18.5	4.0	14.5	n.s.
Capital expenditure	15.2	10.6	4.6	43.4
Average workforce	1,426	1,713	(287)	(16.8)
Net invested capital	225.8	244.4 (*)	(18.6)	(7.6)

(*) Figure at December 31, 2016.

Below is an analysis of the data grouped by the ITALIAONLINE segment, 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 limited liability companies (11 of which in liquidation) known as 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 Adv S.r.l., a digital media Company that manages IOL Audience, a 360-degree advertising investment management and support platform designed especially for SMEs. The table shows the main results for the first half of 2017 compared with those from the corresponding period of the previous year.

(euro/million)	H1 2017	H1 2016	CHANGE	
			ABSOLUTE	%
Revenue from sales and services	162.3	192.0	(29.7)	(15.5)
GOP	42.5	39.2	3.3	8.4
EBITDA	36.8	31.6	5.2	16.5
EBIT	18.5	4.3	14.2	n.s.
Capital expenditure	15.2	10.6	4.6	43.4
Average workforce	1,276	1,561	(285)	(18.3)
Net invested capital	225.2	243.8 (*)	(18.6)	(7.6)

(*) Figures at December 31, 2016.

Revenue generated by the ITALIAONLINE segment in the first half of the 2017 is divided into the following main areas:

Digital Revenue, which includes:

- IOL Presence Revenue deriving mainly from *(i)* IOL Connect, the service that offers businesses maximum searchability and online presence on the most important search engines (Google and Bing), social networks (Facebook, Google Plus and Foursquare), directory and mobile apps (Aroundme, Cylex and iGlobalmappe), maps and navigators (Google Maps, TomTom and Wazedirectory) and on the proprietary network (Virgilio Città, Pagine Gialle, Pagine Bianche, Tuttocittà) and *(ii)* premium services such as management of Facebook pages, virtual tours on Google Street View and publication on the international platform Europages.
- IOL Website Revenue arising from the creation of professional business websites and the creation of online stores through the integration of e-commerce platforms.
- IOL Audience Revenue mainly relating to the management of advertising campaigns of businesses on Google, Facebook and on the entire display network of Italiaonline (including Libero, Virgilio, Pagine Gialle and Pagine Bianche and the Sky web channels).
- Custom revenue related to special projects and customized formats createde on behalf of businesses.
- IOL Advertising revenue arising from advertising agency activities for the large account market, through the planning of advertising campaigns across the entire proprietary network (portals, mail, vertical), with a 360-degree offer (video, performance advertising, mobile and programmatic) and with ad hoc solutions (digital presence services, special projects).

Traditional Revenue, which includes:

- Print revenue, deriving from advertising sales on Smartbook® i.e. paper volume including the PagineGialle®, PagineBianche® and TuttoCittà® directories and the portion of revenue returned to Italiaonline by telecom operators for the paper directories distribution service.
- Voice revenue generated by directory assistance services.
- Third-party product revenue deriving from the sale of advertising on third-party traditional media and from direct marketing and merchandising services.

Revenue from sales and services for the ITALIAONLINE segment amounted to €162.3 million in the first half of 2017, down by 15.5% compared to the corresponding period of the previous year (12.2% compared to the pro-forma first half). This result was affected by the restructuring of the product portfolio for the purpose of optimising profitability and cash generation aimed at growth both organic and through acquisitions.
More specifically:

- Digital Revenue: amounted to €112.9 million in the first half of 2017, down by 11.4% compared to the corresponding period of the previous year. This performance shows a slowdown, however, of approximately 4 percentage points compared to the drop seen in the first quarter of the year, mainly thanks to the first positive effects of the product portfolio renewal strategy initiated during 2016. The total share of Digital Revenue in the period amounted to 69.6%.
  During the second quarter the commercial acquisition of IOL Audience, the Digital Advertising service dedicated to SMEs, grew double-digit on an annual basis, and in the same period IOL Advertising's advertising revenue grew at a double-digit on an annual basis, with a decline of around 1% of the reference market (Source: FCP-Assointernet, April-June 2017).
  Italiaonline was again ranked the leading Italian internet Company with 4.5 million unique users per day (+ 5% compared to the average data recorded in 2016), according to Audiweb data of May 2017 (which does not account for Google and Facebook). Also the figure on the mobile audience saw Italiaonline ranked first in front of other top players with over 2.4 million daily average unique users (+ 13% compared to the average data reported in 2016). Finally Audiweb data places ITaliaonline Italy's leading player in the Italian Internet panorama for viewed pages (70 mln) and for the time spent on the average day (11:51 min).

- Traditional Revenue: amounted to €48.9 million in the first half of 2017, down 19.4% compared to the corresponding period of the previous year (13.6% compared to the pro-forma first half of 2016), despite the publication of additional volumes compared to the calendar for the H1 2016 (Genova). The total share of Traditional Revenue in the period amounted to 30.1%.

GOP amounted to €42.5 million in the first half of 2017, up €3.3 million compared to the first half of 2016, thanks to the efficiency of cost-cutting actions, which more than offset the decline in revenue.
Costs for materials and external services, net of costs charged to third parties, totalled €85.0 million in the first half of 2017, down €19.9 million (18.9%) with respect to the first half of 2016.
In particular, industrial costs of €45.0 million in the first half of 2017 were down by €12.2 million compared to the first half of 2016 due to the effect of significant structural improvements. Significant savings, amounting to approximately €2.8 million, were recorded on costs for printing and distribution of Smartbook® directories due to the lower number of pages and renegotiation of the tariffs for printing and distribution. The fall in call volumes to directory enquiry services, combined with the sale of the number 12.54, led to a 64.4% reduction in costs. Following the repositioning of the Moqu business, the cost structure resulted in a reduction of costs of €2.4 million.
Commercial costs, equal to €27.5 million in the first half of 2017, were down €5.6 million compared to the first half of 2016; the decrease is due to revenue dynamics, the optimisation of the sales force and the amendment of the agent mandate that took place in the second half of 2016 and resulted in the removal of a fixed sales incentive tranche.
Overheads, at €12.4 million in the first half of 2017, were down 15.1% compared to the first half of 2016 as a result of a careful cost-control policy.
Personnel expense, net of costs recovered for personnel seconded to other Group Companies, totalled €34.8 million in the first half of 2017, down €13.1 million (-27.4%) compared to the first half of 2016; this change is due to the reorganization measures implemented, with the downsizing of the workforce and solidarity arrangements (government-sponsored lay-off scheme on a rotating basis). The workforce at June 30, 2017 – including directors, 'coordinated' consultants and freelancers, and interns – consisted of 1,584 employees (compared to 1,681 employees at December 31, 2016).

EBITDA amounted to €36.8 million in the first half 2017, up €5.2 million on the first half of 2016

(+16.5%) with a 22.7% effect on revenue (16.5% in the first half of 2016).

EBIT, positive at €18.5 million in the first half of 2017, reflects the EBITDA performance and includes operating and non-operating amortization, depreciation and impairment losses of €18.0 million and net non-recurring and restructuring costs of €0.3 million.

In the first half of 2017, capital expenditure amounting to €15.2 million mainly relates to: *i)* configuration and commissioning of Supernap Italia data centre dedicated to hosting the Company's IT services *ii)* purchase of three-year licences for the Open X-Change mail system *iii)* structural and plant modifications for the Florence, Pisa and Assago headquarters iv) product licence for use of the "AdVantage Platform" (Matchcraft) that allows the use of application services for the implementation and management of marketing campaigns.

The average workforce, which identifies the workforce proportionate to the time of active service, is 1,276 in the first half of 2017 compared with 1,561 in the first half of 2016. The decrease of 285 is mainly attributable 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 2017 compared with those from the corresponding period of the previous year.

	H1 2017	H1 2016	CHANGE	
(euro/million)			ABSOLUTE	%
Revenue from sales and services	2.8	2.6	0.2	7.7
GOP	(0.1)	(0.3)	0.2	66.7
EBITDA	(0.1)	(0.3)	0.2	66.7
EBIT	(0.1)	(0.3)	0.2	66.7
Average workforce	150	152	(2)	(1.3)
Net invested capital	0.6	0.7 (*)	(0.1)	(14.3)

(*) Figure at December 31, 2016.

Revenue from sales and services were recorded at €2.8 million in the first half of 2017, up by €0.2 million compared to the corresponding period of the previous year. The change in turnover is essentially attributable to the increase in outbound revenues (+€0.2 million compared to the first half of 2016) related to the sale of Italiaonline products. Inbound revenue remained largely stable; the increase of revenue related to the management of customer service had enabled the decline in revenue related to the 89.24.24 service to be offset.

GOP is negative by €0.1 million (negative by €0.3 million in the first half of 2016), with an increase of € 0,2 million due to higher revenue.

Negative **EBITDA** and **EBIT** at €0.1 million are in line with GOP.

The **average workforce** was 152 employees in the first half of 2016, down by 2 employees compared to the corresponding period of the previous year.

Couponing Italia S.r.l. in liquidation

Wholly owned by Italiaonline S.p.A.

During their meeting of December 22, 2015, the Quotaholders' 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 was made on January 21, 2016.

Reference regulatory framework

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

The regulatory framework for the activities performed by 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 June 30, 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.
As part of the Digital Single Market Strategy, adopted by the European Commission in May 2015 with a view to establishing a European digital single market and fostering economic growth, the Commission promoted a series of measures including the revision of Directive 2002/58/EC, the so-called e-Privacy Directive. This revision will lead, probably in 2017, to the proposal for a new Regulation which aims to provide uniform regulations on electronic communications and protection of personal data by repealing the previous regulations adopted by Directive 2002/58/EC.

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 is managed by the Ugo Bordoni Foundation and 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 declare 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). Italiaonline has therefore 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" (Legislative Decree No. 70 dated May 22, 2011, art. 6). 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 informed and has provided their 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 24, 2016, but its provisions will be directly applicable in Member States as of May 25, 2018.

2.4 Privacy Shield

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 Group's opinion Article 29 (data protection authorities) of April 13, 2016 and the European Parliament resolution of May 26, 2016, the Commission completed the adoption process 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 European Unions Court of Justice invalidated the old "**Safe Harbor**" scheme.
On October 27, 2016, the Italian Privacy Authority issued the Authorisation to transfer data abroad through the agreement called "EU-US Privacy Shield" (published in Official Gazette No. 273 of November 22, 2016). The authorization puts an end to the Italian legal affair opened by the judgment of the Court of Justice regarding the Safe Harbor and allows Italian companies to make use of the adequacy decision of the European Commission dated July 12, 2016, No. 1250 for the transfer of personal data to the US.

3. Electronic signature services

Electronic signature services – which are becoming widespread – are also subject to specific regulations, including rules governing the processing of certain biometric data of subscribing customers. In particular, Italiaonline has adopted an advanced electronic signature service, provided in accordance with: the provisions of the Digital Administration Code (CAD); 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 telephone 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 in 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 Company'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 contribution of assets, acquisitions and disposals. On February 1, 2013, the Company released adequate information to the market.

OTHER ACTIVITIES

Structure of the Business Area

The residual Business Area comprises the activities of the investee Consodata, whose financial position and cash flow figures, as a result of the Parent's decision not to divest, are no longer classified under "Non-current assets and Liabilities held for sale".

Consodata S.p.A.

Wholly owned by Italiaonline S.p.A.

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 recognised expertise in dealing with and imparting value to the data.
The table shows the main results for the first half of 2017 compared with those from the corresponding period of the previous year.

	H1 2017	H1 2016	CHANGE	
(euro/million)			ABSOLUTE	%
Revenue from sales and services	4.7	5.9	(1.2)	(20.3)
GOP	(0.5)	(0.2)	(0.3)	n.s.
EBITDA	(0.6)	(0.3)	(0.3)	(100.0)
EBIT	(1.9)	(2.7)	0.8	29.6
Capital expenditure	1.1	1.5	(0.4)	(26.7)
Average workforce	89	95	(6)	(6.3)
Net invested capital	(0.3)	0.7 (*)	(1.0)	n.s.

(*) Figure at December 31, 2016

Revenue from sales and services in the first half of 2017 amounted to €4.7 million, down by €1.2 million compared to the corresponding period of the previous year. This decrease is mainly attributable to the decline in sales of Business Information products of the Italiaonline agent network and was only partially offset by the increase in sales of data, which benefits from ever growing development of partnership agreements with suppliers.
In terms of sales channel, revenue from products sold by the Large Customers channel declined by 4% and was only partially offset by sales of Face to Face services, while revenue from products sold by the Italionline agent network fell significantly, affected by the defocusing of the sales network and the absence of summer sporting significant events, which played a key role in the previous period.
GOP, negative by €0.5 million as a result of the normal seasonal nature of the business, decreased by €0.3 million compared to the first half of 2016; the decrease in revenues was partially offset by cost rationalization actions.
EBITDA and EBIT, negative respectively in the amount of €0.6 million and €1.2 million (negative in the amount of €0.3 and €2.7 million in the corresponding period of the previous year), performed in line with GOP.

Capital expenditure amounted to €1.1 million in the first half of 2017 (down by €0.4 million compared to the first half of 2016), and was related, in addition to the usual development of software platforms, to enriching the database and purchasing databanks.

The **average workforce** was 89 employees in the first half of 2017, down by 6 employees compared to the first half of 2016.

Net invested capital amounted to -€0.3 million at June 30, 2017 (€0.7 million at December 31, 2016).

Other information

HUMAN RESOURCES

Italiaonline Group

	AS AT 06.30.2017	AS AT 12.31.2016 (*)	CHANGE
Senior Managers	113	116	(3)
Managers	229	242	(13)
White collars	1,355	1,437	(82)
Call operators	200	202	(2)
Employees	**1,897**	**1,997**	**(100)**
of which government-sponsored lay-off scheme	*255*	*316*	*(61)*
Directors, co-ordinated and ongoing staff, and interns	10	11	(1)
Total workforce at the end of the period	**1,907**	**2,008**	**(101)**

(*) 2016 data include the period-end workforce of Consodata S.p.A.; these were classified as non-current assets held for sale at December 31.

	H1 2017	H1 2016	CHANGE
Senior managers	116	134	(18)
Managers	191	235	(44)
White collars	1,076	1,364	(288)
Call operators	123	124	(1)
Employees	**1,506**	**1,857**	**(351)**
Directors, co-ordinated and ongoing staff, and interns	9	16	(7)
Average workforce for the period	**1,515**	**1,873**	**(358)**

The Italiaonline Group had a workforce of 1,907 people at June 30, 2017 (*of which 255 in a government-sponsored lay-off scheme-CIGS zero hours)*, down by 101 people with respect to December 31, 2016, when it was equal to 2008 units (*of which 316 in a government-sponsored lay-off scheme)*, as a result of a reorganization that has especially concerned the Parent.
In the first half of 2017, the Italiaonline Group had an average active workforce of 1,515 units, down by 358 units from the first half of 2016, when it was equal to 1,873 units.
As regards the distribution of human resources between the various Business Areas, in the first half of 2017, the ITALIAONLINE segment (Italiaonline S.p.A., 74 Digital Local Services, Moqu), which generated approximately 97.5% of the revenue, employed 84.2% of the total average workforce.

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

	AT 06.30.2017	AT 12.31.2016	CHANGE
Senior Managers	110	114	(4)
Managers	208	222	(14)
White collars	1,256	1,335	(79)
Call operators	-	-	-
Employees	**1,574**	**1,671**	**(97)**
of which use Wage Guarantee Fund (CIGS zero houres)	*248*	*305*	*(57)*
Directors, co-ordinated and ongoing staff, and interns	10	10	-
Total workforce at the end of the period	**1,584**	**1,681**	**(97)**

	H1 2017	H1 2016	CHANGE
Senior managers	113	129	(16)
Managers	170	210	(40)
White collars	984	1,209	(225)
Call operators	-	-	-
Employees	**1,267**	**1,548**	**(281)**
Directors, co-ordinated and ongoing staff, and interns	9	13	(4)
Average workforce for the period	**1,276**	**1,561**	**(285)**

Italiaonline S.p.A. had a workforce of 1,584 units as at June 30, 2017 (*of which 248 in a government-sponsored lay-off scheme*), down by 97 from December 31, 2016, when it was equal to 1,681 units (*of which 305 in a government-sponsored lay-off scheme*), as a result of a reorganization that has especially concerned the Parent.
In the first half of 2017, the Italiaonline Group had an average active workforce of 1,276 units, down by 285 units from the first half of 2016, when it was equal to 1,561 units.

Organizational Development

After the introduction, in December 2016, of the new first-level organisational structure, in the first half of the year, the structures of the Product Development and Innovation, Operations, Large Account Business Unit, Finance Administration and Control, Corporate Image and Communication and the Human Resources Divisions were specified and notified.

Industrial relations

In the first half of 2017, Labour relations focused on the issues covered in the agreement signed on December 14, 2016, at the Ministry for the Economic Development and the Ministry of Labour, concerning the new reorganization programme, which makes use of the government-sponsored lay-off scheme.
The annual meeting with the trade unions to discuss the performance of the Company took place in April, in the presence of the Chief Executive Officer.
In line with the relaunch, union agreements have been signed by the subsidiaries Prontoseat and Consodata.
Prontoseat reached an agreement with the Unions with the aim of increasing productivity and streamlining structural costs.
After several meetings in May and June, Consodata reached an agreement was reached with the Unions in July regarding the collective transfer of staff from Rome to Assago, aiming to develop business synergies, streamline processes and facilitate business development.

Recruitment

The recrutiment activity in the first half of 2017 was characterized by the renewal of the first line and second line. The following were hired:

- Finance, Administration and Control – *Gabriella Fabotti*;
- Large Account Business Unit – *Andrea Chiapponi*;
- SME Media Agency Business Unit – *Ivan Ranza*;
- Legal and Corporate Affairs – *Fabrizio Manzi*;
- Marketing SME – *Mario Perini*;
- Sales Director Large Account – *Massimo Crotti*.

The activity also focused on the search and recruitment of some "digital native" profiles, which have led to the hiring of a dozen new resources with technical-digital skills, mainly in the Product Development and Innovation Division.
With regard to sales, the activity of search and recruitment of sales profiles has continued, leading to the hiring of approximately 80 new exclusive agents.

Corporate training and sales networks

In the first half of 2017, training courses were offered to *Corporate Employees*: approximately 6,500 hours of training to around 710 participants. Training was offered to support various business areas on technical/specialist topics, with courses, seminars, workshops on web and mobile, Social Media Marketing, Digital Communication, Market Abuse and generally in support of the reorganization of work, development and integration of skills.
Increased training was also provided for the professional rehabilitation of the personnel in the government-sponsored lay-off scheme, covering technology development skills, sales skills and soft skills (Facebook for Business, HTML, CSS, Photoshop, Change Management, Effective Communication, Marketing and Phone Sales, NLP in Sales).
In the first half of 2017, training courses were offered to *employees and agents of National Sales and Media Agency Divisions*, for a total of approximately 300 participants and more than 7,500 hours of training.
In addition, in the first half of 2017, *multiple training initiatives* were provided to the sales force and the different professional figures of the Digital Local Services (DLS), at the time of new product releases, product updates and sales offers. More specifically, training was provided on:

- management of Google Adwords campaigns on the new Matchcraft platform;
- launch of the new product SKY ADSmart;
- release of new Mobile Top, Europages, Print products;
- new offers IOL Gadget, Google Shopping, Display to Click and Google Call Only;
- upgrade and update of the webapps IOL Connect and Google ADWORDS;
- OPT-IN and OPT-OUT procedure on IOL Connect and post-production changes on the websites of the IOL WEBSITE range.

Other activities

In the first half of 2017, the Company started several awareness-raising and charity initiatives involving the employees, initiatives that have contributed to support the activity of several non-profit organisations and associations. These initiatives are described in more detail in the section "Corporate Social Responsibility: a calling for Italiaonline."
The Company has also signed several conventions, both at the national and local level and online, for its employees, allowing them to buy products and services at favourable conditions (e.g. dentist, gym, car repairs, tickets for shows and concerts, travel, restaurants, shopping etc.).
In April, the Company offered to all those interested, at all its Italian branches, the opportunity to take part in the Milan Marathon, providing a free runner kit (number, T-shirt and shorts).

Property & Facilities Management

In the first half of 2017, this function ensured continuity in the monitoring of transactions with real estate properties as well as overseeing the maintenance of cleaning, mail service, logistics and company cars.
The Prevention and Protection Function guaranteed continuity in the management of issues related to health and safety in the workplace, within its area of competence.
The obligations with regard to environmental protection pursuant to Legislative Decree 152/2006 were also met.
In Assago, the new offices in building U7, next to building U4, were completed. The new offices mainly host the Consodata employees formerly working in the offices in via Grosio, Milan, which, according to the plan of optimization of office costs laid out in 2016, were permanently closed in March.
In June, the Italiaonline offices in Rome were consolidated. Employees who used to occupy part of the building in via Mosca were moved to the office in via Veneziani.
In the reporing period, the Parent completed the closure of some offices, as part of the process of consolidation of the DLS started in 2016.

ADMINISTRATIVE, JUDICIAL AND ARBITRATION PROCEDURES

Administrative, judicial and arbitration procedures involving the Italiaonline Group

1. Dispute with the Italian Revenue Agency for failure to apply tax withholding

On December 24, 2014, the Parent received a tax assessment notice from the Italian Revenue Agency - Lombardy Regional Office (Agenzia delle Entrate - Direzione Regionale della Lombardia, hereinafter "DRE"), claiming that the Company had failed to apply withholding taxes in 2009 on the interest paid to the Royal Bank of Scotland (Milan branch) for the "senior" loan granted. According to DRE, the Company should have applied withholding tax on a portion of the interest paid to the Royal Bank of Scotland. The DRE has calculated the omitted 2009 withholding tax to be €5.2 million; on top of this, it calculated approximately €1 million in interest. The DRE did not apply penalties, given the objective uncertainty inherent in this issue; hence, the total amount requested was approximately €6.2m. Said assessment notice has been partially cancelled, as a precaution, with a reduction of the amount being demanded to €3.0 million.

The Parent, supported by its tax advisers, has disputed the assessment notice: the appeal, aimed at obtaining the annulment, in its entirety, of the claim, was notified to the Revenue Agency on May 13, 2015 and filed, for the entering of appearance, at the Provincial Tax Court with jurisdiction on the matter on May 25, 2015. As set forth in the provisions on tax collection, on May 21, 2015, before the entering of appearance, the Company took steps to make payment on a provisional basis, pending judgement, of one third of the required sum equal to €1.2 million. The appeal was discussed at the Provincial Tax Court on November 3, 2015.

Following the judgement of the Milan Provincial Tax Court filed on December 1, 2015 (henceforth, "2009 Judgement"), the appeal against the assessment notice for the 2009 tax period was accepted and a first level annulment was ordered. Following this judgement, the Company has acquired the right to be reimbursed the amount paid while awaiting judgement, equal to €1.2 million; this amount was fully repaid (plus interest of €11,863) on July 7, 2016.

On June 7, 2016, the Parent received notification that DRE had prepared its appeal against the judgement of the Milan Provincial Tax Court, which had ordered the annulment of the tax assessment issued for the purpose of withholding taxes for the 2009 tax year. On August 2, 2016, the Company proceeded to file its counterclaims and incidental appeal. . The hearing, originally scheduled for May 18, 2017, was postponed to November 9, 2017.

On October 2, 2015, the Parent received five tax assessment notices issued by DRE, following the one received on December 24, 2014 for the 2009 tax year. In these assessments it is alleged that, in the 2010, 2011 and 2012 tax years, the Company had failed to apply withholding tax on interest paid to the Royal Bank of Scotland as part of the "Senior" loan granted for approximately €7.7 million. In addition, it was alleged that penalties for approximately €6.4 million were due for filing untrue returns as a withholding agent and for failing to apply withholding taxes, plus €1m in interest. In light of the above, the Company asked its tax advisers to file an appeal against the charges related to the 2010, 2011 and 2012 tax years. In February 2016, the Parent appealed the tax assessment notices for the 2010, 2011 and 2012 tax years and took steps to carry out a provisional payment, pending judgement, of €2.9 million, corresponding to one third of the amount requested.

In light of the changed regulatory environment and taking into account the clarifications provided by the Tax Authorities in Circular No. 6/E of March 30, 2016, DRE, accepting the arguments put forward by the Parent, ordered the annulment of only charges for non-payment and acknowledged the invalidity of the claim for only penalties for untrue returns and omitted withholding of taxes for the 2011 and 2012 tax years.

Therefore, in the light of the above, the overall claim for the four years under review amounts to a total of approximately 12 million Euro, plus interest.

The Milan Provincial Tax Court, with a judgement filed on May 29, 2017 (henceforth, "Judgement"), with a decision contrary to that taken by the Milan Provincial Tax Court on the 2009 Judgement, confirmed the substantial validity of the 2010, 2011 and 2012 Assessment Notices. The Company will appeal against this decision, by the legal term, due to expire on December 29, 2017, as, to date, the Judgement has not yet been notified.
In addition, on June 30, 2017 DRE notified the Parent three payment statements relating to the 2010, 2011 and 2012 notices, by which, in compliance with the provisions regulating provisional payments pending judgement, it was required to provide to the payment of a total amount of tax and interest of about € 3 million. The Company intends to make payment of the amounts required by the deadline set for August 29, 2017.
The Parent, supported by tax advisers, taking into account the arguments put forward in support of the correctness of its action, believes that, despite the judgment in respect of the notice of assessment for the years 2010, 2011 and 2012, the risk of having to call on resources to cover the charges made by DRE in its assessment notices, is not likely but, at most, possible. Therefore, in accordance with IAS 37, no provision for risks and tax charges has been made.

2. Dispute with the Italian Revenue Agency on the divestiture of the 1254 business unit

On March 3, 2017, the Revenue Agency served the Company a payment notice ("Notice") for higher stamp duty (€0.56 million), plus penalties equal to the higher tax and interest. With regard to this Notice, referred to the divestiture of the "1254" business unit, carried out with deed filed on July 5, 2016 and effective July 1, 2016, the Company is jointly liable for this recovery action, with a right to act against the buyer for any tax assessed for which a final payment is made.
The Parent, supported by its legal advisers, has disputed the validity of said Notice before the Tax Court having jurisdiction, since a settlement by acceptance by both the Parent and the company that bought the business unit had not been reached; the buying company did the same.

3. Request for compensation of damages

In a summons dated July 30, 2014, Mr Rocco Amabile and 32 other natural persons (the "Plaintiffs") - representing non-controlling interest in the Company - presented before the Court of Rome a civil action for damages against, among others, Seat Pagine Gialle S.p.A.. The Plaintiffs have asked to establish the liability of Seat, both contractually and extra contractually, for "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 deals that involved the Company before the merger with Italiaonline; namely, the 2003 merger, the 2004 dividend distribution, the debt restructuring in 2012 and the advancement of the composition with creditors procedure in 2013.
Such substantive action was preceded by an action for seizure, pursuant to Art. 669-bis and 700 of the Italian Code of Civil Procedure, dated December 21, 2012, presented before the Court of Rome by seven natural persons appearing as Plaintiffs in the current substantive action, which was then proposed as instrumental to 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 identify with sufficient clarity what wrongs are attributable to the 2003-2004 merger and, above all, what are the specific responsibilities to be attributed from which would arise the right to compensation for damage as invoked. Similar considerations apply with regard to the recent debt restructuring, which took place in 2012."*
Seat Pagine Gialle S.p.A.(now Italiaonline S.p.A.) responded by rejecting all claims of the Plaintiffs based on a series of preliminary defences (in particular, the Plaintiffs' lack of active legal capacity, lack of capacity to be made a defendant on the part of Seat Pagine Gialle, expired statute of limitations) as well as their general lack of merit.

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.
The hearing on preliminary motions was held on May 19, 2015, 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 to reopen the investigation.
The law firm assisting the Company presently believes that the opposing claims are not justified, indicating the risk of an unfavourable outcome as remote.
With judgement published on March 14, 2017, the Court rejected the requests of the Plaintiffs, also ordering them to refund to the defendants the costs incurred for the proceedings and to refund general costs as required by the law.

4. Savings Shareholders

On July 16, 2015, the special meeting of savings shareholders of the Company resolved to authorise their common representative, Ms. Stella D'Atri, to take the necessary action to challenge - pursuant to Art. 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 Issuer reiterated that the request to allocate part of the profit for 2014 to the distribution of dividends in favour of the savings shareholders is not compatible with the proposed settlement with creditors 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 Issuer received a writ of summons filed at 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 violated the rights of savings shareholders to receive the preferred dividend provided for in Art. 6, Par. 6 and 8, of the Articles of association and, therefore, requested the complete or partial annulment of the aforementioned resolution. The Issuer filed for an appearance by pleading the invalidity of the opposing questions, also noting that the resolution had been subject to prior approval by the same savings shareholders.
On May 18, 2016, the savings shareholders meeting resolved, among other things, to delegate the Common Representative, Stella D'Atri, to submit a settlement proposal for the proceedings brought against the Company, waiving the on-going lawsuit in exchange for a savings shares split, or other transactions with similar purpose.
In particular, during the hearing of October 12, 2016, the court asked the parties to evaluate a settlement hypothesis based on the conversion of savings shares into ordinary shares.
The Parent agreed to proceed in this sense and consequently, in the following months, proposed to the Common Representative the joint undertaking of a process which, through the mandatory conversion of savings shares, would lead to the closure of the dispute in question.
At the hearing on May 24, 2017, acknowledging that the savings Shareholders' Meeting had not agreed to the waiving of the on-going lawsuit nor to the proposal of mandatory conversion of savings shares into ordinary shares, the court adjourned the hearing to September 20, 2017, setting terms for the memoranda to be presented pursuant to Art. 183, Par. 6, Italian Code of Civil Procedure.

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

A hearing on the merits of this question was held before the Lazio Regional Administrative Court (TAR) on May 9, 2012, as a result of which - at the request of the Company - with a ruling on May 22, 2012, judgement was suspended pending the resolution of a similar challenge, by another telecommunications industry operator, appealing to the European Union Court of Justice against the decisions taken by AGCOM concerning the Fee.
On July 18, 2013, the European Court of Justice had ruled on the preliminary question, stating that Member States could only impose on companies providing services under the general authorisation system the administrative charges required to cover the overall costs incurred for the management, control and enforcement of the general authorisation system itself. Such charges may only cover costs related to these activities in a proportionate, objective and transparent manner and cannot include other expenses.
On September 23, 2015, AGCOM notified an application for preliminary decision on jurisdiction with which it has asked the Supreme Court of Cassation to declare the decision on the Fee outside the jurisdiction of the Lazio TAR and within the exclusive jurisdiction of the tax court. On the same date, AGCOM filed 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 Lazio Regional Administrative Court, where Seat (now Italiaonline S.p.A.), besides reiterating the illegitimacy of the Fee enforcement decisions, in accordance with the approach adopted by the European Court of Justice and subsequent Italian administrative case law, opposed the suspension of the administrative proceedings requested by AGCOM.
By order filed on October 20, 2015, however, the Lazio Regional Administrative Court decided to stay its judgement pending the appeal for determination of jurisdiction subject to the Supreme Court Appeal. As part of that judgement, the Company filed a defence and a brief in accordance with law. At the hearing on July 19, 2016, date set by the Supreme Court of Cassation for the discussion on the jurisdiction dispute, the case was adjourned for judgement by the Court.
By ruling issued on October 3, 2016, the Supreme Court found that in this case the issue falls within the jurisdiction of the administrative courts, on the basis of the established principle under which disputes concerning provisions of the Communications Authority, related to its operational costs to be financed by the relevant market (in accordance with Art. 1, Par. 65 of Law No. 266, dated December 23, 2005), are assigned to the exclusive jurisdiction of the administrative court, under Art. 133(L) of Legislative Decree No. 209 of 2005.
The next hearing in this dispute is scheduled for discussion on January 31, 2018 before the Lazio TAR (original date set May 3, 2017).
As part of the litigation, a litigation provision was recorded in previous years considered appropriate to cover the risk.

6) Disputes with former Matrix agents

By notice of June 11, 2013, MDE di Detti S.a.s. (hereinafter "MDE") has summoned the previous Italiaonline company 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 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 Italian Civil Code, (ii) residual charges agreed contractually, and (iii) compensation for damages suffered. Italiaonline appeared before the court requesting all counterparty requests to be rejected 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 for damages of €2,742,934.52.
On March 21, 2017, the parties reached a settlement agreement under which the Company recognized MDE Euro 5,000.00 for reimbursement of legal expenses.

With notification dated October 6, 2014, Uomini & Affari S.r.l. ("Uomini & Affari") summoned the previous Italiaonline Company 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 Italiaonline and Uomini & Affari, valid from January 1, 2010 to January 31, 2014; the amount involved exceeds €3 million. The agreement, for which Uomini & Affari alleges a plurality of breaches, 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 the affaritaliani.it site by Italiaonline.
With the appearance of a defence statement, the Company has rejected all the requests made by the opposing party, highlighting the lack of validity of claims. At the first hearing on September 23, 2015, the Judge granted the terms for filing the briefs provided for in Art. 183, Par. 6, Italian Code of Civil Procedure, and deferred the judgement until April 7, 2016. With a subsequent order, the judge adjourned the proceedings to enable two witnesses (one on each side) to be heard during the hearing of December 2, 2016. The Judge then adjourned proceedings until the hearing of June 9, 2017 (later postponed to September 15, 2017) for the examination of other witnesses.
The law firm assisting the Company presently believes the opposing claims are dubious and therefore deems the risk of an unfavourable outcome possible.

CORPORATE GOVERNANCE

Introduction

Pursuant to Art. 123 bis of Legislative Decree No. 58/98, the Company has drafted and published a report ("Report") on its 2016 corporate governance and shareholder structure. The Report can be found on the Parent's website at the address *http://www.italiaonline.it/en/governance/corporate-governance/governance-system-and-report/*

The Parent has adopted the current version of the Corporate Governance Code for listed companies ("Code") and has committed to carrying out all the activities necessary to fully implement the principles and provisions therein.
We provide below an update covering only the events that took place in the first half of the current year.

Shareholders' Meetings

1) Ordinary Shareholders' Meeting

On April 27, 2017, the Ordinary Shareholders' Meeting of the Company resolved:
- to approve the 2016 financial statements of the Parent (the draft of which had been approved by the Board of Directors on March 15, 2017), showing a profit of €28,210,588;
- to allocate the profit for the year of €28,210,588 to *(i)* the Legal Reserve for €81.93; *(ii)* the distribution of a dividend to savings shareholders of €90.00 (the sum of the preferred dividends for 2014, 2015 and 2016) to each outstanding savings share, for a total amount of €612,270 and *(iii)* carry forward the residual profit of €27,598,236;
- to distribute an extraordinary dividend equal to €0.692, gross of legally-required withholdings, to each of the 114,768,028 outstanding shares of the Company, for a total amount equal to €79,419,475, in compliance with the proposal made pursuant to Art. 126-bis of Legislative Decree 58/98 by the shareholders Libero Acquisition S.à r.l., GL Europe Luxembourg S.à r.l., GoldenTree Asset Management Lux S.à r.l., GoldenTree SG Partners L.P., GT NM, L.P. and San Bernardino County Employees' Retirement Association. Therefore, gross of legally-required withholdings, ordinary shareholders received a dividend equal to €0.692 for each ordinary share and saving shareholders - in consideration of the preferred dividend due to savings shares - a total dividend equal to €90.692 for each savings share. The dividend was made available for payment from May 10, 2017, against presentation of coupon No. 1, both for ordinary shares and for savings shares, ex-dividend date set to May 8, 2017 and record date, pursuant to Art. 83-terdecies of Legislative Decree No. 58, dated February 24, 1998, set to May 9, 2017.

The Shareholders' Meeting also resolved:
- to approve the appointment as member of the Board of Directors of Mr. Tarek Mohamed Mohayeldin Abdelaziz Aboualam (co-opted on February 14, 2017 to replace Mr. Khaled Bishara), whom was confirmed as Chairman of the Board of Directors. Tarek Aboualam will remain in office until the expiration of the current Board of Directors, that is, until the Shareholders' Meeting called to approve the financial statements at December 31, 2017;
- to approve Section I of the Remuneration Report pursuant to Art. 123-ter of Legislative Decree No. 58, dated February 24, 1998.

Five directors took part in the Shareholders' Meeting.

2) Meeting of savings shareholders

- On April 27, 2017, the special meeting of savings shareholders of the Parent resolved *(i)* to give a mandate to their Common Representative to contact the Parent to assess a proposal for a savings shares split, *(ii)* to give a mandate to their Common Representative to study further, also by making use of consultants, the impact on savings shares of the distribution of extraordinary dividends - by the Meeting of the ordinary shareholders on April 27, 2017 - as well as to assess the necessary actions to be taken to protect this share category; *(iii)* to postpone to May 16, 2017 the discussion of items 1 and 2 on the agenda concerning the waiver of the judgment concerning the appeal against the resolution of the Ordinary Shareholders' Meeting of April 23, 2015 of the Company pending before the Court of Turin and - on a subordinate basis with respect to the aforementioned point on the agenda, and in the sole case of failure to approve the waiver - the proposed transaction concerning the conversion of Italiaonline savings shares into ordinary shares. No director attended said meeting.
- On May 16, 2017 - in continuation of the meeting called on single call for April 27, 2017 - the special meeting of savings shareholders resolved not to approve *(i)* the proposal to withdraw from the proceedings before the Court of Turin to contest the resolution of the Ordinary Shareholders' Meeting of April 23, 2015 for the part concerning the allocation of the profit for the year ended December 31, 2014 and *(ii)* the settlement proposal concerning said proceedings and the conversion of savings shares into ordinary shares according to terms reviewed before the Court of Turin. No director attended said meeting.

Board of Directors

In the first half of the year, the Board of Directors met seven times.
The governance structure of the Company had been originally specified by the Board of Directors of the Parent on October 8, 2015. On April 27, 2017, the Shareholders' Meeting resolved, among other things, the appointment as member of the Board of Directors of Mr. Tarek Mohamed Mohayeldin Abdelaziz Aboualam (co-opted on February 14, 2017 to replace Mr. Khaled Bishara), whom was confirmed as Chairman of the Board of Directors. Tarek Aboualam will remain in office until the expiration of the current Board of Directors, that is, until the Shareholders' Meeting called to approve the financial statements at December 31, 2017.

Audit and Risk Committee

The Audit and Risk Committee, appointed most recently by the Board of Directors after the Shareholders' Meeting held on October 8, 2015, includes Cristina Finocchi Mahne (Chairman), Maria Elena Cappello and Antonia Cosenz.

In the reporting period, the Committee - which also meets as the Independent Directors Committee - met 5 times and 1 time in the next month. During the meetings, the following activities were carried out, among others:

– review and approval of the action plan drawn up by the Internal Audit department for 2017, deeming it in line with the department's targets;
– review and assessment of the impairment testing procedure;
– meetings with the head of the Administration, Finance and Control Department, the Board of Statutory Auditors and the Independent Auditors to review the main elements of the separate and consolidated financial statements at December 31, 2016 and the correct use of the accounting policies adopted for the preparation of these financial statements;
– examination of the "document on the organisational, administrative and accounting structure" prepared by the relevant corporate departments as part of the assessment of the corporate governance system of the Company, the Group structure and the organisational, administrative and accounting structure of Italiaonline pursuant to Art. 1.C.1.c of the Corporate Governance Code;
– meeting with the Partner of the Independent Auditors to review the results of the audit activity carried out;
– favourable opinion with regard to the adoption of amendments to the current procedure on related party transactions;
– review of related party transactions;
– preparation and issuance of the Committee's regular report to the Board of Directors.

Appointments and Remuneration Committee

On October 8, 2015, the Board of Directors of the Company appointed for the period 2015 – 2017 an Appointments and Remuneration Committee, consisting of the Directors Cristina Mollis (Chairman), Cristina Finocchi Mahne and Corrado Sciolla.

On March 8, 2016, the Ordinary Shareholders' Meeting appointed Antonia Cosenz - to replace Cristina Mollis to the Board of Directors; the Board of Directors of the Parent appointed her Chairman of the Appointments and Remuneration Committee and member of the Audit and Risk Committee.

In the first half of 2017, the Committee met three times. The main issues discussed were:

– the evaluation of the size, composition and operation of the Board of Directors and its committees;
– the approval of 2017 MBO guidelines for the CEO;
– the assessment of the achievement of performance targets used for 2016 MBO purposes and the 2016 final report on the objectives set for the CEO;
– the proposal to the Board of Directors concerning the list of managers who may be beneficiaries of Tranche B of the 2014 - 2018 Stock Option Plan and the number of options to be assigned to them;
– the proposals to the Board of Directors for the implementation of the 2014 - 2018 Stock Option Plan, and in particular on *(i)* the change/reduction of the strike price for the option rights already assigned to neutralize the impact of the distribution of the Extraordinary Dividend resolved by the Ordinary Shareholders' Meeting of April 27, 2017 and *(ii)* the achievement of the financial target specified for Tranche A of this plan.

Board of Statutory Auditors

In the first half of 2017, the Board of Statutory Auditors met seven times. During these meetings, the Board of Statutory Auditors verified the correct application of the criteria and control procedures adopted by the Board to assess the independence of its members.

Manager in charge of financial reporting

On January 12, 2017, the Board of Directors appointed Gabriella Fabotti as manager in charge of financial reporting, to remain in office until the Meeting called to resolve on the approval of the financial statements as at for and the year ending December 31, 2017.

Supervisory Body

At the date of approval of this Report, the Supervisory Body had met three times.
On May 11, 2017, the Board of Directors of the Company appointed, pursuant to Legislative Decree No. 231/2001, the following members of the Supervisory Body, setting the duration of their office to 2 years: Giancarlo Russo Corvace (Chairman), Angelo Jannone (Head of Internal Audit and Compliance of the Company) and Giuseppe Vaciago.

During the reporting period, the Supervisory Body continued its ordinary supervisory activities and, with particular reference to the mapping of the areas and processes at risk of the offences specified by the Decree, received the notifications specified by the organisational model and was informed by the Head of Internal Audit with regard to the assessment activities related to the organizational model.

ENVIRONMENTAL SUSTAINABILITY

For Italiaonline, the largest Italian Internet Company, the respect and the attention paid to all stakeholders and to the ecosystem in which it operates translate not only into an industrial and commercial approach responsible from the economic and ethical point of view, which generates sustainable value and growth, but also in the implementation of good environmental practices at the Company level, which minimise the impact on all areas in which it operates, supporting a responsible business culture and equal opportunities.
In terms of everyday life in the workplace, this approach translates into many different initiatives: the systematic attempts to reduce the number of email, drafts, presentations and internal communications printed out; the collection and recycling of waste, printer toner cartridges, and paper (as part of the Cartesio project); the implementation of good practices with regard to energy resources, which involve not only the conduct of the employees, but also, for example, the choice of equipment and energy providers, for a responsible safeguarding of health, security and eco-friendliness in the Company.
For the production of its paper products, the Parent only works with suppliers and printers that meet the strictest quality and environmental certification standards and uses paper and cardboard from some of the leading paper manufacturers in Northern Europe. These have obtained quality management (ISO 9001) and environmental management (ISO 14001 and EMAS) certifications, and their products contain on average 40% recycled fibre, with the remaining 60% from cellulose obtained from forests managed in compliance with PEFC (Programme for the Endorsement of Forest Certification) and FSC (Forest Stewardship Council) standards.
Regarding the control of the overall raw material requirements, the Italian PagineGialle and PagineBianche have played a leading role in Europe in the use of lightweight paper for directories: since 1995, these have been respectively printed on 32 and 34 gr/sq.m. paper.
In addition, with regard to the phone directories, the Company has been carrying out for a while a parallel process of dematerialisation, producing and offering the directories to the public also in a digital format on web and mobile app.
Italiaonline is also a partner of "Print Power", a multi-year pan-European project by the main operators and associations representing the entire value chain of printed paper. The project is composed of two initiatives aimed at showing the quality and potential of print media, in terms both of advertising effectiveness and of sustainability of environmental impact: "Print Power" and "Two Sides".

Print Power

This is an advertising initiative aimed at showing the specific value of printed media and their effectiveness.
The campaign focuses on the strengthening and complementary functions of communication on paper with respect to communication via the internet or in other media.
Today, it is unthinkable to lead the consumer along a structured and effective path that is not part of integrated communication, using at the same time both online and offline media.
The "Print Power" campaign is aimed at 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 again in 2011 and early 2013, aimed at a broad target audience, 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 of this material. As a "Two Sides" partner, Italiaonline is committed to minimising the environmental impact of industrial and service activities, 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;
- using raw materials 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.

Italiaonline also participated in the communication campaign "IT'S NOT TRUE THAT PAPER IS THE ENEMY OF FORESTS" - through newspapers, magazines and trade press, in conjunction with the FIEG and ANES publishers associations, on the site www.twosides.info/it and on the Facebook and Twitter social networks. Its contribution included the publication of a full colour page in the Rome, Milan, Turin and Naples PAGINEBIANCHE® editions.

CORPORATE RESPONSIBILITY

After 10 years from the start of the economic-financial crisis, the world economy is recovering, but the backbone of the Italian economy, which includes not only large companies, but also and especially SMEs, workshops and professional practices, continues to be fragile: the ability to regain market share and to be competitive depends also on digitalisation.

The core mission of the new Italiaonline S.p.A., the leading Italian digital group, born from the merger of Seat Pagine Gialle and Italiaonline, is to help companies in this process and to support Italy in its digital growth. We are the market leader in large account digital advertising and in local marketing services to SMEs and combine creativity and technology in a mix that projects our Company into the future and innovation. All this can be summarised in the three words that accompany our brand: Passion for Business.

On one hand, we have the most visited web portals, the most popular email service and are the directories leader of the market: this is how, every day, we provide information contents and services to the Italians. On the other, we offer online communication solutions ranging from advertising, to web design and web marketing: this is how we build and promote the digital presence of the Italian companies, institutions, the Public Administration and non-profits, with the largest audience in Italy, to provide our customers with an online visibility never seen before. Lastly, with more than 900 agents all over the country, we have the widest network in Italy of digital consultants dedicated to companies.

Behind all this, there is a strong and deep-rooted sense of corporate social responsibility - by the Management and all employees and agents of Italiaonline - which influences and shapes industrial and commercial decisions: this is the key to lasting and sustainable development over time.

Every customer, every industrial partner, every shareholder, every employee and every agent, with Italiaonline, becomes part of a great project of sustainable growth: the values that are the basis of this major development project and that direct its path on a daily basis, are the unremitting attention to the economic and social health of the eco-systems in which it operates, the focus on continuous innovation of products and services, the desire to seriously and daily earn the trust of customers, through the fairness, transparency and passion that characterise all our business relationships, both inside and outside the organisation.

The platforms and the services of Italiaonline are increasingly functional to the evolution of the new forms of participatory citizenship and behavioural mechanisms of interaction on social media: the ability to observe and monitor the habits and needs of consumers enables the development and use, without limits of space and time, of next-generation products and services. At the same time, Italiaonline pays special attention to the needs of those audiences that, for different reasons, do not access, or still have difficulty accessing, the opportunities generated by the digital economy.

In the first half of 2017, Italiaonline also continued to pursue the environmental compatibility of its services and products and the increased use of multi-channel communication and promotion, to effectively support the activities, values, customs and lifestyles of its stakeholders, with whom it interacts on a daily basis, giving a practical contribution to the economic and social recovery of the country. Thanks to the continued strong commitment, in economic and industrial terms, Italiaonline has further enriched its offering with new and useful content for those living in and visiting Italy, providing an effective daily support to the requirements of those who want to know and enjoy this country. In addition, the Company has continued to promote the digitization of Italian SMEs, with the first workshops of the Digital Business Tour, a touring event that allows Italiaonline to meet companies, consortia and associations in the places where they operate and help them, free of charge, discover the growth opportunities offered by the digital economy, with the participation of IAB and Google as guests and with the Heads of the Italiaonline Local Area Departments.

Golden Wedding Anniversary of PAGINEGIALLE and Italian business: 50 years and 50 stories of Italian business excellence

This year, PagineGialle celebrates the first 50 years of its directories, with their unmistakeable colour, by launching a project, 50 covers telling 50 stories from the world of Italian SMEs, which are the engine of the country. It is a way to bring the PagineGialle directories even closer to their users and to make the most of the economic resources of the different local communities.

Every cover tells the story of a small company, a workshop, a store, sometimes old customers of PagineGialle, sometimes "new entries": inside the directory, they reveal all that lies behind their activity and how to work to reach and maintain excellence. From catering services to audio-visual companies, from high-quality workshops to professional practices, and much more, they are the embassadors for this special fifty-year edition.

The project is almost completed and the first volumes, printed on recycled paper are now being distributed in Turin and, more recently, Milan. After Turin and Milan, we will continue with the usual distribution plan and distribute the directories all over Italy, a complex distribution process distributed/organized over the entire year in more than one hundred provinces on the mainland and the islands.

If PagineGialle changes its look for the fifty year anniversary, PagineBianche can do no less: for the 2017 edition of the directory of Italian households, distributed with PagineGialle and Tuttocittà, a young illustrator and instagrammer, Luciano Cina, also known as Luccico, has reinterpreted, giving them a fresh and contemporary look, the images of our cities and monuments that for many years have characterized the covers of PagineBianche. Altogether, 40 covers will be created, showing the capitals of the Italian regions and other important business locations.

Italiaonline: media partner of the Public Administration

The Parent has built an increasingly close relationship with the Public Administration, by reorganizing the institutional relations with individual municipalities. The commercial element has adequate space but Italiaonline has, above all, become an indispensable partner in providing information to Italian citizens, whether in an emergency or in everyday life. This social function strengthens the company's credibility, not only among the Public Administration partners but also among commercial operators and individual citizens. For this reason, more and more public administrations have given their institutional patronage to the dissemination of Italiaonline media and have chosen to use the front sections of Smartbooks to inform citizens of their most significant and strategic initiatives. From Turin to Milan, and then Venice, Florence, Chieti, Rome, Naples, Catania, everywhere, Italiaonline has a major role as media partner of the Italian municipalities.

In particular, the most "famous" multimedia system of information on Italian service providers and businesses - PagineBianche, PagineGialle and Tuttocittà - is becoming more and more a real "guidebook" to the relations between territories and citizens, across the country, from North to South, offering a reliable way to obtain contact information, alternative and complementary to other channels (phone, web and mobile), and generating more than a billion queries per year.

The analyses on the use of Italiaonline products show that the new single volume, published in 113 editions, distributed in 18.5 million copies and distributed with a certified way throughout all urban areas, is used throughout the year by more than 19 million Italians, of all social groups, especially by those who have more trouble using new technologies, for economic reasons or lifestyle choice.

The most recent examples of multichannel articulation of service information, in this case in the context of municipal authorities, are the mobile apps of Assisi and Foligno, tools that have proved key in allowing all kinds of audiences to understand and use the many services on offer, having been synergistically structured on mobile platforms, online, social media and through phone information services.

The new SUPEREVA portal: the publishing choices of Italiaonline focus on public interests and awareness.

For a publisher, the issue of information processing and how this might influence the awareness and involvement of people is among the most sensitive issues of Corporate Social Responsibility. The new superEva portal project is inspired by US 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 2016 by the Italiaonline team and ready to continue supporting Italians in their online inquiries, it will follow social media and search trends and launch a new way of producing content in Italy.
The new version of superEva, redesigned after one year from its launch as the first Italian website with topics 100% chosen by SEO and social trends: this year, superEva has gained audience month after month, to reach more than 2 million users and 16 million of pages viewed a month[1]. It is a lifestyle destination site, which highlights the most searched and discussed topics of the moment, according to algorithms following the trend of growth, dissemination and sharing. It analyses the flow of information on the main social networks and search engines, mixing the logic of human interaction with that of machine learning: something brand new in the Italian publishing sector.

Italiaonline and support for schools in the areas hit by earthquake: the "*Coding Project*" and "*Donando si impara*".

As the leading Internet Company in the country, support for new technologies and the training of young digital natives is a strategic central mission. The strategy to involve students was first implemented in 2014, with 'Class Gifts', a successful initiative to set up computer labs at three high schools in the cities where, historically, the Company has had its offices: Milan, Pisa and Rome. The following year, it continued with 'Operation Code Santa Claus', by funding coding classes at the same schools, as well as at a school in Turin.
In the first half of 2017, Italiaonline completed a donation, activated at the end of 2016, to three high schools in the Centre of Italy, focusing on the areas nearest to the epicentre of last year's earthquake. The project, "Donando si impara" [By donating, you learn], aims at helping local communities recover, starting with their most important resource: young people. Students are accompanied, through computer classes, in a learning process that cannot fail to take into account coding, fundamental tool for the future development of their career.
The schools that have achieved prominence in this area are: the Comprehensive Scientific Secondary School in Amatrice, the Sansi-Leonardi-Volta Scientific Secondary School in Spoleto, the Antonio Orsini Scientific Secondary School in Ascoli Piceno. The school in Amatrice will receive coding classes, the other two computer labs (laptops and tablets).

1. Source: Audiweb View, powered by Nielsen, TDA November 2016

‘A life on Social Media’: together with State Police and Ministry of Education, Italiaonline continues to alert young people to the dangers of the Internet.

Also in 2017, thanks to the extraordinary media reach of its portals Libero and Virgilio, Italiaonline was the media partner for ‘A life on Social Media’, the most important itinerant educational campaign run by the State Police, with the Ministry of Education and the Child and Adolescent Protection Authority, to alert and protect from the risks and dangers of the internet. In a mobile classroom travelling throughout the country, from north to south, the Postal and Communications Police, supported by partner companies, met with students and parents in many cities, with one single goal: to avoid a repetition of the recent serious episodes covered in the news concerning adolescents and the growing problem of cyberbullying and all the various forms of abuse related to a distorted use of technology.
Cyberbullying is the most serious threat: the Skuola.net research project by the State Police shows that half of the children interviewed had direct or indirect experience of this issue. That is why 4 out of 5 are very interested in meetings with experts to learn how to best interact with social media. This is just what our “A life on Social Media” truck is achieving around Italy: encounters with 1 million students inside and outside schools; 106,125 parents; 59,451 teachers; 8,548 schools; 30,000 km covered and 150 cities visited; a Facebook page with 78,000 likes and 12 million monthly users searching on issues of online security and safety.
Besides Italiaonline, several major companies also protagonists of this international digital reality have been involved in the initiative: from Facebook, Fastweb, Google, H3G, Microsoft, TIM, to Twitter, Norton by Symantec, Skuola.net, Vodafone, Wind, Youtube, Poste Italiane, etc.

Safer Internet Day 2017: Italiaonline and internet security.

Internet fraud and the theft of personal data are in the news every day. “Be the change: unite for a better internet” was the slogan chosen for the 2017 Safer Internet Day, the day devoted to internet security. Italiaonline, as the leading Italian internet Company, counting among its asset Libero Mail, with more than 8 million active accounts, has always been attuned to the principles of Safer Internet Day and its security standards are in line with international best practices. Security is therefore key to continue to be the most reliable and used Italian email provider: besides the sophisticated protection systems made available by Italiaonline, it is important to increase the awareness of digital security. After the launch of the services dedicated to the digitalisation of the SMEs, Italiaonline has continued in parallel in the renewal of its web properties with the launch of Libero Tecnologia, the vertical portal to find all that concerns the technology and its daily applications for citizens and consumers. The vertical portal provides the most recent news on technology, innovation and digital life as well as health, transport and Public Administration applications. Contents dedicated to security are among the most appreciated. To protect email owners, especially the youngest, and make them aware of some online activity that may endanger their personal security, Libero Mail has been the first in Italy to develop: a Secure Password service; an antispam system to block dangerous traffic; services that can block and limit dangerous emails with platforms to monitor the traffic at risk; content filtering through patented algorithms that can also identify variations in spam messages as being part of the same threat and therefore block them. All these services are fed by Cloudmark’s Global Threat Network data, the largest system in the world of collection of threats from messaging. Italiaonline has also partnered with data solutions provider Return Path, implementing – first in Italy – a DMARC record (Domain-based Message Authentication, Reporting & Conformance) to provide additional protection from email fraud.

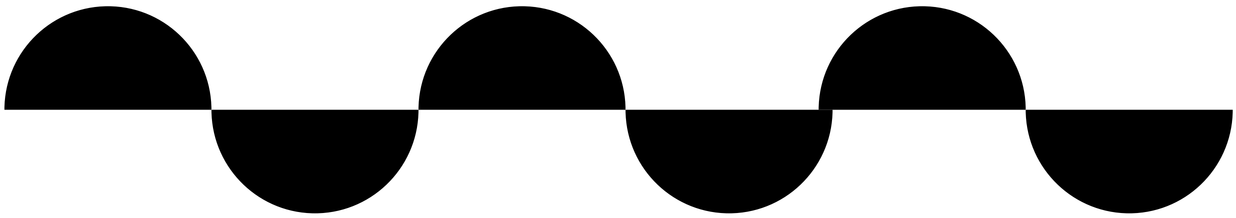
Corporate Social Responsibility: a calling for Italiaonline.

Italiaonline' predisposition to continuous innovation and change (also from a cultural, social and ethical point of view) and its widespread presence throughout the country, places it in a closely interdependent relationship with the local communities in which it operates and their public and economic development. This predisposition to a "networked social context" creates greater sensitivity in management and strategy approaches and develops new technological and organizational skills that maximise the capability of working alongside customers within and outside the Company.

Many social awareness and charity initiatives aimed at involving Company personnel were launched in the first half of 2017. The Company participated in the project Libellula, the first network of companies against violence on women, to celebrate Women's Day, March 8. In May, activities took place in support of the information campaigns for the International Day Against Homophobia, activated by a world-wide organisation that in 125 countries fights to obtain equal rights for the LGBT community. To make Easter even more significant, the employees of Italiaonline bought fair trade eggs and chickens from Wamba and chocolate eggs and cakes from CIFA Onlus, the proceeds of which were donated to children affected by spinal muscular atrophy (SMA) and their families and to the project "Tutte a Scuola!", which gives the girls of Wuchale, a town in Ethiopia, the means to study and grow in their country.

All initiatives were effectively shared and supported through structured internal communication activities, highlighting both actions and results for a full involvement of all employees, encouraging them to express themselves and to evaluate and enrich the activities with new personal contributions.

Connection



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position at June 30, 2017

Assets

(euro/thousand)		AT 06.30.2017	AT 12.31.2016	NOTE
Non-current assets				
Intangible assets with an indefinite useful life		250,720	250,720	(5)
Intangible assets with a finite useful life		61,967	66,605	(7)
Property, plant and equipment		10,393	8,654	(8)
Other investments		2,110	2,111	(9)
Other non-current financial assets		3,157	3,469	(10)
Deferred tax assets, net		104	152	(26)
Other non-current assets		23,745	23,560	(13)
Total non-current assets	**(A)**	**352,196**	**355,271**	
Current assets				
Inventories		1,713	2,210	(11)
Trade receivables		138,909	161,786	(12)
Current tax assets		7,491	7,215	(26)
Other current assets		41,549	40,177	(13)
Current financial assets		931	610	(17)
Cash and cash equivalents		67,932	121,566	(17)
Total current assets	**(B)**	**258,525**	**333,564**	
Non-current assets held for sale and discontinued operations	**(C)**	**-**	**11,801**	**(28)**
Total assets	**(A+B+C)**	**610,721**	**700,636**	

Liabilities

(euro/thousand)		AT 06.30.2017	AT 12.31.2016	NOTE
Equity attributable to the owners of the Parent				
Share capital		20,000	20,000	(14)
Share premium reserve		117,217	117,217	(14)
Legal reserve		4,000	4,000	(14)
Actuarial reserve		(1,215)	(1,691)	(14)
Other reserves		148,021	205,161	(14)
Profit (loss) for the period		6,309	22,650	
Total equity attributable to the owners of the Parent	**(A)**	**294,332**	**367,337**	**(14)**
Non-controlling interests				
Share capital and reserves		-	-	
Profit (loss) for the period		-	-	
Total non-controlling interests	**(B)**	**-**	**-**	**(14)**
Total equity	**(A+B)**	**294,332**	**367,337**	**(14)**
Non-current liabilities				
Non-current provision for employees		18,761	19,015	(19)
Net deferred tax liabilities and non-current tax liabilities		20,013	9,267	(26)
Other non-current liabilities		20,436	31,540	(20)
Total non-current liabilities	**(C)**	**59,210**	**59,822**	
Current liabilities				
Current loans and borrowings		59	59	(17)
Trade payables		104,303	111,027	(22)
Liabilities for services to be provided and other current liabilities		108,757	110,407	(22)
Provision for risks and current charges		38,833	33,798	(21)
Current tax liabilities		5,227	4,260	(26)
Total current liabilities	**(D)**	**257,179**	**259,551**	
Liabilities directly associated with non-current assets held for sale and discontinued operations	**(E)**	**-**	13,926	(28)
Total liabilities	**(C+D+E)**	**316,389**	**333,299**	
Total liabilities and equity	**(A+B+C+D+E)**	**610,721**	**700,636**	

Income statement

(euro/thousand)	H1 2017	H1 2016	NOTE
Sales of goods	314	721	(23)
Provision of services	166,115	198,952	(23)
Revenue from sales and services	**166,429**	**199,673**	(23)
Other income	2,746	1,575	(24)
Total revenue	**169,175**	**201,248**	
Costs of materials	(1,301)	(6,295)	(24)
Costs for external services	(83,874)	(100,583)	(24)
Personnel expense	(40,257)	(55,731)	(24)
Allowance for impairment losses	(5,071)	(6,312)	(12; 24)
Accruals to provisions for risks and charges, net	(1,005)	(702)	(20; 21; 24)
Other operating expenses	(1,545)	(2,153)	
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	**36,122**	**29,472**	
Amortization, depreciation and impairment losses	(19,152)	(25,253)	(5. 8)
Non-recurring income (charges), net	(393)	(4,671)	(24)
Restructuring income (charges), net	-	(46)	(24)
Operating profit (loss)	**16,577**	**(498)**	
Interest expense	(367)	(1,867)	(25)
Interest income	1,045	2,042	(25)
Adjustments to financial asset values	-	6	
Pre-tax profit (loss)	**17,255**	**(317)**	
Income taxes	(10,946)	4,151	(26)
Profit (loss) for the period	**6,309**	**3,834**	
- of which attributable to the owners of the Parent	6,309	3,865	
- of which attributable to non-controlling interests	-	(31)	

		AT 06.30.2017	AT 06.30.2016
Number of Italiaonline S.p.A. shares		114,768,028	114,758,984
- ordinary shares	*No.*	*114,761,225*	*114,752,181*
- saving shares	*No.*	*6,803*	*6,803*
Shares outstanding (*)		*114,768,028*	*114,758,984*
Profit (loss) for the period	€/thousand	6,309	3,865
Profit (loss) per share	€	0.0550	0.0337

(*) 2016 Figure refers to the average number of shares outstanding following the completion of the merger

Statement of comprehensive income

(euro/thousand)	H1 2017	H1 2016	NOTE
Profit (loss) for the period	**6,309**	**3,834**	
Other comprehensive income (expense) that will not be reclassified subsequently to profit or loss:			
Actuarial gains (losses) net of tax	476	(1,747)	
Total other comprehensive income (expense) that will not be reclassified subsequently to profit or loss	476	(1,747)	(15)
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 the fair value measurement of warrants	-	-	
Total other comprehensive income (expense) that will be reclassified subsequently to profit or (loss)	-	(528)	(15)
Total other comprehensive income (expense), net of tax	**476**	**(2,275)**	
Total comprehensive income (expense) for the period	**6,785**	**1,559**	
- of which attributable to the owners of the Parent	6,785	1,590	
- of which attributable to non-controlling interests	-	(31)	

Statement of cash flows

(euro/thousand)		H1 2017	H1 2016	NOTE
Cash flows from operating activities				
Operating profit (loss)		16,577	(498)	
Amortization, depreciation and impairment losses		19,152	25,253	(5)-(7)-(8)
Stock options		242	323	
(Gain) loss on disposal of non-current assets		(1)	(27)	
Change in working capital		9,856	14,487	
Income taxes		(249)	(668)	
Change in non-current liabilities		(1,112)	(596)	
Foreign exchange adjustments and other changes		(2,127)	(45)	
Cash flows generated by operating activities	**(A)**	**42,338**	**38,229**	
Cash flows from investing activities				
Purchase of intangible assets with a finite useful life		(12,589)	(11,728)	(7)
Purchase of property, plant and equipment		(3,667)	(367)	(8)
Other investments		344	(980)	
Proceeds from disposal of non-current assets		42	1,593	
Cash flows used in investing activities	**(B)**	**(15,870)**	**(11,482)**	
Cash flows from financing activities				
Repayment of non-current loans		-	(554)	
Paid interest and financial expense, net		(2)	1,375	
Change in other financial asset and liabilities		(68)	(40,784)	
Dividend distribution		(80,032)	-	
Cash flows generated by (used in) financing activities	**(C)**	**(80,102)**	**(39,963)**	
Cash flows of the period	**(A+B+C)**	**(53,634)**	**(13,216)**	
Cash and cash equivalent classifi ed as non-current assets held for sale and discontinued operations at the beginning of the period	**(F)**		-	
Opening cash and cash equivalents		**121,566**	**123,566**	**(17)**
Closing cash and cash equivalents from continuing operations	**(H)**	**67,932**	**109,775**	**(17)**
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		**67,932**	**110,350**	

Statement of changes in equity from December 31, 2016 to June 30, 2017

(euro/thousand)	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	STOCK OPTION RESERVE	ACTUARIAL RESERVE	OTHER RESERVES	PROFIT (LOSS) FOR THE PERIOD	TOTAL	TOTAL
At 12.31.2016	**20,000**	**117,217**	**4,000**	**1,396**	**(1,691)**	**203,765**	**22,650**	**367,337**	**367,337**
Allocation of previous year profit (loss)	-	-	-	-	-	22,650	(22,650)	-	-
Dividend distribution	-	-	-	-	-	(80,032)	-	(80,032)	(80,032)
Stock option valuation	-	-	-	243	-	-	-	243	243
Comprehensive income (expense) for the period	-	-	-	-	476	-	6,309	6,785	6,785
Other changes	-	-	-	-	-	(1)	-	(1)	(1)
At 06.30.2017	**20,000**	**117,217**	**4,000**	**1,639**	**(1,215)**	**146,382**	**6,309**	**294,332**	**294,332**

Statement of changes in equity from December 31, 2015 to December 31, 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	**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)	-	-	-
Share-based payments	-	-	-	606	-	-	-	606	-	606
Comprehensive income (expense) for the year	-	-	-	-	(868)	-	22,650	21,782	-	21,782
Merger	12,442	(90,473)	3,116	-	(1,159)	125,655	-	49,581	(49,581)	-
Impact of Europages's ownership percentage	-	-	-	-	-	(158)	-	(158)	126	(32)
Capital increase and other changes	-	62	-	-	(1)	(7)	-	54	2	56
At 12.31.2016	**20,000**	**117,217**	**4,000**	**1,396**	**(1,691)**	**203,765**	**22,650**	**367,337**	**-**	**367,337**

Notes to the condensed interim consolidated financial statements

1. Corporate information

Italiaonline provides web marketing and digital advertising services, including advertising campaign management 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 Parent serves small and medium-sized enterprises, which are the backbone of the Italian economy, as well as large companies.

The Parent Italiaonline SpA 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 "Performance by Business Area".

2. Basis of preparation

The condensed interim consolidated financial statements as at June 30, 2017 were drawn up pursuant to art. 154 ter of Legislative Decree No. 58/98 and have been prepared in accordance with the IFRS applicable in the European Community within the meaning of (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 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 financial statements of the Italiaonline Group prepared for 2016.
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 which are 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 nature, as this is considered the best way to present the Group's activities and complies with internal reporting methods.

  As required by Consob resolution No. 15519 of July 27, 2006 in the context of the income statement by nature, income and charges from non-recurring transactions were specifically identified, highlighting their impact on the operating profit (loss).
  Non-recurring income and charges include those which, by their nature, do not occur usually in the normal course of operations, such as:
  - company restructuring costs;
  - non-recurring and highly strategic consultancy (relating mainly to identifying and implementing solutions for company and/or financial restructuring);
  - costs linked to directors' and department managers' end-of-office entitlement.
- 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 as at the reporting date;
- the *consolidated statement of cash flows* was prepared by recognizing 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 statements include cash, cheques, 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 year for the effects of: non-monetary transactions; any deferment or accrual for 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 which took place in equity items.

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

Publication of the condensed interim consolidated financial statements at June 30, 2017 of Italiaonline group was authorized by resolution of the Board of Directors of August 2, 2017.

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

The interim financial report at June 30, 2017 was prepared on the assumption of the continuation of the Company's activity, since there is a reasonable expectation that Italiaonline S.p.A. will continue to operate for the foreseeable future (and in any case for a timespan of more than twelve months).

2.2 Basis of consolidation

The condensed interim financial statements include the interim financial statements of Italiaonline S.p.A. and its direct and indirect subsidiaries included in the table under annex 1. Where necessary, these financial statements have been amended and aligned with the accounting policies adopted by the Parent.

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 on a line-by-line basis as of the acquisition date, 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 recognising to non-controlling interests, in separate items, the share of equity and profit of loss 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 attributable to the Group in the consolidated income statement and statement of equity.

2.3 Discretionary assessments and accounting estimates

Pursuant to IFRS, when preparing condensed interim consolidated financial statements and notes thereto, management must make estimates and assumptions that affect the amounts of revenue, costs, and assets and liabilities in the financial statements, as well as the information on contingent 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, amortisation and depreciation, impairment losses, employee benefits, taxes, reorganization 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 accounting policies described in more detail in Note 4.

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

3.1 Accounting standards, amendments and interpretations issued by IASB/IFRIC applicable from January 1, 2017

The new IFRS in effect as of January 1, 2017 are as follows:

Amendments to IAS 12 - Income tax
On January 19, 2016, the IASB published certain amendments to IAS 12 Income Tax. The document "Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)" aims to clarify how to account for deferred tax assets related to debt instruments measured at fair value.

Amendments to IAS 7 – Statement of Cash Flows
On January 29, 2016, the IASB published certain amendments to IAS 7 Statement of cash flows. The Disclosure Initiative document (Amendments to IAS 7) aims to improve the presentation and disclosure of financial information in financial reports and to resolve some of the issues raised by operators. The amendments introduce new disclosures for changes in liabilities and assets arising from financing activities.

Annual cycle of improvements to IFRSs 2014-2016
On December 8, 2016, the IASB published the document "Annual Improvements to IFRSs 2014-2016 Cycle". The changes introduced, within the ordinary course of rationalization and clarification of international accounting standards, cover the following standards: IFRS 1 First-time adoption of international financial reporting standards, IFRS 12 Disclosure of interests in other entities and IAS 28 Investments in associates and joint ventures.

3.2 Accounting standards, amendments and interpretations recently endorsed by the European Union

At the time of preparing this interim financial report, the competent bodies of the European Union had completed the approval process necessary for the adoption of the accounting standards and amendments mentioned below. With reference to the standards applicable to the Group, it was decided not to exercise the option that provides for early adoption where permitted.

The possible impact that these standards, amendments and interpretations will have on the Group is being analyzed.

IFRS 15 - Revenue from Contracts with Customers and Amendments
On May 28, 2014, the IASB and the FASB published, under the IFRS-US GAAP convergence program, IFRS 15 "Revenue from Contracts with Customers". This document was adopted by the European Union with Regulation No. 1905 of September 22, 2016. The standard is a unique and comprehensive framework for the recognition of revenue and sets out provisions to be applied to all contracts with customers (with the exception of contracts within the scope of standards on leases, insurance contracts and financial instruments). IFRS 15 replaces the previous standards on revenue: IAS 18 Revenue and IAS 11 Construction contracts, as well as IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of assets from customers and SIC-31 Revenue - barter transactions involving advertising services. The new model for the recognition of revenues under IFRS 15 (five step model) requires revenue to be recognised at the transfer of goods or services to the customer's control and to the consideration which the entity expects to be entitled.
On September 11, 2015, the IASB issued an Amendment to IFRS 15 which postponed the entry into force of the standard to January 1, 2018. Earlier application is, however, permitted. In addition, on April 12, 2016, the IASB issued some clarifications regarding IFRS 15 Revenue from Contracts with Customers.
IFRS 15 must be applied retrospectively from January 1, 2018 through one of the following methods:

- Full retrospective method that requires restatement of all comparative periods presented in the financial statements.
- Simplified retrospective method which provides for the recognition of the cumulative effect of the first application of the standard as an adjustment to opening equity as at January 1, 2018. The amounts of all the comparative periods presented in the financial statements remain unchanged. Adopting the simplified method still requires the provision of quantitative and qualitative information for each financial statement item impacted by the new standard.

The choice of the transition method is still being evaluated by the Italiaonline Group.
The task of assessing the impacts arising from the application of the new standard has reached the completion stage and activities are now underway to adjust systems/processes in order to incorporate the impacts of the new standard. A reliable estimate of the quantitative effects of its application will be available on completion of this activity.

The main cases impacted by the changes introduced by the new accounting standard are described below:

- **Bundles contracts:** with reference to those contracts through which Italiaonline sells, within predefined bundles, different products/services, the new standard will result in a different allocation of revenues among the performance obligations identified in the contract. The revenue allocation method shall be defined on the basis of the "relative fair value" method, attributing to each performance obligation identified any discount provided by the contract, in proportion to the stand-alone sale price of each of them. If the service sold within the bundle is not sold also separately, the stand-alone sale price will be estimated by applying a mark-up to the production cost incurred.
  The different distribution of the amount of the contractual performance obligations will result particularly in a different temporal allocation of revenues in those contracts containing both print advertising services (whose revenues are recognised "at point in time") and web services (whose revenues are recognised "over time", for the duration of the contract). The quantitative impact of this change can be reliably estimated once activities to implement the necessary changes to processes/systems have concluded;
- **Principal vs agent**: the new standard requires that when determining whether the company providing the goods/services is acting as principal or agent, with effects on gross or net presentation of revenue and related costs, the credit risk towards the end customer is no longer one of the elements to be considered. The contractual analysis activities performed have led in some cases to different conclusions with respect to the accounting treatment carried out according to existing standards. The change in the accounting treatment will have an insignificant reclassification impact on revenues and operating costs and will have no impact on profit or loss for the reporting period;
- **Contractual costs**: the revised standard requires the recognition of "Current/non-current assets" in order to detect the incremental costs incurred in obtaining a contract (e.g. commissions) and costs incurred for its execution; these costs must be recognised in the income statement on a systematic basis, in keeping with the transfer timing of the goods/services to the customer. Italiaonline pays agents/call centres commissions for the acquisition of new customers that are higher than those established during contract renewal. These incremental costs for the acquisition of new customers must be accounted for in "Current/non-current assets" and recognised in the income statement over the expected term of the relationship with the customer, currently estimated at approximately 2 years. The quantitative impact of this change can be reliably estimated once activities to implement the necessary changes to processes/systems have concluded.

IFRS 9 – Financial instruments

On July 24, 2014, the IASB published the final version of IFRS 9 "Financial Instruments". This document was adopted by the European Union with Regulation No. 2067 of November 22, 2016. The document includes the results of the IASB project aimed at replacing IAS 39 and exceeds all versions of IFRS 9 previously issued on classification and measurement, derecognition, impairment and hedge accounting. Among the main changes, it is noted that with regard to classification and evaluation, the business model used to manage financial assets and liabilities and the characteristics of cash flows should be taken into consideration. In addition, the standard introduces new aspects for the assessment of credit losses (expected credit losses) and a new hedge accounting model.
The new standard is applicable to reporting periods beginning on or after January 1, 2018.
The Italiaonline Group has not yet completed its analysis on the impacts arising from the application of the provisions of IFRS 9, but from the preliminary assessments, with specific reference to the assessment of losses on receivables, it is noted that the assessment criteria currently used are largely in line with the provisions of the new standard.

3.3 Accounting standards, amendments and interpretations not yet approved by the European Union

At the time of preparing this half-year report, the competent bodies of the European Union had not yet completed the approval process necessary for the adoption of the accounting standards and amendments mentioned below. The possible impact that these standards, amendments and interpretations will have on the financial statements of the Group is being analysed.

Amendments to IFRS 2 - Share-based payment

On June 20, 2016, the IASB issued certain amendments to IFRS 2 - "Share-based Payment". This document aims to clarify the accounting treatment of certain share-based payment transactions. The changes apply to financial statements for annual reporting beginning on or after January 1, 2018. Early application is permitted. Approval by the EU is expected in the second half of 2017.

Amendments to IAS 28 - Improvements to IFRS (Cycle 2014-2016)

In December 2016, the IASB clarified that the following options provided for by IAS 28 can be exercised for each individual investment:

a) option of IAS 28.18, which allows for certain types of entities (e.g.: venture capital, mutual funds, etc.) to evaluate their own investments in associates and/or JVs at fair value;
b) option of IAS 28.36A, which allows entities that are not investment entities to carry at equity investments in associates and JVs that are investment entities, maintaining the fair value considerations made by the latter with reference to their investments. This amendment applies to annual reporting periods beginning on or after January 1, 2018; early application is permitted. Approval by the EU is expected in the second half of 2017.

Amendments to IAS 40 - Investment Property

On December 8, 2016, the IASB published certain amendments to IAS 40 - "*Investment Property*". The amendment clarifies the aspects related to the treatment of transfers to, and from, investment property. This amendment applies to annual reporting periods beginning on or after January 1, 2018; early application is permitted. Approval by the EU is expected in the second half of 2017.

IFRIC Interpretation 22 - Effects of changes in foreign exchange rates

In December 2016, the IASB published the document "IFRIC Interpretation 22 - Foreign currency transactions and advance consideration" which aims to clarify the rate of exchange to be used for converting any advances paid or received in foreign currency, which relate to goods, charges or revenues to be recorded in future financial statements, into functional currency. This document applies to annual reporting periods beginning on or after January 1, 2018; early application is permitted. Approval by the EU is expected in the second half of 2017.

IFRS 16 - Leases

On January 13, 2016, the IASB published the new standard IFRS 16 Leases, which replaces IAS 17. IFRS 16 applies to financial statements for annual reporting beginning on or after January 1, 2019. The new standard eliminates the difference in the accounting of operating and finance leases, including in the presence of elements that allow application to be simplified, and introduces the concept of control within the definition of a lease. In particular, in order to determine whether or not a contract constitutes a lease, IFRS 16 requires an assessment of whether or not the lessee has the right to control the use of a given asset for a specified period of time.

IFRS 16 is applicable retrospectively from January 1, 2019 by adopting, alternatively, one of the following methods:

- the "*full retrospective method*" which involves the restatement of all comparative financial statement periods;
- the "*simplified retrospective method*" with the cumulative recognition of the first application of the standard as an adjustment to opening equity for the year in which the standard is adopted, without therefore restating its comparative financial statement periods.

Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. Adoption of IFRS 16 by the EU is expected in the fourth quarter of 2017.

If it were to be transposed in due time, the Italiaonline group may choose to apply this standard in advance as from January 1, 2018.

IFRS 16, from the point of view of the lessee, provides, for all leases in which it is lessee (without distinguishing between operating leases and finance leases), for:

- the recognition in the statement of financial position of a liability, represented by the present value of future lease payments, against the corresponding entry in assets of the "right of use of the asset taken under lease" and
- a different nature and classification of related costs (depreciation of the "right of use of the asset" and "financial charges for interest" with respect to the "Costs for use of third-party assets"), with a subsequent impact on operating profitability. In addition, the combination of the depreciation on a straight-line basis of the "right of use of the asset" and the effective interest rate method applied to lease liabilities results, with respect to IAS 17, in higher expenses in the income statement in the early years of the lease and decreasing costs in later years.

The task of assessing the impacts arising from the application of the new standard is currently in progress. The main contractual cases impacted are property rental contracts and contracts for the long-term rental of motor vehicles.

IFRIC interpretation 23 - Uncertainty over income tax treatments

In June 2017, the IASB published the document "IFRIC Interpretation 23 - Uncertainty over income tax treatments" which aims to clarify how to calculate current and deferred taxes in cases where there are uncertainties regarding the tax treatment adopted by the reporting entity that may not be accepted by the tax authorities. This document applies to annual reporting periods beginning on or after January 1, 2019; early application is permitted. Approval by the EU is expected in 2018.

4. Accounting policies

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 recognised 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 transaction are recognised at their fair values at the acquisition date.

Amortisation 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 recognised as finite or indefinite.

Intangible assets with a finite useful life are amortised 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, less any accumulated impairment losses. It is tested for impairment annually, or more frequently if events or changes in circumstances indicate that an impairment loss may have occurred as required by IAS 36.

(b) Trademarks

This item mainly includes 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.

Intangible assets produced internally, excluding development costs, are not capitalized and are recognised in the income statement in the reporting period in which they are incurred.

The period and method of amortization applied are reviewed at the end of each financial year or more frequently if necessary.
In particular, the following intangible assets with a finite useful life may be identified within the Group:

(c) Software and industrial patents
Software license costs, including the costs incurred to make the software ready for use, are amortized on a straight-line basis over the useful life (mainly in three years), while the costs associated with maintenance of software programs are expensed when incurred.

(d) Development costs
The costs related to research activities are recognized in the income statement as incurred, while development costs are recognized as intangible assets when the following conditions are satisfied:

- the project is clearly identified and the costs associated with it can be identified and measured reliably;
- the technical feasibility of the project has been demonstrated;
- the intention to complete the project has been demonstrated;
- there is a potential market or, in case of internal use, the intangible asset's usefulness is demonstrated for the production of intangible assets generated by the project;
- the technical and financial resources needed to complete the project are available.

The amortisation of development activities included under intangible assets reflects the useful life and starts from the date on which the outcome of the project is marketable or ready to use. If in an identified internal project for the creation of an intangible asset, the research phase cannot be distinguished from the development phase, the cost of this project is entirely expensed.

(e) Marketing-related activities
Customer Relationships and Databases are amortized on a straight-line basis, over a period of between 4 years and 8 years, taking into account the asset's useful life.
Gains or losses arising from disposal of an intangible asset are determined as the difference between the disposal value and the carrying amount of the asset and are recognized in the income statement upon disposal.

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 acquisition are capitalized 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 capitalised 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
With regard to assets sold during the period, depreciation is calculated for the share relating to the availability period of the assets, except for assets purchased during the period.

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 this, the original amount is reinstated net of amortization/ depreciation.
The *recoverable amount* is the higher of the fair value of an asset or cash-generating unit, net of costs to sell and its value in use and is determined by individual asset, unless it generates cash flows that are largely independent of those from other assets or groups of assets.
In determining the value in use, the Group discounts the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the specific risks of the asset.

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 acquisition) in the share of net assets of the associates attributable to the owners of the Parent. 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 recognise any impairment losses. The income statement reflects the share of the associates profit (loss) for the period attributable to the owners of the Parent. If an associate records adjustments directly in 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 deeme permanent.
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 recognized in the income statement, in accordance with the provisions of IAS 39.
Impairment losses on other investments classified as "available-for-sale financial assets" cannot 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.

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 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 recognized in the income statement;
- *investments held to maturity*: these are recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the investment is derecognized or impaired, as well as through the amortization process;

- *loans and receivables* are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the loans and receivables are derecognized 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 are derecognized or until it is ascertained that they have been impaired. In either of these cases, the gains or losses accumulated up to that time in equity are taken to profit or loss.

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 reporting 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

Loans and borrowings are recorded at amortized cost.

Non-current loans and borrowings are recognized net of their additional transaction costs.

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 amortisation 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 recognized at the original invoice amount net of the allowance for impairment, accrued based on estimates of the risk of non-recoverable amounts at the reporting date.

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

Impairment losses are recognized 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 into bankruptcy or commence other financial restructuring 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 recognized in the income statement. The non-recoverable receivables are removed from the statement of financial position with the corresponding portion of the allowance for impairment. If in subsequent years 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 recognized 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 fulfil its obligation, and when the amount of the obligation can be reliably estimated.
They can be broken down into:
- *provision for agents' termination indemnities;*
- *provision for commercial risks;*
- *provision for contractual risks and other operating risks;*
- *non-operating provision;*
- *provision for reorganization.*

Changes in estimates are reflected in the income statement in the period in which they occurred.
In the case of provisions for future risks – after 12 months – the liability, if significant, is discounted using a pre-tax rate, which reflects current market assessments of the time value of money. The increase in provisions due to the passage of time is recognized as a financial expense.

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 recognized in the income statement are measured by independent actuaries using the projected unit credit method.
Actuarial gains and losses are immediately recognized in the period in which they occur, in 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 recognised 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
The fair value of share-based payment plan is determined by an external valuer using a binomial model, not taking into account in the share-based payment plans any conditions relating to the achievement of objectives (performance), but considering the conditions that influence the price of the Group (market conditions) shares. Changes in fair value after the grant date have no effect on the initial measurement. The cumulative costs recognised at the closing date of each accounting period are commensurate with the best available estimate of the number of equity instruments that will ultimately vest. The cost in the income statement for the period represents the change in cumulative expense recognised at the beginning and end of the period. Any dilutive effect of outstanding options is reflected in the calculation of diluted earnings per share.

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 recognized at amortized cost, which is the amount measured at initial recognition net of principal repayments, plus or minus the cumulative amortization using the effective interest method on any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance) for impairment losses or non-recoverability.

Non-current assets held for sale and discontinued operations
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 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 held for sale and discontinued operations" 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 consolidated statement of cash flows: "Cash flow from non-current assets held for sale and discontinued operations";

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 amounts.

Business Combinations

Pursuant to IFRS 3, goodwill is recognised in the consolidated financial statements at the acquisition date 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 acquisition date of control of the equity interest already held in the acquired company;

b) the fair value of the identifiable assets acquired, net of the identifiable liabilities assumed, measured at the acquisition date of control.

In accordance with IFRS 3, the following is also called for:
- related costs associated with the business combination must be recognized 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 acquisition date 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*: the revenue is recognized 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, is recognized in full at the time of publication;
  - *online* and *onvoice* revenue is recognized on a straight-line basis over the duration of the contract. The amount for advertising services that have already been invoiced and that will be implemented after the reporting date is 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 advertising space to develop visibility and brand awareness on a particular site;
  - revenue from the sale of "timed" spaces is recognized 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 paid traffic;
  - revenue from the sale of "unique browsers with frequency cap" (also called "reaches") is recognized 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 advertizing 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 advertizement or the actions that are performed by the same as a result of having viewed the advertisement. In the first case, the performance is calculated based on the number of clicks (CPC or "cost per click") made by visitors, as the advertizer's goal is generally to re-route to the web page sponsored in the advertizing. In the second case, however, the performance is based on the achievement of the advertizer'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).

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

Recognition of costs

Costs are recognized when they relate to goods and services purchased, consumed or allocated to the reporting period on an accruals basis.

Financial income and expense

Interest income and interest expense and other income and expenses are recognized and stated in accordance with the principle of accrual.

Income taxes

In accordance with the provisions of IAS 34, taxes were calculated by applying the average effective rates for the full year to pre-tax profit or loss.

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.

5. Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life amount to €250,720 thousand at June 30, 2017 and comprise: *i)* €71,997 thousand for goodwill generated in the acquisition of the Seat Group *ii)* €9,317 thousand for goodwill for the acquisition of Matrix, *iii)* €169,406 thousand relating to the Virgilio (€53,000 thousand), Libero (€70,262 thousand), PagineBianche® (€15,285 thousand) and PagineGialle® (€30,859 thousand) trademarks.

6. Impairment testing

As required by IAS 36, the Company, 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 Company 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), International Financial Reporting Standards ("FRS") 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.

As at June 30, 2017, these analyzes revealed no evidence to suggest impairment testing was required and, as such, impairment testing was not performed. In particular it is noted that:

- the market capitalization of the Company is higher than the equity value;
- the main economic and financial indicators of the Group relating to the first half of 2017 are in line with the forecasts of the Updated 2017-2019 Business Plan and confirm the end-of-year forecasts announced on March 15.

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 out on the assets with indefinite useful life at December 31, 2016 indicated the recoverability of the investments, and therefore did not result in the recognition of impairment losses.

7. Intangible assets with a finite useful life

Intangible assets with a finite useful life totalled €61,967 thousand at June 30, 2017 (€66,605 thousand at December 31, 2016) and can be broken down as follows:

	H1 2017				
(euro/thousand)	CUSTOMER RELATIONSHIPS AND DATABASE	SOFTWARE	PATENTS, CONCESSION, BRANDS AND LICENCES	OTHER INTANGIBLE ASSETS	TOTAL
Opening balance	**26,983**	**36,033**	**142**	**3,447**	**66,605**
- Investments	-	10,105	163	2,321	12,589
- Purchases	-	*7,088*	*163*	*825*	*8,076*
- Capitalized costs	-	*3,017*	-	*1,496*	*4,513*
- Amortization	(2,614)	(13,869)	(90)	(434)	(17,007)
- Impairment losses	-	(102)	-	(108)	(210)
- Changes	-	1,978	(1)	(1,987)	(10)
Closing balance	**24,369**	**34,145**	**214**	**3,239**	**61,967**
of which:					
Cost	*35,128*	*219,257*	*527*	*23,202*	*278,114*
Accumulated amortization	*(10,759)*	*(185,112)*	*(313)*	*(19,963)*	*(216,147)*

Intangible assets with a finite useful life consist of:

- *customer relationships and database* totalling €24,369 thousand at June 30, 2017, related to assets referred to as customer relationships for €20,107 thousand and database for €4,262 thousand. During the first half of 2017, the item decreased by the amortization for the period amounting to €2,614 thousand;
- *Software*, for €34,145 thousand at June 30, 2017 (€36,033 thousand at December 31, 2016) related to the costs for purchases from third parties and the internal implementation of programmes owned and used under licence mainly to support new commercial offers. During the first half of 2017, the item decreased by amortization of €13,869 thousand, but investments were made for €10,105 thousand (€3,017 thousand related to personnel expense), to support, in particular, the new commercial offers on the Internet & Mobile platforms of Italiaonline S.p.A. of which purchase of licence (Open X-Change e Matchcraft).
- *Patents, concessions, brands and licences*, amounted to €214 thousand at June 30, 2017 (€142 thousand at December 31, 2016);
- *Other intangible assets*, amounting to €3,239 thousand at June 30, 2017 (€3,447 thousand at December 31, 2016), mainly comprised of software projects in progress.

The following table gives an overview of the annual amortization rates used:

	H1 2017
Customer relationships and Databases	13-25%
Software	20-100%
Patents, concessions, brands and licences	20-100%
Other intangible asssets	10-33%

8. Property, plant and equipment

Property, plant and equipment amounted to €10,393 thousand at June 30, 2017 (€8,654 thousand at December 31, 2016). This item was recorded net of accumulated depreciation totalling €42,581 thousand at the reporting date, which as a proportion of the gross value was 80.38%.

These are broken down as follows:

	H1 2017			
(euro/thousand)	PROPERTY	PLANT AND EQUIPMENT	OTHER ITEM OF PROPERTY, PLANT AND EQUIPMENT	TOTAL
Opening balance	**1,624**	**638**	**6,392**	**8,654**
- Investments	497	482	2,688	3,667
- Depreciation and impairment losses	(273)	(206)	(1,455)	(1,934)
- Disposals and other changes	-	100	(94)	6
Closing balance	**1,848**	**1,014**	**7,531**	**10,393**
of which:				
Cost	*5,736*	*2,126*	*45,112*	*52,974*
Accumulated amortization	*(3,888)*	*(1,112)*	*(37,581)*	*(42,581)*

Property, plant and equipment include:

- *property* of €1,848 thousand at June 30, 2017 (€1,624 thousand at December 31, 2016). During the first half of 2017, the assets were depreciated by €273 thousand;
- *plant and equipment* of €1,014 thousand at June 30, 2017 (€638 thousand at December 31, 2016). During the first half of 2017, investments were made for €482 thousand attributable mainly to fixtures and furnishings for Italionline S.p.A.'s new offices in Assago and Pisa. This item decreased during the period as a result of depreciation, by €192 thousand.
- *other items of property, plant and equipment* of €7,531 thousand at June 30, 2017 (€6,392 thousand at December 31, 2016), of which €6,171 thousand related to IT equipment and systems. The item decreased during the period mainly due to depreciation of €1,455 thousand; investments during the period amounted to €2,688 thousand, of which €2,678 thousand in Italiaonline S.p.A. mainly related to the configuration and deployment of the portion of Datacenter Supernap Italia dedicated to host the IT services of the Company.

The accumulated depreciation (€42,581 thousand at June 30, 2017) 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 annual depreciation rates used:

	H1 2017
Property	3-48%
Plant and equipment	10-46%
Other items of property, plant and equipment	10-50%

9. Other investments

This item includes € 2,110 thousand for the fair value measurement of 16.24% of the investment held by Italiaonline S.p.A. in 11 880 Solutions AG which, pursuant to IAS 39, is an available-for-sale financial asset measured in accordance with level 1 (listed market price) in the fair value hierarchy, which did not show any need for impairment.

10. Other non-current financial assets

Other non-current financial assets as at June 30, 2017 totalled €3,157 thousand (€3,469 thousand at December 31, 2016) and specifically include loans to employees for €2,663 thousand, issued at market rates for transactions of this nature.

11. Inventories

The amount of inventories can be broken down as follows:

	H1 2017			
(euro/thousand)	RAW MATERIAL, SUPPLIERS AND CONSUMABLES	WORK IN PROGRESS AND SEMI-FINISHED GOODS	FINISHED GOODS	TOTAL
Opening balance	**1,031**	**1,176**	**3**	**2,210**
Increase (decrease)	(925)	161	5	(759)
Reversal of Held for sale recognition (*)	3	105	155	263
Other changes	-	-	(1)	(1)
Closing balance	**109**	**1,442**	**162**	**1,713**

(*) This includes the reversal of the classification of Consodata items as Held for Sale.

Inventories at June 30, 2017 amounted to €1,713 thousand (€2,210 thousand at December 31, 2016); raw materials, supplies and consumables include inventories related to the print products of Italiaonline S.p.A. and products for resale include goods for merchandising activities.

12. Trade receivables

(euro/thousand)	H1 2017		
	TRADE RECEIVABLES	ALLOWANCE FOR IMPAIRMENT TRADE RECEIVABLES	CARRYING AMOUNT
Opening balance	**203,917**	**(42,131)**	**161,786**
Accruals	-	(3,610)	(3,610)
Utilization	-	9,237	9,237
Reclassification of receivables previously recognized as Held for sale (*)	7,853	(3,196)	4,657
Other changes	(33,208)	47	(33,161)
Closing balance	**178,562**	**(39,653)**	**138,909**

(*) This includes the reversal of the classification of Consodata items as Held for Sale.

Trade receivables, net of the allowance for impairment, amounted to €138,909 thousand at June 30, 2017 (€161,786 at December 31, 2016).
The *allowance for impairment* amounted to €39,653 thousand at June 30, 2017 (€42,131 thousand at December 31, 2016), relating to Italiaonline S.p.A. for €36,457 thousand, and is considered sufficient to cover estimated losses for customer insolvency.
In the first half of 2017, €9,237 thousand was drawn down from the allowance for receivables considered not recoverable and without any effect in the income statement (of which €9,188 thousand relating to Italiaonline S.p.A.) and an accrual of €3,610 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 reflects, in the amount of €7,853 thousand, the reclassification of the balances of Consodata S.p.A. which at December 31 were classified as available-for-sale assets. For a more detailed analysis of the Group's credit risk, see paragraph 18 of these Notes.

13. Other assets (current and non-current)

Other assets (current and non-current) amounted to €65,294 thousand at June 30, 2017 (€63,737 thousand at December 31, 2016), detailed as follows:

(euro/thousand)	AT 06.30.2017	AT 12.31.2016	CHANGE
Advances on sales commissions and other assets due from agents	20,482	21,702	(1,220)
Prepaid expenses	8,903	6,624	2,279
Advances to suppliers	1,736	534	1,202
Other receivables	10,428	11,317	(889)
Total other current assets	**41,549**	**40,177**	**1,372**
Other non-current assets	**23,745**	**23,560**	**185**
Total other current assets and non-current assets	**65,294**	**63,737**	**1,557**

Specifically:

- *advances on sales commissions and other assets due from agents* amounted to €20,482 thousand at June 30, 2017 (€21,702 thousand at December 31, 2016) and are reported net of the related allowance for impairment for an amount totalling €12,775 thousand at June 30, 2017 (€11,630 thousand at December 31, 2016);
- *prepaid expenses* amounted to €8,903 thousand at June 30, 2017 (€6,624 thousand at December 31, 2016); the item includes the deferral of direct production costs with the same frequency with which the corresponding revenue is recognized in the income statement;
- the *advances to suppliers*, totalling €1,736 thousand at June 30, 2017 (€534 thousand at December 31, 2016);
- *other receivables* totalling €10,428 thousand at June 30, 2017 (€11,317 thousand at December 31, 2016) includes amounts due from INPS for €3,266 thousand, security deposits totalling €507 thousand, amounts due from Engineering for €525 thousand and assets totalling €2,912 thousand which are a result of the provisional payment, pending judgement, with reference to the notices of assessment issued by the national Tax Authority (*Agenzia delle Entrate*), which contest the failure to apply withholding taxes – over the years 2010 to 2012 – to interest paid to the Royal Bank of Scotland (Milan branch) under the so-called "Senior" funding scheme;
- the *other non-current assets* of €23,745 thousand at June 30, 2017 relate: *i)* for €4,518 thousand, to the assets for the reimbursement of the additional IRES paid for tax years up to 2012 as a result of not deducting IRAP on personnel and similar expense recognized in the 2013 financial statements according to official interpretations available; *ii)* for €18,543 thousand, to the IRES asset, including interest, emerging from the national tax consolidation of the Italiaonline group reported in previous tax periods requested for reimbursement by the Parent last year by submitting the 2014 CNM form (*Consolidato Nazionale Mondiale*).

14. Equity

Equity is broken down as follows:

(euro/thousand)	AT 06.30.2017	AT 12.31.2016	CHANGE
Share capital	20,000	20,000	-
Share premium reserve	117,217	117,217	-
Legal reserve	4,000	4,000	-
Actuarial reserve	(1,215)	(1,691)	476
Other reserves	148,021	205,161	(57,140)
Profit (loss) for the period	6,309	22,650	(16,341)
Total equity attributable to the owners of the Parent	**294,332**	**367,337**	**(73,005)**
Share capital and reserves	-	-	-
Profit (loss) for the period	-	-	-
Total equity attributable to non-controlling interests	**-**	**-**	**-**
Total equity	**294,332**	**367,337**	**(73,005)**

Share capital

The share capital stood at €20,000 thousand at June 30, 2017.
At June 30, 2017, the share capital consisted of 114,761,225 ordinary shares and 6,803 savings shares.
With reference to the share capital, the amount of €13,741 thousand is subject to taxation upon distribution. 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

The share premium reserve stood at €117,217 thousand at June 30, 2017.
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. Deferred tax liabilities were not calculated since the Company is not planning to distribute the share premium reserve.

Legal reserve

The legal reserve stood at €4,000 thousand at June 30, 2017.
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, 2017 was a negative €1,215 thousand (€1,691 thousand at December 31, 2016) 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 19 of these Notes.

Other reserves

Other reserves show a balance of €148,021 thousand at June 30, 2017 (€205,161 thousand at December 31, 2016) and refer to:

- the *purchase price allocation reserve* amounting to €17,446 thousand, recorded following the allocation to the assets and liabilities of the respective "Purchase Cost" fair value, net of the related tax effect;
- the *reserve for stock options* equal to €1,639 thousand (€1,396 at December 31, 2016);
- *other reserves and retained earnings (losses carried forward)* equal to €128,936 thousand. It noted that €21,463 thousand included in this reserve is subject to taxation in case of distribution.

15. Other comprehensive income (expense)

Movements in other comprehensive income and expenses that will not subsequently be reclassified to the profit or loss of the period are shown below:

(euro/thousand)	H1 2017	H1 2016
Other comprehensive income (expense) that will not be reclassified subsequently to profit or loss for the year		
Net actuarial gain (loss)	626	(2,410)
Tax effect of net actuarial gain (loss)	(150)	663
Other changes of the period	-	-
Total other comprehensive income (expense) that will not be reclassified subsequently to profit or loss for the year	476	(1,747)
Other comprehensive income (expense) that will be reclassified subsequently to profit or loss		
Profit (loss) from fair value measurement of AFS securities and investments	-	(528)
Total other comprehensive income (expense) that will be reclassified subsequently to profit or loss	-	(528)
Total other comprehensive income (expense) net of tax effect	**476**	**(2,275)**

16. Profit/(loss) per share

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

		AT 06.30.2017	AT 06.30.2016
Number of Italiaonline S.p.A. shares		114,768,028	114,758,984
- *ordinary shares*	*no.*	*114,761,225*	*114,752,181*
- *saving shares*	*no.*	*6,803*	*6,803*
Shares outstanding (*)		*114,768,028*	*114,758,984*
Profit (loss) for the period	€/thousand	6,309	3,865
Profit (loss) per share	€	0.0550	0.0337

(*) 2016 Figure refers to the average number of shares outstanding following the completion of the merger

Moreover, the profit (loss) per share is reported below also considering the shares granted under the stock option plan of the Parent (3,784,298).

		AT 06.30.2017	AT 06.30.2016
Number of Italiaonline S.p.A. shares	*no.*	118,552,326	115,617,728
Profit (loss) per share	€	0.0532	0.0334

17. Net financial indebtedness

The net financial indebtedness as at June 30, 2017 was positive at €68,804 thousand (positive at €122,117 thousand as at December 31, 2016).
As at June 30, 2017, the net financial indebtedness was structured as follows

(euro/thousand)		AT 06.30.2017	AT 12.31.2016	CHANGE
A	Cash and cash equivalents	67,932	121,566	(53,634)
B	Other cash and cash equivalents	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	**Liquidity**	**67,932**	**121,566**	**(53,634)**
E.1	**Current financial receivables due from third parties**	**931**	**610**	**321**
E.2	**Current financial receivables due from related parties**	**-**	**-**	**-**
F	Current bank debt	-	-	-
G	Current portion of non-current debt	-	-	-
H.1	Other current financial debt to third parties	59	59	-
H.2	Other current financial debt due to related parties	-	-	-
I=(F+G+H)	**Current financial debt**	**59**	**59**	**-**
J=(I-E-D)	**Net current financial indebtedness**	**(68,804)**	**(122,117)**	**53,313**
K	Non-current bank debt	-	-	-
L	Bond issues	-	-	-
M.1	Other non-current loans due to third parties	-	-	-
M.2	Other non-current loans due to related parties	-	-	-
N=(K+L+M)	**Non-current financial debt**	**-**	**-**	**-**
O=(J+N)	**Net financial indebtedness (ESMA)**	**(68,804)**	**(122,117)**	**53,313**

The change in the net financial indebtedness with respect to December 31, 2016 reflects the payment made, on May 10, 2017, of an ordinary and extraordinary dividend for a total amount of €80,032 thousand. For further details, please refer to the paragraph "Main events of the first half of 2017" of the Report on operations.
In addition, on February 23, 2017 Italiaonline S.p.A. signed the deeds for the sale of the two remaining finance leases, related to the buildings of the Turin office, in place with Mediocredito Italiano S.p.A. to the company Engineering Ingegneria Informatica S.p.A. For this reason the remaining financial liability, which as at December 31, 2016 had been reclassified under non-current liabilities held for sale, was therefore written off.

A description of the items which constitute net financial indebtedness is provided below:

Current financial debt

At June 30, 2017, these amounted to €59 thousand (unchanged compared to December 31, 2016).

Current financial receivables

Current financial receivables amounted to €931 thousand at June 30, 2017 (€610 thousand at December 31, 2016) and mainly refer to loan assets amounting to €885 thousand (€519 thousand at December 31, 2016) and €46 thousand in loans to employees (€91 thousand at December 31, 2016).

Cash and cash equivalents

Cash and cash equivalents amounted to €67,932 thousand at June 30, 2017 (€121,566 thousand at December 31, 2016) and mainly refer to the Parent Italiaonline S.p.A. (€67,653 thousand).
Approximately 0.02% of cash and cash equivalents is subject to constraint / security, following the previous composition proceedings.

18. Information on financial risks

Risk associated with financial debt

Given the financial resources at June 30, 2017, there are no risks connected with financial debt, also taking into account that on February 23, 2017 Italiaonline S.p.A. signed deeds for the sale of the two remaining finance leases in place with Mediocredito Italiano S.p.A. to the company Engineering Ingegneria Informatica S.p.A..

Credit risk

Italiaonline group's business is characterised by the presence of a large number of customers in the SME segment (small medium enterprises) who have suffered from the crisis period and for which the recovery was not started or consolidated in all business segments of our target market. This market environment, which includes the complexities generated by the large number of transactions, led the Company to implement a structured credit management, which uses a behavioural scoring process for each contract proposal and a timely and progressive credit collection process with the use of internal teams and external partners, first with a series of telephone calls, followed with a quality collection network distributed throughout Italy that knows our customers and our products, and finally with legal action against customers who still have not paid the amount due after one year.

Activities for overseeing collections in this context involve tools such as advances and guarantees, collected during the contract creation process, and incentives to use forms of payment such as SEPA Direct Debit (SDD), equal to 78% of sales to SMEs (+2% per annum), allowing our Company to better manage the dynamics of receipts at due dates.

As part of its investment to upgrade previous legacy systems, the Company has implemented integrated software across the two main activities related to the assessment of scoring and the management of the credit collection process.

The trade receivables of the Italiaonline Group at June 30, 2017 amounted to approximately €139 million (approximately €162 million at December 31, 2016), almost entirely due to the Parent Italiaonline S.p.A., which in late 2016 had approximately 230,000 customers spread all over Italy consisting mainly of small and medium-sized enterprises.

The amount of overdue trade receivables of the Group at June 30, 2017 amounted to approximately €65 million (€68 million at December 31, 2016) with an average coverage percentage of the allowance for impairment amounting to about 60%, in line with prior periods and deemed adequate. The monitoring at an early stage of the credit collection process described above has led the Company to gradually decrease overdue trade receivables compared to total receivables, the main macroscopic indicator of credit quality.

Exposure to credit risk - represented in the financial statements as the 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 re-projects it to the receivables balance at June 30.

At June 30, 2017, the allowance for impairment at Group level amounted to €39.7 million (€42.1 million at December 31, 2016), down because, despite their utilisation, the valuation of receivables outstanding was qualitatively better, due to the reduction of the overdue outstanding time period and gradual improvement of receipts on the due date.

Financial instruments

The assets and liabilities as at June 30, 2017 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 11 88 0 AG, which under IAS 39 represents an available-for-sale financial asset. The fair value is based on market prices (level 1).

19. Non-current provisions for employees

Italiaonline group companies provide post-employment benefits to their active and retired former employees, both directly and through contributions to external funds. 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 (€433 thousand in the first half of 2017).
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.

	H1 2017		
(euro/thousand)	EMPLOYEES' LEAVING ENTITLEMENT - PORTION REMAING WITH THE GROUP	DEFINED CONTRIBUTION PLANS	TOTAL
Opening balance	**17,832**	**1,183**	**19,015**
Accruals	433	1,749	2,182
Contributions	-	479	479
Benefits paid/disbursements	(1,009)	(2,203)	(3,212)
Discount interest	119	-	119
Actuarial losses (gains) recognised in equity	(626)	-	(626)
Reversal of Held for sale recognition (*)	834	168	1,002
Other changes	12	(210)	(198)
Closing balance	**17,595**	**1,166**	**18,761**

(*) This includes the reversal of the classification of Consodata items as Held 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.

Employees' leaving entitlement - portion remaining with the group
Employees' leaving entitlement remaing with the group, amounting to €17,595 thousand at June 30, 2017 (€17,832 thousand at December 31, 2016), 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 – measured based on IAS 19 criteria – for employees for service up to December 31, 2006.
In addition, during the first half of 2017 changes in equity of €626 thousand were recognized (€476 thousand net of the tax effect), of which €496 thousand is attributable to the Parent Italiaonline

S.p.A. Pursuant to IAS 19, paragraph 93A, such profits are recorded, net of the related tax effects, directly in the statement of comprehensive income.

The following table of analysis set out the calculations and changes of the Employees' leaving entitlement at June 30, 2017 and December 31, 2016

(euro/thousand)	AT 06.30.2017	AT 12.31.2016
A. Change in defined benefit obligations		
1. Opening definded benefit obligations	17,832	17,000
2. Current service cost	433	760
3. Financial expense	119	281
4. Benefits paid by plan/company	(1,009)	(640)
5. Other changes and change in consolidation scope	846	(766)
6. Changes recognised in equity (OIC effect)	(626)	1,197
a. Effects due to changes in demographic assumptions	-	-
b. Effects due to changes in financial assumptions	(626)	334
c. Effects due to changes in actuarial assumptions	-	1,053
d. Effects due to changes of actuarial experience	-	(190)
7. Curtailment		
Closing benefit obligations	17,595	17,832
B. Reconciliation of assets and liabilities recognized in the statement of financial position		
Plans that are fully unfunded Plans that are wholly or partly funded		
1. Present value of unfunded defined-benefit obligations at the end of the period	17,595	17,832
2. Other changes		
Net liablity recognised in the statement of financial position	17,595	17,832
Amounts in the statement of financial position		
1. Liabilities	17,595	17,832
2. Assets	-	-
C. Cost component		
Amounts recognized in the income statement		
1. Current service costs	433	760
2. Interest expense	119	281
Total cost recognised in the income statement	552	1,041
D. Main actuarial ssumptions		
Weighted-average assumptions to determine benefit obligation		
1. Discount rate	1.67%	1.31%
2. Rate of inflation	1.50%	1.50%
3. Annual increase rate of the employees' leaving entitlement	2.63%	2.63%

20. Other non-current liabilities

Other non-current liabilities amounting to €20,436 thousand at June 30, 2017 (€31,540 thousand at December 31, 2016), are detailed as follows:

	H1 2017			
(euro/thousand)	PROVISION FOR SALE AGENTS' TERMINATION BENEFITS	OTHER NON-CURRENT OPERATING LIABLITIES	PROVISION FOR REORGANIZATION	TOTAL
Opening balance	**19,283**	**1,070**	**11,187**	**31,540**
Accruals	382	-	-	382
Utilizations	(538)	(12)	-	(550)
Discounting losses (gains)	(182)	-	-	(182)
Reversal of Held for sale recognition (*)	418	-	-	418
Other changes	14	1	(11,187)	(11,172)
Closing balance	**19,377**	**1,059**	**-**	**20,436**

(*) This includes the reversal of the classification of Consodata items as Held for Sale.

The balances at June 30, 2017 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 financial income (€182 thousand).
The *provision for sale 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, 2017 amounted to €19,377 thousand (€19,283 thousand at December 31, 2016) and increased in the period by €94 thousand.
The *provision for reorganization,* non-current portion, at December 31, 2016 amounted to €11,187 thousand and it was related to the newly launched personnel reorganisation plan. During the half-year 2017 it was entirely reclassified as current.

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

These are broken down as follows:

	H1 2017			
(euro/thousand)	PROVISION FOR COMMERCIAL RISKS	PROVISION FOR CONTRACTUAL AND OTHER OPERATING RISKS	NON-OPERATING PROVISION	TOTAL
Opening balance	**4,963**	**11,874**	**16,961**	**33,798**
Accruals	356	1,593	405	2,354
Utilizations	(614)	(541)	(6,590)	(7,745)
Reversal	-	(943)	-	(943)
Other changes	1	(4)	11,372	11,369
Closing balance	**4,706**	**11,979**	**22,148**	**38,833**

Provisions for risks and current charges at June 30, 2017 amounted to €38,833 thousand (€33,798 thousand at December 31, 2016) and consist of:

- the *provision for commercial risks*, of €4,706 thousand at June 30, 2017 (€4,963 thousand at December 31, 2016), is commensurate with possible charges for incomplete compliance with contractual obligations;
- the *provision for contractual and other operating risks*, of €11,979 thousand at June 30, 2017 (€11,874 thousand at December 31, 2016), includes €5,929 thousand for legal disputes (€5,059 thousand at December 31, 2016) and €2,294 thousand for pending litigation with agents and employees (€3,359 thousand at December 31, 2016);
- the *non-operating provisions* - current portion - amount to €22,148 thousand as at June 30, 2017 (€16,961 thousand at December 31, 2016). They include, in the amount of *(i)* €17,534 thousand, *the provision for restructuring* - current portion covering the personnel reorganisation plan started last year; *(ii)* €2,764 thousand, the restructuring provision for the sales network, used in the first half of 2017 for an amount of €181 thousand; *(iii)* €750 thousand, unchanged from December 31, 2016, for the risks provision quantified taking into account the applicable provisions and the reasonable possibility of reaching an agreement with the tPR (the Pension Regulator) and the trustee of the TDL Fund with respect to the financial support to be provided in favour of the TDL Fund, taking into account the liquidation applied.

22. Trade payables and other current liabilities

Trade payables and other current liabilities are detailed as follows:

(euro/thousand)	AT 06.30.2017	AT 12.31.2016	CHANGE
Payables to suppliers	66,431	66,845	(414)
Payables due to agents	13,290	17,139	(3,849)
Payables due to employees	19,262	21,299	(2,037)
Payables due to social security institutions	4,867	5,158	(291)
Payables due to other	453	586	(133)
Total trade payables	**104,303**	**111,027**	**(6,724)**
Liabilities for services to be provided	101,806	98,795	3,011
Advances from customers	2,223	3,855	(1,632)
Other current liabilities	4,728	7,757	(3,029)
Total liabilities for services to be provided and other current liabilities	**108,757**	**110,407**	**(1,650)**

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

- *payables to suppliers*, of €66,431 thousand at June 30, 2017 (€66,845 thousand at December 31, 2016) include €63,927 thousand relating to Italiaonline S.p.A.;
- *payables due to agents*, of €13,290 thousand at June 30, 2017(€17,139 thousand at December 31, 2016), are considered in conjunction with the item "commission advances" recognized in "other current assets" amounting to €20,482 thousand at June 30, 2017(€21,702 thousand at December 31, 2016);
- *liabilities for services to be provided* amounted to €101,806 thousand at June 30, 2017(€98,795 thousand at December 31, 2016); the item includes the deferral 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.

23. Revenue from sales and services

Revenue from sales and services amounted to €166,429 thousand in the first half of 2017, down by €33,244 thousand compared to the first half of 2016 (€199,673 thousand), mainly made in Italy.
For an analysis of performance, please refer to the Report on Operations in the Economic and Financial Performance by Business Area section.

24. Other operating costs and revenue

24.1 Other income

Other income totalled €2,746 thousand in the first half of 2017 (€1,575 thousand in the first half of 2016). The item includes €846 thousand relating to the recovery of postal, legal and administrative costs from third parties and €1,753 thousand from other income.

24.2 Cost of materials

The cost of materials amounted to €1,301 thousand in the first half of 2017 (€6,295 thousand in the first half of 2016). These primarily include €922 thousand for paper consumption (€5,535 thousand in the first half of 2016); the reduction is due to the renegotiation of contracts.

24.3 Costs for external services

The costs for external services totalled €83,874 thousand in the first half of 2017 (€100,583 thousand in the first half of 2016). External services costs in the first six months of 2017 include in particular:

- *commissions and other agent costs* of €22,174 thousand, directly related to revenue trends (€27,282 thousand in the first half of 2016);
- *consulting and professional services costs* of €5,445 thousand (€6,465 thousand in the first half of 2016);
- *web publisher fees* amounting to €16,870 thousand related to the management of new web offers aimed at increasing web traffic (€20,147 thousand in the first half of 2016);
- rental costs and use of third party assets amounted to €10,814 thousand (€10,299 thousand in the first half of 2016);
- *costs for outbound call centre services* totalled €3,291 thousand (€3,839 thousand in the first half of 2016);
- *advertising expenses* equal to €611 thousand (€748 thousand in the first six months of 2016).

24.4 Personnel expense

Personnel expense in the first half of 2017 amounted to €40,257 thousand (€55,731 thousand in the first half of 2016).

The Group's workforce - including directors, 'coordinated' consultants and freelancers, and interns - was 1,907 people at June 30, 2017 (2,008 people at December 31, 2016); the active Group workforce, net of personnel under government-sponsored lay-off scheme ("Cigs a zero ore") was 1,652 people at June 30, 2017 and 1,692 people at December 31, 2016. The average full-time equivalent (FTE) in the first half of 2017 was 1,515 units (1,873 units in the first half of 2016).

24.5 Allowances for impairment losses

Allowance for impairment losses are broken down as follows:

	H1 2017	H1 2016	CHANGE	
(euro/thousand)			ABSOLUTE	%
Allowance for impairment for trade receivables	3,610	5,645	(2,035)	(36.0)
Release of allowance for impairment for trade receivables	(47)	(62)	15	24.2
Write-down (Release) of other operating assets	1,508	554	954	n.s.
Other write-downs	-	175	(175)	(100.0)
Total allowances for impairment losses	**5,071**	**6,312**	**(1,241)**	**(19.7)**

24.6 Accruals to provisions for risks and charges, net

	H1 2017	H1 2016	CHANGE	
(euro/thousand)			ABSOLUTE	%
Provisions for commercial risk	356	684	(328)	(48.0)
Provisions for contractual risks and other operating charges	1,592	582	1,010	n.s.
Release of provision for risks and current operating charges	(943)	(564)	(379)	(67.2)
Total accruals to provisions for risks and charges, net	**1,005**	**702**	**303**	**43.2**

For further details, see Note 21 of these Notes.

24.7 Net non-recurring charges

Net non-recurring charges were a negative €393 thousand (€4,671 thousand in the first half of 2016) and include, for €2,126 thousand, the proceeds arising from the sale to the company Engineering Ingegneria Informatica S.p.A. of the two remaining finance leases, relating to the buildings of the Turin branch, in place with Mediocredito Italiano S.p.A.. Non-recurring charges amounted to €2,519 thousand in the first half of 2017 mainly relate to strategic consulting and rebranding costs of €1,075 thousand and costs incurred for the reorganization in the Group of € 548 thousand. In the first half of 2016, the item included consultancy on the merger plan for €2,278 thousand and costs related to the rebranding of Italiaonline S.p.A. for €1,103 thousand.

24.8 Net restructuring income (charges)

Net restructuring income (charges) equalled zero in the first half of 2017 (€46 thousand in the first half of 2016).

25. Financial income and expense

25.1 Financial expense

Financial expense of €367 thousand in the first half of 2017 (€1,867 thousand in the first half of 2016) is detailed as follows:

(euro/thousand)	H1 2017	H1 2016	CHANGE ABSOLUTE	CHANGE %
Interest expense on lease liabilities	-	126	(126)	(100.0)
Foreign exchange losses	6	48	(42)	(87.5)
Other financial expense	361	1,693	(1,332)	(78.7)
Total financial expense	**367**	**1,867**	**(1,500)**	**(80.3)**

Financial expense in the first half 2017 includes, for €329 thousand, discount interest (€1,115 thousand in the first half of 2016). In the first half of 2016, this item included: *i)* €562 thousand for interest and commissions on the debt of approximately €41 million, recognized and measured at amortized 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 S.p.A.; *ii)* €126 thousand related to interest expense on amounts due to Mediocredito Italiano S.p.A. for finance leases.

25.2 Financial income

Financial income in the first half of 2017 amounted to €1,045 thousand (€2,042 thousand in the first half of 2016) including €290 thousand for interest income arising from the use of short-term liquidity in the banking system at market rates (€358 thousand in the first half of 2016) and €182 thousand related to discount interest.

26. Current, deferred and income taxes

The *income taxes* for the reporting period show a negative balance of €10,946 thousand (positive in the amount of €4,151 thousand in the first half 2016). In compliance with the provisions of IAS 34, taxes were calculated by applying the average rates to the pre-tax profit/(loss) forecast in the Business Plan for 2017 (tax rate).

Net deferred tax assets and liabilities

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

(euro/thousand)	AT 12.31.2016	CHANGES DURING THE PERIOD			AT 06.30.2017
		INCOME TAXES RECOGNIZED IN THE INCOME STATEMENT	INCOME TAXES RECOGNIZED IN EQUITY	OTHER CHARGES	
Deferred tax assets	45,968	(10,646)	(31)	0	35,290
Deferred tax liabilities	(55,083)		(119)	3	(55,199)
Total	**(9,115)**	**(10,646)**	**(150)**	**3**	**(19,909)**
shown in the statement of financial position (1)					
Deferred tax assets	*152*				*104*
Deferred tax liabilities	*(9,267)*				*(20,013)*

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

Current tax assets

Current tax assets amounted to €7,491 thousand at June 30, 2017 (€7,215 thousand at December 31, 2016) and are detailed as follows:

(euro/thousand)	AT 06.30.2017	AT 12.31.2016	CHANGE
Income tax assets	7,219	6,845	374
Other tax assets	272	370	(98)
Total current tax assets	**7,491**	**7,215**	**276**

Income tax assets of € 7,219 at June 30, 2017 refer to € 5,638 to Italiaonline S.p.A.

Current tax liabilities

Current tax liabilities amounted to €5,227 thousand at June 30, 2017 (€4,260 thousand at December 31, 2016) and are detailed as follows:

(euro/thousand)	AT 06.30.2017	AT 12.31.2016	CHANGE
Income tax liabilities	946	759	187
Other tax liabilities	4,281	3,501	780
Total current tax liabilities	**5,227**	**4,260**	**967**

Other tax payables mainly refer to VAT liabilities and withholding taxes on employees and external consultants.

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

The Stock Option Plan issued by the Parent is structured in two tranches, Tranche A and Tranche B, for a total of 3,399,921 option rights, the performance periods of which correspond to:

- for Tranche A, the period between January 1, 2014 and December 31, 2016;
- for Tranche B, 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. Once the exercise period has come to an end, unexercised options shall be cancelled.

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 Company, 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 aimed at managers and Executive Directors identified by the Board of Directors who hold organizational positions of significant importance to the Company or its subsidiaries, or otherwise deemed worthy of incentivization 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 Company for 2016. The Board of Directors of May 11, 2017 ratified the achievement of the financial objective as regards Tranche A.
- Tranche B: target of cumulative EBITDA for 2016-2018 consisting of the post-merger Company EBITDA for 2016, 2017 and 2018.

In the event that the minimum level of performance is not achieved, no stock option entitlements will be applicable.

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 as at June 30, 2017 is approximately €242 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, a valuation was carried out reflecting the characteristics of "no arbitrage" and "risk-neutral framework" common to the fundamental option pricing models (such as the binomial model, Black and Scholes, etc.).

For the assumptions regarding the parameters used in the calculation of fair value, with regard to volatility, the historical average of a panel of comparables, considered to be representative of the business and the characteristics of the Company, was used.

28. Non-current assets held for sale / discontinued operations and related liabilities

It should be noted that as a result of the Parent's decision not to divest its shareholding in Consodata S.p.A., the assets and liabilities relating to the company were no longer classified under "Non-current assets held for sale" and the relative financial balances at June 30, 2017 were therefore shown separately in the respective items of the statement of financial position. In line with the provisions of IFRS 5, the assets and liabilities relating to Consodata S.p.A. were measured at the lower of the recoverable amount calculated at the date on which the decision was taken not to sell and their carrying amount before the assets were classified as held for sale, adjusted for any amortization depreciation, impairment losses and reversals of impairment losses that would have been recognized had the assets not been classified as held for sale.

29. 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 as at June 30, 2017 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 the last approved financial statements that had a material effect on the financial position or results of operations of the Group.

Income statement

ITALIAONLINE GROUP - INCOME STATEMENT H1 2017

(euro/thousand)	H1 2017	PARENT COMPANY	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	TOTAL RELATED PARTIES
Revenue from sales and services	166,429	-	-	2	-	2
Other income	2,746	-	-	-	196	196
Costs of external services	(83,874)	-	-	-	(2,353)	(2,353)
Personnel expense	(40,257)	-	-	-	(1,523)	(1,523)

(*) Directors, statutory auditors, key management personnel.

ITALIAONLINE GROUP - INCOME STATEMENT H1 2016

(euro/thousand)	H1 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
Costs of external services	(100,583)	-	-	-	(2,867)	(2,867)
Personnel expenses	(55,731)	-	-	-	(1,319)	(1,319)

(*) Directors, statutory auditors, key management personnel.

Statement of financial position

ITALIAONLINE GROUP - STATEMENT OF FINANCIAL POSITION at June 30, 2017

(euro/thousand)	AT 06.30.2017	PARENT	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	TOTAL RELATED PARTIES
Assets						
Intangible assets with finite useful life	61,967	-	-	-	3	3
Property, plant and equipment and Leased assets	10,393	-	-	-	62	62
Other non-current financial assets	3,157	-	-	168	-	168
Trade receivables	138,909	-	-	-	-	-
Other current assets	41,549	90	-	-	222	312
Liabilities						
Trade payables	104,303	-	-	-	1,993	1,993
Liabilities for services to be provided and other current liabilities	108,757	-	-	-	242	242

(*) Directors, statutory auditors, key management personnel.

ITALIAONLINE GROUP - STATEMENT OF FINANCIAL POSITION at December 31, 2016

(euro/thousand)	AT 12.31.2016	PARENT	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	TOTAL RELATED PARTIES
Assets						
Other non-current financial assets	3,469	-	-	168	-	168
Trade receivables	161,786	-	-	34	12	46
Other current assets	40,177	90	-	-	595	685
Liabilities						
Trade payables	111,027	-	-	-	2,875	2,875
Liabilities for services to be provided and other current liabilities	110,407	-	-	-	242	242

(*) Directors, statutory auditors, key management personnel.

Statement of cash flows

ITALIAONLINE GROUP - CASH FLOW H1 2017

(euro/thousand)	H1 2017	PARENT	SUBSIDIARIES	ASSOCIATES	OTHER RELATED PARTIES (*)	TOTAL RELATED PARTIES
Cash flows from operating activities	42,338	-	-	36	2,057	2,093
Cash flows from investing activities	(15,870)	-	-	-	65	65
Cash flows from financing activities	(80,102)	-	-	-	-	-
Cash flows from non-current assets held for sale and discontinued operations	-	-	-	-	-	-
Cash flows of the year	**(53,634)**	-	-	**36**	**2,122**	**2,158**

(*) Directors, statutory auditors, key management personnel.

ITALIAONLINE GROUP - CASH FLOW H1 2016

(euro/thousand)	H1 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, key management personnel.

30. 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 2017 were as follows:

(euro/thousand)	EQUITY	PROFIT (LOSS) FOR THE PERIOD	NET FINANCIAL POSITION	CASH FLOWS (*)
Carrying amount	294,332	6,309	68,804	(53,634)
Net non-recurring and restructuring costs	(393)	(393)	(10,857)	(10,857)
of which:				
- Strategic consultancies and rebranding and other non recurring costs	*(2,388)*	*(2,388)*	*(3,740)*	*(3,740)*
- Cash in from sale of 12.54 activities	-	-	*1,000*	*1,000*
- Income from replaice of finance lease agreements related to the buildings	*2,126*	*2,126*	-	-
- Personnel and agents reorganization			*(7,916)*	*(7,916)*
impact%	*(0.1%)*	*(6.2%)*	*(15.8%)*	*20.2%*

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

List of equity 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/QUOTAS HELD		% HELD BY ITALIAONLINE
				%	BY	
Italiaonline S.p.A.	Assago (Italy)	Euro	20,000,000			
SUBSIDIARIES						
Moqu Adv S.r.l. (managing advertising campaigns and related services on web)	Assago (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Moqu Adv Ireland limited (online advertising)	Dublin (Ireland)	Euro	1	100.00	Moqu Adv S.r.l.	100.00
COUPONING ITALIA S.r.l. IN LIQUIDATION (e-commerce)	Milan (Italy)	Euro	100,000	100.00	Italiaonline S.p.A.	100.00
CONSODATA S.p.A. (direct marketing services, database creation, management and distribution)	Rome (Italy)	Euro	2,446,330	100.00	Italiaonline S.p.A.	100.00
PRONTOSEAT S.r.l. (call center services)	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 ROMA 1 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 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 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
Digital Local Services MILANO 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 BRESCIA 1 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 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 VARESE 1 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/QUOTAS HELD		% HELD BY ITALIAONLINE
				%	BY	
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 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 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 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 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 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 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 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. in liquidation (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 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 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 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 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

COMPANY (BUSINESS)	REGISTERED OFFICE	SHARE CAPITAL		ORDINARY SHARES/QUOTAS HELD		% HELD BY ITALIAONLINE
				%	BY	
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 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 liquidation (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
Digital Local Services TORINO 1 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 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 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. in liquidation (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 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. in liquidation (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 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

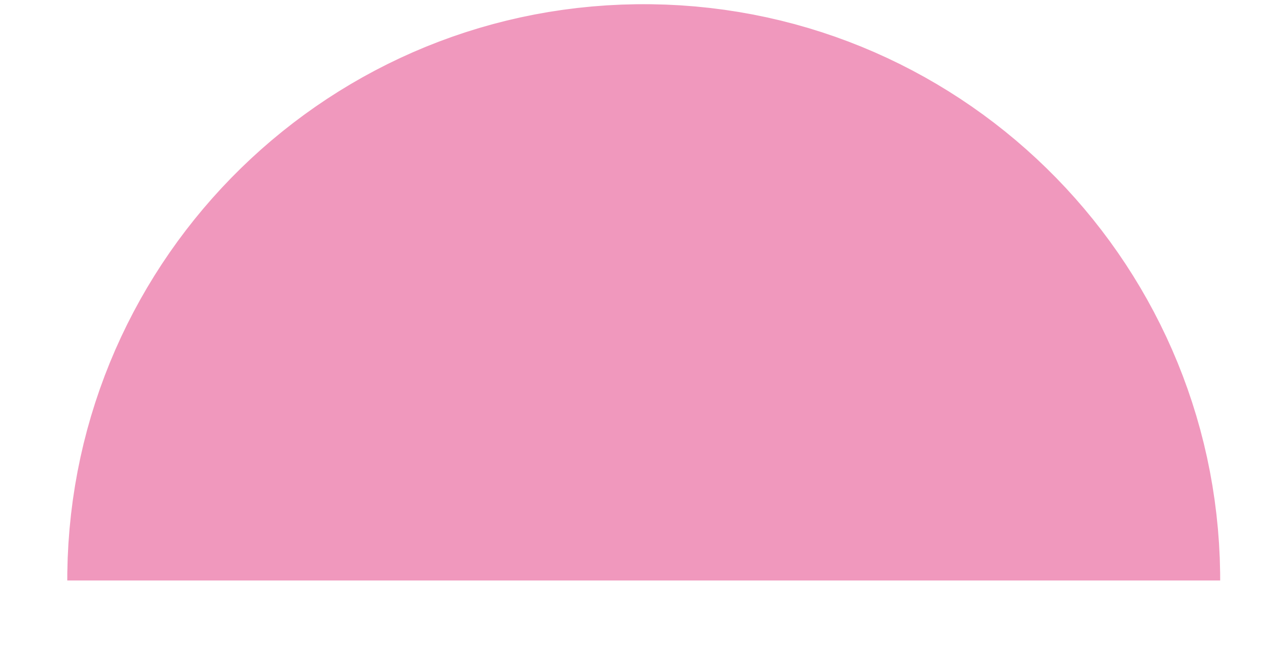
COMPANY (BUSINESS)	REGISTERED OFFICE	SHARE CAPITAL		ORDINARY SHARES/QUOTAS HELD		% HELD BY ITALIAONLINE
				%	BY	
Digital Local Services ROMAGNA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services ROMAGNA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
Digital Local Services TOSCANA 1 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 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 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. in liquidation (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Italiaonline S.p.A.	100.00
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 VERONA 1 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 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 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 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 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

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

COMPANY *(euro/thousand)*	CURRENCY	EQUITY (1)	PROFIT (LOSS) (1)	% HELD BY ITALIAONLINE S.P.A.	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT
GOLDFIVE	Euro	390	(480)	20.00	(18)

(1) From the last financial statements at December 31, 2016

Local and global



OTHER 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, Gabriella Fabotti, 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 2017.

2. The administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements at June 30, 2017 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, 2017:
   - have been prepared in compliance with 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, 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 2, 2017

Chief Executive Officer
Antonio Converti

Chief Financial Officer
Gabriella Fabotti

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Italiaonline S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Italiaonline Group, comprising the statement of financial position, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto, as at and for the six months ended 30 June 2017. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

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

KPMG

Italiaonline Group
Report on review of condensed interim consolidated financial statements
30 June 2017

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Italiaonline Group as at and for the six months ended 30 June 2017 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 3 August 2017

KPMG S.p.A.

(signed on the original)

Francesco Spadaro
Director of Audit

To contact Italiaonline	Investor Relations E-mail: investor.relations@italiaonline.it
A copy of official documents available on the website	www.italiaonline.it
Official documents may be requested to	Italiaonline S.p.A. Corporate Affairs E-mail: ufficio.societario@italiaonline.it

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Identity

www.italiaonline.it