GIGLIO GROUP S.p.A.

2017 Half-Year Report

GIGLIO GROUP S.p.A.

Registered office Viale Tunisia 38, Milan

Share capital: Euro 3,208,050

Economic & Admin. Register No. 1028989 **Tax No.** 07396371002

Milan Companies Registration Office 07396371002

Consolidated Half-Year Financial Statements at June 30, 2017

FINANCIAL STATEMENTS

- Consolidated Balance Sheet
- Consolidated Income Statement and Comprehensive Income Statement
- Consolidated Cash Flow Statement
- Changes in consolidated shareholders' equity
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Consolidated Half-Year Balance Sheet

Consolidated Balance Sheet		30.06.2017	31.12.2016
Non-current assets			
Property, plant & equipment	(1)	6,635,479	6,965,001
Intangible assets	(2)	10,107,092	8,710,066
of which Publishing rights		*9,564,167*	*8,426,571*
Other intangible assets		*542,925*	*283,495*
Goodwill	(3)	11,718,064	4,134,439
Equity investments	(4)	150,011	-
Receivables	(5)	144,711	139,658
Deferred tax assets	(8)	646,540	198,396
Total non-current assets		**29,401,898**	**20,147,560**
Current assets			
Inventories	(6)	5,721,606	2,768,653
Trade and other receivables	(7)	17,488,271	18,888,840
Tax receivables	(8)	5,587,358	1,599,166
Other assets	(9)	3,311,747	531,552
Cash and cash equivalents	(10)	2,306,538	1,817,010
Total current assets		**34,415,519**	**25,605,220**
Total Assets		**63,817,417**	**45,752,780**
Net Equity	(11)		
Share capital		3,208,050	2,963,650
Reserves		11,398,835	7,750,087
Listing charges		(540,755)	(540,755)
FTA Reserve		3,814	3,814
Retained earnings		2,609,174	1,283,690
Translation reserve		(8,999)	(582)
Net profit		156,372	1,325,483
Total Group Net Equity		**16,826,491**	**12,785,387**
Total Minorities Net Equity		-	-
Total Net Equity		**16,826,491**	**12,785,387**
Non-current liabilities			
Provisions for risks and charges	(12)	524,352	282,864
Deferred tax liabilities	(13)	308,542	365,879
Financial payables (non-current portion)	(14)	8,945,427	7,635,603
Total non-current liabilities		**9,778,320**	**8,284,346**
Current liabilities			
Trade and other payables	(15)	26,719,440	18,310,718
Financial payables (current portion)	(14)	7,322,660	4,418,250
Tax payables	(16)	1,381,420	1,337,944
Other liabilities	(17)	1,789,086	616,135
Total current liabilities		**37,212,606**	**24,683,047**
Total Liabilities and Net Equity		**63,817,417**	**45,752,780**

H1 2017 Consolidated Income Statement

Consolidated income statement		H1 2017	H1 2016
Total revenues	(18)	**27,362,502**	**14,658,603**
Other revenues	(18)	140,889	943,752
Change in inventories		955,594	(366,846)
Purchase of raw materials, ancillary, consumables and goods	(19)	*(15,950,882)*	*(5,090,786)*
Service costs	(19)	*(7,646,021)*	*(5,162,922)*
Rent, lease and similar costs	(19)	*(374,599)*	*(253,400)*
Operating costs		**(23,971,502)**	**(10,507,108)**
Salaries and wages	(20)	*(909,241)*	*(519,250)*
Social security charges	(20)	*(234,025)*	*(155,861)*
Post-employment benefits	(20)	*(16,948)*	*(28,558)*
Personnel expense		**(1,160,214)**	**(703,669)**
Amortisation intangible assets	(21)	*(1,615,453)*	*(1,120,136)*
Depreciation property, plant & equipment	(21)	*(878,541)*	*(1,004,726)*
Doubtful debt provision	(21)	*0*	*(45,875)*
Amortisation, depreciation & write-downs		**(2,493,994)**	**(2,170,737)**
Other operating costs	(22)	(410,735)	(487,618)
Operating profit		**422,540**	**1,366,377**
Financial income	(23)	33,945	27,691
Financial charges	(23)	(352,995)	(163,794)
Profit before taxes		**103,488**	**1,230,274**
Income taxes	(24)	52,884	(612,383)
Net Profit		**156,372**	**617,891**
Of which minority interest		-	-
Earnings per share – basic and diluted		**0.008**	**0.0417**

H1 2017 Comprehensive Income Statement

COMPREHENSIVE INCOME STATEMENT	H1 2017	H1 2016
Net Profit	**156,372**	**617,891**
Other comprehensive income items		
Other comprehensive items which may be subsequently reclassified to profit/(loss) for the year net of income taxes.		
Translation Reserve	(8,999)	-
Total other comprehensive items which may be subsequently reclassified to profit/(loss) for the year net of income taxes	**(8,999)**	-
Other comprehensive income items which may not be subsequently reclassified to profit/(loss) for the year net of income taxes:		
Acturial Loss on employee benefits	(17,252)	-
Total other comprehensive items which may not be subsequently reclassified to profit/(loss) for the year net of income taxes	**(17,252)**	
Total other comprehensive items for the year net of income taxes		
Consolidated comprehensive income	**130,121**	**617,891**

Change in Consolidated Shareholders' Equity

Description *(in Euro)*	Share capital	Reserves	FTA Reserve	Translation reserve	IAS 19 Reserve	Retained earnings	Net profit for the period	Total
BALANCE AT DECEMBER 31, 2015	2,832,000	5,090,117	3,814	-	-	(67,487)	1,007,487	8,865,931
Share capital increase	200,000							200,000
Share premium reserve		2,300,000						2,300,000
Other changes	(68,350)	(152,493)				345,957		125,114
Group profit							617,891	617,891
BALANCE AT JUNE 30, 2016	2,963,650	7,237,624	3,814	-	-	278,470	1,625,378	12,108,936

Description *(in Euro)*	Share capital	Reserves	FTA Reserve	Translation reserve	IAS 19 Reserve	Retained earnings	Net profit for the period	Total
DECEMBER 31, 2016	2,963,650	7,248,322	3,814	(582)	(38,990)	1,283,690	1,325,483	12,785,389
Share capital increase Evolve transaction	244,400							244,400
Share premium reserve Evolve Transaction		3,666,000						3,666,000
Allocation of prior year profit						1,325,483	(1,325,483)	-
IAS 19 Reserve					(17,252)			(17,252)
Exchange rate effect				(8,417)				(8,417)
Group profit							156,372	156,372
BALANCE AT JUNE 30, 2017	3,208,050	10,914,322	3,814	(8,999)	(56,242)	2,609,174	156,372	16,826,491

CASH FLOW STATEMENT

Amounts in Euro	**30.06.2017**	**30.06.2016**
Cash flows from operating activities		
Net profit	156,372	617,891
Adjustments for:		
Depreciation of tangible assets	885,083	1,120,136
Amortisation of intangible assets	1,662,693	1,004,726
Write-downs/(Revaluations)	-	45,875
Net financial charges/(income)	319,051	136,103
Income taxes	(52,884)	612,383
Changes in:		
Inventories	(1,580,365)	(2,310,182)
Trade receivables	7,172,737	(7,308,466)
Tax receivables	(1,299,450)	(879,192)
Other assets	(2,780,194)	(162,066)
Deferred tax liabilities	(76,008)	(248,473)
Trade payables	(4,357,165)	6,277,320
Tax payables	(132,588)	513,599
Other liabilities	1,172,951	29,085
Change in net working capital	**(1,880,082)**	**(4,088,375)**
Change in reserves	162,511	37,980
Cash flow generated from operating activities	**1,252,744**	**(513,281)**
Interest paid	(319,051)	(136,103)
Income taxes paid	52,884	(612,383)
Net cash flow generated from operating activities	**986,577**	**(1,261,767)**
Cash flows from investing activities		
Investments in tangible assets	(340,094)	(285,385)
Investments in intangible assets	(2,882,482)	(3,166,847)
Acquisition Evolve Group net of liquidity acquired	557,559	-
Acquisition Giglio Fashion net of liquidity acquired	-	(1,409,234)
Other intangible assets	(448,037)	(25,365)
Increase equity investments	(150,011)	
Change in consolidation scope		
Net cash flow absorbed by investing activities	**(3,263,066)**	**(4,886,831)**
Cash flow from financing activities		
Share capital increase	-	131,650
Change in Net Equity	(25,269)	(74,802)
New financing	2,700,000	-
Change in financial debt	91,285	6,588,554
Net cash flow absorbed by financing activities	**2,766,017**	**6,645,402**
Net increase/(decrease) in cash and cash equivalents	**489,528**	**496,804**
Cash and cash equivalents at January 1	1,817,010	1,200,114
Cash and cash equivalents at June 30	2,306,538	1,696,918

EXPLANATORY NOTES

GENERAL INFORMATION

A. General information

The publication of the consolidated financial statements of Giglio Group S.p.A. (the Company) for the period ended June 30, 2017 was approved by the Board of Directors on September 18, 2017.

The registered office of the parent company Giglio Group S.p.A. is Viale Tunisia No. 38, Milan.

B. Accounting standards

The Giglio Group S.p.A. prepared the consolidated half year report at June 30, 2017 in accordance with IAS/IFRS accounting standards.

The abbreviation IFRS includes the accounting standards and interpretations approved by the IASB (International Accounting Standards Board), IAS (International Accounting Standards) and the interpretations (SIC) issued by the predecessors of the IASB and the interpretations of IFRIC (International Financial Reporting Interpretations Committee).

In particular, the Giglio Group adopted international accounting standards from the year 2014, with transition date to IFRS at January 1, 2014.

The accounting standards adopted for the preparation of the consolidated half-year financial statements are in line with those adopted for the preparation of the 2016 consolidated financial statements. The Group has not adopted in advance any accounting standard, interpretation or amendment issued but not yet in effect.

C. Basis of presentation

The consolidated financial statements are comprised of the Balance Sheet, Income Statement, Statement of Comprehensive Income, Cash Flow Statement and the Explanatory Notes.

In particular:

- in the Balance Sheet, the current and non-current assets and liabilities are shown separately;
- in the Income Statement and Comprehensive Income Statement, the analysis of the costs is based on their nature;
- for the Cash Flow Statement, the indirect method is used. The average exchange rates are used to convert the cash flows of foreign subsidiaries.

In particular, the assets and liabilities in the financial statements of the Group are classified as current or non-current.

An asset is considered current where:

- it is expected to be realised in, or is intended for sale or consumption in, the normal operating cycle;
- it is held principally for trading;
- it is expected to be realised within twelve months from the reporting date; or
- it comprises cash or cash equivalents upon which no prohibition exists on their exchange or utilisation to settle a liability for at least 12 months from the reporting date.

All other assets are classified as non-current.

A liability is considered current where:

- it is expected to be settled within the normal operating cycle;
- it is held principally for trading;
- it is expected to be settled within 12 months from the reporting date; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Restatement of financial statements at June 30, 2016

The financial statements at June 30, 2016 and at December 31, 2015 (within the changes in consolidated shareholders' equity) were restated as, following a review of the contractual clauses for the acquisition by Giglio Group S.p.A. of the subsidiary Giglio Tv HK, during 2016 the minority 49% investment held by Simest was reclassified, from minority interest equity to financial payables, and the net profit of Giglio TV was also reclassified from minority interest profit to Group profit. This is due to the irrevocable purchase obligation of the minority holding of Simest by Giglio, on June 30, 2022 for the amount of the initial investment, leaving the result for the year of the subsidiary equal to 49% of Simest's holding to the Giglio Group. This minority holding in the previous financial statements was recorded as minority interest equity and the profit was recorded as minority interest profit.

Based on this restatement, already recorded at December 31, 2016, the H1 2016 profit was Euro 618 thousand (instead of Euro 196 thousand in the H1 2016 financial statements not restated), and consequently the restated net equity at June 30, 2016 was Euro 12,109 thousand (instead of Euro 11,687 thousand in the half-year financial statements at June 30, 2016 not restated).

D. Discretional valuations and significant accounting estimates

The preparation of the consolidated financial statements of the Giglio Group S.p.A. requires estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures on the assets and contingent liabilities at the reporting date: consequently, the actual results may differ from such estimates.

The estimates and assumptions used are based on past experience and other factors considered relevant. The estimates and assumptions are periodically reviewed and the effects of any variation are reflected in the Income Statement.

In particular, the estimates are utilised to record:

- provisions for doubtful debts,
- Amortisation & Depreciation and useful life,
- Write-downs of property, plant and equipment and intangible assets,
- employee benefits,
- income taxes,
- other provisions.

For further details, reference should be made to the specific sections of the explanatory notes.

E. Segment disclosure

The segment disclosure adopted by the Group is by region, based on the location of business activity.

A regional segment is defined as part of the Company, separately identifiable, which supplies products or services to a particular economic area subject to differing risks and benefits than other regional segments.

The regional segments identified, defined as a separately identifiable part of the Group and which supplies products or services to a particular economic area subject to differing risks and benefits than the other regional segments, are as follows:

- Europe
- UK
- Asia
- USA

The results of the regional segments in H1 2017 are shown in the table below.

(Euro thousands)	Europe	UK	Asia	USA	Adjustments and eliminations	H1 2017
Revenues	22,028	1,737	2,383	1,215	(653)	26,710
Other income	132	-	-	9		141
Consumables and goods	1,111	-	-	(155)		956
Raw material purchase cost	*(15,549)*	-	-	*(402)*	554	(15,396)
Service costs	*(7,015)*	*(297)*	*(70)*	*(264)*	98	(7,548)
Rent, lease and similar costs	*(361)*	*(2)*	-	*(12)*	-	(375)
Operating costs	**(22,924)**	**(299)**	**(70)**	**(678)**	**653**	**(23,319)**
Wages and salaries	(856)	(53)	-	-	-	(909)
Social security charges	(231)	(3)	-	-	-	(234)
Post-employment benefits	(17)	-	-	-	-	(17)
Personnel expense	**(1,104)**	**(56)**	**-**	**-**	**-**	**(1,160)**
Depreciation property, plant and equipment	(388)	(481)	(747)	-	-	(1,615)
Amortisation intangible assets	(602)	(102)	(174)	-	-	(879)
Write-downs	0	0	0	-	-	0
Amortisation & Depreciation	**(990)**	**(583)**	**(921)**	**-**	**-**	**(2,494)**
Other operating costs	(407)	-	(3)	-		(411)
Operating profit	**(2,155)**	**799**	**1,388**	**391**	**-**	**423**
Net financial income/(charges)	(327)	(5)	(3)	16		(319)
Profit before taxes	**(2,482)**	**794**	**1,385**	**407**	**-**	**103**
Income taxes	433	(145)	(235)	-	-	53
Net profit for the period	**(2,049)**	**649**	**1,150**	**407**	**-**	**156**

Regional segment assets and liabilities at June 30, 2017 are shown in the table below.

(Euro thousands)	Europe	UK	Asia	USA	Adjustments and eliminations	H1 2017
Segment assets	59,886	4,599	9,360	1,126	(10,723)	64,248
Segment liabilities	48,029	2,670	5,103	1,118	(9,498)	47,422

F. Management of capital and financial risks

Financial risks

For financing and investing operations the company adopted prudent and risk limitation criteria and no operations were taken of a speculative nature.

The company settles these financial charges with the liquidity from various operations, among which income deriving from the sale of advertising spaces and the provision of services and bank funding.

In order to monitor financial risks through an integrated reporting system and ensure analytical planning of future activities, the company is currently implementing a management control system.

In addition, the company did not utilise derivative financial instruments to hedge against risks regarding its funding requirements.

However, the company issued a “Minibond” for Euro 3.5 million and a bond loan for Euro 1 million, whose conditions are illustrated in the Explanatory Notes.

The financial risks to which the Giglio Group is exposed are illustrated below.

Currency risk

The Company prepares its financial data in Euro and, in relation to its business model, incurs the majority of its costs in Euro. The business model adopted permits the company to minimize the risks related to exchange rate movements.

Credit risk

The credit risk, i.e. the risk that the company incurs a loss where the counterparty of a financial asset defaults, is considered marginal and does not constitute a significant variable in the business in which the company operates.

Transactions are generally settled on a timely basis and for the principal clients are often guaranteed by primary credit institutions. In addition, receivables are monitored daily by the finance department on a systematic and timely basis.

Liquidity risk

Liquidity risk is the risk that financial resources may be insufficient to meet obligations on maturity. The company manages liquidity risk by maintaining a constant balance between funding sources, deriving from operating activities, from recourse to credit institution financing, and resources employed. Cash flow, funding requirements and liquidity are constantly monitored, with the objective of ensuring efficient management of financial resources. In order to meet its obligations, in the event cash flows generated from ordinary activities are insufficient, or in the case of timing differences, the company may undertake operations to source financial resources, through, for example, bank advances on receivables and bank lending.

G. Consolidation principles

The consolidated financial statements include the financial statements of Giglio Group S.p.A and its subsidiaries at June 30, 2017. In particular, a company is considered “controlled” when the Group has the power, directly or indirectly, to determine the financial and operating policies so as to obtain benefits from its activities.

The consolidated financial statements are prepared based on the financial statements of the individual companies in accordance with IFRS.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investment entity (or holds valid rights which confer it the current capacity to control the significant activities of the investment entity);
- exposure or rights to variable returns deriving from involvement with the investment entity;
- the capacity to exercise its power on the investment entity to affect its income streams.

Generally, there is presumption that the majority of the voting rights results in control. In support of this presumption and when the Group holds less than the majority of the voting rights (or similar rights), the Group shall consider all the facts and significant circumstances to establish whether control of the investment entity exists, including:

- Contractual agreements with other holders of voting rights;
- Rights deriving from contractual agreements;
- Voting rights and potential voting rights of the Group.

The Group reconsiders if it has control of an investee if the facts and circumstances indicate that there have been changes in one or more of the three significant elements for the definition of control. The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses this control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements at the date in which the Group obtains control until the date in which the Group no longer exercises control.

Changes in the holdings of subsidiaries which do not result in the loss of control are recognised under equity.

If the Group loses control of a subsidiary, it must eliminate the relative assets (including goodwill), liabilities, minority interests and other equity items, while any gain or losses are recorded in the income statement. Any holding maintained must be recorded at fair value.

The financial statements of the subsidiares included in the consolidation scope are consolidated under the line-by-line method, which provides for the full integration of all accounts, without reference to the Group's holding, and the elimination of intercompany transactions and unrealised gains.

The amounts resulting from transactions between consolidated companies are eliminated, in particular receivables and payables at the reporting date, costs and revenues, as well as financial income and charges and other items recorded in the income statement. Gains and losses realised between consolidated companies and the related tax effects are also eliminated.

Business combinations and goodwill

Business combinations are recognised using the purchase method. The purchase cost is calculated as the total of the fair value consideration transferred at the acquisition date, and the value of any minority equity holding. For every business combination, the Group decides whether to measure the minority interest at fair value or in proportion to the amount held in the identifiable net assets of the investee. In particular, the goodwill is recorded only for the part attributable to the Parent Company and the value of the minority holding is determined in proportion to the investment held by third parties in the identifiable net assets of the investee.

The acquisition costs are expensed in the year and classified under administration expenses. When the group acquires a business, the financial assets acquired or liabilities assumed under the agreement are classified or designated in accordance with the contractual terms, the economic conditions and the other conditions at the acquisition date. Any potential payment to be recognised is recorded by the acquirer at fair value at the acquisition date. The change in the fair value of the potential payment classified as an asset or liability, as a financial instrument which is subject to IAS 39 financial instruments: recognition and measurement, must be recognised in the income statement. The goodwill is initially recorded at cost represented by the excess of the total consideration paid and the amount recognised for the minority interest holdings compared to the net identifiable assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the total consideration paid, the Group again verifies if it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedure utilised to determine the amount to be recorded at the acquisition date. If from the new valuation the fair value of the net assets acquired is still above the consideration, the difference (gain) is recorded in the income statement. After initial recognition, goodwill is measured at cost less any loss in value. For the purpose of impairment testing, goodwill acquired in a business combination must be allocated, from the acquisition date, to each of the Group's cash-generating units which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units.

If the goodwill is allocated to a cash generating unit and the entity sells part of the activities of this unit, the goodwill associated with the activity sold is included in the book value of the activity when determining the gain or loss deriving from the sale. The goodwill associated with assets sold is calculated based on the relative values of the asset sold and the part maintained by the cash-generating unit.

Where the business combination was undertaken in several steps, on the acquisition of control the previous holdings are remeasured at fair value and any difference (positive or negative) recorded in the income statement.

On the acquisition of minority holdings, after obtaining control, the positive difference between the acquisition cost and book value of the minority holding acquired is recorded as a reduction of the net equity of the parent company. On the sale of holdings which do not result in the loss of control of the entity, however, the difference between the price received and the book value of the holding sold is recorded directly as an increase of the net equity, without recording through the income statement.

Consolidation scope

Information on subsidiaries:

The consolidated financial statements of the Group include:

Consolidation scope

Giglio Group S.p.A.	Italy	**Parent**	
Nautical Channel Ltd	UK	**Subsidiary**	100%
Giglio TV	HK	**Subsidiary**	100%
Giglio USA	USA	**Subsidiary**	100%
Giglio (Shanghai) Tecnology Company Limited	China	**Subsidiary**	100%
IBOX SA	Switzerland	**Subsidiary**	100%
E-Volve Service USA	USA	**Subsidiary**	100%
IBOX S.r.l.	Italy	**Subsidiary**	100%
Class Tv Moda Holding	Italy	**Joint Venture**	50%

Companies consolidated under the line-by-line method:

***Giglio Group S.p.A.* (parent company)**

Registered office Viale Tunisia No. 38, Milan and operational and administration offices Via dei Volsci No. 163, Rome – Share capital Euo 3,208,050.

In particular, the company operates in the television content and multimedia publishing and distribution segment, including through directly-owned television channels.

Since August 7, 2015, the company has been listed on the AIM market, with a free float of approx. 23%. The shareholder structure is available on the company's website: www.giglio.org

GIGLIO TV HK Limited

Registered Office:

Room 1501 (659), 15/F, SPA Centre

53-55 Lockhart Road

Wanchai

HONG KONG,

Share capital: Euro 3,000,000, held 100% by Giglio Group S.p.A. The company manages all the Group's activities on the Chinese market.

NAUTICAL CHANNEL

Registered office: 346a Farnham Road Slough Berkshire SL2 1BT (UK)

Share capital: Euro 5, held 100% by Giglio Group S.p.A.

The company manages all the Group's Nautical activities worldwide.

GIGLIO USA LLC

Registered office: One Wall Street, 6th Floor

BURLINGTON, MA 01803

REPRESENTATIVE OFFICE

111 West 19th Street (6th Floor)

10011 New York, NY USA

Share capital: Euro 18 thousand, held 100% by Giglio Group S.p.A.

The company develops the business model of the Fashion division on the US market.

GIGLIO (Shaghai) TECNOLOGY LIMITED COMPANY

Registered office: Shanghai International Finance Center

Century Avenue 8

Room 874, Level 8, Tower II

Shanghai, 200120

Share Capital: Euro 40 thousand

The company develops the business model of the Fashion division on the US market.

IBOX SA

Registered Office: Galleria 1 Via Cantonale, 6928 Manno, Switzerland

Share capital: CHF 1,882,000

The company is an e-commerce service provider managing websites for major made in Italy fashion brands.

E-Volve Service USA

Registered Office: New York

Share capital: USD 10,000

The company develops the e-commerce business model of IBOX SA.

IBOX S.r.l.

Registered Office: Via Pier Della Francesca 39, 59100 Prato (PO)

Share capital: Euro 20,000

The company is an e-commerce service provider managing websites for major made in Italy fashion brands.

Class TV Moda Holding is recorded under the equity method.

Translation of financial statements in currencies other than the presentation currency

Translation of accounts in foreign currencies

The consolidated financial statements are presented in Euro, which is the Parent Company's functional currency. Each Group company decides the functional currency to be used to measure the accounts in the financial statements. The Group utilises the direct consolidation method; the gain or loss reclassified to the income statement on the sale of a foreign subsidiary represents the amount deriving from the use of this method.

Transactions and balances

Foreign currency transactions are initially recorded in the functional currency, applying the exchange rate at the transaction date.

Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Exchange rate differences realised or arising on the translation of monetary items are recorded in the income statement, with the exception of monetary items which hedge a net investment in a foreign operation. These differences are recorded in the comprehensive income statement until the sale of the net investment, and only then is the total amount reclassified to the income statement. The income taxes attributable to the exchange differences on the monetary items are also recorded in the comprehensive income statement.

Non-monetary items, measured at historical cost in foreign currency, are translated using the exchange rates on the date the transaction was first recorded. Non-monetary items recorded at fair value in foreign currencies are translated using the exchange rate at the date this value was determined. The gain or loss deriving from the translation of non-monetary items is treated in line with the recognition of the gain or loss recorded on the change in the fair value of these items (i.e. the translation differences on the accounts to which the fair value changes in the comprehensive income statement or in the income statement are recorded, respectively in the comprehensive income statement or in the income statement).

Group companies

At the reporting date, the assets and liabilities of the Group companies are translated into Euro at the exchange rate at that date, while revenues and costs included in the comprehensive income statement or separate income statement are translated at the exchange rate at the date of the transaction. The exchange differences from the translation are recorded in the comprehensive income statement. On the sale of a net investment in a foreign operation, the items in the comprehensive income statement relating to this foreign operation are recorded in the income statement.

The goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are recorded as assets and liabilities of the foreign operation and therefore are recorded in the functional currency of the foreign operation and translated at the exchange rate at the reporting date.

H. Fair value measurement

At each reporting date, the Group measures at fair value the earn-out liability arising on the Giglio Fashion acquisition operation. The Group does not have other financial instruments or assets and liabilities measured at fair value.

Fair value is the price that will be received for the sale of an asset or which will be paid for the transfer of a liability in a transaction settled between market operators at the measurement date.

A fair value measurement requires that the sale of the asset or transfer of the liability has taken place:

‣ in the principal market of the asset or liability;

or

‣ in in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible for the Group.

The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests.

The fair value measurement of a non-financial asset considers the capacity of a market operator to generate economic benefits utilising the asset to its maximum and best use or by selling to another market operator that would utilise the asset to its maximum or best use.

The Group utilises measurement techniques which are appropriate to the circumstances and for which there is sufficient available data to measure the fair value, maximising the utilisation of relevant observable inputs and minimising the use of non-observable inputs.

All the assets and liabilities for which the fair value is measured or stated in the financial statements are categorised based on the fair value hierarchy, as described below:

‣ Level 1 - prices listed (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;

‣ Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;

▸ Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is classified entirely to the same hierarchical level of the fair value in which the lowest hierarchical input level utilised for the measurement is classified.

For the assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Group assesses whether there have been transfers between the hierarchy levels, reviewing the classification (based on the lowest input level, which is significant for the fair value measurement in its entirety) at each reporting date.

At the preparation date of these financial statements, a potential payment of Euro 402,000 is recorded (i.e. the earn-out liability), measured at fair value categorised at level 3 and there were no reclassifications between fair value levels. This payment was redetermined at June 30, 2017 compared to the value estimated at December 31, 2016 (after the payment of Euro 1 million in the previous year) as Euro 236, in addition to Euro 166 already recorded in the financial statements, for a total of Euro 402. This is based on the updated forecast results relating to the contractual targets, which improved on those available at the time of the fair value estimate made in 2016.

I. **Accounting policies**

Property, plant & equipment Property, plant & equipment, recorded in the financial statements as assets if and only if it is probable future economic benefits will be obtained by the entity and if their cost may be reliably determined, are recorded at historical cost, net of the relative accumulated depreciation and any impairment in value.

In particular, the cost of a tangible fixed asset, acquired from third parties or constructed in-house, includes the directly attributable costs and all the costs necessary for the asset to function for the use for which it was acquired.

The initial value of the asset is increased by the present value of any waste or removal costs of the asset or of site reclamation where the asset is located, where there is a legal or implicit obligation. Against the charges capitalized, a liability will be recorded as a risk provision.

Maintenance expenses and repairs are not capitalised, but recorded in the income statement when incurred.

The costs incurred subsequent to initial recognition - improvements, renovation or expansion, etc. - are recorded under assets if and only if it is probable that future economic benefits will accrue to the company and they are identifiable assets or concern expenses with the purpose of extending the useful life of the assets to which they refer or increase the production capacity or also improve the quality of the products obtained. Where these costs are however similar to maintenance costs, they are recorded in the income statement when incurred.

The depreciation recorded in the income statement has been calculated in consideration of the use, intended purpose and economic-technical duration, on the basis of the residual possible useful life.

The estimated depreciation rates of the assets are as follows:

plant & machinery:	15%
equipment:	15%
Servers:	12.5%
furniture and fittings:	15%

The book value of tangible fixed assets is subject to verification of any loss in value when events or changes occur indicating that the carrying value can no longer be recovered. If there is an indication of this type and in the case where the carrying value exceeds the realisable value, the assets or the cash generating units are written down to their realisable value, which coincides with the higher between the net sales price of the asset and its value in use. In defining value in use, expected future cash flows are discounted by using a pre-tax rate that reflects the current market assessment of the time value of money compared to the time and specific risks of the asset. For assets that do not generate independent cash flows, realisable value is calculated in relation to the cash generating unit pertaining to such assets.

Leasing

The definition of a contractual agreement as a leasing operation (or containing a leasing operation) is based on the substance of the agreement and requires an assessment of whether the agreement depends on the utilisation of one or more specific assets or whether the agreement transfers the right to the utilisation of this asset. The verification that an agreement is a lease is made at the beginning of the agreement.

A leasing contract is classified as a finance lease or an operating lease at the beginning of the lease. A lease contract that substantially transfers to the Group all the risks and rewards of ownership of the asset leased is classified as a finance lease.

Finance leases are capitalised at the commencement date of the lease at fair value of the leased asset or, if lower, at the present value of the lease payments. The lease payments are divided between a capital portion and an interest portion in order to obtain a constant interest rate on the residual balance of the payable. Financial charges are recorded in the income statement.

Leased assets are depreciated over their estimated useful life. However, where there does not exist

reasonable certainty that the Group will obtain ownership of the asset at the end of the contract, the asset is depreciated over the shorter period between the estimated useful life of the asset and the duration of the lease contract.

An operating lease is a leasing contract which does not qualify as a finance lease. The operating lease payments are recorded in the income statement on a straight-line basis over the duration of the contract.

Intangible assets

Intangible assets, capitalised only if they relate to identifiable assets which generate future economic benefits, are initially recorded at purchase cost, increased for any accessory charges and those direct costs necessary for their utilisation. However, assets acquired through business combinations are recognised at their fair value at the acquisition date.

If the payment for the purchase of the asset is deferred beyond the normal credit payment terms, its cost is represented by the equivalent cash price: the difference between this value and the total payment is recorded as financial charges over the period of the deferred payment.

Assets generated internally, with the exception of development costs, are not recorded as intangible assets. The development activity is based on the development of research or other knowledge into a well defined programme for the production of new products or processes.

The cost of an intangible asset generated internally comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

After initial recognition, the intangible assets are recorded in the financial statements at cost net of accumulated amortisation, calculated on a straight-line basis over the estimated useful life of the assets, and of the losses for impairments in value. However, if an intangible asset has an indefinite useful life, it is not amortised, but periodically subject to an impairment test.
Amortisation begins when the asset is available for use or when it is in the position and condition necessary for it to operate in the manner intended by company management.
The TV rights, which constitute the library of the company, are amortised over 5 years.
The book value of intangible fixed assets is subject to verification of any loss in value (impairment test) when events or changes occur indicating that the carrying value can no longer be recovered. If there is an indication of this type and where the carrying value exceeds the realisable value, the assets are written down to their realisable value. This value coincides with the higher between the net sales price of the asset and its value in use.
The gains and losses deriving from the elimination of an intangible asset are measured as the difference between the net sales proceeds and the book value of the intangible asset, and are recorded in the income statement in the year in which they are eliminated.

Goodwill

Assets with an indefinite life are not amortised, but subject at least annually to an impairment test on the value recorded in the financial statements. As previously illustrated, goodwill is subject to an impairment test annually or more frequently in the presence of indicators which may give rise to a loss in value.
The impairment test is made with reference to each “Cash Generating Unit” (“CGU”) to which the goodwill is allocated and monitored by management.
A loss in the value of the goodwill is recorded when the recoverable value of the related CGU is lower than the carrying value.
The recoverable value is the higher between the fair value of the CGU, less costs to sell, and its value in use - this latter the present value of the estimated future revenues for the assets within the CGU. In defining the value in use, the expected future cash flows are discounted utilising a pre-tax rate that reflects the current market assessment of the time value of money, and the specific risks of the asset. When the loss in value deriving from the Impairment test is higher than the value of the goodwill allocated to the CGU, the residual amount is allocated to the assets

included in the CGU in proportion to their carrying value. This allocation has as a minimum, the higher between:

i. the fair value of the asset less selling costs;
ii. the value in use, as defined above;
iii. zero.

The original value of the goodwill may not be restated where the reasons for the loss in value no longer exist.

Intangible and tangible assets with definite useful life

For the assets subject to amortisation and depreciation, the presence of any indicators, internally and externally, of a loss in value is assessed at each reporting date. Where these indicators exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write-down compared to the relative book value in the income statement. The recoverable value of an asset is the higher between the fair value, less costs to sell, and its value in use, where this latter is the present value of the estimated future cash flows for this asset. In defining the value in use, the expected future cash flows are discounted utilising a pre-tax rate that reflects the current market assessment of the time value of money, and the specific risks of the asset. For an asset that does not generate independent cash flows, the recoverable value is determined in relation to the cash generating unit to which the asset belongs. A loss in value is recognised in the income statement when the carrying value of the asset, or of the relative CGU to which it is allocated, is higher than its recoverable value. The loss in value of CGU's is firstly attributed to the reduction in the carrying value of any goodwill allocated and, thereafter, to a reduction of other assets, in proportion to their carrying value and to the extent of the relative recoverable value. When the reasons for the write-down no longer exist, the book value of the asset is restated through the income statement, up to the value at which the asset would be recorded if no write-down had taken place and amortisation or depreciation had been recorded.

Financial assets and receivables

The Group classifies financial assets in the following categories:

- loans and receivables;
- held-to-maturity financial assets;
- available-for-sale financial assets.

Management determines the classification on initial recognition in the financial statements.

Loans and receivables

This category includes assets not represented by derivative instruments and not listed on an active market, for which fixed or determinable payments are expected. These assets are initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost on the basis of the effective interest rate. When there is an indication of a loss in value, the asset is reduced to the value of the discounted future cash flows obtainable; the loss in value determined through an impairment test is recorded in the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the asset is restated up to the value deriving from the application of the amortised cost as if no impairment had been applied. These assets are classified as current assets, except for the portion with maturity beyond 12 months, which are included in non-current assets.

Held-to-maturity investments

These assets, measured at amortised cost, are those, other than derivative instruments, held until a pre-fixed maturity and for which the Group has the full intention and capacity to maintain in portfolio until maturity. Those with a contractual maturity within 12 months are classified under current assets. When there is an indication of a loss in value, the asset is reduced to the value of the discounted future cash flows obtainable. Any loss in value determined through an impairment test is recognised in the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the asset is restated up to the value deriving from the application of the amortised cost as if no impairment had been applied.

Inventories

Inventories are measured at the lower between cost, calculated as per the FIFO method, and net realisable value. Net realisable value is the selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale.

Cash and cash equivalents

This comprise cash, bank deposits and accounts held at other credit institutions for current operations, postal current accounts and other equivalent values as well as investments with maturity within three months of the acquisition date. Cash and cash equivalents are measured at fair value which normally coincides with their nominal value.

Transaction costs related to the issue of equity instruments

Transaction costs related to the issue of an equity instrument are recorded as a decrease (net of any related tax benefit) of the share premium reserve, generated by the same operation, to the extent of marginal costs directly attributable to the equity operation which otherwise would have been avoided. The costs of an equity operation which are abandoned are recorded in the income statement.

Listing costs not related to the issue of new shares are recorded in the income statement.

Where the listing involves both the sale of existing shares, and the issue of new shares, the costs directly attributable to the issue of new shares are recorded as a reduction of the share premium reserve and the costs directly attributable to the listing of the existing shares are recorded in the income statement. The costs relating to both operations are recorded as a reduction of the share premium reserve in relation to the proportion between the shares issued and the existing shares and the remainder recorded in the income statement.

Payables and other financial liabilities

Payables and other financial liabilities are initially recognised at fair value less transaction costs: thereafter they are measured at amortised cost, using the effective interest rate. When there is a change in the expected cash flows, the value of the liabiities are recalculated to reflect this change, based on the new present value of the expected cash flows and on the effective interest rate initially determined. Payables and other liabilities are classified as current liabilities, except where the Group has the contractual right to settle its obligations at least beyond 12 months from the reporting date or of the interim financial statements.

Income taxes

The Group tax charge is based on current taxes and deferred taxes. Where relating to components recognised to income and charges recorded to net equity within the other items of the comprehensive income statement, such taxes are recorded to the same account.

Current taxes are calculated based on tax regulations in force at the financial reporting date; any risks concerning different interpretations of positive or negative income components, or any disputes with tax authorities, are recorded in the income statement along with the relative provisions in the financial statements.

Deferred taxes are calculated on the timing differences arising between the book value of the assets and of liabilities and their value for tax purposes, as well as on tax losses. The valuation of deferred tax assets and liabilities is carried out applying the expected tax rate when the temporary differences will reverse; this valuation is made on the basis of the current tax regulations or those substantially in force at the reporting date. Deferred tax assets, including those deriving from tax losses, are recorded only when it is probable that sufficient assessable income will be generated in the future for their recovery.

Employee benefits

Short-term employee benefits, due within 12 months from the reporting date, are recorded at cost and as a liability for an amount equal to the non-discounted value as this should be paid to the employee in exchange for work performed. The long-term benefits, for example contributions to be paid beyond 12 months from the reporting date, are recorded as a liability for an amount equal to the present value of the benefit at the reporting date.

Post-employment benefits such as pension or life assurance benefits, are divided between defined contribution plans and defined benefit plans, depending on the economic nature of the plan. For defined contribution plans, the legal or implied obligation of an entity is limited to the amount of contributions to be paid: consequently, the actuarial risk and the investment risk is borne by the employee. For defined benefit plans, the obligation of the entity concerns the granting and assurance of the agreed employee plans: consequently, the actuarial and investment risk is borne by the company.

Based on IAS 19, the Post-employment benefit is classified under defined benefit plans.

For defined contribution plans, the company records the contributions due as liabilities and as a cost. Where these contributions are not due entirely within twelve months from the end of the year in which the employee has undertaken the relative work, these are discounted utilising the yield on government securities.

The accounting of defined benefit plans involves the following steps:

- calculation, with the use of actuarial techniques, of a realistic estimate of the amount of the benefit which the employees have matured for their services in the current and previous years. This requires the determination of what percentage of the benefit is attributable to the current year and previous years, as well as estimates on demographic variables – e.g. the turnover of employees - financial variables – e.g. future salary increases - which will impact the cost of the benefits;
- discounting these benefits using the projected unit credit method in order to determine the present value of the defined benefit obligation and the current service cost, utilising as a discount rate the yield on government securities;
- calculation of the present value of any plan assets;
- calculation of the actuarial gains and losses;
- calculation of the profit and loss resulting from any modifications or settlements of the plan.

The amount recorded as a liability for defined benefits is represented by the present value of the obligation at the reporting date, net of the present value of the plan assets, where existing. The cost to be recognised to the income statement is based on:

- the pension cost relating to current employment service;
- the interest cost;
- the actuarial gain or loss;
- the expected yield on plan assets, where existing.

The indemnities at the end of employment are recorded as liabilities and costs when the company is obliged to interrupt the employment of an employee or a group of employees before the normal retirement age, or is obliged to pay compensation at the end of employment following a proposal for the payment of voluntary leaving incentives.

Provisions for risks and charges

The provisions for risks and charges are recorded when, at the reporting date, a legal or implicit obligation exists towards a third party, that derives from a past event, and a payment of resources is probable in order to satisfy the obligation and this amount can be reliably estimated.

This amount represents the present value, where the time value of money is significant, of the best estimate of the expenses requested to settle the obligation. The rate used in the determination of the present value of the liability reflects the current market value and includes the further effects relating to the specific risk associated to each liability. Changes in estimates are reflected in the income statement in the period in which they occur.

Where the Group is subject to risks for which the liability is only possible, these risks are described in the present Explanatory Notes and no provision is accrued.

Revenues

Revenues are recorded in accordance with the probability that the Group will receive economic benefits and the amount can be determined reliably, independent of the collection date. Revenues are reported at the fair value of the amount received or to be received, taking into account the contractual payment terms and excluding taxes and customs duties. The Group, having concluded that it acts on its own behalf in all sales contracts as it is the primary debtor, has discretion on the pricing policy and in addition is exposed to inventory and credit risk.

For the recognition of revenues, the following specific criteria must be complied with:

Sale of goods

Revenues are recognised when the company has transferred to the acquirer all of the significant risks and rewards connected to the ownership of the asset - generally the shipping date of the goods based on the contractual “incoterm” clauses.

The revenues are measured at the fair value of the amount received or to be received, net of returns and premiums, commercial discounts and volume reductions.

Costs

Costs are recorded when relating to goods and services sold or consumed in the year or when there is no future utility.

Financial income and charges

Interest is recorded on an accruals basis utilising the effective interest method, which is the rate which exactly discounts the future receipts, estimated over the expected life of the financial instrument or a shorter period, where necessary, compared to the net book value of the financial asset.

J. **Earnings per share**

<u>Earnings per share – basic</u>

The basic earnings per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

<u>Earnings per share - diluted</u>

The diluted earnings per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares. In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted assuming the exercise of all the rights which have potential dilution effect, while the result of the Group is adjusted to take into account the effects, net of income taxes, of the exercise of these rights.

K. **New accounting standards, interpretations and amendments adopted by the Group**

Standards issued but not yet in force

The standards which at the date of the preparation of the Group consolidated financial statements were issued but not yet in force are reported below. The list refers to standards and interpretations which the Group expects will be reasonably applied in the future. The Group will adopt these standards when they enter into force.

IFRS 9 Financial instruments

In July 2015, the IASB published the final version of IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and measurement and all the previous versions of IFRS 9. IFRS 9 combines all three aspects relating to the accounting of financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for periods beginning January 1, 2018 and thereafter; advance application is permitted. With the exception of the hedge accounting, retrospective application is required of the standard, but it is not obligatory to disclose comparative information. In relation to the hedge accounting, the standard is generally applied in a prospective manner, with some limited exceptions. The Group will adopt the new standard from the date it enters into force. The Group will undertake an analysis of the principal new issues which will be introduced by IFRS 9 and of the possible impacts which may derive from the application of all three aspects treated within IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and introduces a new model in five steps which will be applied to revenues from contracts with customers and replaces all the current requirements within IFRS in terms of revenue recognition (IAS 18, IAS 11, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31). IFRS 15 provides for the recognition of revenues for an amount which reflects the payment which the entity considers to have the right to in exchange for the transfer of goods or services to the customer. The standard is effective for the periods beginning January 1, 2018 and thereafter, with full or modified retrospective application. Earlier application is permitted. The Group expects to apply the new standard from the date of obligatory application, utilising the full retrospective application method. The Group is currently undertaking an analysis of the principal new issues which will be introduced by IFRS 15 and of the possible impacts which may derive from the application of the new standard.

IFRS 16 Leases

IFRS 16 was published in January 2016 and will replace IAS 17 Leasing, IFRIC 4, SIC-15 and SIC-27. IFRS 16 defines the principles for the recognition, measurement, presentation and disclosure of leasing (contracts which give the right to the use of third party assets) and requires lessees to recognise all leasing contracts in the financial statements on the basis of a single model similar to that utilised for recognising finance leases in accordance with IAS 17. The standard provides for two exemptions for the recognition by lessees - leasing contracts with low value (for example personal computers, photocopiers, etc.) and short-term lease contracts (for example contracts with expiry within 12 months or less). At the initial date of the lease contract, the lessee records a liability against the non-variable payments of the lease instalments (the leasing liability) and an asset which represents the right to the use of the underlying asset for the duration of the contract (the right to use an asset). The lessees must separately record the expenses for interest on the leasing liabilities and the amortisation of the right to use an asset. The lessees must also remeasure the leasing liabilities on the occurrence of certain events (e.g. change in the lease contract conditions, change in the future lease payments resulting from a change in an index or rate utilised to determine these payments). The lessee will generally recognise the amount of the remeasurement of the leasing liability as an adjustment to the right to use the asset. The accounting required by IFRS 16 for lessees is substantially unchanged compared to the current accounting under IAS 17, except that this latter considers the substance of the transaction similar to the purchase of an asset while IFRS 16 is based on the concept of the right to use a specific asset. The lessees will continue to classify all leases utilising the same classification principle as per IAS 17 and distinguishing between two types of leases: operating leases and finance leases. IFRS 16 requires from lessors and lessees greater disclosure compared to IAS 17. IFRS 16 will enter into force for periods which begin January 1, 2019 (the EU endorsement process is currently in progress). Advance application is permitted, but not before the entity has adopted IFRS 15. A lessee may choose to apply the standard utilising a fully retrospective approach or a modified retrospective approach. The transitory provisions within the standard permit some options. The Group is currently undertaking an analysis of the principal new issues which will be introduced by IFRS 16 and of the possible impacts which may derive from the application of the new standard.

Amendments to IAS 12

Recognition of deferred tax assets for unrealised losses

The amendments clarify that an entity must consider if the fiscal regulations limit the sources of assessable income against which they could make deductions related to the reversal of the deductible temporary differences. In addition, the amendment provides guidelines on how an entity should determine the future assessable income and explains the circumstances in which the assessable income could include the recovery of some assets for a value higher than their carrying value. The entities shall apply these amendments retrospectively. However, on the initial application of these amendments, the change in the opening net equity of the first comparative period may be recorded under opening retained earnings (or in another equity account, depending on the case), without allocating the change between opening retained earnings and other equity accounts. The entities which apply this option must provide disclosure. These amendments are effective for the periods beginning January 1, 2017 and thereafter; advance application is permitted. The entities must provide further disclosure where these amendments are applied in advance. The Group is assessing the impact of the application of these amendments on the consolidated financial statements.

Amendment to IAS 7 Statement of Cash Flows

The amendments to IAS 7 Statement of Cash Flows are part of the Disclosure Initiative of the IASB and requires an entity to provide additional information which permits the readers of the financial statements to assess the changes in the liabilities related to financing activities, including whether these changes relate to cash flows or non-monetary changes. On the initial application of this amendment, the entity is not required to present comparative information relating to previous periods. These amendments are effective for the periods beginning January 1, 2017 and thereafter; advance application is permitted.

IFRIC 23 – Uncertainty over income tax treatments

In June 2017, the IASB published the interpretation IFRIC 23 - Uncertainty over income tax treatments. The interpretation clarifies the application of the requirements for recognition and measurement established in IAS 12 Income Taxes when uncertainties exist on tax treatment.

The amendments will be applicable from periods beginning January 1, 2019.

The Group is assessing the impact of the application of these amendments on the consolidated financial statements.

L. Seasonality

The Group does not have significant seasonal or cyclical variations. Management in fact has not identified “a highly seasonal activity”. For improved understanding, we report that the activities of the Group are impacted by the transformation of the business and by the integration of new companies acquired following the acquisition of the Ibox Group (previously Evolve) during the current year. For this reason, the business of the company has not yet been fully consolidated. Therefore, an analysis on the seasonal activities of the Group would not be indicative or worthwhile.

M. Workforce

The workforce, broken down by category, compared to the previous is presented below:

Workforce	30.06.2017	31.12.2016	Changes
Executives	4	-	4
Managers	7	2	5
White-collar	52	26	26
Blue-collar	-	-	-
Other	6	4	2
Total	69	32	37

The increase in the workforce is mainly due to the acquisition of the Evolve Group on April 27, 2017.

For the Giglio Group, the most notable new hires were the 2 executives (General Director and Digital Director) and the administration head.

In the first half of the year, there were no resignations.

The amounts in the Financial Statements and Explanatory Notes are in Euro except where indicated otherwise.

N. Business combinations

On April 27, 2017, the Group acquired 100% of the shares with voting rights of IBox S.A. (formerly Evolve Service S.A.), a non-listed company with head office in Europe specialised in the management of luxury e-commerce websites. The Group acquired Evolve as the acquisition completed the “e-commerce 4.0” business project.

Evolve SA is a Swiss registered company whose majority shareholder was the company Tessilform SpA which owns the Patrizia Pepe brand. Evolve SA is a leading e-commerce entity competing with the major international online fashion, beauty and design retailers.

Consideration for the transaction was Euro 5.4 million, of which Euro 1.5 million cash paid on closing using own funds and Euro 3.9 million from the issue of 1,222,000 new Giglio Group shares reserved for Evolve’s current shareholders (implied price per share of Euro 3.2).

The acquisition of the Ibox Group was treated as a business combination and, in accordance with “IFRS 3 - Business Combinations”, Giglio Group S.p.A. was identified as the “acquirer” and the Ibox Group as the “acquired”.

Ahead of completion of the purchase price allocation process of the assets, liabilities and contingent liabilities of the Ibox Group, a preliminary determination of the goodwill was made based on the best available information at June 30, 2017 with reference to the subgroup acquired, as illustrated in the table below. The Group is currently acquiring the information necessary to complete, as permitted by IFRS 3, for a period of 12 months from the acquisition date, the final measure of the goodwill emerging from the comparison between the price paid and the fair value of the net assets acquired and of the liabilities assumed at the acquisition date.

Purchase cost		5,410
Fair value of the identificable assets and liabilities	- 2,173	
Goodwill	7,583	

ASSETS

B) Non-current assets

1. Property, plant & equipment

Balance 30.06.2017 6,635,479

Balance 31.12.2016 6,965,001

The breakdown of property, plant and equipment of the Group is illustrated below:

Property, plant & equipment	Plant	Equipment	Furniture & fittings	EDP	Motor vehicles	Other	Total
Net balance at December 31, 2016	**6,763,192**	**23,976**	**37,432**	**5,599**	**107,882**	**26,921**	**6,965,001**
- Increases	214,701	133,612	7,223	350		627	356,513
- Decreases							-
- Depreciation	(832,599)	(2,059)	(5,271)	(6,847)	(18,615)	(9,628)	(875,019)
- Net increases	91,682	9,856	77,561	4,916		4,967	188,983

for change in consolidation scope							
Balance at June 30, 2017	**6,236,976**	**165,385**	**116,945**	**4,018**	**89,267**	**22,887**	**6,635,479**
of which:							
- Historical cost	16,765,797	383,265	324,287	163,194	419,395	166,846	18,222,783
- Accumulated depreciation at 30.06.2017	(10,528,821)	(217,880)	(207,342)	(159,176)	(330,128)	(143,958)	(11,587,305)

The changes in the previous year are reported below:

Property, plant & equipment	Plant	Equipment	Furniture & fittings	EDP	Motor vehicles	Other	Total
Net balance at December 31, 2015	**7,952,635**	**38,031**	**35,989**	**4,643**	**107,650**	**22,497**	**8,161,445**
- Increases	608,040	-	16,702	4,017	2,343	7,566	638,668
- Decreases	-	(1,752)	-	-	-	-	(1,752)
- Depreciation	(1,797,483)	(12,303)	(15,259)	(3,061)	(2,111)	(3,142)	(1,833,359)
Balance at December 31, 2016	**6,763,192**	**23,976**	**37,432**	**5,599**	**107,882**	**26,921**	**6,965,001**
of which:							
- Historical cost	16,430,072	177,630	193,106	122,917	419,395	159,832	17,502,952
- Accumulated depreciation at 31.12.2016	(9,666,881)	(153,654)	(155,674)	(117,318)	(311,513)	(132,910)	(10,537,950)

At June 30, 2017, the account increased Euro 214 thousand mainly due to specific plant (antennas) acquired by the Mthree division. There were no decreases with the exception of depreciation in the period.

2. Intangible assets

Balance 30.06.2017 **10,107,092**

Balance 31.12.2016 **8,710,066**

The following table shows the breakdown of intangible assets and the changes in the period.

Intangible assets	Publishing rights	Other intangible assets	Total
Net balance at December 31, 2016	**8,426,570**	**283,495**	**8,710,066**
- Increases	2,696,579	60,993	2,757,572
- Amortisation	(1,558,983)	(38,996)	(1,597,979)
- Net increases for change in consolidation scope	-	237,435	237,435
Balance at June 30, 2017	**9,564,166**	**542,926**	**10,107,092**
Of which:			
- Historical cost	18,433,228	4,179,349	22,612,577

- Accumulated amortisation at 31.12.2016	(8,869,062)	(3,636,442)	(12,505,484)

The changes in the previous year are reported below:

Intangible assets	Publishing rights	Other intangible assets	Total
Net balance at December 31, 2015	**5,292,881**	**358,650**	**5,651,531**
- Reclass. Goodwill RCS		(50,000)	(50,000)
- Increases	5,909,069	112,859	6,021,928
- Amortisation	(2,775,380)	(138,013)	(2,913,393)
Balance at December 31, 2016	**8,426,570**	**283,496**	**8,710,066**
Of which:			
- Historical cost	15,736,649	3,587,569	19,324,218
- Accumulated amortisation at 31.12.2016	(7,310,079)	(3,254,074)	(10,564,153)

In the period, the Group (Nautical Channel and Giglio TV) undertook investments in distribution rights and Dubbing costs amounting to Euro 2.6 million, in particular regarding the dubbing costs to readapt Chinese content.

Intangible assets are amortised at 20% per annum as the reasonable estimated useful life is 5 years.

3. Goodwill

Balance at 30.06.2017 **11,718,064**

Balance at 31.12.2016 **4,134,439**

Goodwill includes:

- Euro 7,583 thousand relating to the difference between the purchase price of the shares of the Ibox Group paid by Giglio Group S.p.A. and the consolidated net equity of the Ibox Group, as previously commented upon in the "Business combinations" section.
- Euro 4,084 thousand relating to the acquisition of Giglio Fashion in March 2016.
- Euro 50,000 relating to the purchase of a business unit from RCS containing a television channel (Yatch and Sail) and its library of TV programmes. The operation took place in 2003.

The Group undertakes an impairment test annually (at December 31) and when circumstances indicate the possibility of a reduction in the recoverable value of the goodwill. The impairment test on the value of the goodwill and of the intangible assets with indefinite useful life is based on the calculation of the value in use. The variables utilised to determine the recoverable value of the various cash generating units (CGU's) are illustrated in the consolidated financial statements at December 31, 2016.

In reviewing its impairment indicators, the Group takes into consideration, among other factors, the ratio between its market capitalisation and its net equity book value. At June 30, 2017, the market capitalisation of the Group was higher than the net equity book value, thus indicating the absence of a potential loss in value of the tangible and intangible assets recorded in the financial statements. Consequently, the directors did not undertake an impairment test at June 30, 2017 for the values above relating to the goodwill.

4. Investments

Balance at 30.06.2017	**150,011**
Balance at 31.12.2016	**-**

In April 2017, the company acquired two equity investments in the following companies:

- Pegaso Srl equal to 3% of the share capital
- Class TV Moda Holding: equal to 50% of the share capital

Both equity investments have strategic importance for the global distribution of the TV content for the Horse and Fashion segments, which are highly synergetic for the Media business of the Group.

The investment in Pegaso S.r.l in accordance with IAS 39, reports an insignificant value and is recorded at cost less any losses. The investment in Class TV Moda Holding is measured at equity.

5. Receivables and other non-current assets

Balance at 30.06.2017	**144,711**
Balance at 31.12.2016	**139,658**

Receivables and other non-current assets comprise financial receivables, as illustrated in the table below.

	30.06.2017				
Receivables and other non-current assets	Giglio Group	Ibox SA Group	Total	31.12.2016	Changes

Guarantee deposits	137,034	5,053	142,087	137,675	4,412
Other	2,624	-	2,624	1,983	641
Total	**139,658**	**5,053**	**144,711**	**139,658**	**5,053**

Guarantee deposits include deposits paid relating to rental contracts for the buildings at Milan and Rome with:

- Immobiliare Ancora di Villa & C. S.r.l. for the offices at viale Tunisia, Milan;
- Rfezia Immobiliare Servizi S.p.A. for the Rome offices;
- Interoute S.p.A. for the San Giuliano Milanese (MI) offices.

6. Inventories

Balance at 30.06.2017 **5,721,606**

Balance at 31.12.2016 **2,768,653**

The inventories of the Group comprise finished products for sale. The increase on the previous year is attributable to Giglio Group S.p.A, the Fashion division and to the US subsidiary.

At June 30, 2017, inventories were measured using the FIFO method.

At June 30, an obsolescence provision was not considered necessary.

7. Trade and other receivables

Balance at 30.06.2017 **17,488,271**

Balance at 31.12.2016 **18,888,840**

	30.06.2017					
Trade receivables	**Giglio Group**	**Ibox SA Group**	**Subsidiaries**	**Total**	**31.12.2016**	**Change**
Trade receivables	8,254,796	5,627,550	3,175,925	17,058,271	17,571,784	(513,513)
Advances to suppliers	708,601	15,356	-	723,957	1,043,119	(319,162)
Guarantee deposits	585,191	194,618	-	779,809	567,941	211,868
Other receivables	490,714	124,154	40,298	655,166	490,714	164,452
Doubtful debt provision	(784,717)	(944,215)	-	(1,728,932)	(784,717)	(944,215)
Total	**9,254,585**	**5,017,464**	**3,216,223**	**17,488,271**	**18,888,840**	**(1,400,570)**

Relating to Giglio Group S.P.A., the adjustment of the nominal values of receivables to their estimated realisable value was made through the doubtful debt provision of Euro 784 thousand.

The decrease in trade receivables compared to December 31, 2016 is mainly attributable to the company's credit recovery policy and the utilisation of without recourse factoring operations with Banca IFITALIA in order to improve the DSO.

The guarantee deposits mainly refer to the Mthree division and in particular the rental contracts of the satellite band, with an annual duration.

The supplier advances of the Giglio Fashion division relate to advances on orders of the PE 2017 collection.

For the subsidiaries Nautical Channel and Giglio TV there were no significant changes compared to December 31, 2016. The largest exposure for both GiglioTV and Nautical Channel is to the Chinese advertising agency.

At June 30, 2017, there were no significant changes compared to December 31, 2016.

8. Tax receivables

Balance at 30.06.2017 **6,233,898**

Balance at 31.12.2016 **1,797,562**

The breakdown of tax receivables is shown below:

	30.06.2017					
Tax receivables	Giglio Group	Ibox SA Group	Subsidiaries	Total	31.12.2016	Change
Deferred tax assets (non-current)	630,918	15,622	-	646,540	198,396	448,144
Total deferred tax assets	**630,918**	**15,622**	**-**	**646,540**	**198,396**	**448,144**
IRES	47,579	55,012	-	102,591	-	102,591
IRAP	2,241	9,480	-	11,721	-	11,721
Withholding taxes	3,557	-	-	3,557	11,603	(8,046)
INPS	2,710	-	-	2,710	2,710	-
INAIL	1,415	-	-	1,415	2,059	(644)
VAT	1,733,280	3,574,037	-	5,307,317	1,433,751	3,873,566
Other	143,075	14,382	591	158,048	149,042	9,006
Total current tax receivables	**1,933,856**	**3,652,911**	**591**	**5,587,358**	**1,599,166**	**3,988,193**

Total current tax receivables	**2,564,774**	**3,668,533**	**591**	**6,233,898**	**1,797,562**	**4,436,337**

The account includes non-current deferred assets amounting to Euro 646 thousand, mainly relating to deferred tax assets calculated on the tax losses of the parent company (Euro 432 thousand) and to the tax effect of the IPO costs in 2015 (Euro 92 thousand).

The current part of the account includes all the tax receivables for payments on account or credits matured. The VAT receivable of the Giglio Fashion division is attributable to the exercise of the "habitual exporter" option.

The VAT receivable amounting to Euro 3,574 thousand of Ibox SA relates to Italian VAT and is generated from purchase operations which the company concludes through its own stable organisation in Italy, which is not offset with sales operations which are undertaken abroad and therefore VAT exempt. The recovery of this receivable is supported by authoritative tax advisor opinions.

The deferred tax assets are expected to be reabsorbed by future assessable income deriving from the business plan.

9. Other assets and other current receivables

Balance at 30.06.2017 **3,311,747**

Balance at 31.12.2016 **531,552**

	30.06.2017				
Other assets	**Giglio Group**	**Ibox SA Group**	Total	**31.12.2016**	**Change**
Other receivables	29,911	149,288	179,199	30,914	148,285
Prepayments/Accrued income	1,504,385	1,628,162	3,132,547	500,638	2,631,909
Total	**1,534,296**	**1,777,450**	**3,311,747**	**531,552**	**2,780,194**

Prepayments and accrued income mainly relate to:

- the Mthree division for Euro 1,173 thousand: concerns costs referring to the second half of the year on the Eutelsat contract;
- the Ibox Group for Euro 1,628 thousand: concerns the relative installations for the use of management software for the years 2019 and thereafter invoiced in advance.

10. Cash and cash equivalents

Balance 30.06.2017 **2,306,538**

Balance 31.12.2016 **1,817,010**

"Cash and cash equivalents" are illustrated in the table below:

	30.06.2017					
Cash and cash equivalents	Giglio Group	Ibox SA Group	Subsidiaries	Total	31.12.2016	Change
Bank and postal deposits	1,242,247	956,683	91,093	2,290,023	1,812,159	477,864
Cash in hand and similar	4,576	11,939	-	16,515	4,851	11,664
Total	**1,246,823**	**968,622**	**91,093**	**2,306,538**	**1,817,010**	**489,528**

The changes relate to normal operating events and refer to the changes illustrated in the cash flow statement.

LIABILITIES

11. Shareholders' Equity

The share capital at June 30, 2017 consists of 16,040,250 ordinary shares at a nominal value of Euro 0.20 each.

The changes in 2017 are due to:

- Share capital increase for Euro 244 thousand and share premium reserve for Euro 3,666 thousand, following the acquisition of the Ibox Group (formerly Evolve Group).
- Allocation of the consolidated result at December 31, 2016;
- Recognition of actuarial losses - IAS 19;
- Recognition of exchange differences;
- Profit in the period.

12. Provisions for risks and charges and Post-employment benefits

Balance 30.06.2017 **524,352**

Balance 31.12.2016 **282,864**

At June 30, 2017, the provision for risks and charges mainly refers to the Post-employment benefit provision which amounts to Euro 383 thousand (of which Euro 286 thousand relating to the Giglio Group S.p.A., Euro 78 thousand to Ibox SA and Euro 19 thousand to Ibox S.r.l). The residual value refers to the provision for returns and relates to the company Ibox SA.

The changes (Euro thousands) of the provision were as follows:

Post employment benefit provision at 1.11.2017	283
Total	**283**
Provisions 2017	30
Advances/Util.	(50)
Actuarial gains/(losses) recorded through comprehensive income statement	23
Change to consolidation scope	97
Post-employment benefit provision at 30.06.2017	**383**

The principal technical demographic and economic bases utilised for the actuarial valuations are illustrated below:

- probability of elimination for death: ISTAT table 2015 (source ISTAT – 2016 Italian Annual Statistics);
- probability of elimination for invalidity: zero;
- probability of elimination for other reasons (dismissal, departure): equal to 3% per annum for the entire valuation period (taken from the data recorded, as well as experience relating to similar businesses);
- pension expected on the maturity of the first possibility of I.N.P.S. pension established by Article 24 of Law 214/2011;
- annual inflation rate: 0.6% for the second half 2017, 1.6% for 2018 and 1.5% for 2019 (source: *"2017 Economic and Finance Document"*); from 2020 onwards, the annual rate of 1.5% was maintained;

- annual salary increase rate: equal to inflation for all categories and for the entire valuation period;
- probability of request for first advance: 2.5% of seniority from 8 years on;
- maximum number of advances: 1;
- amount of Post-employment benefit advance: 30% of the Post-employment benefit matured.

In relation to the financial assumptions, it should be noted that the discount rate was chosen, taking into account the indications of IAS 19, with reference to the curve at June 30, 2017 of AA securities issued by corporate issuers in the Eurozone and based on the average residual duration of the Post-employment benefit at June 30, 2017; therefore, considering that the average residual duration of the liabilities was 17 years, the annual nominal discount rate assumed in the valuation was 2.1%.

13. Deferred tax liabilities

Balance at 31.06.2017	**308,542**
Balance at 31.12.2016	**365,879**

At June 30, 2017 the balance amounted to Euro 308 thousand and mainly refers to the deferred tax effect calculated on the allocation of the higher price paid (PPA on fixed assets) deriving from the acquisition of Mthree Satcom. On the acquisition of the investment, in fact, the higher price calculated as the difference between the purchase price and the net equity was reallocated to an increase in the value of the assets. The new value of the fixed assets is supported by a technical experts' opinion. The reduction compared to December 31, 2016 is attributable to the change in these taxes in the period.

14. Current and non-current financial payables

Balance at 30.06.2017	**16,268,087**
Balance at 31.12.2016	**12,053,853**

The financial payables are illustrated in the table below:

	30.06.2017				
Financial	Giglio Group	Subsidiaries	Total	31.12.2016	Change

payables		Ibox SA Group				
Current	(7,301,902)		(20,758)	(7,322,660)	(4,418,250)	(2,904,410)
Non-current	(6,466,923)	(1,000,000)	(1,478,504)	(8,945,427)	(7,635,603)	(1,309,824)
Total	**(13,768,825)**	**(1,000,000)**	**(1,499,262)**	**(16,268,087)**	**(12,053,853)**	**(4,214,234)**

Relating to the current portion, the breakdown of the financial payables is shown below:

Current financial payables	30.06.2017	31.12.2016	Change
Loans (current portion)	(1,851,657)	(1,907,281)	55,624
Total current loans	**(1,851,657)**	**(1,907,281)**	**55,624**
Invoice credit line	(3,976,375)	(1,288,984)	(2,687,391)
Bank overdrafts	(71,870)	-	(71,870)
Earn-out (current portion)	(402,000)	(1,000,000)	598,000
Bond loan	(1,000,000)	-	(1,000,000)
Total Giglio Group	**(7,301,902)**	**(4,196,265)**	**(3,105,637)**
Giglio TV advance line	-	(200,000)	200,000
Bank overdrafts	(20,758)	(21,985)	1,228
Total	**(7,322,660)**	**(4,418,250)**	**(2,904,409)**

The current financial payables relate to:

- the self-liquidating credit lines as advances on invoices.
- the payable for the current portion of the earn-out was paid at the beginning of April 2017 to the previous shareholders of Giglio Fashion S.p.A. for Euro 1 million. The current portion in 2017 amounting to Euro 402 thousand (of which Euro 166 thousand relating to the previous year and classified under non-current financial payables at December 31, 2016) relates to the portion to be paid in the year and represents the best estimate on the basis of available information. An amount of Euro 236 was recorded as a cost in the period for the reasons illustrated in paragraph H - fair value measurement.

Relating to the non-current portion, the breakdown of financial payables is shown below:

Non-current financial payables	30.06.2017	31.12.2016	Change
Loans	(2,945,961)	(2,483,478)	(462,483)
Total current loans	**(2,945,961)**	**(2,483,478)**	**(462,483)**
Liability acquired minority share G-TV	(1,470,000)	(1,470,000)	-
Earn-out	-	(166,000)	166,000
Minibond	(3,520,962)	(3,516,125)	(4,837)
Other	(8,504)	-	(8,504)
Total Giglio Group	**(7,945,427)**	**(7,635,603)**	**(309,824)**
Payables to Tessilform	(1,000,000)	-	(1,000,000)

Total Ibox SA Group	**(1,000,000)**	**-**	**(1,000,000)**
Total	**(8,945,427)**	**(7,635,603)**	**(1,309,824)**

The non-current financial payables are represented by unsecured loans and include:

- the Minibond recorded in accordance with the amortised cost criteria of Euro 3.5 million was issued in 2016 by the parent company Giglio Group S.p.A. The Minibond is called "GIGLIO GROUP S.P.A. – 5.4% 2016-2022" and was utilised to finance the acquisition of the company Giglio Fashion, at the following conditions:

    - Rate: 5.4%
    - Duration: 6 years
    - Grace period: 2 years
- the financial payable for Euro 1 million of Ibox SA to the previous shareholders (Tessilform S.p.A) of Ibox SA (formerly Evolve SA);
- the account "liabilities acquired minority interest Giglio TV" for Euro 1,470 thousand relates to the financial liability concerning the irrevocable obligation to purchase the minority holding by Giglio at June 30, 2022. This liability, following a closer interpretation of accounting standard IAS 32, was reclassified to financial payables. This reclassification was also adopted in the financial statements at December 31, 2016.

The following table summarises the loans of the Giglio Group S.p.A. at June 30, 2017 and highlights the amounts due within and beyond one year:

SITUATION AT 30/06/2017

BANCA DI SONDRIO	Loan amount	subscription date	Residual at 30/06/2017	Residual at 31/12/2016	Maturity	Cap. payable 01/07/2017 - 01/07/2018	Capital payable until maturity
Unsecured Loan No. 076/1111534	€ 1,500,000.00	07/04/2009	€ 117,971.09	€ 155,755.00	31/10/2018	€ 77,862.25	€ 40,108.84
Property Loan No. 076/1124006	€ 370,000.00	22/09/2013	€ 139,369.69	€ 177,154.00	31/03/2019	€ 78,251.25	€ 61,118.44
Unsecured Loan No. 076/1086086, CNA guarantee	€ 500,000.00	31/01/2012	€ 80,911.52	€ 133,640.00	31/01/2018	€ 80,911.52	€ 0.00
Unsecured Loan, guaranteed by MCC	€ 1,200,000.00	30/09/2015	€ 803,630.79	€ 919,363.00	30/09/2020	€ 237,621.80	€ 566,008.99
UNICREDIT BANCA							
Unsecured Loan No. 0550004486375, guaranteed by MCC	€ 500,000.00	04/06/2014	€ 0.00	€ 88,455.00	30/06/2017	€ 0.00	€ 0.00
INTESA							
Unsecured Loan No. 0735073124054, guaranteed by MCC	€ 500,000.00	11/02/2014	€ 0.00	€ 234,916.00	11/02/2019	€ 0.00	€ 0.00
Unsecured Loan No. 0IC1047064869	€ 1,000,000.00	28/06/2017	€ 1,000,000.00	€ 0.00	28/06/2022	€ 193,549.85	€ 806,450.15
MONTE PASCHI DI SIENA							
Unsecured Loan No. 741605822/82	€ 500,000.00	24/06/2011	€ 0.00	€ 50,000.00	30/06/2017	€ 0.00	€ 0.00
Unsecured Loan No. 741677580/60, CDP & SACE guarantee	€ 500,000.00	29/10/2014	€ 250,000.00	€ 300,000.00	31/12/2019	€ 100,000.00	€ 150,000.00
BANCA POP. NOVARA E VERONA							
Unsecured Loan No. 1065/472981, CDP guarantee	€ 100,000.00	18/02/2015	€ 26,069.24	€ 43,058.00	31/03/2018	€ 26,069.24	€ 0.00
Unsecured Loan No. 02986637	€ 202,000.00	28/06/2016	€ 0.00	€ 135,129.00	28/06/2017	€ 0.00	€ 0.00
Unsecured Loan No. 03528422	€ 500,000.00	30/01/2017	€ 460,399.91	€ 0.00	31/01/2022	€ 96,533.10	€ 363,866.81
Unsecured Loan No. 03709516	€ 200,000.00	24/06/2017	€ 200,000.00	€ 0.00	30/06/2019	€ 98,901.09	€ 101,098.91
BANCA POP di BERGAMO							
Loan No. 004/01141252, MCC guarantee	€ 300,000.00	17/06/2015	€ 111,938.62	€ 166,679.00	17/06/2018	€ 111,938.62	€ 0.00
Loan No. 004/01187014, unsecured	€ 600,000.00	29/07/2016	€ 491,291.69	€ 563,971.00	29/07/2020	€ 147,620.81	€ 343,670.88
CREDEM							
Loan No. 052/7059285, MCC guarantee	€ 700,000.00	21/06/2016	€ 526,743.69	€ 613,559.00	21/06/2020	€ 174,363.19	€ 352,380.50
TOTAL GIGLIO GROUP	**€ 9,172,000.00**		**4,208,326.24**	**3,581,679.00**		**€ 1,423,622.72**	**€ 2,784,703.52**
CREDEM							
Loan No. 7020946	€ 800,000.00	12/11/2015	€ 380,555.00	€ 513,768.00	12/11/2018	€ 268,153.77	€ 112,401.23
CREVAL							
Loan No. 61482	€ 500,000.00	09/04/2015	€ 193,842.67	€ 265,456.00	31/10/2018	€ 144,986.91	€ 48,855.76
TOTAL GIGLIO FASHION	**€ 1,300,000.00**		**€ 574,397.67**	**€ 779,224.00**		**€ 413,140.68**	**€ 161,256.99**
INTESA							
Unsecured Loan No. 0194073132771	€ 100,000.00	28/02/2014	€ 14,893.60	€ 29,787.00	31/01/2018	€ 14,893.60	€ 0.00
TOTAL M-Three	€ 100,000.00		**€ 14,893.60**	**€ 29,787.00**		**€ 14,893.60**	**€ 0.00**
	Grand total		**4,797,617.51 €**	**4,390,690.00 €**		**1,851,657.00 €**	**2,945,960.51 €**

15. Trade payables

Balance at 30.06.2017 26,719,440

Balance at 31.12.2016 18,310,718

	30.06.2017					
Trade payables	**Giglio Group**	**Ibox SA Group**	**Subsidiaries**	**Total**	**31.12.2016**	**Change**
Customer advances	(8,237)			(8,237)	(117,013)	108,776
Supply of goods and services	(12,133,430)	(12,601,477)	(418,213)	(25,153,120)	(16,552,026)	(8,601,094)
Credit notes to be issued	(547,295)			(547,295)	(616,821)	69,526
Contribution credit notes to be issued	(476,314)			(476,314)	(490,714)	14,400
Guarantee deposits	(534,474)			(534,474)	(534,144)	(330)
Other trade payables	-			-	-	-
Total	**(13,699,750)**	**(12,601,477)**	**(418,213)**	**(26,719,440)**	**(18,310,718)**	**(8,408,722)**

The increase in trade payables is due to the normal operating activities of the business and to the fact that the company is seeking to align the DSO with the DPO.

Relating to Giglio Group S.p.A.:

- The credit notes to be issued relating to the M-Three division concern the Eutelsat client/supplier in relation to the normal management of the satellite band;
- The guarantee deposits of the M-Three division refer to the deposits paid by clients against contracts;
- Contribution credit notes to be issued refer to the contributions received from the State typical within the sector which in part must be returned to the clients.

Relating to both the subsidiaries GiglioTV and Nautical Channel, the greatest exposure is to the Chinese supplier FX for “dubbing” costs.

16. Tax payables

Balance at 30.06.2017 1,381,420

Balance at 31.12.2016 1,337,944

	30.06.2017					
Tax payables	**Giglio Group**	**Ibox SA Group**	**Subsidiaries**	**Total**	**31.12.2016**	**Change**
Withholding taxes	(93,524)	(10,439)	-	(103,963)	(114,912)	10,949
VAT	-	(91,404)	-	(91,404)	(362,608)	271,204

Income taxes	(289,173)	(62,963)	(781,388)	(1,133,524)	(812,141)	(321,383)
INPS	(52,529)	-	-	(52,529)	(48,282)	(4,247)
Total	**(435,226)**	**(164,806)**	**(781,388)**	**(1,381,420)**	**(1,337,944)**	**(43,477)**

Tax payables mainly relate to withholding taxes and taxes related to the normal operating activities of the company.

17. Other current liabilities

Balance at 30.06.2017 1,789,086

Balance at 31.12.2016 616,135

	30.06.2017					
Other current liabilities	**Giglio Group**	**Ibox SA Group**	**Subsidiaries**	**Total**	**31.12.2016**	**Change**
Employee payables	(235,047)	(117,876)	-	(352,923)	(208,472)	(144,451)
Deferred income	(464,419)	(292,918)	-	(757,337)	(407,568)	(349,769)
Other payables	(21,296)	(657,529)	-	(678,825)	(95)	(678,730)
Total	**(720,762)**	**(1,068,324)**	**-**	**(1,789,086)**	**(616,135)**	**(1,172,951)**

Deferred income mainly refers to revenues to be recognised in future periods. In particular, for the Mthree division this concerns satellite band installation fees which are invoiced in advance.

NOTES TO THE INCOME STATEMENT

18. Revenues

The breakdown of the value of production and the changes in the individual accounts compared to the previous year are illustrated below:

	H1 2017					
	Giglio Group	Ibox SA Group	Subsidiaries	Total	H1 2016	Change
Revenues from sales and services	14,178,270	8,344,986	4,839,247	27,362,502	14,658,603	12,703,899
Other revenues	30,269	101,315	9,305	140,889	943,752	(802,862)
Total	**14,208,539**	**8,446,301**	**4,848,552**	**27,503,392**	**15,602,355**	**11,901,037**

In the first half year, revenues from sales and services amounted to Euro 27.3 million compared to Euro 14.6 million in H1 2016. The increase is principally due to:

- the contribution of the Giglio Fashion division for the entire half-year 2017 compared to 4 months in 2016 (the Giglio Fashion division contributed to the results in 2016 from the acquisition date, March 14, 2016);
- The entry of the Evolve Group from the acquisition date (April 27, 2017).

Relating to the subsidiaries, Giglio TV revenues increased Euro 500 thousand thanks to the greater revenue from the advertising campaigns with China International, the Chinese advertising agency. The revenues of the Nautical Channel were in line with the same period of the previous year.

Revenues at Giglia USA grew approx. Euro 700 thousand. The increase is due to the contribution for the entire half-year period compared to the previous year (the subsidiary was incorporated in May 2016).

19. Operating costs

The breakdown of operating costs and the changes compared to the previous year are shown below

	H1 2017					
Operating costs	Giglio Group	Ibox SA Group	Subsidiaries	Total	H1 2016	Change
Purchase of raw materials, ancillary, consumables and goods	(8,743,485)	(7,207,397)	-	(15,950,882)	(5,090,786)	(10,860,097)
Service costs	(5,781,334)	(1,303,046)	(561,641)	(7,646,021)	(5,162,922)	(2,483,098)
Rent, lease and similar costs	(296,871)	(63,798)	(13,930)	(374,599)	(253,400)	(121,199)
Total	**(14,821,690)**	**(8,574,241)**	**(575,571)**	**(23,971,502)**	**(10,507,108)**	**(13,464,394)**

The general increase in operating costs is directly related to the increase in revenues previously commented upon.

Specifically, the increase in service costs derives from the charges incurred by the company for the translisting process and the entry of the Evolve Group.

Service costs relating to the subsidiaries were in line with 2016.

Rent, lease and similar costs mainly relate to the Giglio Group and include rental charges for the Milan, Rome and Genoa offices.

The rents refer to contracts agreed with:

- Immobiliare Ancora di Villa & C. S.r.l. for the offices at viale Tunisia, Milan;
- Rfezia Immobiliare Servizi S.p.A. for the teleport of the Rome office;
- Interoute S.p.A. for the teleport of the San Giuliano (MI) office;

- Max Factory S.r.l.: building owned by Alessandro Giglio who leases to Giglio Group S.p.A. the Genoa offices at palazzo della Meridiana and in Rome at Via dei Volsci. This transaction is outlined in the section on related party transactions.

20. Personnel expense

H1 2017 1,160,214

H1 2016 703,669

Personnel expense increased on H1 2016 for a total of Euro 456 thousand, due to the contribution of the Evolve Group but also the investment in the organisational structure of the new EIP business.

21. Amortisation, depreciation & write-downs

H1 2017 2,493,994

H1 2016 2,170,737

The increase in amortisation and depreciation is strictly related to the increase in investments. Reference should therefore be made to the specific sections of the Explanatory Notes.

22. Other operating costs

H1 2017 410,735

H1 2016 487,618

Other operating costs in H1 2017 include Euro 236 thousand relating to the earn-out previously commented upon.

23. Financial income and expenses

The breakdown of financial income and expenses compared to the previous year is shown below.

	H1 2017					
Financial income and expenses	Giglio Group	Ibox SA Group	Subsidiaries	Total	H1 2016	Change
Financial income	1,612	8,575	23,776	33,945	27,691	6,272
Financial expenses	(309,961)	(34,550)	(8,503)	(352,995)	(163,794)	(189,220)
Total	**(308,349)**	**(25,975)**	**15,273**	**(319,051)**	**(136,103)**	**(182,948)**

The increase in Financial expenses on H1 2016 principally related to the Minibond and Factoring.

24. Income taxes

	H1 2017					
Income taxes	Giglio Group	Ibox SA Group	Subsidiaries	Total	H1 2016	Change
Current taxes	-	(20,214)	(395,367)	(415,581)	(669,985)	254,404
Deferred tax charge	453,465	-	15,000	468,465	57,603	410,862
Total	**453,465**	**(20,214)**	**(380,367)**	**52,884**	**(612,383)**	**665,266**

The tax rate reduced against the higher impact on the result of the foreign subsidiaries with lower tax rates and thanks to the effect of the deferred tax assets recorded at the parent company, which amounted to Euro 453 thousand and is commented upon in the "tax receivables" section.

The breakdown of income taxes in the half-year is shown below:

	H1 2017							
	Giglio Group	Ibox SA	Evolve USA	Ibox S.r.l.	Nautical Channel	Giglio USA	Giglio TV	Giglio Shangai
Pre-tax result	(2,023,175)	(114,896)	(24,085)	72,452	724,482	83,706	1,426,468	(41,462)
Theoretical tax charge	-	-	-	(20,214)	(173,876)	-	(342,352)	-
Actual tax	-	-	-	(20,214)	(160,000)	-	(235,367)	-
Deferred tax	453,465	-		-	15,000	-	-	-
Net profit	(1,569,711)	(114,896)	(24,085)	52,238	579,482	83,706	1,191,101	(41,462)
Effective tax rate	0%	0%	0%	28%	24%	0%	24%	0%
Theoretical tax rate	0%	0%	0%	28%	20%	0%	17%	0%

In accordance with law, total remuneration payable to Directors and Statutory Auditors of the parent company Giglio Group S.p.A is indicated below.

Directors	Euro
A.Giglio	180
M.Mancini	15
A.Lezzi	10
G.Mosci	10
Y.Zaho	10
	225

Stat. Auds.	Euro
R.Pontesilli	15
C.Tundo	10
G.Ritucci	10
	35

Office	Remuneration
Directors	225,000
Statutory Auditors	35,000

The remuneration of the audit firm for the period ended June 30, 2017 totals Euro 50 thousand and refers to the audit of the half-year financial statements.

The remuneration of directors, statutory auditors and the audit firm does not include expenses.

25. Related party transactions (Article 2427, paragraph 1, No. 22 - *bis* Civil Code)

The company undertook related party transactions (as per Article 2427, paragraph 2, of the Civil Code) in line with market conditions.

Financial and operating transactions with the subsidiaries and the related parties are illustrated in detail in the paragraph below.

26. Commitments, guarantees and contingent liabilities

Guarantees

At the reporting date, the company provided guarantees to third parties.

Mr. Alessandro Giglio has provided personal guarantees on some Loans held by the company at June 30, 2017.

The details are shown below:

	Guar. Value	Residual amt. guaranteed
MPS	€ 1,047,500	€ 250,000
B.POP Sondrio	€ 3,470,000	€ 1,299,473
B.POP Sondrio	€ 1,500,000	€ 117,971
Banca Sella	€ 246,000	€ 123,662
B. POP. Novara	€ 650,000	€ 650,000
FACTORIT	€ 360,000	€ 203,882
UNICREDIT	€ 1,036,250	€ 536,250
UNIPOL	€ 330,000	€ 97,157

Contingent liabilities

At the reporting date, there were no contingent liabilities not recorded in the financial statements.

27. Financial risk management - IFRS 7.

The financial risks existing refer entirely to the parent company GIGLIO GROUP S.P.A.

The present financial statements were prepared in accordance with the provisions of IFRS 7, which requires disclosure of the recording of financial instruments related to the performance, to the financial exposure, to the level of exposure of risks deriving from the utilisation of financial instruments, and the description of the objectives, policies and management procedures in relation to these risks.

The loans and receivables are financial assets recorded at amortised cost which mature interest at fixed or variable rates. The book value may be impacted by changes in the credit or counterparty risk.

Medium-term loan

The company reports at June 30, 2017 a net financial debt position of approx. Euro 13.9 million (for the calculation basis and the reconciliation of the data, reference should be made to the specific table in the Directors' Report). These payables also include the Minibond issued to finance the acquisition of Giglio Fashion (for further information, reference should be made to that already illustrated in these Explanatory Notes and commented upon in the Directors' Report) and unsecured medium-term bank loans and the Simest holding reclassified.

The contracts contain clauses and commitments, undertaken by the debtor, typical of such financing contracts, whose violation could give rise to the lapse of the benefit of the terms, express resolution or withdrawal from the contractual relationship and, consequently, to the advance repayment of the sums provided. Among these clauses and commitments, we report the following:

- an obligation to channel a portion of work of Giglio Group S.p.A. not below 10% of annual revenues for the duration of the loan, with an increase in the spread equal to 1 percentage point in the case of non-compliance of the covenant with reference to the loan contract signed with Banca Monte dei Paschi di Siena on June 24, 2011, for a total amount of Euro 500,000;
- a resolution clause in favour of Banca Monte dei Paschi di Siena on the occurrence of so-called "Advance Repayment" events in relation to further loans granted by Banca Monte dei Paschi di Siena or by a party of the Monte dei Paschi di Siena Group with reference to the loan contract signed with Banca Monte dei Paschi di Siena on October 29, 2014 for a total amount of Euro 500,000;
- a clause which attributes the right of withdraw in favour of Banca Intesa Sanpaolo in the case of non-compliance of credit, financial or guarantee obligations in relation to any party or, even, resolution or withdrawal for reasons attributable to the Issuer regarding any contract agreed by them with reference to the loan contract stipulated with Banca Intesa Sanpaolo on February 11, 2014, for a total amount of Euro 500,000.

Although the company carefully monitors its financial exposure, any violation of the contractual commitments or the non-payment of instalments, non-renewal or revocation of the current credit lines, even due to events external to the wishes and/or activity of the Issuer and/or of the companies of the Group, may have a negative impact on the economic, equity and/or financial situation of the company and of the Group.

The table below summarises for the company Giglio Group S.p.A. the loans in place:

SITUATION AT 30/06/2017

BANCA DI SONDRIO	Loan amount	subscription date	Residual at 30/06/2017	Residual at 31/12/2016	Maturity	Cap. payable 01/07/2017 - 01/07/2018	Capital payable until maturity
Unsecured Loan No. 076/1111534	€ 1,500,000.00	07/04/2009	€ 117,971.09	€ 155,755.00	31/10/2018	€ 77,862.25	€ 40,108.84
Property Loan No. 076/1124006	€ 370,000.00	22/09/2013	€ 139,369.69	€ 177,154.00	31/03/2019	€ 78,251.25	€ 61,118.44
Unsecured Loan No. 076/1086086, CNA guarantee	€ 500,000.00	31/01/2012	€ 80,911.52	€ 133,640.00	31/01/2018	€ 80,911.52	€ 0.00
Unsecured Loan, guaranteed by MCC	€ 1,200,000.00	30/09/2015	€ 803,630.79	€ 919,363.00	30/09/2020	€ 237,621.80	€ 566,008.99
UNICREDIT BANCA							
Unsecured Loan No. 0550004486375, guaranteed by MCC	€ 500,000.00	04/06/2014	€ 0.00	€ 88,455.00	30/06/2017	€ 0.00	€ 0.00
INTESA							
Unsecured Loan No. 0735073124054, guaranteed by MCC	€ 500,000.00	11/02/2014	€ 0.00	€ 234,916.00	11/02/2019	€ 0.00	€ 0.00
Unsecured Loan No. 0IC1047064869	€ 1,000,000.00	28/06/2017	€ 1,000,000.00	€ 0.00	28/06/2022	€ 193,549.85	€ 806,450.15
MONTE PASCHI DI SIENA							
Unsecured Loan No. 741605822/82	€ 500,000.00	24/06/2011	€ 0.00	€ 50,000.00	30/06/2017	€ 0.00	€ 0.00
Unsecured Loan No. 741677580/60, CDP & SACE guarantee	€ 500,000.00	29/10/2014	€ 250,000.00	€ 300,000.00	31/12/2019	€ 100,000.00	€ 150,000.00
BANCA POP. NOVARA E VERONA							
Unsecured Loan No. 1065/472981, CDP guarantee	€ 100,000.00	18/02/2015	€ 26,069.24	€ 43,058.00	31/03/2018	€ 26,069.24	€ 0.00
Unsecured Loan No. 02986637	€ 202,000.00	28/06/2016	€ 0.00	€ 135,129.00	28/06/2017	€ 0.00	€ 0.00
Unsecured Loan No. 03528422	€ 500,000.00	30/01/2017	€ 460,399.91	€ 0.00	31/01/2022	€ 96,533.10	€ 363,866.81
Unsecured Loan No. 03709516	€ 200,000.00	24/06/2017	€ 200,000.00	€ 0.00	30/06/2019	€ 98,901.09	€ 101,098.91
BANCA POP di BERGAMO							
Loan No. 004/01141252, MCC guarantee	€ 300,000.00	17/06/2015	€ 111,938.62	€ 166,679.00	17/06/2018	€ 111,938.62	€ 0.00
Loan No. 004/01187014, unsecured	€ 600,000.00	29/07/2016	€ 491,291.69	€ 563,971.00	29/07/2020	€ 147,620.81	€ 343,670.88
CREDEM							
Loan No. 052/7059285, MCC guarantee	€ 700,000.00	21/06/2016	€ 526,743.69	€ 613,559.00	21/06/2020	€ 174,363.19	€ 352,380.50
TOTAL GIGLIO GROUP	**€ 9,172,000.00**		**4,208,326.24**	**3,581,679.00**		**€ 1,423,622.72**	**€ 2,784,703.52**
CREDEM							
Loan No. 7020946	€ 800,000.00	12/11/2015	€ 380,555.00	€ 513,768.00	12/11/2018	€ 268,153.77	€ 112,401.23
CREVAL							
Loan No. 61482	€ 500,000.00	09/04/2015	€ 193,842.67	€ 265,456.00	31/10/2018	€ 144,986.91	€ 48,855.76
TOTAL GIGLIO FASHION	**€ 1,300,000.00**		**€ 574,397.67**	**€ 779,224.00**		**€ 413,140.68**	**€ 161,256.99**
INTESA							
Unsecured Loan No. 0194073132771	€ 100,000.00	28/02/2014	€ 14,893.60	€ 29,787.00	31/01/2018	€ 14,893.60	€ 0.00
TOTAL M-Three	€ 100,000.00		**€ 14,893.60**	**€ 29,787.00**		**€ 14,893.60**	**€ 0.00**
	Grand total		**4,797,617.51 €**	**4,390,690.00 €**		**1,851,657.00 €**	**2,945,960.51 €**

Bank overdrafts

The bank overdrafts are covered by guarantees of variable amounts provided by Mr. Alessandro Giglio.

In addition, the company issued in 2016 a Minibond for an amount of Euro 3.5 million, utilised to finance the acquisition of the company Giglio Fashion, with the conditions. The minibond is listed on the Professional Segment (ExtraMOT PRO) of the ExtraMOT market.

The bond is for a duration of 6 years and comprises 35 securities issued at a par value equal to 100% of the nominal value (Euro 100 thousand each). The bonds are interest-bearing from the rights date (March 10, 2016) until the maturity date (March 10, 2022) or up to the date of any advance repayment. The gross annual nominal interest rate is equal to 5.4%, unless a Step-up event occurs, which would increase the interest rate by 0.5 percentage points for non-compliance with the following financial covenants, which are verified on December 31 each year, with the initial Calculation date of December 31, 2016:

- NFP / EBITDA <= 3.5;
- NFP/ Net Equity <= 2,0;
- EBITDA / OF >= 5.0.

The repayment plan of each bond provides for the repayment of the capital portion in equal half-year instalments of Euro 12.5 thousand from September 10, 2018.

On May 26, 2017 a bond loan was issued, subscribed by Banca Sella for Euro 1 million, comprising 10 bearer bonds of a nominal value of Euro 100 thousand. The bond loan is for a duration of one year with an interest rate of 2.9%.

28. Transactions with subsidiaries and related parties

The transactions were as follows:

REVENUES/COSTS

Revenues / Costs	Giglio Group	Nautical Channel	Giglio USA	Giglio TV	Giglio Shangai	Ibox SA	Evolve USA
Giglio Group		69,371	436,062				
Nautical Channel							
Giglio USA	118,409						
Giglio TV							
Ibox SA							29,613
Evolve USA							

TRADE RECEIV./PAYABLES

Receivables / Payables	Giglio Group	Nautical Channel	Giglio USA	Giglio TV	Giglio Shangai	Ibox SA	Evolve USA
Giglio Group		2,427,462	425,729	1,654,945			
Nautical Channel	876,800						
Giglio USA	46,253						
Giglio TV					7,655		
Ibox SA							67,767
Evolve USA						383,786	

FINANCIAL RECEIV./PAYABLES

Receivables / Payables	Giglio Group	Nautical Channel	Giglio USA	Giglio TV	Giglio Shangai	Ibox SA
Giglio Group		180,000	102,416	916,008		1,500,000
Nautical Channel						
Giglio USA						
Giglio TV	210,000					
Ibox S.r.l.						700,000

Giglio Group S.p.A. has a contract for the management of corporate/administration and legal services with the subsidiaries Nautical Channel LTD and Giglio TV.

There is also an inter-company loan from the parent company Giglio Group S.p.A. with the subsidiary Nautical Channel for Euro 180 thousand and with the subsidiary Giglio TV for Euro 916 thousand.

Giglio TV has a loan with Giglio Group of Euro 210 thousand.

All the transactions are regulated at market prices and are undertaken in the reciprocal interest of the parties. For further information, reference should be made to the explanatory notes.

The Transfer pricing option, in accordance with existing regulations, was exercised by the parent company Giglio Group S.p.A. in 2016. The company mandated the tax firm Carnelutti to prepare the Masterfile and all related documentation.

In addition, the company has undertaken the following transactions with:

- ✓ Max Factory S.r.l.: building owned by Alessandro Giglio who leases to the Giglio Group S.p.A. the following buildings:
    - Genoa office - Palazzo della Meridiana,
    - Rome office - Via dei Volsci,
    - Rome office – Via dei Volsci ex Music Box

for a total annual cost of Euro 380 thousand. In the first half of 2017, the costs recorded in the income statement totalled Euro 189.6 thousand.

- China System Srl: provides consultancy to the group relating to the Chinese market. The company is owned by Ms. Yue Zaho, wife of Alessandro Giglio and Director of Giglio Group S.p.A.

  The annual cost incurred amounted to Euro 100 thousand. In the first half of 2017, the costs recorded in the income statement totalled Euro 34 thousand.
- D-mobile Lab: the company has a payable to D-mobile Lab for Euro 80 thousand relating to operations undertaken in previous years. In relation to this payable, the parties have agreed a repayment plan.

The remuneration paid in 2016 to the Board of Directors of the Issuer amounts to Euro 225,000. In the first half of 2017, the costs recorded in the income statement totalled Euro 107 thousand.

29. Subsequent events to the end of the half year

On August 4, the application for listing on the MTA organised and managed by Borsa Italiana was presented to Borsa Italiana, with request for a STAR listing. Simultaneously, Giglio Group filed at Consob the communication as per Articles 94 and 113 of the CFA and Articles 4 and 52 of Consob Regulation No. 11971/1999, with a request to publish the Prospectus, following approval by the Shareholders' Meeting of April 27, 2017 and the Board of Directors on June 6, 2017 and August 2, 2017.

For the MTA listing, STAR segment, Giglio Group has appointed the following team of advisors: Sponsors: Banca Finnat, Legal and Tax Advisor: Carnelutti Legal Firm, Auditor: EY S.p.A.; Financial Advisor: Mazars Italia S.p.A.; Advisor for the Translisting: KT&Partners.

Also on August 4, the independent director was apponited Lead Independent Director.

On August 29, the company announced the signing of an agreement with the PT Media Nusantara Citra Tbk Group, the leading pay TV services provider in Indonesia, for the co-production of a series of "Fashion&Style" television content for the main Indonesian TV channels. The three-year agreement stipulates an equal distribution of advertising and rights revenues, while Giglio Group will receive the entirety of e-commerce revenues.

30. Dividends

In line with the approval of the guidelines of the 2017-2019 plan, the Board approved the adoption of a long-term policy on dividend distribution decided on a year-by-year basis in accordance with the results reported. As pre-announced, the distribution of dividends may occur at the end of 2018 once the company has further strengthened its financial structure. Consequently, the 2016 result will be entirely allocated to Reserves.

31. Earnings per share

The basic earnings per share attributable to the holders of the ordinary shares of the company is calculated by dividing the profit by the number of shares outstanding at the reporting date.

32. Diluted earnings per share

There are no significant dilution effects

33. Information relating to the fair value of financial instruments (Article 2427 bis of the Civil Code)

The Group has no derivative financial instruments. The book value of the financial assets and liabilities recorded in the financial statements approximates their fair value with the exception of the financial liabilities relating to the earn-out commented in paragraph H “Fair value measurement”, to which reference should be made. Consequently, as indicated by IFRS 7 no further information is provided and reference should be made to these sections for further information.

Milan, September 18, 2017