Companies' Register and Tax Code 07258710586
Economic and Administrative Repository (R.E.A.) of Rome 604174

Mondo TV S.p.A.

Share Capital Euro 14,819,644 - fully paid-in

Registered office	Via Brenta 11- Rome (Italy)
Other offices	Via Montenero 42 - 44 - Guidonia (RM)
	Via Melchiorre Gioia 72 - Milan
	52 Rue Gerard - 75013 - Paris (France)
	Via Crocicchio Cortogna 6 - Lugano (Switzerland)
	C/ Ríos Rosas 36 - Madrid (Spain)
	Calle Cruz Verde, 22 - Tenerife (Canary Islands, Spain)

Half-Year Consolidated Financial Report
30 June 2017

Approved: Board of Directors' Meeting of 29 September 2017

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CORPORATE GOVERNANCE

The Parent Company Mondo TV S.p.A. adopted the "traditional system" of management and control. In particular, the Shareholders' Meeting resolved the appointment:

- of the Board of Directors, which has sole responsibility for the management of the Company for the three-year period 2015-2017 (resolution of 30 April 2015);
- of the Board of Statutory Auditors with the task of monitoring compliance with the Law, the Articles of Association and compliance with the principles of correct administration for the three-year period 2017-2019 (resolution of 29 April 2017);
- of the independent auditors assigned the statutory audit under articles 14 and 16 of Legislative Decree no. 39 of 27/01/2010 for the nine-year period 2015-2023 (resolution of 30 April 2015).

Board of Directors
Orlando Corradi - Chairman of the Board of Directors
Matteo Corradi - Chief Executive Officer
Monica Corradi - Director
Carlo Marchetti - Director and Financial Reporting Manager
Francesco Figliuzzi - Independent Director
Marina Martinelli - Independent Director

Board of Statutory Auditors
Marcello Ferrari - Chairman of the Board of Statutory Auditors
Vittorio Romani - Regular Auditor
Adele Barra - Regular Auditor
Alberto Montuori - Alternate Auditor
Silvia Gregori - Alternate Auditor

Independent Auditors
BDO Italia S.p.A.

Other bodies of the Parent Company:

Internal Control and Audit Committee
Francesco Figliuzzi - Chairman
Marina Martinelli - Member

Supervisory Body (Legislative Decree 231/2001)
Francesco Figliuzzi
Marina Martinelli

Financial Reporting Manager
Carlo Marchetti

1. INTERIM REPORT ON OPERATIONS - HY1 2017

1.1 GENERAL COMMENTARY

The half-year financial report of the Mondo TV Group as at 30 June 2017 has been prepared in accordance with the provisions of article 154-*ter* paragraph 2 of Legislative Decree no. 58/97 - Consolidated Finance Act (TUF, Testo Unico sulla Finanza) - and subsequent amendments or additions.
The condensed half-year consolidated financial statements as at 30 June 2017, included in the half-year financial report, have been prepared in accordance with IAS 34 "Interim Financial Statements", issued by the International Accounting Standards Board (IASB) and consist of the consolidated income statement, consolidated comprehensive income statement, consolidated statement of financial position, consolidated statement of cash flows, statement of changes in consolidated shareholders' equity and notes.

In accordance with IAS 34, the notes are summarized and do not include all the information required in the annual financial statements, referring exclusively to components that, by amount, composition or variation, are essential for the purpose of understanding the Group's economic, financial and equity position. Therefore, this half-year financial report should be read in conjunction with the consolidated financial statements as at 31 December 2016.

The condensed half-year consolidated financial statements include the financial statements of Mondo TV S.p.A. and Italian and foreign companies regarding which the Parent Company Mondo TV S.p.A. exercises control in accordance with IFRS 10.

The condensed half-year consolidated financial statements show a net profit of Euro 5,721 thousand (HY1 2016: Euro 3,436 thousand) after depreciation, amortization and write-downs of Euro 3,090 thousand (HY1 2016: Euro 2,692 thousand).

As for the income statement, the changes are summarised as follows:

Summary Consolidated Income Statement		
(Euro thousands)	**HY1 2017**	**HY1 2016**
Revenues	15,330	11,507
Capitalisation of internally produced animated series	531	617
EBITDA	11,107	7,952
EBIT	8,017	5,260
Profit (loss) of the period before tax	6,798	5,043
Profit (loss) for the year	5,377	3,320
Profit (loss) attributable to owners of the Parent	5,721	3,436

The items indicated in the reclassified HY financial statements presented above are in part taken from the HY financial statements and reported further on in this document, and are in part the result of aggregations; the composition of the latter and the references to the items in the HY financial statements are shown below.

Revenues: the sum of "revenues from sales and services" and "other revenues".

Gross operating margin (EBITDA): the sum of "Revenues" as defined above less "Raw materials, consumables and goods", "Personnel costs", and "Other operating costs".

Compared to the corresponding period of 2016, revenues growth of Euro 3.8 million in absolute value and about 33% in percentage terms is attributable to higher sales of television rights and licensing and merchandising in the Asian market, which by now represents the reference market for the Group.

The capitalisation of internally produced animated series mainly refers to the productions of the Parent Company and was Euro 0.5 million (Euro 0.6 million in the corresponding period of 2016), with a decrease attributable to the subsidiary Mondo TV France.

Operating costs increased by Euro 0.6 million, thus significantly less than the significant increase in revenues due to the containment of overhead costs and the rationalization of production costs.

The "Gross operating margin" went from Euro 8.0 million in HY 2016 to Euro 11.1 million in HY1 2017, an increase of Euro 3.1 million; the increase of 40% was mainly due to the higher volume of revenues in the period realized by the Parent Company.

In light of the foregoing, the operating result after amortization, depreciation, impairment and provisions (Euro 3.1 million, compared to Euro 2.7 million in the corresponding period of 2016) is positive for Euro 8.0 million, compared to Euro 5.3 million of the corresponding period in 2016, with an increase of Euro 2.7 million in absolute terms and 52% in percentage terms.

In the HY, there were net financial expenses of Euro 1.2 million compared to net financial expenses of Euro 0.2 million in HY1 2016; the change of Euro 1 million is due to the recognition of exchange rate losses estimated arising from the weakening of the Dollar against the Euro in HY1.

Net profit for the period was Euro 5.7 million compared to Euro 3.4 million in HY1 2016, up Euro 2.3 million in absolute terms and 66% in percentage terms.

The net financial position went from a debt of 0.7 million as at 31 December 2016 to a debt of 2.2 million as at 30 June 2017; the figure for HY1 2017 includes the debt exposure of convertible bonds outstanding as at 30 June 2017 for an amount equal to Euro 3.75 million, entirely converted into shares of the Parent Company at the date of this report, thus not constituting financial debt for the Group at present.

Shareholders' equity of the Group went from Euro 55.4 million as at 31 December 2016 to Euro 65.3 million as at 30 June 2017 mainly due to the conversion of convertible bonds under the extraordinary finance transaction concluded with Atlas and the positive result of the HY. For further details, reference is made to the related section of the notes.

1.2 DESCRIPTION OF THE COMPANY'S OPERATING CONDITIONS

The Group has historically been operating in the business of producing and marketing television series and full-length animated movies. For more than five years now, the Company has been focusing on sectors related with its core business, chief among them, especially in perspective, the licensing and exploitation of its rights for merchandising purposes.

The reference economic context was stagnant in HY1 2017, like in 2016. The weak advertising revenue has adversely affected the volume of new investments by general televisions, while on the other hand, there was growth in thematic televisions. The difficult situation did not prevent the Group from achieving revenues in the period, mainly due to the growth in production revenues, in addition to revenues from the sale of the *"Old Library"*, the sale of new products and the development of licensing.

Here below is a brief description of the business of the Parent and of the main companies of the Mondo TV Group, as well as of the relevant strategic missions:

- the Parent **Mondo TV S.p.A.** emphasised its vocation as a 'strongbox', dedicated to the creation and, to a lesser extent, the acquisition of rights that could be exploited in both the television sector and in the diversified field of ancillary and related rights.

- **Mondo TV France S.A.** produces and coproduces animated television series for French broadcasters and, from a strategic point of view, allows the Mondo TV Group to expand its operations to France and French-speaking countries. The share capital held by Mondo TV S.p.A. as at 30 June 2017 is approximately 30% (it is recalled that the shares of Mondo TV France S.A. are traded on AIM Italia/Alternative Capital Market organized and managed by Borsa Italiana S.p.A.).

- **Mondo TV Suisse S.A.** realizes productions and co-productions of animated television series for clients in the USA, the Middle East, Asia and Russia. In particular, we highlight, among others, the agreement with Abu Dhabi Media for the realization in a three-year period of nine animated series for a total of at least USD 14.1 million. The company is listed at the AIM Italy - Alternative Capital Market (hereinafter, “AIM Italy”) organised and managed by Borsa Italiana S.p.A. (Italian Stock Exchange). The percentage of investment of Mondo TV S.p.A. is approximately 63%.

- **Mondo TV Toys S.A.,** incorporated by the Parent Company in HY1 2016, was placed in liquidation on 26 June 2017. The percentage of investment of Mondo TV S.p.A. is 100%.

- The mission of **Mondo TV Iberoamerica S.A.** is to sell the television rights of the Group’s Library in Spain, Portugal, and South America, and to produce and coproduce animated television series in Spanish and Portuguese for TV broadcasters. The company was listed in 2016 on the Mercato Alternativo Bursatil (MAB) on the Madrid Stock Exchange. The portion of share capital held by Mondo TV S.p.A. as at June 2017 is 73.5%.

- **Mondo Tv Producciones Canarias S.L.U.** also incorporated in 2016, is aimed at the realisation of specific phases of production of animated series and, more generally, of television productions, benefiting from the tax advantages recognised by the local authorities. The percentage of investment of Mondo TV S.p.A., through Mondo TV Iberoamerica S.A., is 73.5%.

The table below summarises the sectors into which Mondo TV Group’s business is broken down, indicating the relevant companies:

The Mondo TV Group	
Company	**Sectors**
Mondo TV S.p.A.	*Production, Distribution, Licensing*
Mondo TV Suisse S.A.	*Production, Distribution*
Mondo France S.A.	*Production*
Mondo TV Iberoamerica S.A.	*Distribution*
Mondo TV Toys S.A.	*Distribution*
Mondo TV Producciones Canarias S.L.	*Production*

The television distribution business consists in the selling and/or licensing of television rights relating to the series and full-length animated movies in the Group’s Library.
The main buyers are coproducers, distributors, and over-the-air, cable, and satellite TV broadcasters, either public or private, in Italy and abroad.
Furthermore, the development of new technologies in the multimedia communication field opens new and interesting markets and/or market niches for the Group.
The Group carries out production on its own behalf or, as customary in this business, in partnership with third-party companies that participate in production, bearing part of the costs and/or organisational and production expenses, while the Group is responsible for creative development and governs, *de facto*, the entire production process.
Production is carried out under the direction and supervision of the Group’s management, which uses, in whole or in part and as per standard industry practice, external artists, screenwriters and directors as well as animation studios entrusted

with the production of the series and of the full-length animated movies.

In short, the steps in producing a television series are as follows:

Pre-production	Story and characters
	Screenplay
	Basic drawings
	Storyboard
Production	Drawings
	Direction
Post-production	Verification and completion of compositing
	Final editing
	Dialogue track and sound track
	Synchronisation and mixing

In 2015, the Group started to implement the strategic development line already traced in the two previous years which envisages:

1. relaunching the animated cartoon production business through the acquisition of new highly marketable co-productions;
2. expanding the range of third parties' products, both in the historical business of cartoons and in relation to the so-called "live action" products for the young audience;
3. strengthening the foreign markets where the Group already operates, and developing new markets, in particular the Chinese and, more in general, the East Asian markets in order to increase their sales;
4. optimising synergies in the audiovisual, licensing and merchandising businesses for the acquisition of new property and for product sales;
5. reorganising internal work, in particular in the production business, for cost reduction and efficiency purposes.

The line of strategic development traced out is that of a gradual growth of the Library accompanied by an increasingly intense and widespread exploitation, both in the conventional sector of the granting of TV rights and in the 'newer' (for the Group) field of related sectors.

1.3 PRODUCTIONS IN THE HY AND MAIN ACQUISITIONS

1.3.1 INVESTMENTS IN LIBRARY

In HY1 2017, the typical production activity of the Parent Company Mondo TV continued as well as the acquisition by other Group companies; in particular, the most significant investments concern the production of the animated series Invention Story, Beastkeepers, Partidei Sissi and Rowly Powlys by the Parent Company and the live teen series Heidi by the subsidiary Mondo TV Iberoamerica.

Investments in Library (Euro thousands)		
Category	**30/06/2017**	**30/06/2016**
Animated series	5,808	6,843
Live series	1,449	1,078
Sub-total of investments in new productions	***7,257***	***7,921***
Temporary licenses – animation	71	395
Temporary licenses – live series	381	493
TOTAL	**7,709**	**8,809**

1.3.2 ACQUISITION AND ESTABLISHMENT OF NEW COMPANIES

No new companies were acquired or established in 2017.

1.3.3 SIGNIFICANT EVENTS IN HY1 2017

In February, an agreement was formalized with CJ E&M, a Korean content and marketing company, with which Mondo TV was appointed TV distributor and licensing representative in a number of territories of the new Robot Trains animation series.

Mondo TV will be TV distributor of Robot Trains in Turkey, the Middle East and Africa, Portugal, Spain, Italy and Israel and licensing representative in the aforementioned European countries in addition to the Middle East.

It is expected that the series may receive a strong licensing development, especially in toys, but also in games, clothing, household items and publishing.

After two years of design and production, Robot Trains has gained tremendous success in Korea. It was launched in seven different channels including a Free TV (SBS) and the Tooniverse pay TV channel. Thanks to its quality animation, the series was the no. 1 aired on SBS.

Also in February, the agreement was reached with Alianzas Producciones S.A., a company based in Buenos Aires and already a producer of successes such as Chica Vampiro, il Mondo di Patti and Yo soy Franky, for the coproduction of two new seasons of the live teen series “Heidi”. The two new projects, with the provisional title “Heidi, bienvenida al show” and “Heidi, bienvenida a la fama”, will both consist of 60 episodes of 45 minutes each and will retain the character of modern adaptation of the famous story related to the character Heidi, in continuity with the first series already produced.

The Mondo TV Iberoamerica Group will participate in coproduction with a budget contribution of USD 4 million for each series, acquiring 60% of the copyright on the work, while the partner will deal with the realisation phase as executive producer. Mondo TV Iberoamerica will deal with the distribution of the program around the world with the exclusion of the territories of Argentina, Chile, Paraguay and Uruguay with a variable commission depending on whether there is a direct sale or through sub-distributor.

With this contract, Mondo TV Iberoamerica will continue to develop the new business for the Mondo TV Group related to the production of live teen series, in response to the growing demand for such television products and the promising response from the market in relation to the first season of Heidi.

On 27 February, Mondo TV, in order to finance its investment program, with a strong growth over previous years, sent Atlas Alpha Yield Fund and Atlas Capital Markets a new request for issue under the investment agreement stipulated by the Company with which Atlas has undertaken to subscribe, directly or through a party possibly designated under the Contract, in several tranches and only following specific subscription requests made by the Company, 60 bonds convertible into shares for a value of Euro 250,000 each.

It is recalled that the Atlas Contract provides for the Company’s right to require the Bond to be subscribed in four tranches: the subject matter of the Request was two tranches of 12 and 18 bonds respectively for a total counter value of Euro 7,500,000.

In April, Panini S.p.A., world leader in stickers and trading cards, acquired from Mondo TV Iberoamerica a license for the territories of Europe and Latin America for the exploitation of licensing and merchandising rights of the live TV series "Heidi, bienvenida a casa", for the realization and commercialization of several collectables and limited to the territory of the Iberian peninsula also of publishing products such as books and magazines.

The license provides for the exploitation of the brand in local languages with the launch in 2018; the agreement provides for the payment of a minimum guaranteed and royalties by Panini in favour of Mondo TV Iberoamerica for sales exceeding the amount of the guaranteed minimum.

In June, the subsidiary Mondo TV Iberoamerica concluded an agreement with SH The Children's Channel 2016 Ltd, based in Tel Aviv, and the primary channel for children Yes Kidz, to broadcast the first season of the live teen series "Heidi, Bienvenida a casa" in Israel.

The license will have a duration of three years and will include pay-per-view satellite broadcast (in addition to the new technologies) in Hebrew of the series. The agreement thus represents an important starting point for a foreseeable large-scale development of licensing and merchandising derived from Heidi in the territory.

In June, the Parent Company signed a new agreement with Ravensburger S.p.A. for the granting of some licensing rights related to the property Robot Trains, owned by CJ E&M, a Korean content and marketing company, of which Mondo TV is distributor in different countries.

The agreement with Ravensburger provides for licensing in relation to "puzzle" products in 2D and 3D as well as for games of memory type for a period of two years starting on 01 January 2018 in Italy, San Marino, Vatican and Canton Ticino.

The agreement provides for the payment of a guaranteed minimum and the payment of royalties in case of exceeding this amount. It is recalled that part of the above amounts (both guaranteed minimums and royalties) will be returned to CJ E&M as the owner of the property, with Mondo TV retaining 30% of them. In addition to the economic data, which is particularly interesting in case of exceeding the guaranteed minimum, the agreement is an encouraging strengthening, also for the importance of the licensor, of the licensing exploitation plan of Robot Trains, which is expected to provide interesting results for Mondo TV already starting from 2017.

1.4 INFORMATION ON SHAREHOLDERS AND THE SHARE PRICE

The Parent Company Mondo TV S.p.A.'s shareholding structure as at 30 June 2017 was as follows:

Largest shareholders			
		no. of shares	**%**
Orlando Corradi		12,989,110	43.82%
	Sub-total	12,989,110	43.82%
Other shareholders		16,650,178	56.18%
		29,639,288	**100.00%**

The issuer is unaware of the existence of shareholders' agreements as described in art. 122 of the Consolidated Finance Act (TUF, Testo Unico sulla Finanza); the general meeting did not delegate any powers to increase the share capital, issue bonds, or purchase treasury shares.

No agreements exist between the companies and the Directors regarding any severance pay for the corporate bodies in case of resignation or dismissal without just cause or termination of employment following a takeover bid.

Stock prices were substantially stable over the period.
The stock price trend remained substantially stable in the period; as at 28 September 2017, the stock value is equal to Euro 4.05 per share, with a Stock Market capitalisation of approximately Euro 120 million.

The statement below shows the shareholdings of the members of the Parent's Administration and Control bodies and key management personnel:

Directors' and Statutory Auditors' Shareholdings				
Name and Surname	**shares as at 31/21/2016**	**shares purchased**	**shares sold**	**shares as at 30/06/2017**
Orlando Corradi	12,807,100	182,010		12,989,110
Matteo Corradi	13,500			13,500
Carlo Marchetti	5,512			5,512

1.5 HIGHLIGHTS

Reported below are the equity, financial and economic figures of the Mondo TV Group reclassified and compared with the figures of the previous year in the case of equity-financial figures and the previous period for economic figures.

Reclassified condensed consolidated statement of financial position		
(Euro thousands)	**30/06/2017**	**31/21/2016**
Non-current fixed assets	**41,239**	**36,801**
Current assets	41,413	35,981
Current liabilities	(14,031)	(15,465)
Net working capital	**27,382**	**20,516**
Non-current liabilities	**(703)**	**(638)**
Invested capital	**67,918**	**56,679**
Net financial position	(2,231)	(703)
Shareholders' equity	**65,687**	**55,976**
Non-controlling interests	363	564
Equity attributable to owners of the Parent	**65,324**	**55,412**

Reclassified condensed consolidated income statement		
(Euro thousands)	**HY1 2017**	**HY1 2016**
Revenues	15,330	11,507

Capitalisation of internally produced animated series	531	617
Operating costs	(4,754)	(4,172)
EBITDA	**11,107**	**7,952**
Amortisation and depreciation, impairment, and provisions	(3,090)	(2,692)
EBIT	**8,017**	**5,260**
Net finance income (expenses)	(1,219)	(217)
Profit (loss) of the period before tax	**6,798**	**5,043**
Income tax expense	(1,421)	(1,723)
Net profit (loss) for the period	**5,377**	**3,320**
Profit (loss) for the year attributable to non-controlling interests	(344)	(116)
Profit (loss) attributable to owners of the Parent	**5,721**	**3,436**
Losses/Earnings per share (basic and diluted)	**0.20**	**0.13**

Consolidated net financial position

(Euro thousands)	**30/06/2017**	**31/21/2016**
Cash and cash equivalents	4,075	1,810
Current financial payables due to banks	(2,199)	(2,095)
Net current financial position	**1,876**	**(285)**
Atlas convertible bond	(3,750)	0
Non-current payables due to banks	(520)	(580)
Net non-current financial position	**(4,270)**	**(580)**
Net financial debt as per comm. Consob DEM/6064293	**(2,394)**	**(865)**
Non-current receivables due from third parties	162	162
Consolidated net financial position	**(2,232)**	**(703)**

Key financial ratios

	HY1 2017	**HY1 2016**
ROI (EBIT/invested capital)	11.80%	11.25%
ROS (EBIT/revenues)	52.30%	45.71%
ROE (profit for the year/equity)	8.76%	7.43%
Equity to non-current assets ratio (cons. equity+equity/NCA)	1.61	1.60
NFP/equity	0.03	-0.02

Management uses the items indicated in the above reclassified Group's statements in assessing the Company's performance. These measures are in part taken from the financial statements and reported further on in this document, and are in part the result of aggregations; as required by recommendation CESR/05 – 178 b, the composition of each measure and the references to the items in the statutory financial statements are shown below.

Fixed assets: the item consists of intangible assets, tangible assets, and deferred tax assets.
Current assets: the item consists of trade receivables, tax assets, and other current assets.
Current liabilities: the item consists of trade payables, tax liabilities, and other short-term liabilities and provisions.

Non-current liabilities: the item consists of provisions for risks and charges, deferred tax liabilities, and post-employment benefits.
Net financial position: the item consists of current and non-current financial receivables, cash and cash equivalents, current and non-current financial payables.
Revenues: the item consists of revenues from sales and services and other revenues.
Operating costs: the item consists of costs for consumption of raw materials, consumables and goods, personnel costs and other operating costs.
Amortisation, depreciation, impairment and provisions: the item consists of amortisation and impairment of intangible assets, depreciation and impairment of tangible assets, and the allowance for doubtful debts.
Current financial payables due to banks: their composition is detailed in note 12.
Non-current payables due to banks: their composition is detailed in note 12.
Atlas convertible bond: its composition is detailed in note 12.

The items mentioned above, such as EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), EBIT, and net financial position are usually identified without having a consistent definition in the accounting standards or in the Italian Civil Code, and therefore may not be comparable with items of the same name reported by other companies. Please refer to the general commentary for more details on the net financial position.

The above figures and ratios show an improvement in the equity, financial and economic situation of management in HY1 2017 compared to HY1 2016.

1.6 INFORMATION ON MAIN RISKS AND UNCERTAINTIES

The Group is implementing the strategic line, through the acquisition of new productions oriented to the Group's licensing and internationalization.

In conformity with article 154-*ter*, paragraph 4, of the Consolidated Finance Act, it should be noted that the main risks associated with the Company's business that could affect its outlook are as follows:

1.6.1 FINANCIAL RISKS

The Group's financial instruments consist in the credit lines and bank loans, finance leases and on-demand bank deposits.
Such instruments are aimed at financing the Group's operations. The Group has various other financial instruments, such as trade payables and trade receivables deriving from operations. The main risks generated by the Company's financial instruments are:

1. Credit risk
2. Liquidity risk
3. Exchange rate risk
4. Interest rate risk

Credit risk

Credit risk represents the Group's exposure to potential losses arising from the non-fulfilment of the obligations assumed by the counterparties.
During the period, the Group adopted appropriate procedures, such as the verification of debtors' solvency, to minimise the exposure to this risk.
The management of this risk consists, first of all, in the selection of customers based on reliability and solvency and in limiting exposure to individual customers.
If significant, the positions, for which a risk of partial or total non-collectability is noted, are subject to individual impairment.

Liquidity risk

Liquidity risk represents the risk that the financial resources might not be available or may be available at a cost so high that profit (loss) for the year may be affected. In this regard, in order to be best protected against these risks, the Mondo

TV Group adopts a policy for the optimization of the debt mix between short and medium/long-term and, as part of the short-term lines, a policy for diversification of the banking lines and institutions.
This risk has been significantly reduced with the issue of the Atlas convertible bond finalized in 2016, of which Euro 12 million have been used to date and a further 3 million still usable.

Exchange rate risk

The Group has an exposure arising from currency transactions (US dollars). Such exposure is generated mainly by Library sales, production contracts and licenses purchases.
The exchange rate risk is managed by keeping part of cash in US dollars, normally enough to settle the debts and commitments in dollars.

Interest-rate risk

The interest rate fluctuations influence the cash flows, the market value of the company's financial assets and liabilities, and the level of the net finance income (expenses).
The Group's financial debt is regulated by variable interest rates, in particular the Euribor plus a variable spread.
Considering its financial exposure, the Group is subject to interest rate risk to a moderate extent. Significant changes in the interest rate could influence the cost of floating-rate loans.
In view of the financial exposure subject to interest rate risk, in the financial statements ended 31 December 2016, a sensitivity analysis was carried out, which allowed the quantification, all other conditions being equal, of the impact that a hypothetical 1% change in Euribor would have had on the FY result: this analysis showed a marginal impact. Based on these considerations, it was not deemed necessary to update the analysis.

Other information

The carrying amount of short-term financial assets and liabilities is a reasonable approximation of the fair value and therefore it was unnecessary to measure the fair value.
Information on the volume and detail of revenues, costs, profits or losses generated by the financial instruments is provided in the table of financial expenses and income while information relating to the Group's net financial position is reported in the paragraph "Highlights" above.

1.6.2 RISKS ASSOCIATED WITH DEPENDENCY ON KEY MANAGERS

Some members of the Corradi family and Eve Baron Charlton, CEO of Mondo TV France S.A., whose revenues have a significant impact on total Group revenues, have strategic importance for the Group. The possible lack of their professional contribution could undermine the competitiveness of the Mondo TV Group and have negative repercussions on the economic, capital and financial situation.

In fact, some members of the Corradi family have a significant role in the management of the business of the Company Mondo TV S.p.A. and in the development of its products.

Eve Baron Charlton has a key role within Mondo TV France's operations, as she is a highly professional manager with a proven track record as an executive at national French TV broadcasters. The wealth of experience acquired in the television business, as well as the broad network of contacts she developed in this industry, has allowed and still allows Mondo TV France to produce TV animated series with an educational and informative content, as well as a high level of quality, thus helping to broaden the Mondo TV Group's product offerings.

Neither the members of the Corradi family nor Eve Baron have entered into sole-agency or non-compete agreements with the Group's companies.

1.6.3 RISKS ASSOCIATED WITH THE COMMERCIAL EXPLOITATION OF INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES

The Group's revenue may be influenced by factors, independent of the Group companies, that affect the availability and the commercial exploitation of third-parties' property, the subject of the series. Should these factors occur, they could cause earnings expectations to be revised down, negatively affecting the Group's performance, financial position and cash flows.

1.6.4 RISKS ASSOCIATED WITH DISPUTES

With reference to the two disputes of the Parent Company, the following update is provided:

As regards the dispute against Clan Celentano S.r.l., which convened Mondo TV S.p.A. before the Court of Milan in relation to alleged breaches and termination of a contract stipulated between the parties for the realization of a TV cartoon series with the provisional title “Adrian”, Mondo TV S.p.A. appeared as a defendant and challenged all of the plaintiff’s claims. It filed a counterclaim for an overall amount of Euro 1,887 thousand.
On 16 April 2013, the expert witness (CTU) was appointed, whose technical report was filed at the end of 2013; the outcome is substantially unfavourable with regard to the claim for compensation formulated by Mondo TV S.p.A.
At the hearing on 13 May 2014, Clan Celentano S.r.l. reported to have found an agreement with Sky, on the channels of which the series was to air, in order to interrupt the contract between Sky and Clan Celentano, and requested to produce copy of said agreement.
Mondo TV opposed and the Court reserved a decision adjourning the proceedings to the hearing of 11 November 2014. At that hearing, the Judge admitted the filing of the transaction and adjourned the proceedings for final judgement to 16 February 2016.
Said hearing was adjourned for the same incumbents until 19/07/2016.

At the hearing on 19/07/2016, both parties specified their respective conclusions.

Clan Celentano S.r.l. quantified for the first time the amount of its claims, which include, *inter alia*, the reimbursement of the amount already paid to Mondo TV, or Euro 500 thousand, taking into account the Euro 250 thousand of the surety already collected, as well as damages to be paid of not less than Euro 14 million.
As regards the quantification of the damage formulated by the adversary, pleaded is its lateness and demonstrability and the existence of the contractual limitation that provides, for any damages of any kind (whether of emerging damage or of loss of profit) caused, the limit of the amount equal to the amount received in payment/paid during the execution of the contract, increased by 50% (fifty percent).

On 17/5/2017, the Court of Milan, in collegial composition, closed the first-instance of the judgement against Clan Celentano S.r.l. with a sentence that rejected the claim made by Mondo TV against the counterparty.

The rejection of the claim of Mondo TV is accompanied by the partial acceptance of the claims made by Clan Celentano against Mondo TV; in particular, against a claim that can be quantified for approximately Euro 14 million, Mondo TV was sentenced to pay to Clan Celentano the sum of Euro 750,000 plus interest and monetary revaluation (plus ancillary expenses such as legal fees).

The entire expense of the sentence ruled by the Court of Milan has been included in this half-year financial report. At the date of formation of this report, the same obligation was fulfilled by full payment.

The second dispute was against Pegasus Distribuzione S.r.l., which requested the condemnation of the Company, to pay a total amount of Euro 463 thousand for reimbursement of costs incurred for the purchase of products in relation to two sale contracts, and reimbursement of the missed quantifiable gain from a minimum of Euro 101 thousand to a maximum of Euro 169 thousand, in addition to damage to image. With the first-instance ruling on 21 January 2010, the Court of Rome rejected the petition of Pegasus Distribuzione, which challenged the aforementioned ruling. The proceedings were adjourned to 23 April 2014: no one appeared at said hearing and the proceedings were further adjourned.
The appeal sentence of 21 June 2017 definitively rejected the request of Pegasus and ordered it to pay the costs of the proceedings.

1.6.5 RISKS ASSOCIATED WITH THE FISCAL POSITION OF THE PARENT COMPANY

In the year 2014, the Parent was subject to a tax audit on the year 2010 conducted by the Tax Police Squad of the Guardia di Finanza of Rome at the conclusion of which on 31 July 2014, it was notified the final Notice of Assessment.

The formal notice of assessment highlighted several findings among which we note, by size, the alleged requalification, from a fiscal point of view, of the shareholder loans granted in 2010 and subsequent years: precisely the examination of this accounting item prompted the verifier unit to extend the tax audit also to the following years (2011 and 2012), limited to said item.

In relation to 2010, the Company received two assessment notices on 9 October 2015:

- The first notice refers to IRES for 2010. The higher tax ascertained amounted to Euro 1.1 million plus interest and penalties of the same amount and refers, at least in the main notice, to the non-declaration of positive elements for about Euro 4 million.
  The Company, while not agreeing in any way with the findings submitted, presented on 25 November 2015 application for tax settlement only to reset the amount due by separating the tax losses of the year 2005 that can no longer be carried forward. On 18 February 2016, the act of adhesion was signed at the offices of the Revenue Agency of Rome 1, by means of which the assessment was defined, which therefore closed without any charge for Mondo TV S.p.A.

- The second notice of assessment refers to IRAP and VAT for the year 2010. The higher IRAP ascertained is equal to Euro 0.2 million plus interest, while the higher VAT ascertained is equal to approximately Euro 0.8 million plus interest. The penalties amount to approximately Euro 1.2 million.
  The Company filed an appeal against the notice of assessment on 2 December 2015, filing at the Provincial Tax Commission of Rome on 23 December 2015 contesting both for IRAP purposes the main finding consisting in the non-declaration of positive components for about Euro 4 million and for VAT purposes the non-declaration, invoicing and recording of taxable transactions for about Euro 4 million.

In relation to the year 2011, on 20 December 2016, the Revenue Agency notified assessment notices to the Parent Company:

- the first notice refers to VAT and IRAP; the higher VAT ascertained amounts to Euro 536 thousand plus interest, while the penalties amount to Euro 603 thousand; no higher was IRAP ascertained.
  On 16 February 2017, the Company filed an appeal against the notice of assessment notified to the Revenue Agency.

- The second notice refers to IRES for 2011; the higher IRES ascertained amounts to Euro 724 thousand plus interest, while the penalties amount to Euro 651 thousand.
  For this second notice, the Company submitted a request for recalculation for deduction of losses and reduction of sanctions.

In July 2017, the provincial tax department of Rome fully accepted the appeal filed by the Company against the assessment notices related to 2010; thus, the Company's first-instance judgement has been concluded positively.
In the grounds on which the appeal was upheld, the Tax Commission substantially confirmed the position of the Board of Directors of the Company that considered the hypothesis of losing "scarcely probable" and therefore did not proceed with any provision in the annual financial report as at 31 December 2016 in relation to the above position. In light of the foregoing, there are no direct effects in the financial statements of the sentence of the Provincial Tax Commission mentioned.

In consideration of the lack of any basis in the judgement of the findings contained in the Formal Notice of Assessment (PVC) of the Guardia di Finanza as reported slavishly by the Revenue Agency in the consequent Notices of Assessment notified, the Directors also comforted by the judgement of specially appointed consultants deem scarcely likely that the Company may lose in this dispute, and therefore, consistent with the assessments made in the annual financial report as at 31 December 2016, no provision was made in the half-year financial report as at 30 June 2017.

1.7 HUMAN RESOURCES AND RESEARCH AND DEVELOPMENT ACTIVITIES

As at 30 June 2017, the Group had 41 employees, of which 4 executives, 37 white-collar workers and middle managers, compared with 36 employees as at 31 December 2016. The breakdown of employees by Company is as follows: Mondo TV S.p.A. 25 employees, Mondo TV France S.A. 4 employees, Mondo TV Suisse 2 employees and Mondo TV Iberoamerica Group 10 employees. The Group has a moderate turnover rate.

No serious work accidents occurred and no charges for occupational illness or mobbing were reported in any company of the Group during the HY.

1.8 TREASURY SHARES

The Parent does not hold treasury shares, either directly or through subsidiaries, trust companies or nominees

1.9 SIGNIFICANT EVENTS AFTER HY END

To date, there have been no events after 30 June 2017 such as to make the current financial position substantially different from that resulting from the balance sheet at that date or to require adjustments or supplementary notes to the financial statements.

After 30 June, the bonds outstanding as at 30 June 2017 issued in favour of Atlas were fully converted; therefore, at the date of this report, the amount of Euro 3,750 thousand recognized under financial payables no longer constitutes a financial debt for the Group but part of the equity with a significant improvement in the net financial position.

In September, the subsidiary Mondo TV France received a binding commitment from France Televisions for the pre-acquisition of the animated Rocky series for a total amount of Euro 1.8 million.

On 31 July, the Shareholders' Meeting of the subsidiary Mondo TV France approved the issue of convertible bonds in several tranches in favour of Atlas Capital for a total amount of Euro 2.5 million.
These resources will be used to support the Company's business plan allowing growth and business development.

On 23 August, the first tranche of Euro 250 thousand was granted, which has been fully converted into shares by Atlas.

On 29 August, the Shareholders' Meeting of the subsidiary Mondo TV Iberoamerica approved the issue of convertible bonds in several tranches in favour of Atlas Capital for a total amount of Euro 5.4 million.
These resources, which will be used to support the Company's business plan, have not been used yet.

1.10 RELATED-PARTY TRANSACTIONS

1.10.1 RELATED PARTIES

The Mondo TV Group engages in significant transactions with related parties, the complete list of which is reported in Annex 3.5. These transactions are at arm's length and have three different origins:

- payment of consideration for service rendered;
- payments for leases and other services;
- sundry transactions with shareholders.

The table below shows the costs and financial payables associated with the above-mentioned transactions.

(Euro thousands)	**Receivables as at 30/06/2017**	**Cost HY1 2017**	**Payables as at 30/06/2017**	**Nature of the transactions**
Remuneration of Directors and Executives				
Orlando Corradi	158	40	0	Director
Matteo Corradi	158	100	0	Director
Monica Corradi	0	42	0	Director
Francesco Figliuzzi	0	9	4	Independent Director
Marina Martinelli	0	7	0	Independent Director

Carlo Marchetti*	0	60	6	CEO and Financial Reporting Manager
Totals	**316**	**258**	**10**	
Real-estate and service companies				
Trilateral land Srl	0	197	352	Office leasing
Totals	**316**	**455**	**362**	

* Of which Euro 48 thousand as executive compensation, Euro 6 thousand as a Director of Mondo TV, Euro 5 thousand as a Director of Mondo TV France and 1 thousand as Director of Mondo TV Toys.

Below is a brief description of relationships with Directors and Key Managers within the Company and other related parties:

Orlando Corradi is the largest shareholder and Chairman of the Board of Directors of Mondo TV S.p.A. Orlando Corradi has always been the creative part in the realization of the animated series, and for some series he acts as Director.

Matteo Corradi is CEO of Mondo TV S.p.A., Board Director of Mondo TV Iberoamerica, Chairman of the Board of Directors of Mondo TV France, Non-Executive Director of Mondo TV Suisse and Board Director of Mondo TV Toys.

Carlo Marchetti is Board Director and Financial Reporting Manager, and is also Board Director of Mondo TV France, Mondo TV Iberoamerica and Mondo TV Toys.

Monica Corradi is Board Director of Mondo TV S.p.A. and also carries out specific assignments on behalf of the Board of Directors.

Francesco Figliuzzi and Marina Martinelli are Independent Board Directors and members of the internal control committees, the supervisory body and the appointments committee of Mondo TV S.p.A.

Trilateral Land S.r.l. leases some offices to Mondo TV S.p.A. and has as its Sole Director Matteo Corradi.

Paragraph 2.6 Consolidated financial statements showing related parties pursuant to CONSOB resolution no. 15519 of 28/07/2006 includes the consolidated financial statements prepared in accordance with the CONSOB resolution showing transactions with related parties and the relative impact on the various items of the condensed half-year consolidated financial statements.

1.10.2 INTRA-GROUP TRANSACTIONS

As for the transactions between the Parent and the other companies of the Group, and also those between the latter without the involvement of the Parent, first it should be noted that the various companies' operations tend to be integrated, as in this industry companies belonging to the same media group typically pursue common policies in terms of production, acquisition, and exploitation of rights. These groups, indeed, tend to structure themselves into separate entities specialised in the exploitation of different rights, and, at the same time, they attempt to pursue common strategies for the procurement and marketing of rights, in order to exploit the synergies and greater contractual strength deriving from acting in concert.

All transactions between the various companies of the Group were at arm's length, involved specific governance procedures for the related implementation resolution and were derecognized as part of the consolidation procedure in accordance with the ordinary accounting rules.

Below is a brief description of transactions within the Mondo TV Group and derecognized in the half-year consolidated financial report as at 30 June 2017.

Transactions between the Parent and Mondo Iberoamerica

Mondo TV Iberoamerica distributes the Library of Mondo TV S.p.A. in Spain and South America and acquires live fiction for subsequent sale via Mondo TV S.p.A. in Italy. In the HY, Mondo TV S.p.A. granted to the subsidiary additional portions of the interest-bearing loan for an amount of Euro 1,770 thousand for the production of the live fiction *"Heidi"* first season; this loan has a duration of three years and is remunerated at a rate of three months Euribor plus 3%; as at 30 June 2017, the total amount of the loan granted amounted to Euro 4,394 thousand.

Mondo TV Iberoamerica financed the start of operations of the subsidiary Mondo TV Canarias S.L.U. through the disbursement of a non-interest bearing loan for a total amount of Euro 107 thousand.

Transactions between the Parent and Mondo TV Suisse S.A.

Transactions between the Parent Company and the subsidiary mainly refer to the costs charged by the Parent Company in relation to the production of the animated series acquired by the subsidiary, the executive production of which was entrusted to the Parent Company under a framework agreement signed between the parties in early 2015 for the provision of services related to the production of audiovisual animation programs.
In particular, the framework contract is regarding the allocation of productions between Mondo TV Suisse S.A. and the Parent Company for entrustment to the latter the assignment to realize the production processing phases of Mondo TV Suisse S.A. by its customers. The processing phases may include all or some of the pre-production, executive production and post-production processing as normally meant in the animation industry.
The framework contract has a duration of 12 months and is automatically renewed at each expiration date.
The fee for the execution of the services and provisions provided for in the framework agreement is equal to the amount entrusted by its customers to Mondo TV Suisse S.A. reduced by 15%. All costs and expenses incurred in relation to the realization of the productions are the responsibility of the Parent Company.

Transactions between the Parent and Mondo TV France

Mondo TV S.p.A. distributes the Library of Mondo TV France in certain territories, such as Africa and the Middle East.

Mondo TV Canarias

In the HY, on behalf of Mondo Tv S.p.A., pre-production activities were carried out related to the Sissi, Dee&Doo and Kasslan animated series for a total amount of Euro 375 thousand.

1.11 STATEMENT OF RECONCILIATION OF CONSOLIDATED EQUITY WITH THE FIGURES OF THE PARENT COMPANY

The reconciliation of the Parent's period result and equity as at 30 June 2017 and that of the Group equity as at the same date is summarised in the table below:

(Euro thousands)	Income Statement	Shareholders' equity
Mondo TV S.p.A. Separate Financial Statements	**6,096**	**65,633**
Individual data of the subsidiaries	(344)	2,545
Eliminations of the carrying amount of net equity investments	0	(1,182)
Elimination of capitalized intra-group revenues	(375)	(1,309)
Attribution of subsidiaries' equity to non-controlling interests	344	(363)
Consolidated Financial Statements	**5,721**	**65,324**

1.12 BUSINESS OUTLOOK

The Company is implementing the strategic line, through the acquisition of new productions oriented to the Group's licensing and internationalization.

In particular, the Group acquired a significant strength position in Asia and the Middle East.

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017

FINANCIAL STATEMENTS AND NOTES

2. FINANCIAL STATEMENTS AND NOTES

2.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30/06/2017

Statement of financial position

(Euro thousands)	**Notes**	**30/06/2017**	**31/12/2016**
Non-current assets			
- Intangible rights		*36,539*	*31,353*
- Other intangible assets		*4*	*3*
Intangible assets	5	36,543	31,356
Tangible assets	5	273	303
Deferred tax assets	6	4,312	5,027
Receivables	7	274	277
		41,402	**36,963**
Current assets			
Trade receivables	7	37,590	31,659
Tax assets	6	3,473	4,026
Other assets	8	350	296
Cash and cash equivalents	9	4,075	1,810
		45,488	**37,791**
Total assets		**86,890**	**74,754**
- Share capital		*14,820*	*14,361*
- Share premium		*24,505*	*21,214*
- Legal reserve		*2,642*	*2,642*
- Other reserves		*9,669*	*9,022*
Retained earnings (losses)		*7,967*	*(383)*
- Profit (loss) for the year		*5,721*	*8,555*
Equity attributable to the Group		65,324	55,411
Non-controlling interests		363	564
Total equity	10	**65,687**	**55,975**
Non-current liabilities			
Provision for post-employment benefits	11	434	416
Deferred tax liabilities	6	269	223
Financial payables	12	4,270	580
		4,973	**1,219**
Current liabilities			
Provisions for risks and charges	11	79	79
Trade payables	12	11,719	11,703
Financial payables	12	2,199	2,095
Tax liabilities	6	242	201
Other liabilities	13	1,991	3,482
		16,230	**17,560**
Total liabilities		**21,203**	**18,779**
Total liabilities + equity		**86,890**	**74,754**

2.2 HY CONSOLIDATED INCOME STATEMENT

Income statement for the year ended 31 December 2013			
(Euro thousands)	**Notes**	**HY1 2017**	**HY1 2016**
Revenue from sales and services	17	15,178	11,428
Other income	18	151	79
Capitalisation of internally produced animated series	19	531	617
Raw materials, consumables and goods	20	(44)	(49)
Personnel costs	21	(1,571)	(1,099)
Amortisation and impairment of intangible assets	22	(2,523)	(2,394)
Depreciation and impairment of tangible assets	22	(52)	(66)
Allowance for doubtful debts	7	(515)	(233)
Other operating costs	23	(3,138)	(3,024)
EBIT		**8,017**	**5,259**
Financial income	24	0	101
Financial expenses	24	(1,219)	(317)
Profit (loss) of the period before tax		**6,798**	**5,043**
Income tax expense	25	(1,421)	(1,723)
Net profit for the period		**5,377**	**3,320**
Profit (loss) for the year attributable to non-controlling interests		(344)	(116)
Profit (loss) attributable to owners of the Parent		**5,721**	**3,436**
Earnings per share (basic and diluted)		**0.20**	**0.13**

2.3 CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Statement of comprehensive income		
(Euro thousands)	**HY1 2017**	**HY1 2016**
Net profit (loss) for the year	5,377	3,320
Other profits (losses) recognized in equity	-	-
Total net profit	**5,377**	**3,320**
Total profit (loss) attributable to non-controlling interests	(344)	(116)
Total profit (loss) attributable to the Group	**5,721**	**3,436**

2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity HY1 2016

(Euro thousands)	**Share capital**	**Legal reserve**	**Retained earnings (losses)**	**Share premium**	**Other reserves**	**Profit for the period**	**Attributable to owners of the Parent**	**Non-controlling interests**	**Total equity**
Consolidated Financial Statements as at 31/12/2015	**13,212**	**2,642**	**(1007)**	**12,563**	**8,593**	**3,090**	**39,093**	**1,388**	**40,481**
Transactions with shareholders recognised in equity:									
GEM capital increase	613			4,687	(638)		4,662		4,662
Dividend distribution			(1,106)				(1,106)		(1,106)
Items of comprehensive income for the year:							-		-
Other changes			-		2		2		2
Disposal of shares of subsidiaries					145		145		145
Translation effect Mondo TV Suisse					(1)		(1)		(1)
Allocation of profit (loss) for the year 2015			2,579		511	(3,090)	-		-
Result for the period						3,436	3,436	(116)	3,320
Consolidated Financial Statements as at 30/06/2016	**13,825**	**2,642**	**466**	**17,250**	**8,612**	**3,436**	**46,231**	**1,272**	**47,503**

Changes in equity HY1 2017

(Euro thousands)	**Share capital**	**Legal reserve**	**Retained earnings**	**Share premium**	**Other reserves**	**Profit (loss) for the year**	**Attributable to owners of the Parent**	**Non-controlling interests**	**Total equity**
Consolidated Financial Statements as at 31/21/2016	**14,361**	**2,642**	**(383)**	**21,214**	**9,022**	**8,555**	**55,411**	**564**	**55,975**
Transactions with shareholders recognised in equity:									
Atlas capital increase	459			3,291	(600)		3,150		3,150
Items of comprehensive income for the year:									
Allocation of profit (loss) for the year 2016	-	-	8,350		205	(8,555)	-	-	**-**
Disposal of shares of subsidiaries					1,046		1,046	145	1,191
Translation reserve Mondo TV Suisse					(4)		(4)	(2)	(6)
Other changes					-		-	-	-
Result for the period	-	-	-	-	-	5,721	5,721	(344)	5,377
Consolidated Financial Statements as at 30/06/2017	**14,820**	**2,642**	**7,967**	**24,505**	**9,669**	**5,721**	**65,324**	**363**	**65,687**

For further information on Group equity, reference should be made to note 13.

2.5 CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows		
(Euro thousands)	**HY1 2017**	**HY1 2016**
A. CASH AND CASH EQUIVALENTS AT 1 JANUARY	**1,810**	**2,869**
Group profit (loss) of the period	5,721	3,436
Profit (loss) for the year attributable to non-controlling interests	(344)	(116)
Total profit (loss) of the period	5,377	3,320
Depreciation, amortisation and impairment	3,090	2,693
Net change in provisions	18	(653)
Cash flow from (used in) operating activities before changes in working capital	**8,485**	**5,360**
(Increase) decrease in trade receivables	(6,444)	(954)
(Increase) decrease in tax assets	1,269	2,061
(Increase) decrease in other assets	(54)	(52)
Increase (decrease) in trade payables	16	(2,349)
Increase (decrease) in tax liabilities	87	107
Increase (decrease) in other liabilities	(1,491)	1,598
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	**1,868**	**5,771**
(Acquisition) / Disposal of		
- Intangible assets	(7,710)	(8,814)
- Tangible assets	(22)	(37)
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(7,732)**	**(8,851)**
Changes in capital	4,335	3,702
Increase (decrease) in financial payables	3,880	(32)
Interest paid	(86)	(72)
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	**8,129**	**3,598**
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	**2,265**	**518**
F. CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**4,075**	**3,387**

2.6 CONSOLIDATED FINANCIAL STATEMENTS PROVIDING RELATED PARTY DISCLOSURES PURSUANT TO CONSOB RESOLUTION 15519 OF 28/07/2006

In compliance with Consob Resolution 15519 of 28 July 2006 “Provisions on financial statements”, in addition to mandatory disclosure, separate income statement and statement of financial position have been provided with the significant transactions with related parties shown separately from the relevant item.

Consolidated statement of financial position				
(Euro thousands)	**30/06/2017**	**related parties**	**31/21/2016**	**related parties**
Non-current assets				
- Intangible rights	*36,539*		*31,353*	
- Other intangible assets	*4*		*3*	
Intangible assets	36,543		31,356	
Tangible assets	273		303	
Equity investments	0		0	
Deferred tax assets	4,312		5,027	
Receivables	274		277	
	41,402		**36,963**	
Current assets				
Trade receivables	37,590	316	31,659	307
Tax assets	3,473		4,026	
Other assets	350		296	
Cash and cash equivalents	4,075		1,810	
	45,488		**37,791**	
Total assets	**86,890**		**74,754**	
Non-current liabilities				
Provision for post-employment benefits	434		416	
Provisions for risks and charges	0		0	
Deferred tax liabilities	269		223	
Financial payables	4,270		580	
	4,973		**1,219**	
Current liabilities				
Provisions for risks and charges	79		79	
Trade payables	11,719	362	11,703	278
Financial payables	2,199		2,095	
Tax liabilities	242		201	
Other liabilities	1,991		3,482	
	16,230		**17,560**	
Total liabilities	**21,203**		**18,779**	
- Share capital	*14,820*		*14,361*	
- Share premium	*24,505*		*21,214*	
- Legal reserve	*2,642*		*2,642*	
- Other reserves	*9,669*		*9,022*	
- Retained losses	*7,967*		*(383)*	
- Profit (loss) for the year	*5,721*		*8,555*	
Equity attributable to owners of the Parent	65,324		55,411	
Non-controlling interests	363		564	
Total equity	**65,687**		**55,975**	
Total liabilities + equity	**86,890**		**74,754**	

Consolidated income statement for the year ended 31 December 2013				
(Euro thousands)	**HY1 2017**	**of which with related parties**	**HY1 2016**	**of which with related parties**
Revenue from sales and services	15,178		11,428	
Other income	151		79	
Capitalisation of internally produced animated series	531		617	

Raw materials, consumables and goods	(44)		(49)	
Personnel costs	(1,571)	(48)	(1,099)	(48)
Amortisation and impairment of intangible assets	(2,523)		(2,394)	
Depreciation and impairment of tangible assets	(52)		(66)	
Allowance for doubtful debts	(515)		(233)	
Other operating costs	(3,138)	(407)	(3,024)	(383)
EBIT	**8,017**		**5,259**	
Finance income	0		101	
Finance costs	(1,219)		(317)	
Profit (loss) of the period before tax	**6,798**		**5,043**	
Income tax expense	(1,421)		(1,723)	
Net profit for the period	**5,377**		**3,320**	
Profit (loss) for the year attributable to non-controlling interests	(344)		(116)	
Profit (loss) attributable to owners of the Parent	**5,721**		**3,436**	

Statement of comprehensive income		
(Euro thousands)	**HY1 2017**	**HY1 2016**
Net profit (loss) for the year	5,377	3,320
Other profits (losses) recognized in equity	-	-
Total net profit	**5,377**	**3,320**
Total profit (loss) attributable to non-controlling interests	(344)	(116)
Total profit (loss) attributable to the Group	**5,721**	**3,436**

Consolidated statement of cash flows with related parties

(Euro thousands)	**HY1 2017**	**related parties**	**HY1 2016**	**related parties**
A. CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,810		2,869	
Group profit (loss) of the period	5,721	-	3,436	-
Profit (loss) for the year attributable to non-controlling interests	(344)	-	(116)	-
Total profit (loss) of the period	5,377	-	3,320	-
Depreciation, amortisation and impairment	3,090	-	2,693	-
Net change in provisions	18	-	(653)	-
Deferred taxes	0		0	
Cash flow from (used in) operating activities before changes in working capital	8,485		5,360	
(Increase) decrease in trade receivables	(6,444)	(9)	(954)	109
(Increase) decrease in inventories	0	-	0	-

(Increase) decrease in tax assets	1,269	-	2,061	-
(Increase) decrease in other assets	(54)	-	(52)	-
Increase (decrease) in trade payables	16	84	(2,349)	(124)
Increase (decrease) in tax liabilities	87	-	107	-
Income tax expense	0	-	0	-
Increase (decrease) in other liabilities	(1,491)	-	1,598	-
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	1,868		5,771	
(Acquisition) / Disposal of				
- Intangible assets	(7,710)	-	(8,814)	-
- Tangible assets	(22)	-	(37)	-
- Financial assets	0	-	0	-
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	(7,732)		(8,851)	
Changes in capital	4,335	-	3,702	-
Dividends paid	0		0	
(Increase) decrease in financial receivables and securities	0	-	0	-
Increase (decrease) in financial payables	3,880	-	(32)	-
Interest paid	(86)	-	(72)	-
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	8,129		3,598	
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	2,265		518	
F. CASH AND CASH EQUIVALENTS AT 31 DECEMBER	4,075		3,387	

2.7 OPERATING SEGMENTS

No segment other than the animation segment can be considered as a reportable segment at this time, nor does management use additional reporting with the characteristics applied to "operating segment" as provided for by IFRS 8.

The table below provides, comparative for HY1 2017 and 2016, the breakdown of Group revenues by geographical area. The allocation of revenue to a specific geographical area solely on the basis of the purchaser's nationality. Thus, the geographical distribution of rights sold was not taken into account.

Distribution/ allocation of revenue by geographical area

(Euro thousands)	HY1 2017		HY1 2016		Difference	
Geographical areas	**values**	**%**	**values**	**%**	**values**	**%**
Italy	650	4%	2,136	19%	-1,486	-70%
Europe	653	4%	1,238	11%	-585	-47%
Asia	13,725	91%	7,820	68%	5,905	76%
Americas	145	1%	234	2%	-89	-38%
Africa	0	0%	0	0%	0	--
Pacific Rhyms	5	0%	0	0%	5	--
Total revenue	**15,178**	**100%**	**11,428**	**100%**	**3,750**	**33%**

2.8 NOTES TO THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AS AT 30/06/2017

2.8.1 INTRODUCTION

Mondo TV S.p.A. is a joint-stock company registered under the Rome Companies Register.
The Company is incorporated under Italian law, its registered office is located in Rome, Via Brenta 11 and it is listed on the Italian stock exchange (Borsa Italiana's STAR market).

Mondo TV France (as of 25 March 2013) and Mondo TV Suisse (as of 13 April 2015) are listed on the AIM Italy/Alternative Capital Market (hereinafter, "AIM Italy") organized and managed by Borsa Italiana S.p.A.
Mondo TV Iberoamerica is listed (as of 22 December 2016) on the Mab in Madrid.

For the investments in Mondo TV France S.A., Mondo TV Suisse S.A. and Mondo TV Iberoamerica S.A., the following is the summary of the market capitalisation as at 30 June 2017.

Company Name	% Investment	Share value 30/06/2017	Number of shares	Capitalization Mkt Euro/000	MTV Mkt Share Euro/000
Mondo TV France	30%	0.11	105,699,312	11,627	3,488
Mondo TV Iberoamerica	73.5%	0.95	10,000,000	9,500	6,983
Mondo TV Suisse	63%	1.18	10,000,000	11,800	7,434

The main activities of the Company and its subsidiaries are described in the interim report on operations.

The condensed half-year consolidated financial statements as at 30 June 2017 of the Mondo TV Group were approved by the Board of Directors on 29 September 2017, which authorised publication thereof on the same date.

The condensed half-year consolidated financial statements as at 30 June 2017 are expressed in Euro (€) as the functional currency with which the Group operates. Operations abroad are included in compliance with the standards indicated in the following notes. All the amounts included in these condensed half-year consolidated financial statements are expressed in thousands of Euro, unless otherwise indicated.

The condensed half-year consolidated financial statements as at 30 June 2017 are subject to limited audit by BDO Italia S.p.A.

The half-year financial report of the Mondo TV Group as at 30 June 2017 has been prepared in accordance with the provisions of article 154-*ter* paragraph 2 of Legislative Decree no. 58/97 - Consolidated Finance Act (TUF, Testo Unico sulla Finanza) - and subsequent amendments or additions. The condensed half-year consolidated financial statements as at 30 June 2017, included in the half-year financial report, have been prepared in accordance with IAS 34 "Interim Financial Statements", issued by the International Accounting Standards Board (IASB) and consist of the consolidated income statement, consolidated comprehensive income statement, consolidated statement of financial position, consolidated statement of cash flows, statement of changes in consolidated shareholders' equity and notes. In accordance with IAS 34, the notes are summarized and do not include all the information required in the annual financial statements, referring exclusively to components that, by amount, composition or variation, are essential for the purpose of understanding the Group's economic, financial and equity position. Therefore, this report should be read in conjunction with the consolidated financial statements prepared as at 31 December 2016.

In preparing this half-year report, reference was made to the same accounting standards and preparation criteria adopted in the preparation of the consolidated financial statements at 31 December 2016 - with the exception of those specifically applicable to interim situations - and of the half-year financial report as at 30 June 2016. The new standards that have been applied since 1 January 2017 have not had any significant effect on this half-year financial report. In interim situations, the estimate of income taxes is carried out by applying the tax rate expected for the interim result before taxes.

NEW STANDARDS AND INTERPRETATIONS ENDORSED BY THE EU AND IN FORCE FROM 1 JANUARY 2017

There were no new standards and interpretations endorsed by the EU and in force from 1 January 2017.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET APPLICABLE

At the date of these financial statements, the following new Standards/Interpretations have been issued by the IASB but have not yet entered into force:

New Standards/Interpretations endorsed by the EU

Obligatory application as of 1/1/2018

- IFRS 15 (Revenues from contracts with customers)
- IFRS 9 (Financial instruments)

New Standards/Interpretations not yet endorsed by the EU

Obligatory application as of 01/01/2017

- Amendments to IAS 7 (Statement of Cash Flows - Disclosure initiative)
- Amendments to IAS 12 (Income Taxes - Recognition of deferred tax assets on unrealized losses)
- Improvements to IFRS (Cycle 2014 - 2016) - Amendments to IFRS 12

Obligatory application as of 1/1/2018

- Amendments to IFRS 2 (Classification and measurement of share-based payments)
- Clarifications to IFRS 15 (Revenues from contracts with customers)
- Improvements to IFRS (Cycle 2014 - 2016) - Amendments to IAS 28
- Amendment to IAS 40 (Property Investments)
- IFRIC 22 (Foreign currency transactions with pre-payment / advance payment received)

Obligatory application as of 01/01/2019

- IFRS 16 (Leasing)
- IFRIC 23 (Uncertainty on the treatment of income taxes)

Obligatory application as of 01/01/2021

- IFRS 17 (Insurance contracts)

Deferred application indefinitely

- Amendments to IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures): sale or transfer of assets between an investor and its associate / joint venture.

At present, the Company is analyzing recently issued accounting standards and assessing whether their adoption will have a significant impact on the financial statements, with particular reference to IFRS 15.

2.8.2 CONSOLIDATION

(a) Scope of consolidation

The condensed half-year consolidated financial statements of Mondo TV S.p.A. as at 31 December 2013 include the half-year financial statements of the Parent Mondo TV S.p.A. and the half-year financial statements of all its subsidiaries.
For the preparation of the condensed half-year consolidated financial statements, use has been made of the financial statements of the consolidated companies prepared by the respective Boards of Directors. The financial statements prepared by the subsidiaries have been adjusted, where necessary, by the Parent Company to make them adherent to the IFRS adopted by the Mondo TV Group.
Annex no. 3.4 of this Financial Report lists the companies included in the scope of consolidation, with indication of the consolidation methodology applied.

2.8.3 ACCOUNTING STANDARDS AND MEASUREMENT BASES

The consolidation principles, accounting standards, measurement criteria and estimates adopted are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2016, to which reference is made for completeness.
The preparation of the condensed half-year consolidated financial statements requires the Directors to make estimates and assumptions that affect the amounts of assets and liabilities in the financial statements and related disclosure, and contingent assets and liabilities at the reporting date. The estimates and related assumptions are based on previous experience and on other factors that are considered to be reasonable in the present case and are adopted when the accounting value of assets and liabilities cannot be easily inferred from other sources. Therefore, the actual results achieved may differ from said estimates. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected in the income statement if it only involves that year. In the event that the review affects years, both current and future, the change is recognised in the year in which the review is carried out and in the related future years. Actual results may differ even substantially from these estimates due to changes in the factors considered when determining said estimates.
Some valuation procedures, in particular the more complex ones such as determining any impairment of non-current assets, are generally carried out fully only in the preparation of the annual consolidated financial statements, except in cases where there are impairment indicators that require an immediate estimate of any updates.

2.8.4 SEASONALITY OF ACTIVITIES

The activity carried out by the Group is not cyclical and the business is not considered highly seasonal; therefore, these consolidated half-year financial statements do not include the additional information required by IAS 34.16A (b) and the additional financial information required by IAS 34.21.

2.8.5 INTANGIBLE ASSETS AND TANGIBLE ASSETS

The breakdown of changes in intangible rights and other intangible assets is shown in the table below.

Changes in intangible assets

(Euro thousands)	Intangible rights	Intangible rights in progress	Other intangible assets	TOTAL
Cost as at 31/12/2015	152,825	4,269	1,213	158,307
Amortisation and impairment as at 31/12/2015	(140,978)		(1,180)	(142,158)
Net value 31/12/2015	**11,847**	**4,269**	**33**	**16,149**
Year 2016				
Increases in the period	12,330	8,138	9	20,477
Disposals in the period	0		0	0
Amortisation and impairment in the period	(5,231)		(39)	(5,270)
Reclassifications				
Cost as at 31/12/2016	165,155	12,407	1,222	178,784
Amortisation and impairment as at 31/21/2016	(146,209)		(1,219)	(147,428)
Net value 31/12/2016	**18,946**	**12,407**	**3**	**31,356**
HY1 2017				
Increases in the period		7,709	1	7,710
Disposals in the period				0
Amortisation and impairment in the period	(2,523)			(2,523)
Reclassifications	2,236	(2,236)		
Cost as at 30/06/2017	167,391	17,880	1,223	186,494
Amortisation and impairment as at 30/06/2017	(148,732)		(1,219)	(149,951)
Net value 30/06/2017	**18,659**	**17,880**	**4**	**36,543**

All the costs recognized are reasonably related to continuing useful lives and are amortized on a straight-line basis over a period of 7 years from 1 January 2016 to incorporate amendments to IAS 38 that no longer allow for a revenue-based amortization method.

Impairment test on the Library

At least once a year or more frequently if there is an indication of impairment, Mondo TV S.p.A. Group checks if the recoverable value is at least equal to the carrying amount, in compliance with IAS 36.

In preparing the financial report as at 31 December 2016, rights on films and animated series, which constitute the *"Library"*, were subject to Impairment. The assumptions of the Plan were confirmed as at 30 June 2017 and at that date, the Company's Management did not detect the presence of Impairment Indicators as no events have occurred that could alter the assumptions of the Plan; therefore, the approach adopted as at 31 December 2016 was confirmed and it was not considered necessary to proceed with the impairment test of the Library as at 30 June.

The breakdown of changes in tangible assets is presented in the table below.

Changes in tangible assets

(Euro thousands)	Plant and machinery	Industrial and commercial equipment	Other assets	TOTAL
Cost as at 31/12/2015	2,385	1,241	812	4,438
Amortisation and impairment as at 31/12/2015	(2,246)	(1,165)	(691)	(4,102)
Net value 31/12/2015	**139**	**76**	**121**	**336**
FY 2016				
Increases in the period	5	0	71	76

Amortisation and impairment in the period	(32)	(30)	(47)	(109)
Cost as at 31/12/2016	2,390	1,241	883	4,514
Depreciation and impairment as at 31/21/2016	(2,278)	(1,195)	(738)	(4,211)
Net value 31/12/2016	**112**	**46**	**145**	**303**
HY1 2017				
Increases in the period	9	0	12	21
Amortisation and impairment in the period	(16)	(15)	(20)	(51)
Cost as at 30/06/2017	2,399	1,241	895	4,535
Depreciation and impairment as at 30/06/2017	(2,294)	(1,210)	(758)	(4,262)
Net value 30/06/2017	**105**	**31**	**137**	**273**

The item did not change significantly and the breakdown is as follows compared to 31 December 2016.

2.8.6 TAX ASSETS AND LIABILITIES

Deferred tax assets of Euro 4,312 thousand were mainly recognized on tax losses carried forward that, starting from those recorded in the year 2006 no longer expire, and therefore, they may be accumulated and used to an extent equal to 80% of the taxable income for IRES (Corporate Income Tax) of each year.
Deferred tax assets are recognised in financial statements to the extent they are likely to be recovered; in particular the recognition of deferred tax assets reflects the assessments made by the Board of Directors with regards to taxable income generated by Group operations in the near future so as to allow the recovery. This valuation was confirmed in preparing the half-year financial report as at 30 June 2017.

The deferred tax assets and liabilities recognised in the half-year consolidated financial statements are shown in the table below:

Breakdown of deferred tax assets and liabilities

(Euro thousands)	30/06/2017	31/21/2016	Change
Accumulated losses and other temporary differences	4,312	5,027	(715)
Total assets	**4,312**	**5,027**	**(715)**
Other temporary differences	269	223	46
Total liabilities	**269**	**223**	**46**
Net deferred tax assets	**4,043**	**4,804**	**(761)**

Changes in deferred tax assets and liabilities

(Euro thousands)	31/21/2016	Increases	Decreases	30/06/2017
Assets	5,027	431	(1,146)	4,312
Liabilities	223	46	0	269
Net deferred tax assets	**4,804**	**385**	**(1,146)**	**4,043**

The recoverability of deferred tax assets recognised in the financial statements in the next ten years is strictly related to the actual achievement of the objectives set in the 2017-2021 Plan, approved by the Parent's Board of Directors on 27 October 2016, characterised by the uncertainties typical of a forecast Business Plan.

The breakdown of receivables and payables for current taxes is shown in the table below.

Breakdown of current tax assets and liabilities			
(Euro thousands)	**30/06/2017**	**31/21/2016**	**Change**
IRES (Corporate Income Tax)	363	363	0
IRAP (Regional Business Tax)	339	339	0
Tax assets	2,771	3,325	(554)
Total tax assets	**3,473**	**4,027**	**(554)**
Income taxes due abroad	242	201	41
Total tax liabilities	**242**	**201**	**41**

Tax receivables mainly consist of receivables arising from the transformation by the Parent Company of a portion of deferred tax assets in tax receivables in accordance with Law no. 214 of 22 December 2011. The decrease is attributable to uses by means of offsetting in HY1.

2.8.7 RECEIVABLES

Breakdown of non-current receivables			
(Euro thousands)	**30/06/2017**	**31/21/2016**	**Change**
Financial receivables due from third parties	162	162	0
Other receivables	112	115	(3)
TOTAL	**274**	**277**	**(3)**

The breakdown of trade receivables, all due within twelve months, is shown in the table below.

Breakdown of trade and other receivables			
(Euro thousands)	**30/06/2017**	**31/21/2016**	**Change**
Due from customers	33,983	26,750	7,233
Due from customers for invoices to be issued	4,384	4,511	(127)
Due from tax authorities for tax other than income tax	863	1,233	(370)
Other receivables	2,401	2,691	(290)
Allowance for doubtful debts	(4,041)	(3,526)	(515)
TOTAL	**37,590**	**31,659**	**6,422**

The relevant increase in receivables, and in particular those for invoices issued, is due to that of revenues from sales, in particular of the Parent Company.
Receivables due from customers for invoices to be issued refer to contracts which do not satisfy the conditions for issuing invoices yet, although part of the revenue for the year has been earned. Part of the invoices were issued after 30 June 2017.

The tax assets are broken down in the table below:

Breakdown of tax assets relating to tax other than income tax			
(Euro thousands)	**30/06/2017**	**31/21/2016**	**Change**
Italian VAT receivables	397	269	128

Foreign VAT receivables	0	0	0
Other tax assets	466	964	(498)
TOTAL	**863**	**1,233**	**(370)**

Receivables due from others can be broken down as follows.

Breakdown of receivables due from others			
(Euro thousands)	**30/06/2017**	**31/21/2016**	**Change**
Due from suppliers for advances	5	5	0
Due from employees	0	0	0
Coproduction in progress	2,387	1,612	775
Other receivables	9	1,074	(1,065)
TOTAL	**2,401**	**2,691**	**(290)**

Euro 2,387 thousand of receivables due from customers for coproductions represent the disbursements made for the acquisition of services required to fulfil the obligations vis-à-vis the coproducers. In compliance with the accounting standards adopted, upon completion of production, these advances will offset revenue from customers for progress in productions (revenue totalled Euro 1,863 thousand as at 30 June 2017 and is recognised under current payables).

The adjustment of the nominal value of receivables was obtained through a specific provision for doubtful debts, deemed appropriate, which underwent the following changes during the period (Euro thousands):

Breakdown of the allowance for doubtful debts		
	30/06/2017	**31/21/2016**
Opening allowance for doubtful de	**3,550**	**5,907**
Allowance for the period	515	1,308
Used in the year	(24)	(3,689)
Closing allowance for doubtful debts	**4,041**	**3,526**

The provision for the period, amounting to Euro 515 thousand, refers to the write-down of the Parent Company's receivables considered no longer due.

2.8.8 OTHER ASSETS

This item amounts to Euro 0.4 million (Euro 0.4 million as at 31/21/2016) and includes costs accounted for the period but related to future periods (deferred assets).

2.8.9 CASH AND CASH EQUIVALENTS

The analysis is represented in the following table (Euro thousands).

Breakdown of cash and cash equivalents			
Description	**30/06/2017**	**31/21/2016**	**change**
Bank and postal deposits	4,064	1,809	2,255
Cash and other cash assets	11	1	10

TOTAL	**4,075**	**1,810**	**2,265**

The balance represents cash and cash equivalents at the end of the period, of which approximately Euro 244 thousand in current accounts in US Dollar.

2.8.10 EQUITY

The share capital is composed as follows:

Description		**Par value in Euro**
Ordinary shares	29,639,289	0.5
TOTAL	**29,639,289**	**14,819,644.5**

The number of outstanding shares increased by 916,826 shares in the HY due to the extraordinary finance transactions with Atlas Alpha Yield Fund and Atlas Capital Markets (see paragraph *"Significant events 2017").*

In particular in March 2017 was the issue of the second and third Bond tranche for a total value of Euro 7,500 thousand; the second tranche was fully converted by 30 June 2017, with the consequent issue of 738,781 new shares for a total value of Euro 3,000 thousand attributable for Euro 369 thousand to share capital and the residual amount of Euro 2,631 thousand to Share premium reserve.

As for the third tranche, as at 30 June 2017, 3 bonds were converted with consequent issue of 178,045 new shares for a total of Euro 750 thousand attributable for Euro 89 thousand to share capital and the remaining amount of Euro 661 thousand to the share premium reserve. The non-converted amount of Euro 3,750 thousand is shown in this financial report under financial liabilities.
Also with reference to the third tranche, after 30 June 2017, 15 bonds were converted with consequent issue of 976,263 new shares for a total of Euro 3,750 thousand attributable for Euro 488 thousand to share capital and the remaining amount of Euro 3,262 thousand to the share premium reserve.

No shares having different categories, nor rights, privileges or restrictions exist for any category of shares. The Parent owns no treasury shares, nor do the Mondo TV Group's subsidiaries hold shares of the Parent.

Equity reserves are broken down as follows:

Equity reserves		
(Euro thousands)	**30/06/2017**	**31/21/2016**
- Share premium	24,505	21,214
- Legal reserve	2,642	2,642
- Other reserves	9,669	9,022
- Retained earnings (accumulated losses)	7,967	(383)
- Profit (loss) for the year	5,721	8,555
TOTAL	**50,504**	**41,050**

Shareholders' equity increased during the period as a result of the profit of Euro 5.7 million, for the conversion of Atlas bonds for Euro 3.2 million and for the sale of minority portions of shares of subsidiaries for Euro 1 million.

Equity items are broken down according to origin, the potential for use, and availability for distribution:
- All of the share capital and legal reserve may only be used for covering losses.
- The entire amount of share premium may be used for capital increase, for covering losses, and may also be distributed among the shareholders.
- No revaluation reserves exist.
- There are no reserves or other provisions, which, in case of distribution, contribute to form the Company's taxable income, regardless of the period of creation.
- There are no reserves or other provisions, which, in case of distribution, do not contribute to form the corporate

taxable income, regardless of the period of creation.

- There are no reserves or other provisions incorporated in the share capital.

2.8.11 POST-EMPLOYMENT BENEFITS AND PROVISIONS FOR RISKS AND CHARGES

The item is broken down as follows.

Post-employment benefits and Provisions for risks and charges			
(Euro thousands)	**30/06/2017**	**31/21/2016**	**Change**
Provision for post-employment benefits	**434**	**416**	**18**
Provision for tax risks and charges	77	77	0
Other provisions	2	2	0
PROVISION FOR RISKS AND CHARGES	**79**	**79**	**0**
within 12 months	79	79	0
TOTAL PROVISION FOR RISKS AND CHARGES	**79**	**79**	**0**

Changes in Post-employment benefits and Provisions for risks and charges				
(Euro thousands)	**31/21/2016**	**allocations**	**uses**	**30/06/2017**
Provision for post-employment benefits	416	42	(24)	434
Provision for tax risks and charges	77			77
Other provisions	2			2
TOTAL	**495**	**42**	**(24)**	**513**
beyond 12 months	416			434
within 12 months	79			79
TOTAL	**495**			**513**

As regards the risks related to ongoing disputes, not reflected among the Risks Provisions as the risk of an unfavourable outcome is not considered probable and/or the amount cannot be determined, the following is noted:

Clan Celentano S.r.l.

As regards the dispute against Clan Celentano S.r.l., which convened Mondo TV S.p.A. before the Court of Milan in relation to alleged breaches and termination of a contract stipulated between the parties for the realization of a TV cartoon series with the provisional title “Adrian”, Mondo TV S.p.A. appeared as a defendant and challenged all of the plaintiff’s claims. It filed a counterclaim for an overall amount of Euro 1,887 thousand.
On 16 April 2013, the expert witness (CTU) was appointed, whose technical report was filed at the end of 2013; the outcome is substantially unfavourable with regard to the claim for compensation formulated by Mondo TV S.p.A.
At the hearing on 13 May 2014, Clan Celentano S.r.l. reported to have found an agreement with Sky, on the channels of which the series was to air, in order to interrupt the contract between Sky and Clan Celentano, and requested to produce copy of said agreement.
Mondo TV opposed and the Court reserved a decision adjourning the proceedings to the hearing of 11 November 2014. At that hearing, the Judge admitted the filing of the transaction and adjourned the proceedings for final judgement to 16 February 2016.
Said hearing was adjourned for the same incumbents until 19/07/2016.

At the hearing on 19/07/2016, both parties specified their respective conclusions.

Clan Celentano S.r.l. quantified for the first time the amount of its claims, which include, *inter alia*, the reimbursement of the amount already paid to Mondo TV, or Euro 500 thousand, taking into account the Euro 250 thousand of the surety already collected, as well as damages to be paid of not less than Euro 14 million.
As regards the quantification of the damage formulated by the adversary, pleaded is its lateness and demonstrability and the existence of the contractual limitation that provides, for any damages of any kind (whether of emerging damage or of loss of profit) caused, the limit of the amount equal to the amount received in payment/paid during the execution of the contract, increased by 50% (fifty percent).

On 17/5/2017, the Court of Milan, in collegial composition, closed the first-instance of the judgement against Clan Celentano S.r.l. with a sentence that rejected the claim made by Mondo TV against the counterparty.

The rejection of the claim of Mondo TV is accompanied by the partial acceptance of the claims made by Clan Celentano against Mondo TV; in particular, against a claim that can be quantified for approximately Euro 14 million, Mondo TV was sentenced to pay to Clan Celentano the sum of Euro 750,000 plus interest and monetary revaluation (plus ancillary expenses such as legal fees).

The entire expense of the sentence ruled by the Court of Milan has been included in this half-year financial report. At the date of formation of this report, the same obligation was fulfilled by full payment.

Pegasus Distribuzione S.r.l.

The second dispute was against Pegasus Distribuzione S.r.l., which requested the condemnation of the Company, to pay a total amount of Euro 463 thousand for reimbursement of costs incurred for the purchase of products in relation to two sale contracts, and reimbursement of the missed quantifiable gain from a minimum of Euro 101 thousand to a maximum of Euro 169 thousand, in addition to damage to image. With the first-instance ruling on 21 January 2010, the Court of Rome rejected the petition of Pegasus Distribuzione, which challenged the aforementioned ruling. The proceedings were adjourned to 23 April 2014: no one appeared at said hearing and the proceedings were further adjourned.
The appeal sentence of 21 June 2017 definitively rejected the request of Pegasus and ordered it to pay the costs of the proceedings.

2.8.12 TRADE PAYABLES AND FINANCIAL PAYABLES

The breakdown of the Group's payables, classified by type and by due date, is reported in the tables below.

Breakdown of non-current financial payables

(Euro thousands)	**30/06/2017**	**31/21/2016**	**Change**
Payables due to banks	520	580	(60)
Atlas convertible bonds	3,750	0	3,750
Total	**4,270**	**580**	**3,690**

Breakdown of trade payables

(Euro thousands)	**30/06/2017**	**31/21/2016**	**Change**
Due to suppliers	8,275	9,059	(784)
Due to tax authorities for tax other than income tax	217	260	(43)
Other payables	3,227	2,384	843
Total trade payables	**11,719**	**11,703**	**16**

Payables due to suppliers mainly refer to the provision of services necessary for the production and sale of film rights, as well as to the activities performed by consultants to the benefit of the Group.

Breakdown of tax liabilities relating to tax other than income tax

(Euro thousands)	**30/06/2017**	**31/21/2016**	**Change**
VAT payables	4	19	(15)
Payables for withholding tax on third-party remuneration	213	241	(28)
Total liabilities due to tax authorities for tax other than income tax	**217**	**260**	**(43)**

Breakdown of other payables

(Euro thousands)	**30/06/2017**	**31/21/2016**	**Change**
Payables for wages, salaries and fees	435	201	234
Due to social security institutions	335	347	(12)
Advances from customers	200	150	50
Advances from coproducers	1,863	1,558	305
Other payables	394	128	266
Total other payables	**3,227**	**2,384**	**843**

The item “Advances from customers”, mainly relating to Mondo TV France S.A., includes amounts invoiced for advances provided for by contract based on the progress made in the production of animated cartoons.

The item “Advances from coproducers” is mainly represented by the advances received in relation to the animated series being produced. For further information, reference is made to the section Receivables due from Others of these notes.

As for financial payables, the breakdown is shown in the table below.

Breakdown of current financial payables

(Euro thousands)	**30/06/2017**	**31/21/2016**	**Change**
Bank overdrafts	2,199	2,095	104
Total	**2,199**	**2,095**	**104**

Bank overdrafts relate almost entirely to lines of disposal of invoices by the Parent Company.

2.8.13 OTHER LIABILITIES

The item “Other liabilities” refers to deferred income, i.e. portions of revenue for royalty rights invoiced at the end of the period but deemed, pursuant to the revenue recognition principle adopted, to accrue in future years since the relevant media have not been delivered yet.
They amount to Euro 2.0 million as at 30 June 2017 compared to Euro to 3.5 million as at 31 December 2016. They refer in their entirety to advances from customers and clients.

2.8.14 TAX POSITION

The tax periods for which Parent is still liable to audit by tax authorities are those from 2012 onward as concerns direct taxes and VAT.

In the year 2014, the Parent was subject to a tax audit on the year 2010 conducted by the Tax Police Squad of the Guardia di Finanza of Rome at the conclusion of which on 31 July 2014, it was notified the final Notice of Assessment.
The formal notice of assessment highlighted several findings among which we note, by size, the alleged requalification, from a fiscal point of view, of the shareholder loans granted in 2010 and subsequent years: precisely the examination of this accounting item prompted the verifier unit to extend the tax audit also to the following years (2011 and 2012), limited to said item.

In relation to 2010, the Company received two assessment notices on 9 October 2015:

- The first notice refers to IRES for 2010. The higher tax ascertained amounted to Euro 1.1 million plus interest and penalties of the same amount and refers, at least in the main notice, to the non-declaration of positive elements for about Euro 4 million.
  The Company, while not agreeing in any way with the findings submitted, presented on 25 November 2015 application for tax settlement only to reset the amount due by separating the tax losses of the year 2005 that can no longer be carried forward. On 18 February 2016, the act of adhesion was signed at the offices of the Revenue Agency of Rome 1, by means of which the assessment was defined, which therefore closed without any charge for Mondo TV S.p.A.

- The second notice of assessment refers to IRAP and VAT for the year 2010. The higher IRAP ascertained is equal to Euro 0.2 million plus interest, while the higher VAT ascertained is equal to approximately Euro 0.8 million plus interest. The penalties amount to approximately Euro 1.2 million.
  The Company filed an appeal against the notice of assessment on 2 December 2015, filing at the Provincial Tax Commission of Rome on 23 December 2015 contesting both for IRAP purposes the main finding consisting in the non-declaration of positive components for about Euro 4 million and for VAT purposes the non-declaration, invoicing and recording of taxable transactions for about Euro 4 million.

In relation to the year 2011, on 20 December 2016, the Revenue Agency notified assessment notices to the Parent Company:

- The first notice refers to VAT and IRAP; the higher VAT ascertained amounts to Euro 536 thousand plus interest, while the penalties amount to Euro 603 thousand; no higher was IRAP ascertained.
  On 16 February 2017, the Company filed an appeal against the notice of assessment notified to the Revenue Agency.

- The second notice refers to IRES for 2011; the higher IRES ascertained amounts to Euro 724 thousand plus interest, while the penalties amount to Euro 651 thousand.
  For this second notice, the Company submitted a request for recalculation for deduction of losses and reduction of sanctions.

In July, the provincial tax department of Rome fully accepted the appeal filed by the Company against the assessment notices related to 2010; thus, the Company's first-instance judgement has been concluded positively.
In the grounds on which the appeal was upheld, the Tax Commission substantially confirmed the position of the Board of Directors of the Company that considered the hypothesis of losing "scarcely probable" and therefore did not proceed with any provision in the annual financial report as at 31 December 2016 in relation to the above position. In light of the foregoing, there are no direct effects in the financial statements of the sentence of the Provincial Tax Commission mentioned.

In consideration of the lack of any basis in the judgement of the findings contained in the Formal Notice of Assessment (PVC) of the Guardia di Finanza as reported slavishly by the Revenue Agency in the consequent Notices of Assessment notified, the Directors also comforted by the judgement of specially appointed consultants deem scarcely likely that the Company may lose in this dispute, and therefore, consistent with the assessments made in the annual financial report as at 31 December 2016, no provision was made in the half-year financial report as at 30 June 2017.

2.8.15 CONTINGENT LIABILITIES

Directors believe that there are no significant contingent liabilities that must be described in this commentary other than those recognised in paragraph 2.8.11 relative to the Provision for Risks and Charges and paragraph 2.8.14 relative to Tax position.

2.8.16 COMMITMENTS

Commitments undertaken by the Group and not recognised under payables or provisions for risks and charges refer to:

- a guarantee of Euro 300 thousand issued by Confartigianato Fidi in favour of Veneto Banca for a short term credit line to be used as a self-liquidating loan;
- a guarantee of Euro 162 thousand issued by Banca Popolare dell'Emilia Romagna in favour of SIMEST.

2.8.17 REVENUES FROM SALES AND OTHER OPERATING REVENUES

Revenue from sales and services			
(Euro thousands)	**HY1 2017**	**HY1 2016**	**Change**
Revenue from sales of rights	1,910	5,364	(3,454)
Revenue from licensing	10,585	327	10,258
Revenue from production services	2,683	5,737	(3,054)
Other income	0	79	(79)
Total	**15,178**	**11,507**	**3,671**

Compared to the corresponding period of 2016, the increase in revenues from sales and services amounted to Euro 3.7 million in absolute value and about 32% in percentage terms mainly due to the increase in revenues from licensing exploitation.

2.8.18 OTHER REVENUES

Other revenues amounted to Euro 0.2 million (Euro 0.1 million in the corresponding period of 2016).

2.8.19 CAPITALISATION OF INTERNALLY PRODUCED SERIES

The Group produces animated series in-house, incurring, in addition to external costs of direction, screenplay, animation studies and music, the internal costs as well, concerning both the pre-production and post-production phases. These costs are recognised and attributed to the series in progress. Directors recognise the series produced in-house as assets in the statement of financial position when they satisfy the definition of intangible assets in compliance with IAS 38.
The Group capitalises these costs only when the costs incurred for the production of animated series refer to the development phase: until then, expense incurred is recognised in profit or loss.
The capitalization of the animated series realized internally involves the capitalization of the costs incurred by the Parent Company for an amount of approximately Euro 0.5 million.
The capitalised costs consist of approximately Euro 0.3 million in labour costs and of approximately Euro 0.2 million in operating costs due to third parties.

2.8.20 RAW MATERIALS, CONSUMABLES AND GOODS

This item is substantially stable compared to HY1 2016.

2.8.21 PERSONNEL COSTS

The breakdown of this item is specified in the table below.

Personnel costs		
(Euro thousands)	**HY1 2017**	**HY1 2016**
Salaries and wages	1,211	838
Social security costs	318	226
Post-employment benefits	42	35
Total	**1,571**	**1,099**

Labour costs grow compared to HY1 2016 for the increase in the number of staff, especially with regard to Mondo TV Iberoamerica and the Parent Company.
The Group's human resources are detailed by category in the table below.

Group's human resources (average figure)		
	30/06/2017	**31/21/2016**
Workers and Middle Management	37	32
Executives	4	4
Total	41	36

2.8.22 DEPRECIATION, AMORTISATION AND IMPAIRMENT

The breakdown of the item is shown below:

Breakdown of depreciation, amortisation and impairment			
(Euro thousands)	**HY1 2017**	**HY1 2016**	**Change**
Proprietary rights	1,521	1,105	416
Temporary licenses	1,002	1,282	(280)
Other intangible assets	0	7	(7)
Sub-total of intangible assets	***2,523***	***2,394***	***129***
Sub-total of tangible assets	***52***	***66***	***(14)***
Total depreciation, amortisation and impairment	**2,575**	**2,460**	**115**

Depreciation and amortisation were substantially stable in HY1 2017 compared to HY1 2016.
The lower amortization of temporary licenses has in fact been offset by higher amortization of property rights.
As of 1 January 2016, the amortization of rights is on a straight-line basis over a period of 7 years, in order to implement the amendments to IAS 16 that no longer allow for a revenue-based amortization method.
For further details and information, reference is made to the related section of the balance of these notes.

2.8.23 OTHER OPERATING COSTS

The item “Other operating costs” is broken down in the table below.

Other operating costs			
(Euro thousands)	**HY1 2017**	**HY1 2016**	**Change**
Production costs	610	619	(9)
Marketing and commercialisation costs	285	293	(8)
Consulting services	114	369	(255)
Remuneration to corporate bodies	131	249	(118)
Other services	829	843	(14)
Service costs	**1,969**	**2,373**	**(404)**
Equipment hire and rents	225	303	(78)
Costs associated with leased assets	**225**	**303**	**(78)**
Sundry operating costs	**944**	**348**	**596**
Total	**3,138**	**3,024**	**114**

Operating costs increased by Euro 0.1 million compared to the same period in 2016, mainly as a result of lower consultancy costs and higher operating expenses, which included the expense of Euro 750 thousand related to the first-instance judgement relating to the dispute with Clan Celentano. For further information, reference is made to the section on legal disputes contained in the report on operations and in this note.

2.8.24 FINANCIAL INCOME AND EXPENSES

The table below provides a breakdown of financial income and expenses.

Financial income and expenses			
(Euro thousands)	**HY1 2017**	**HY1 2016**	**Change**
Financial expenses			
Bank interest	(86)	(72)	(14)
Bank fees	(30)	(83)	53
Other financial expenses	(158)	0	(158)
sub total financial expenses	*(274)*	*(155)*	*(119)*
Exchange rate gains and losses			
Exchange rate gains	0	101	(101)
Exchange rate losses	(945)	(162)	(783)
sub total exchange rate gains and losses	*(945)*	*(61)*	*(884)*
imp/reval investments	*0*	*0*	0
TOTAL	**(1,219)**	**(216)**	**(1,003)**

In HY1 2017, net financial expenses amounted to Euro 1,219 thousand, compared to net financial expenses of Euro 216 thousand in HY1 2016; the change is mainly due to the adjustment of the exchange rate of trade receivables and payables in US Dollar as a result of the significant devaluation of said currency in the HY.

Other financial expenses include the interest recognized by Clan Celentano as a result of the first-instance judgement.

2.8.25 TAXES

The breakdown is shown in table below.

Breakdown of taxes			
(Euro thousands)	**HY1 2017**	**HY1 2016**	**Change**
Previous years' taxes	**0**	**0**	**0**
Current taxes	**(659)**	**(639)**	**(20)**
Changes in tax rate	0	0	0
Prepaid taxes of previous years recognised in profit or loss	(1,146)	(1,084)	(62)
Deferred tax liabilities of previous years recognised in profit or loss	0	0	0
Deferred tax assets for the year	430	0	430
Deferred tax liabilities for the year	(46)	0	(46)
Prepaid (deferred) taxes	**(762)**	**(1,084)**	**322**
Taxes for the year	**(1,421)**	**(1,723)**	302
IRES (Corporate Income Tax)	(1,110)	(1,355)	245
IRAP (Regional Business Tax)	(343)	(260)	(83)
Taxes foreign subsidiaries	32	(108)	140
Taxes for the year	**(1,421)**	**(1,723)**	**302**

2.8.26 DIVIDEND DISTRIBUTION

There was no dividend distribution or distribution resolution in the HY.

2.8.27 EARNINGS (LOSS) PER SHARE

Basic earnings per share attributable to the Parent's shareholders are obtained by dividing the profit (or the loss) by the number of shares.

	30 June 2017	**30 June 2016**
Average of the shares of the period	29,180,876	27,037,997
Net profit (loss) (Euro thousands)	5,721	3,436
Earnings (loss) per share (basic and diluted)	**0.1961**	**0.1271**

The diluted earnings (loss) per share as at 30 June 2017 correspond to the basic earnings per share since there is no dilution effect.

2.8.28 INFORMATION ON THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of trade receivables and other financial assets, of trade and other payables and of other financial liabilities, recorded under the "current" items of the statement of financial position and measured using the amortised cost method, does not diverge from the carrying amounts of the consolidated half-year financial report as at 30 June 2017 since it mainly refers to assets underlying commercial dealings which are expected to be settled in the short term.

Non-current financial assets and liabilities are settled at market rates and therefore their fair value is essentially deemed to be in line with the current market value. Therefore, there are no differences between their fair value and their carrying amount.

2.8.29 ATYPICAL OR UNUSUAL TRANSACTIONS

Pursuant to Consob Communication DEM/6064293 of 28/07/2006 "Disclosure for listed issuers and issuers of financial instruments widely distributed among the public pursuant to art. 116 of the Consolidated Finance Act (TUF, Testo Unico sulla Finanza) – Requirements pursuant to article 114, paragraph 5, of Legislative Decree 58/98", it is noted that:

- no non-recurring transactions or non-recurring events, or transactions or events that do not recur frequently in the normal performance of operations took place;
- no atypical and/or unusual transactions were carried out.

2.8.30 ANALYSIS OF FINANCIAL RISKS (IFRS 7)

For the analysis of financial risks, reference is made to the report on operations prepared by the Directors of the Company.

2.8.31 SIGNIFICANT EVENTS AFTER HY END

For the analysis of significant events after HY end, reference is made to the report on operations prepared by the Directors of the Parent Company.

On behalf of the Board of Directors of Mondo TV S.p.A.
Chief Executive Officer

____

(Matteo Corradi)

3. ANNEXES

3.1 CORPORATE BODIES AND COMMITTEES OF THE PARENT

Board of Directors[1]

Chairman
Orlando Corradi
Chief Executive Officer
Matteo Corradi
Directors
Monica Corradi
Marina Martinelli[2]
Francesco Figliuzzi[3]
Carlo Marchetti

Internal Control Committee

Chairman
Francesco Figliuzzi
Members
Marina Martinelli

Remuneration Committee

Chairman
Marina Martinelli
Members
Francesco Figliuzzi

Investor Relator

Matteo Corradi

Board of Statutory Auditors[4]

Marcello Ferrari (Chairman)
Adele Barra
Vittorio Romani

Independent Auditors[5]

BDO Italia S.p.A.

Sponsor and Specialist

Intermonte

[1] In office until the approval of the financial statements as at 31 December 2017
[2] Independent Director
[3] Independent Director
[4] In office until the approval of the financial statements as at 31 December 2019
[5] Assignment for nine financial years, until the approval of the financial statements as at 31 December 2023

3.2 POWERS AND CORPORATE GOVERNANCE

Powers

Mondo TV S.p.A. appointed as the Chief Executive Officer Matteo Corradi, with all the powers for the ordinary and extraordinary administration of the Company, excluding only those that are strictly reserved to the Board of Directors by law, as well as the transactions having a significant impact in terms of performance, financial position and cash flows, and all transactions with related parties.

Corporate Governance

The Corporate Governance system, still being implemented, is inspired by the recommendations provided by the relevant committee of listed companies that drafted the Corporate Governance Code as well as by the subsequent legal provisions on the governance of listed companies.
The Company is directed by a ***Board of Directors*** currently consisting of 6 members, as resolved by the Shareholders' Meeting of 30 April 2015.
Mondo TV S.p.A.'s Board of Directors is the body responsible for defining the strategic, organisational, and operational policies, as well as verifying the existence and adequacy of the control systems necessary to assess the performance of the Parent and of the subsidiaries. In particular, the Board of Directors:

- delegates powers and duties to the Directors and revokes them;
- determines, having consulted the Board of Statutory Auditors, and at the proposal of the Remuneration Committee, the Directors' remuneration in conformity with art. 2389 of the Italian Civil Code par.3;
- examines and approves the strategic plans of the subsidiaries and the corporate structure of the Group;
- supervises whether operations are properly conducted and specifically approves the transactions of particular interest in terms of performance and financial position;
- assesses whether the general organisational and administrative structure is adequate;
- supervises in particular any actual or potential conflict of interest and the transactions with related parties;
- reports to the shareholders in the Shareholders' Meeting.

The Articles of Association in force reserve to non-controlling interests the right to appoint a Director.

The Board of Directors is quorate when the absolute majority of the Directors in office is present, and resolutions are passed with the favourable vote of the majority of those present. In case of a tie vote, the chairman of the meeting shall cast the deciding vote.
The Board of Directors' meeting of 12 May 2015 appointed both the Internal Control Committee and the Remuneration Committee.

The duties of the ***Internal Control Committee*** are as follows:

- assess the adequacy of the Company's internal control procedures;
- examine and select the proposals from Auditing Firms to be appointed as Independent Auditors, submitting a recommendation to the Board;
- submit every six months a report to the Board on its work and the internal control proposals resolved upon;
- engage in all relationships with the Independent Auditors and perform any other duty delegated to it for that purpose by the Board of Directors.

The duties of the ***Remuneration Committee*** consist in making proposals on the remuneration of the members of the Board of Directors.
All members of the Control Committee and of the Remuneration Committee are non-executives, and are also independent pursuant to the Corporate Governance Code.

The Chairman and the Chief Executive Officer define the remuneration of subordinates within the scope of their delegated powers.
The Chairman of the Board of Directors is responsible for calling the board's meetings, setting their agenda beforehand, coordinating the activities of the Board, and chairing the meetings.

During the formal and informal Board of Directors' meetings, the Chairman ensures that each member of the Board of Directors and of the Board of Statutory Auditors has as much information as possible on the Company's operations and, in particular, on the Chairman activities in carrying out his duties.
During each meeting, the Board of Directors appoints, from time to time, a minute taker.

In accordance with the Articles of Association, the ***Board of Statutory Auditors*** consists of three standing auditors and of two alternate auditors appointed by the Shareholders' Meeting, which also establishes their remuneration.
The Articles of Association in force reserve to the non-controlling interest the right to appoint a standing auditor and an alternate auditor.
The board is appointed through the presentation of lists. Those shareholders who, alone or together with others, represent at least 2% of voting rights, have the right to present lists.
The lists presented must be deposited along with the curricula vitae of the candidates at the registered office at least ten days before the date scheduled for the Shareholders' Meeting on first call.
The statutory auditors are aware that they must:

- act autonomously and independently also when dealing with the shareholders who appointed them;
- work only in the Company's interests;
- monitor how the Board of Directors manages the Company;
- coordinate with the Independent Auditors and the Internal Control Committee.

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting of 29 April 2017 and will remain in office until the Shareholders' Meeting that will approve the financial statements as at 31 December 2019.

The ***Investor Relations*** department, currently headed by the Board Member Matteo Corradi, was set up to facilitate the dialogue between the Company, shareholders and institutional investors.
The same Director is also specifically responsible for ensuring that the documents and information regarding the Company, in particular those that are price sensitive, are disclosed to the public in compliance with the instructions provided by CONSOB with regulation 11971 and by Borsa Italiana.

At least every six months, the Company arranges meetings with the financial community, during which it illustrates the results obtained and its future strategies, and it holds bilateral meetings with institutional investors whenever requested.

In the period from 1 January to 29 September 2017, the Board of Directors met 5 times. The Articles of Association do not provide for a minimum frequency of the Board of Directors' meetings. The delegated bodies have reported to the Board of Directors during the aforementioned meetings and in any case with the minimal quarterly frequency required by the Corporate Governance Code. The Directors were informed on the items on the agenda with sufficient prior notice.

The current Board of Directors of Mondo TV S.p.A. will remain in office until the approval of the financial statements as at 31 December 2017, as resolved by the Shareholders' Meeting of 30 April 2015.

On 28 March 2008, the Parent's Board of Directors also implemented an organisational model pursuant to Legislative Decree 231/2001, which governs the administrative liability of legal entities, companies and associations, and indicates the rules and procedures to be complied with while carrying out the Company's operations for a more correct and efficient management, also with the aim of relieving the Company from any liability under the aforementioned law. The organisational model requires the adoption of a code of ethics, which is available on the Company's website. A Supervisory Body, consisting of three members of the Parent's Board of Directors, verifies the execution and implementation of the model.

3.3 CORPORATE BODIES OF THE SUBSIDIARIES

Mondo TV Suisse S.A.	Board of Directors Yvano Dandrea (Chair) Valentina La Macchia Paolo Zecca Matteo Corradi Alexander Manucer
Mondo TV Toys S.A.	Board of Directors Yvano Dandrea (Chair) Valentina La Macchia Carlo Marchetti Matteo Corradi
Mondo France S.A.	Directors Matteo Corradi (Chair) Eve Baron Carlo Marchetti Feliciana Gargano
Mondo TV Iberoamerica S.A.	Jesus Timoteo Maria Bonaria Fois Matteo Corradi Carlo Marchetti Patricia Motilla José Ramon
Mondo TV Producciones Canarias S.L.U.	Maria Bonaria Fois Matteo Corradi Enrico Martinis

3.4 LIST OF THE EQUITY INVESTMENTS IN THE SCOPE OF CONSOLIDATION

All the equity investments listed below were consolidated line-by-line.

List of the equity investments held as at 30/06/2017

Company Name	**Mondo TV Suisse S.A.**
Registered Office	Lugano (Switzerland)
Share capital	CHF 100,000
Equity as at 31/21/2016	CHF 432,006
Profit (loss) for the year 2016	CHF 18,874
Ownership interest	63%

Company Name	**Mondo TV France S.A.**
Registered Office	Paris (France)
Share capital	Euro 1,100,000
Equity as at 31/21/2016	Euro 1,477,187
Profit (loss) for the year 2016	Euro (558,273)
Ownership interest	30%

Company Name	**Mondo TV Iberoamerica S.A.**
Registered Office	Madrid (Spain)
Share capital	Euro 500,000
Equity as at 31/21/2016	Euro 1,020,827
Profit (loss) for the year 2016	Euro 425,222
Ownership interest	73.5%

Company Name	**Mondo TV Producciones Canarias S.L.U.**
Registered Office	Tenerife (Spain)
Share capital	Euro 3,006
Equity as at 31/12/2015	Euro 91,889
Profit (loss) for the year 2015	Euro 88,883
Ownership interest	73.5% (indirect investment)

Company Name	**Mondo TV Toys S.A.**
Registered Office	Lugano (Switzerland)
Share capital	CHF 100,000
Equity as at 31/21/2016	Euro (106,680)
Profit (loss) for the year 2016	Euro (206,680)
Ownership interest	100%

3.5 LIST OF RELATED PARTIES

Trilateral Land S.r.l.	Company managed or owned by a related party
Orlando Corradi	MTV Controlling shareholder - Director
Matteo Corradi	Director MTV, MFR, MIBEROAMERICA, MTV TOYS
Monica Corradi	MTV Director
Riccardo Corradi	Son of Orlando Corradi
Giuliana Bertozzi	Wife of Orlando Corradi
Francesco Figliuzzi	MTV Director
Marina Martinelli	MTV Director
Carlo Marchetti	Director MTV and MFR, MTV IBEROAMERICA, MTV TOYS

4. FINANCIAL STATEMENTS OF THE PARENT MONDO TV S.P.A.

4.1 STATEMENT OF FINANCIAL POSITION AS AT 30/06/2017

(Euro thousands)	**30/06/2017**	**31/12/2016**
Non-current assets		
- Intangible rights	*31,452*	*27,473*
- Other intangible assets	*2*	*1*
Intangible assets	31,454	27,474
Tangible assets	211	241
Equity investments	1,941	1,419
Deferred tax assets	3,844	4,622
Financial receivables	4,558	2,787
	42,008	**36,543**
Current assets		
Trade receivables	36,354	30,105
Financial receivables	139	134
Tax assets	3,473	4,026
Other assets	350	272
Cash and cash equivalents	3,942	1,380
	44,258	**35,917**
Total assets	**86,266**	**72,460**
- Share capital	*14,820*	*14,361*
- Share premium	*24,504*	*21,213*
- Legal reserve	*2,642*	*2,642*
- Other reserves	*7,123*	*5,806*
- Retained earnings	*10,448*	*2,009*
- Profit (loss) for the year	*6,096*	*8,644*
Total equity	**65,633**	**54,675**
Non-current liabilities		
Provision for post-employment benefits	434	415
Provisions for risks and charges	762	762
Deferred tax liabilities	269	223
Financial payables	4,270	580
	5,735	**1,980**
Current liabilities		
Provisions for risks and charges	29	29
Trade and other payables	11,710	11,049
Financial payables	1,169	1,245
Payables for direct taxes	0	0
Other liabilities	1,990	3,482
	14,898	**15,805**
Total liabilities	**20,633**	**17,785**
Total liabilities + equity	**86,266**	**72,460**

4.2 INCOME STATEMENT HY1 2017

Income Statement

(Euro thousands)	**HY1 2017**	**HY1 2016**
Revenue from sales and services	14,364	9,926
Other income	143	50
Capitalisation of internally produced animated series	480	583
Raw materials, consumables and goods	(44)	(48)
Personnel costs	(952)	(698)
Amortisation and impairment of intangible assets	(2,153)	(2,267)
Depreciation and impairment of tangible assets	(46)	(57)
Allowance for doubtful debts	(515)	(200)
Other operating costs	(2,605)	(2,201)
EBIT	**8,672**	**5,088**
Net finance income (expenses)	(1,122)	(160)
Profit (loss) of the period before tax	**7,550**	**4,928**
Income tax expense	(1,454)	(1,615)
Net profit (loss) for the period	**6,096**	**3,313**

4.3 STATEMENT OF CHANGES IN EQUITY

Changes in equity HY1 2016

(Euro thousands)	Share capital	Legal reserve	Retained earnings (losses)	Share premium	Other reserves	Profit (loss) for the year	Total equity
Financial Statements as at 31/12/2015	**13,212**	**2,642**	**1,470**	**12,563**	**5,978**	**3,005**	**38,870**
Transactions with shareholders recognised in equity:							
GEM capital increase	613	-	-	4,687	(638)	-	4,662
Dividends			(1,106)				(1,106)
Items of comprehensive income for the year:							-
Allocation of profit (loss) for the year 2015	-	-	2,494		511	(3,005)	-
Disposal of shares of subsidiaries					145		145
Result for the period	-	-	-	-	-	3,313	3,313
Financial Statements as at 30/06/2016	**13,825**	**2,642**	**2,858**	**17,250**	**5,996**	**3,313**	**45,884**

Changes in equity HY1 2017

(Euro thousands)	Share capital	Legal reserve	Retained earnings (losses)	Share premium	Other reserves	Profit (loss) for the year	Total equity
Financial Statements as at 31/21/2016	**14,361**	**2,642**	**2,009**	**21,213**	**5,806**	**8,644**	**54,675**
Transactions with shareholders recognised in equity:							
Atlas capital increase	459	-	-	3,291	(600)	-	3,150
Items of comprehensive income for the year:							
Allocation profit FY 2016	-	-	8,439	-	205	(8,644)	-
Disposal of shares of subsidiaries					1,712		1,712
Result for the period	-	-	-	-	-	6,096	6,096
Financial Statements as at 30/06/2017	**14,820**	**2,642**	**10,448**	**24,504**	**7,123**	**6,096**	**65,633**

4.4 STATEMENT OF CASH FLOWS

Statement of cash flows		
(Euro thousands)	**HY1 2017**	**HY1 2016**
A. OPENING CASH AND CASH EQUIVALENTS	1,380	1,656
Result for the period	6,096	3,313
Depreciation, amortisation and impairment	2,714	2,524
Net change in provisions	19	(653)
Cash flow from (used in) operating activities before changes in working capital	8,829	5,184
(Increase) decrease in trade and other receivables	(6,764)	(347)
(Increase) decrease in tax assets	1,331	2,076
(Increase) decrease in other assets	(78)	(53)
Increase (decrease) in trade payables	661	(2,790)
Increase (decrease) in tax liabilities	46	0
Increase (decrease) in other liabilities	(1,492)	1,599
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	2,533	5,669
(Acquisition) / Disposal of		
- Intangible assets	(6,133)	(6,884)
- Tangible assets	(16)	(32)
- Financial assets	(522)	(491)
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	(6,671)	(7,407)
Changes in capital	4,862	3,701
(Increase) decrease in financial receivables and securities	(1,776)	(1,233)
Increase (decrease) in financial payables	3,614	0
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	6,700	2,468
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	2,562	730
F. CLOSING CASH AND CASH EQUIVALENTS	3,942	2,386

4.5 NET FINANCIAL POSITION

Net financial position		
(Euro thousands)	**30/06/2017**	**31/21/2016**
Cash and cash equivalents	3,942	1,380
Securities readily convertible into cash	-	-
Short-term financial receivables	139	134
Short-term financial payables	(1,169)	(1,245)
Short-term payables to shareholders	0	0
Short-term net financial position (debt)	**2,912**	**269**
Long-term financial receivables	4,558	2,787
Atlas convertible bonds	(3,750)	0
Medium/long-term portion of loans payable	(520)	(580)
Medium/long-term net financial position (debt)	**288**	**2,207**
Net financial position	**3,200**	**2,476**

Certification of the condensed half-year consolidated financial statements as at 30 June 2017 in compliance with article 154-*bis*, paragraph 5 of Legislative Decree no. 58/1998 as subsequently amended and supplemented

1. The undersigned Matteo Corradi and Carlo Marchetti, in their respective capacities as CEO and Financial Reporting Manager of Mondo TV S.p.A. (the "**Company**" or the "**Issuer**") certify, also taking into account the provisions of art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree 24 February 1998, no. 58:

- the adequacy in relation to the characteristics of the Company, and
- the effective implementation of the administrative and accounting procedures for the preparation of the condensed half-year consolidated financial statements as at 30 June 2017.

2. No significant aspects have emerged.

3. It is also certified that:

3.1 the condensed half-year consolidated financial statements:

- have been prepared in accordance with the International Accounting and Financial Reporting Standards adopted by the European Commission pursuant to the European Parliament and Council Regulation (EC) 1606 of 19 July 2002 and in particular IAS 34 - Interim Financial Reporting, as well as the regulations implementing article 9 of Legislative Decree 38/2005;
- are consistent with the entries in accounting books and records;
- were drafted in compliance with art. 154-*ter* of the above-mentioned Italian Legislative Decree 58/1998 as subsequently amended and supplemented, provide a true and fair view of the financial position, financial performance and cash flows of the Issuer and of the companies included in the scope of consolidation.

3.2 The interim report on operations to the condensed half-year consolidated financial statements as at 30 June 2017 includes a reliable analysis of events occurred in HY1 and their incidence on the condensed half-year consolidated financial statements, as well as a description of the main risks and uncertainties to which the Group is exposed for the remaining six months of the year. The interim report on operations also contains a reliable analysis of disclosures on significant transactions with related parties.

This certification is also provided to the intents and purposes of art. 154-*bis*, par.2, of Italian Legislative Decree 58 of 24 February 1998.

29 September 2017

CEO	Financial Reporting Manager
Matteo Corradi	Carlo Marchetti