



Separate and Consolidated Interim Financial
Statements of Rai as at **30 June 2016**

**Interim
Financial Statements
as at 30 June 2016**



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Corporate Bodies

Board of Directors

Chairman	Monica Maggioni
Directors	Rita Borioni Arturo Diaconale Marco Fortis Carlo Freccero Guelfo Guelfi Giancarlo Mazzuca Paolo Messa Franco Siddi
Secretary	Nicola Claudio

Board of Statutory Auditors

	<i>until 23 June 2016</i>	<i>from 24 June 2016</i>
Chairman	Carlo Cesare Gatto	Biagio Mazzotta
Statutory Auditors	Domenico Mastroianni Maria Giovanna Basile	Anna Maria Magro Roberto de Martino
Alternate Statutory Auditors	Pietro Floriddia M.M. Assunta Protopapa	Pietro Floriddia M.M. Assunta Protopapa

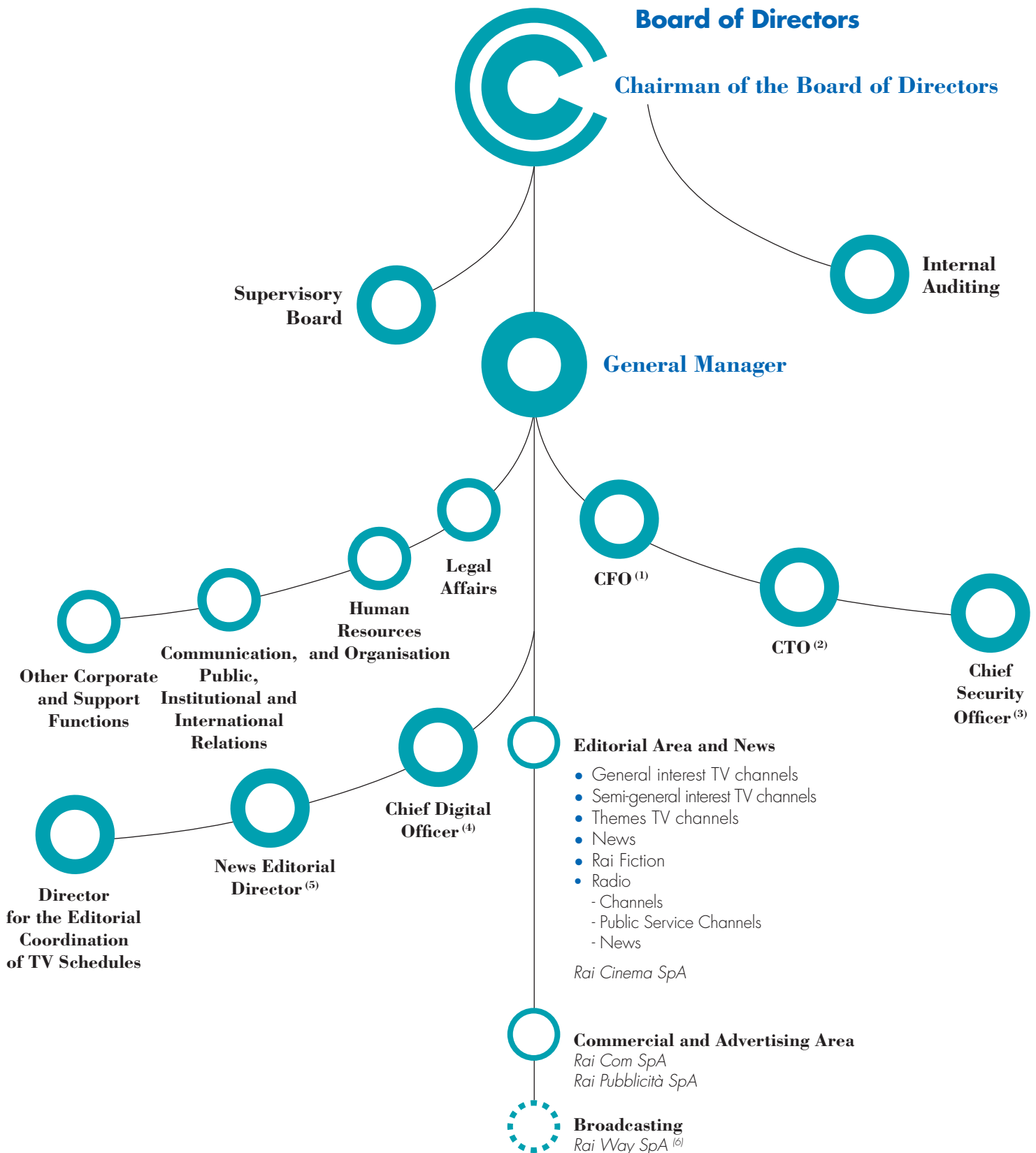
General Manager

Antonio Campo Dall'Orto

Independent Auditors

PricewaterhouseCoopers

Organisational Structure (chart)



⁽¹⁾ Strategic Planning and Management Control, Administration and Finance, Real Estate and Services, Coordination of Regional and Foreign Offices, Licence Fee, Tax Affairs, Regulatory and Methodological Support and PMO functions report to the Chief Financial Officer.

⁽²⁾ TV Production, Quality and Planning, Research and Technological Innovation Centre, Frequency Planning and Spectrum Management, Satellite Structure, ICT functions report to the Chief Technology Officer.

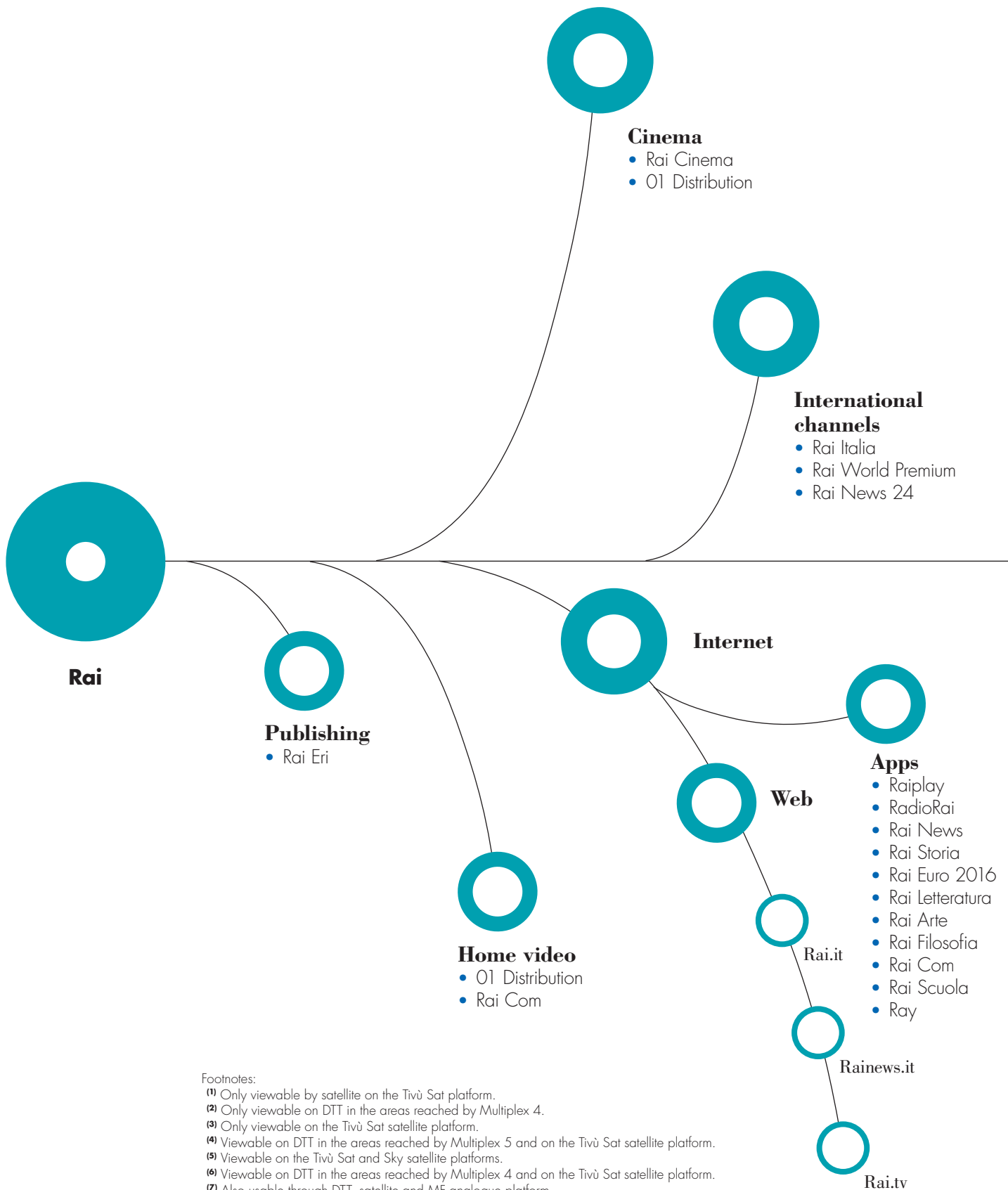
⁽³⁾ Security & Safety Functions report to the Chief Security Officer.

⁽⁴⁾ Digital Media, Teche Archives and Public Interest Services functions report to the Chief Digital Officer.

⁽⁵⁾ News programmes functions report to the News Editorial Director.

⁽⁶⁾ Listed since 19 November 2014. Although this Company is managed and coordinated by Rai, it operates autonomously, generating revenues from its clients and using its own expertise, technologies, human and financial resources.

Map of Rai's offer



Footnotes:

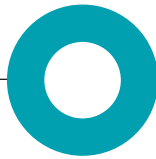
- (1) Only viewable by satellite on the Tivù Sat platform.
 (2) Only viewable on DTT in the areas reached by Multiplex 4.
 (3) Only viewable on the Tivù Sat satellite platform.
 (4) Viewable on DTT in the areas reached by Multiplex 5 and on the Tivù Sat satellite platform.
 (5) Viewable on the Tivù Sat and Sky satellite platforms.
 (6) Viewable on DTT in the areas reached by Multiplex 4 and on the Tivù Sat satellite platform.
 (7) Also usable through DTT, satellite and MF analogue platform.
 (8) Also usable through digital satellite.
 (9) All channels are available in DAB+ mode in the areas served and on the web.
 (10) TV and radio news are available on all broadcasting platforms.
 (11) All channels, excluding HD channels, are also viewable on the web.



Radio ⁽⁹⁾

- Rai Radio 1 ⁽⁷⁾
- Rai Radio 2 ⁽⁷⁾
- Rai Radio 3 ⁽⁷⁾
- Rai Isoradio ⁽⁷⁾
- Rai Gr Parlamento ⁽⁷⁾
- Rai Radio 4 Light ⁽⁸⁾
- Rai Radio 5 Classica ⁽⁷⁾
- Rai Radio 6 Teca
- Rai Radio 7 Live
- Rai Radio 8 Opera

Television ⁽¹¹⁾



General interest channels

- Rai 1
- Rai 2
- Rai 3
- Rai HD ⁽²⁾
- Rai 1 HD ⁽³⁾
- Rai 2 HD ⁽⁴⁾
- Rai 3 HD ⁽⁴⁾



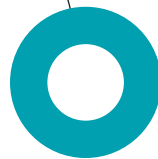
Semi-general interest channels

- Rai 4
- Rai 5 ⁽¹⁾
- Rai Movie ⁽¹⁾
- Rai Premium ⁽¹⁾
- Rai 4 HD ⁽⁵⁾
- Rai Movie HD ⁽¹⁾
- Rai Premium HD ⁽¹⁾



Themed channels

- Rai News 24
- Rai Storia
- Rai Scuola
- Rai Sport 1
- Rai Sport 1 HD ⁽⁶⁾
- Rai Sport 2
- Rai YoYo ⁽¹⁾
- Rai Gulp



News and Information ⁽¹⁰⁾

- TG1
- TG2
- TG3
- TGR
- Rai Parlamento
- Rai Sport
- Rai News 24
- Rainews.it
- Televideo
- Giornale RadioRai
- Gr Parlamento

Highlights

(in millions of Euros)

Rai SpA			Rai Group			
June 2016	June 2015	Change		June 2016	June 2015	Change
1,313.7	1,177.7	136.0	Revenues	1,405.2	1,250.7	154.5
(746.4)	(699.6)	(46.8)	Total external operating costs	(572.9)	(520.4)	(52.5)
(475.9)	(454.3)	(21.6)	Personnel cost	(531.1)	(500.6)	(30.5)
(1,222.3)	(1,153.9)	(68.4)	Total operating costs	(1,104.0)	(1,021.0)	(83.0)
(20.5)	(91.1)	70.6	Operating result	58.2	(15.9)	74.1
56.3	(19.1)	75.4	Result before tax	49.1	(27.5)	76.6
66.2	7.2	59.0	Result for the period	33.4	(25.2)	58.6
97.9	98.4	(0.5)	Investments in programmes	218.7	214.8	3.9
22.8	28.1	(5.3)	Technical investments	28.3	35.9	(7.6)
120.7	126.5	(5.8)	Total investments	247.0	250.7	(3.7)
Units						
8470	811.8	35.2	Equity	477.3	492.8	(15.5)
57.4	349.5	(292.1)	Net financial debt (liquidity)	128.5	362.4	(233.9)
(in units)						
11,143	10,902	241	Personnel as at 30 June (Permanent contracts)	12,351	12,077	274
695	884	(189)	Personnel as at 30 June (Fixed-term contracts)	749	958	(209)
11,838	11,786	52	Personnel as at 30 June (Permanent and Fixed-term contracts)	13,100	13,035	65

Introduction

The market in which Rai operates is highly competitive and constantly evolving. The entry of new operators, although not traditionally engaged in the publishing business, has led to an even more intense competition due to their substantial financial resources.

The main trends are summarised below: a constant advance in linear themed TV programmes and shrinking audiences for general interest networks; a rapid growth in non-linear OTT products, in which consumption is mostly driven by the use of mobile devices, particularly suitable for watching videos online and which is therefore mainly focused on younger age groups; the radio is still a medium which is in tune with technological evolution and thus also with the youngest target listeners: therefore, it is capable of generating important synergies with TV and digital media.

Against this background, in order to meet the challenges laid down by the competitive scenario and by the current positioning of the Group, in April 2016 Rai approved the 2016-2018 Business Plan, the main objective of which is the full development of Rai's role as a universal Public Service network.

In fact, Rai informs completely and pluralistically, talks about the country and contemporary reality, entertains all Italians, provides access to knowledge, disseminates digital culture and inclusion throughout the nation and promotes Italy abroad.

The Plan, which will be reviewed to meet the requirements laid down in the new Concession agreement, names three strategic objectives: a universal and unique Public Service offer; leadership in cross-platform audiences and economic and financial sustainability.

Rai is pursuing these objectives along the following growth paths: enhancing the central role of contents; rethinking the TV, Radio and Digital offer; transforming Rai into a Digital Media Company to connect Rai with all Italians; exploiting its industrial structure, which enables it to express its local roots.

In order to pursue these strategic objectives, Rai has started an in-depth renewal of its broadcasting policy, which will allow it to reach out universally, while retaining its audience leadership in the new digital and multi-platform scenario.

More specifically, Rai is gradually proceeding to strengthen the central role played by the generation of content, providing high quality programmes and making this Public Service more robust also by reviewing the mix of genres and their language. Furthermore, Rai will complete its transformation from a traditional broadcaster into a Digital Media Company reviewing the channels' concept and distribution models and working out a distinctive, personalisable digital range to bring a wide audience and allow efficient and universal access for anyone anywhere and at any time, both with the support of technology investments and through the introduction of production models and professional development suitable to the digital age.

We are taking effective measures on two fundamental enabling factors in order to make it possible for this change of gear in generating and distributing content:

- the rationalisation of the company's industrial structure to make better use of in-house expertise, also through greater specialisation and increased efficiency and flexibility;
- an in-depth organisational renewal boosting the push to change, simplifying the management of operations and enabling Rai to act according to a "One Company" approach.

While the legislative and regulatory frameworks remain unchanged, the strategy guidelines laid down in the Business Plan are the pillars on which to build the Rai of the future with a production vision and approach which meets the new requirements of all public services in the present multi-platform scenario, with a technological infrastructure that is capable of supporting the new ways we use the media.

The accurate and structured definition of key objectives and the consequent focus on the priorities of the Public Service entrusted to Rai have led to significant initiatives and results, which are fully consistent with the abovementioned objectives.

The following initiatives are those that are more worthy of mention:

- The launch of the **new multimedia platform Rai Play**, which has been fully developed in-house by the Company and which allows all the contents of Rai to be viewed through all devices



connected to the Internet, in both streaming (simulcast of TV channels) and on-demand *modes*, also making extensive use of the historical content of the Teche Rai archives. The platform's key element compared to past experience is the fully central role attributed to users, which may also benefit from additional services – subject to registration – for the personalisation of offers and contents based on their specific interests, preferences and taste, as well as from more flexible methods of using media in a multi-device environment. Based on this approach, the user interface has been conceived to meet more innovative usability requirements, which in any case allow the growing potential of Rai's offer to be expressed and organised according to genre catalogue criteria;

- The unprecedented decision to showcase the art of dance on prime-time Rai 1 channel, with the programme named *"Roberto Bolle – La mia danza libera"* dedicated to the world famous Italian ballet dancer étoile. It was a fine and exciting night of cultural entertainment, and a perfect combination of quality and audience in view of the objective of a new, more sophisticated editorial content that Rai is pursuing;



- *I Medici*, a project of great importance since Rai is aware that the international TV Drama and Comedy genre has become a key place for storytelling in digital society and so it intends to gradually embark on a path to Italian productions, to be also distributed abroad.

In doing so, the *Masters of Florence* is a highly symbolic choice for the Public Service broadcaster since the grandeur and beauty of the Italian past history become even more meaningful when they enter into a dialogue with the present times; the combination of these elements also allows the collective identity to be strengthened through this work. In order to fully meet the most advanced international video standards, the work will be broadcast from satellites, including in Ultra HD, and will be viewable on Rai4K channel, pressing button 210 of the remote control of Tivù Sat. The recent framework agreement signed with the French-German broadcaster Arte and other agreements for specific co-production projects just fall within the scope of the strategy to approach the most successful forms of new TV series;

- The coveted **Golden Bear** award as best picture to Gianfranco Rosi's work named *Fuocoammare*, co-produced by Rai Cinema, on the theme of migrants and on the situation that the island of Lampedusa and Italy have been facing for years



to rescue hundreds of thousands of people who land on its shores in search of a future. This work confirms that the Italian cinema industry is still able to continue, in the best tradition, to show

its ability to grasp the momentous changes in our societies, even the more complex ones, at an international level and to succeed in telling a story that depicts them with a universal outlook. This is further evidence that Rai always supports the most lucid productions from among those closest to contemporary culture, with an original and powerful story that perfectly reflects the Public Service Company's vocation in the cinema industry;

- The confirmation that Rai is the national TV broadcaster that devotes **greater editorial and production efforts than others to reach people with news and information** and, therefore, the most popular source of information among the Italians: the three general interest channels delivered more than 2,600 hours during the half-year, not to mention the contribution from Rai News 24 that provides news and information on an ongoing basis. During the terrible days after **the tragic earthquake that hit Central Italy**, almost 25 million Italians tuned into one of our channels to gain information about the event on the first day alone, i.e. 24 August, a number that exceeded 31 million after the third day: this occurred even though it was August, i.e. the month in which the TV audience records its lowest annual figures;



- After the Rio Olympics, the programming for the **Paralympic Games**, combining excellent quality and greatest production efforts, with a multimedia product through which the Public Service broadcaster has brought



to the fore the stories behind the results and the persons behind the challenges, thus paying special attention to those who convey values that are so important to sports and life. This is a deeply felt commitment of Rai, which has fulfilled it with pride, being aware that the Paralympic Games are a key moment to reiterate the inclusive nature of the universal Public Service;

- A show with **Mika**, a great music star and not only that, on Rai 2, the preferred channel for contents with a contemporary and international vocation. The long list of his worldwide hits and his being a showman of enormous charisma turn him into a hotly-contested protagonist of a programme of music and entertainment, with great national and international artists, which offers very special stories of persons who are not famous and which intends to be amusing and stylish. This is one of the first signs of new languages and new worlds that Rai is about to explore, combining entertainment and great music with a reflection on the themes of the contemporary society and in particular of young people;



- A process, within the development of themes concerning the use of frequency spectrum and with the objective of rationalising investments and stabilising the service, aimed at **extending and improving coverage**, in

particular in those territories that experience difficulties in receiving all or part of the Rai channels due to their geographical locations or to interferences.

From a strictly financial point of view, the half-year showed a sharp improvement in the main variables compared to the same period in 2015. This was due both to a higher amount of public funds which flowed to the company during the period through the new method to collect licence fees for private subscriptions that has allowed the number of paying persons to be increased, and the positive performance of advertising revenues that were higher than the market values. While maintaining equal conditions, i.e. without taking account of the impact generated by big sports events, this performance was also due to continuing actions to rationalise and optimise operating costs arising from all the Group's activities.

On the contrary, as regards the 2016 financial year – depending on the different distribution of revenues and costs in the two half-years – the estimate that can be reasonably made on the basis of the last available data and trends shows a substantial break-even result.

Regulatory framework and Corporate Governance

The legislative and regulatory framework

Extension of the term of the public radio, television and multimedia service Concession

The new Code of public contracts (Legislative Decree 50 of 18 April 2016) is aimed at regulating the award of the public radio, television and multimedia service concession, providing, under Article 216, paragraph 24, that *"in order to achieve the highest possible participation in the public consultation referred to in Article 5, paragraph 5, of Law 220 of 18 December 2015 (Rai Reform Act), and pending the updating of the regulations governing the assignment of the public radio, television and multimedia service"*, the term of the concession must be extended from 6 May 2016 to 31 October 2016.

As specified in the paragraph on the Events that occurred after the period-end, this term has been further extended by a maximum of 90 days.

Coverage of costs for the provision of the public radio, television and multimedia service – Minister of Economic Development's Decree 94 of 13 May 2016, "Regulation implementing Article 1, paragraph 154, of Law 208 of 28 December 2015- (Collection of Rai Licence Fees using electricity bills)" – Revenue Agency's measures

Law 208 of 28 December 2015 (2016 Stability Law) set the 2016 licence fee for private subscriptions at Euro 100.00 and brought in a new presumption that persons own an appliance which is able, or can be adapted, to receive Rai programmes if they have a utility for the supply of electricity in their registered place of residence. In order to rebut these presumptions, a declaration is only permitted from 2016, which must be submitted to the Revenue Agency in the same manners as those set out in an order issued by its Director.

In the implementation of Article 1, paragraph 154, of the Stability Law – providing for the Minister of Economic Development to issue a Decree that lays down, among others, the terms and conditions and methods for the payment by electricity companies to the Tax Office of the amounts (divided into 10 monthly instalments) collected on account of licence fees and charged to the bills issued by the supplying companies, as well as the implementing technical measures – the aforesaid

decree outlines the key procedural and timing requirements governing the new methods of payment of the tax, dealing with, among others: the alignment of databases among "relevant persons" in the collection mechanism (Acquirente Unico SpA, Revenue Agency, electricity companies); the charge of licence fees to the bills issued by the electricity company and the subsequent payment to the Tax Office of the licence fees collected by the energy suppliers; the methods for the disclosure of data useful for checks on the part of Acquirente Unico SpA and electricity companies to the Revenue Agency; the declarations, complaints and reimbursements of any undue amount, to be made in the manners set out in an order issued by the Director of the Revenue Agency; the confidentiality and compliance obligations placed on electricity companies.

Implementation of Law 220 of 28 December 2015 (Reform of Rai and the public radio and television service)

a) Public consultation CAMBIERAI and renewal of the Service Contract

Law 220 of 28 December 2015 provides for a public consultation to be held on the obligations of the public radio, television and multimedia service in view of the award of the relevant concession contract. More specifically, the consultation process was started by the MISE (Ministry of Economic Development) on 12 April 2016, setting up sixteen technical working teams dealing with four macro-areas (System Italy [Sistema Italia], Creative Industry, Digital Media and Italian Society). The teams were made up of representatives of associations of authors and producers from the world of TV, cinema, radio, information and animation, made in Italy organisations, tourism, digital media, cultural heritage, services sector, schools and universities and consumers, as well as of 16 Rai representatives, one for each team.

The meeting was aimed at preparing a questionnaire that can be accessed by all citizens from the MISE's website www.cambierai.gov.it, to be used to express "your idea of public service". This consultation, which was concluded on 30 June 2016, was submitted to the Chamber of Deputies on 27 July 2016.

With reference to the renewal of the Service Contract between the Ministry of Economic Introduction Development (MISE) and Rai, the same law provides that, upon first-time adoption, the Ministry shall submit the new contract form to the parliamentary Commission for guidance on and supervision of radio and television services for the required opinion, within six months from the award of the concession contract, and, in full operation, at least six months before the expiry date of the contract in force.

The national Service Contract shall be executed every five and no longer every three years, subject to prior resolution of the Council of Ministers providing guidance on the issue of guidelines (adopted by mutual agreement between the Telecommunications Regulator and the MISE) concerning the additional obligations of the general public radio and television service Company.

For the sake of completeness, it should be pointed out that, pursuant to and for the purposes of Section 36 of the national Service Contract for the period from 1 January 2010 to 31 December 2012, the abovementioned Contract is still in force.

b) Criteria and methods for the recruitment of personnel and the appointment of external collaborators

In June 2016, in the implementation of Article 49, paragraph 10, letter f), of the Consolidation Act on audiovisual and radio media services (TUSMAR), as amended by the Reform Act of Rai and the corresponding provisions laid down in the Company's Articles of Association, the General Manager of Rai approved, by his own resolution, the criteria and methods for the recruitment of personnel and the appointment of external collaborators.

Legislative Decree 50 of 18 April 2016, on the "Implementation of Directives 2014/23/EU, 2014/24/EU and 2014/25/EU governing the award of concession contracts, public contracts and related procurement procedures adopted by entities operating in the sectors of water, energy, transport and postal services sectors, as well as for the reform of the current regulations governing public contracts relating to works, services and supplies"

On 19 April 2016 the new Code of public contracts entered into force, which, in implementing the Enabling Act 11 of 28 January 2016, repealed, among other things, the Code (under Legislative Decree 163 of 12 April 2006) previously in force.

Rai is bringing its internal procedures into line with the relevant regulations governing the award of public contracts, both in the so-called ordinary sector and in such sectors that are excluded – as expressly required by law – from the scope

of application of the Code of public contracts; specifically, with reference to the latter, Rai is taking steps to adopt new criteria and procedures for the award of contracts referred to in Article 49-ter of the TUSMAR.

In fact, Article 49-ter, paragraph 1, of the TUSMAR, as introduced by the Reform Act of Rai, states that contracts entered into by Rai and its wholly-owned subsidiaries regarding the purchase, development, production or co-production and marketing of radio and TV programmes and audiovisual works and the acquisition of the broadcasting times involved are exempt, pursuant to Article 19 of Legislative Decree 163 of 12 April 2006 (now Article 17 of the new Code), from the Code regulations governing public contracts and that they are not subject to the procedural obligation of inviting at least five bidders provided for in Article 27, paragraph 1, second section, of the abovementioned Decree 163 (this procedure is no longer provided for in the current Code); however, it remains obligatory to comply with the principles of economic efficiency, effectiveness, non-discrimination, equal treatment, transparency and proportionality.

The following paragraph 2 of Article 49-ter of the TUSMAR then states that contracts entered into by Rai and its wholly-owned subsidiaries regarding works, services and supplies related to, connected with or necessary for the contracts referred to in the previous section with a value lower than that stated in European Community law are also exempt from the procedural obligations laid down in the code of public contracts, while it remains obligatory to comply with the abovementioned EU law principles governing their award.

Legislative Decree 50/2016 has harmonised the legislative provisions by means of coordination rules. In fact, Article 216 also expressly states, under paragraph 24, that: "*Under Article 49-ter of Legislative Decree 177 of 31 July 2005, as amended, the referral to Articles 19 and 27, paragraph 1, and to the regulations laid down in the Code of public contracts, under Legislative Decree 163 of 12 April 2006, constitutes a reference to Articles 17 (governing contracts and concessions exempt from the application of the Code and largely coinciding with the contracts referred to in Article 19 of Legislative Decree 163/2006 previously in force), 4 (governing compliance with the principles of economic efficiency, effectiveness, non-discrimination, equal treatment, transparency and proportionality, publicity, environmental protection and energy efficiency, in the award of exempt contracts) and to the regulations laid down in this Code, respectively.*" Pending the updating of the corporate procedures, Rai is continuing to apply the current Internal Guidelines for the award of public contracts that were approved by the Board of Directors' meeting held in November 2014, insofar as they are in any case consistent with the current regulatory framework.

Measures implementing Law 124/2015 “The Government’s delegated powers concerning the reorganisation of public administrations” (Madia Act)

a) **Legislative Decree 97 of 25 May 2016 on the “Review and simplification of provisions governing corruption prevention, publicity and transparency, amending Law 190 Of 6 November 2012, and Legislative Decree 33 of 14 March 2013, pursuant to Article 7 of Law 124 of 7 August 2015, concerning the reorganisation of public administrations”**

The Legislative Decree in question provides for the review and simplification of provisions governing corruption prevention, publicity and transparency.

Specifically, Article 3 has introduced the new Article 2-bis (*Subjective scope of application*), which provides, under paragraph 2, for the same regulations laid down for public administrations to be also applied, insofar as they are compatible, to companies subject to public control, as defined by Legislative Decree 175 of 19 August 2016, bearing the “*Consolidation Act on state-owned companies*” (in force from 23 September 2016), excluding listed companies, as they are also defined in the same Consolidation Act, including Rai and its subsidiaries.

As regards the Public Service rendered by Rai as it is the Concession holder of the public radio and television service, the transparency obligations placed by Legislative Decree 97/2016 on state-owned companies that perform public services are in fact regulated specifically in the Reform Act (220/2015).

b) **Legislative Decree 175 of 19 August 2016, bearing the “Consolidation Act on state-owned companies”**

The Legislative Decree in question, which has been in force from 23 September 2016, provides for the reform of the regulations governing interests held by public administrations.

The relating provisions apply, only when expressly provided, to listed companies, including state-owned companies, which had issued, as at 31 December 2015, financial instruments, other than shares, listed on regulated markets (such as Rai) and the companies invested in by the same (such as the Rai Group companies) (Article 1, paragraph 5).

Furthermore, Article 1, paragraph 4, of the Decree shall apply without prejudice to specific provisions, laid down in laws or government or ministerial regulations, which regulate state-owned companies incorporated under special laws for the performance of services of general interest or of general economic interest or for the pursuit of a specific mission of public interest.

New regulations on market abuse (Regulation (EU) no. 596/2014 and related implementing Regulations, Directive 57/2014)

Regulation no. 596/2014 on market abuse and related implementing Regulations, together with Directive 57/2014 on criminal sanctions for market abuse, have replaced the provisions laid down in Directive 6/2003 and related implementing directives. The Regulation applies to the financial instruments admitted to trading on a regulated market of a Member State: therefore, it also applies to the bond issue launched by Rai and listed on the Main Securities Market of the Irish Stock Exchange from 28 May 2015.

Activities are in progress at Rai which are aimed at complying with the aforesaid regulations.

Decree of the Minister of Economy and Finance, in agreement with the Minister of Economic Development, dated 19 July 2016, on the “Identification of specialist media for the purposes of advertising of cash-prize games”

The Decree is a measure that implements the 2016 Stability Law and, specifically, the related Article 1, paragraph 939. While prohibiting the advertising of cash-prize games during radio and television programmes of general interest from 7:00 a.m. to 10:00 p.m. of every day, this Article also provides for the exemption from the prohibition for specialist media identified in a Decree issued by the Minister of Economy and Finance, in agreement with the Minister of Economic Development.

Article 2 of the Decree sets out the definition of “specialist media”, which may in no case include television or radio channels that are broadcast through any electronic communication network and that are targeted at an audience of minors, exclusively or predominantly.

In January 2016 Rai suspended the scheduling of commercials of cash-prize games between 7:00 a.m. and 10:00 p.m..

Corporate governance

Adoption of the Corporate Transparency and Communication Plan on the part of Rai and publication of data on the Company’s website

On 26 May 2016 the Board of Directors’ meeting passed a resolution to approve the Corporate Transparency and Communication Plan of Rai SpA, in the implementation of Article 49, paragraph 10, letter g), of the TUSMAR, as amended by Article 2 of the Reform Act of Rai. By means of this Plan, the Company’s previous Three-Year Transparency and Integrity Programme was superseded from 23 June 2016 (the date of entry into force of Legislative Decree 97 of 25 May 2016).

The Plan sets out the methods by which the work performed as a whole by the Board of Directors is disclosed, as well as the criteria and procedures for the determination and updating (according to different time limits that are set out precisely) of data, documents and information being published in the dedicated section of the Company's website. The document is also used as a tool of corporate communication with anyone interested in learning about the activities carried out by Rai. It also provides for the publication of the data and information relating to the public radio, television and multimedia service Concession Holder required by the Reform Act in the section on "Corporate - Transparency" of the company website of Rai, which then took place starting from 25 July.

Development of the Internal Control and Risk Management System of Rai

The Internal Control and Risk Management System (SCIGR) is "the system of tools, organisational units and corporate standards and rules whose aim is the sound and correct conduct of the enterprise, consistent with the corporate objectives set out by the Board of Directors, by means of a

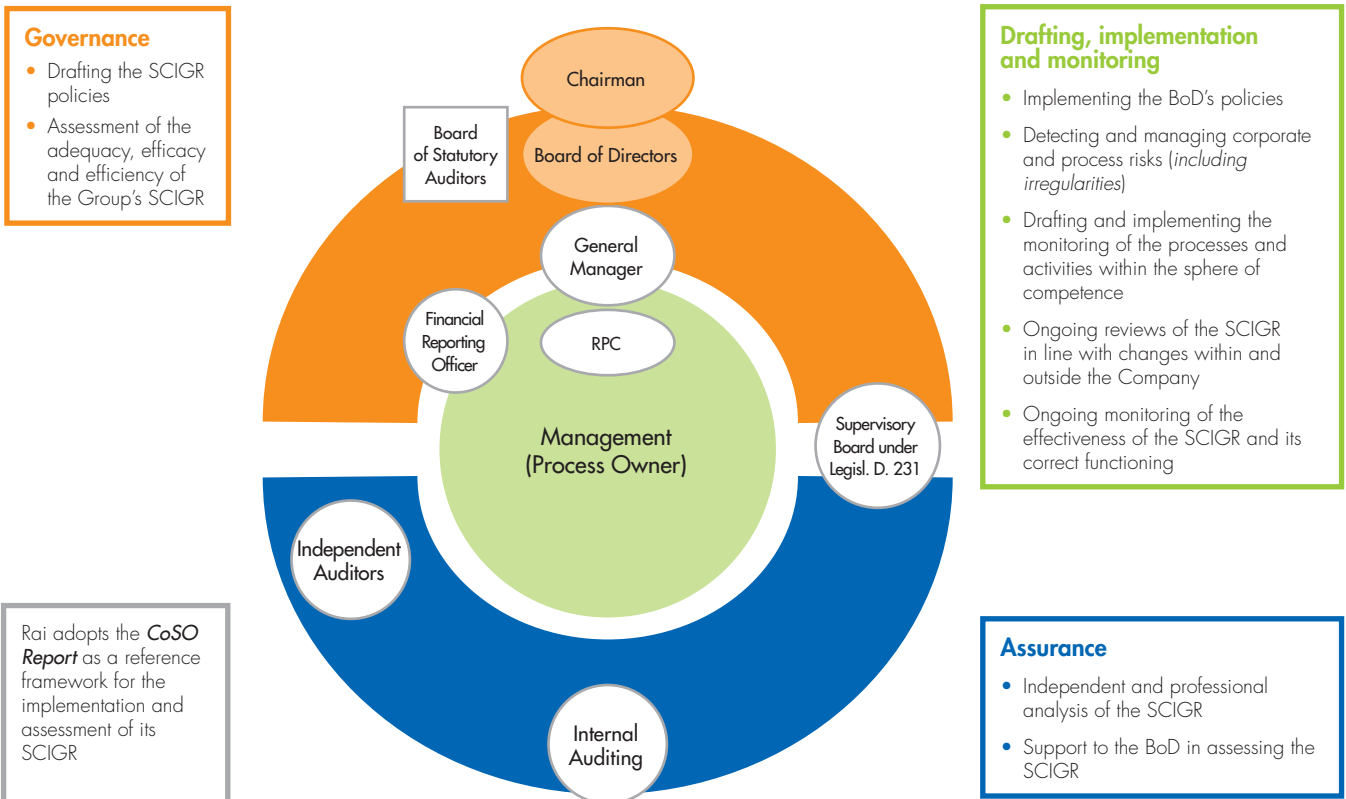
suitable process of identification, measurement, management and monitoring of the main risks and the construction of information flows which are adequate to ensure the circulation of information".

Rai's SCIGR is included in the overall organisational and corporate governance system and is based on three roles, which are represented in the chart on the following page.

An effective SCIGR supports aware decision making and helps to protect the corporate assets, makes corporate processes efficient and effective and provides reliable financial reporting, ensures compliance with laws and regulations, the Company's Articles of Association and internal rules.

Even if it is adequate and functions well, the SCIGR, however, may only provide "reasonable certainty" regarding the attainment of corporate goals.

Rai uses the CoSO (Committee of Sponsoring Organizations of the Treadway Commission) Report as an internationally recognised reference framework, for the implementation, analysis and assessment of the SCIGR.



Rai's SCIGR, therefore, works on three levels:

- Level I: Management;
- Level II: Corruption Prevention Manager (RPC) and Management with monitoring functions – e.g. Planning and Control, Risk Management, etc.;
- Level III: Internal Auditing.

The SCIGR of Rai SpA

The SCIGR of Rai SpA involves various persons and bodies with their particular roles and responsibilities, i.e.:

- Board of Directors;
- Chairman of the Board of Directors;
- General Manager;
- Management;
- Board of Statutory Auditors, Independent Auditors and Magistrate of the Court of Auditors;
- Supervisory Board under Legislative Decree 231/2001;
- Chief Financial Officer (CFO)/Financial Reporting Officer;
- Internal Auditing;
- Standing Committee for the Code of Ethics;
- Corruption Prevention Manager (RPC);
- Transparency Manager/Holder of Replacement Power.

The Board of Directors has an absolutely central role in the SCIGR in that it lays down the basic outlines of the system's organisational, administrative and accounting structure and policies, so that the Company's main risks are correctly identified, measured, managed and monitored.

The Chairman of the Board of Directors operates within the scope of the powers granted by law, the Company's Articles of Association, the Corporate Governance system and delegated powers. By a resolution of 16 March 2016 the BoD of Rai SpA appointed the Chairman to supervise internal control activities.

The General Manager is responsible for implementing the Internal Control policies adopted by the Board of Directors. He also sees to the design, creation and management of the Internal Control System and constantly verifies its overall adequacy, effectiveness and efficiency.

As a part of its functions and in pursuing its objectives, the Management constantly ensures that the SCIGR is correctly designed and that it runs effectively. In order to do this, and also according to the nature of the risks managed, it checks and monitors the system in order to ensure its effectiveness and efficiency in preventing irregularities and/or fraudulent activities and detecting any that have already taken place.

Pursuant to Article 2403 of the Italian Civil Code, as amended by the reform of the Company Law, the Board of Statutory Auditors supervises compliance with the law, the Articles of Association and observance of the principles of proper management. The Board oversees, in particular, the effectiveness of the SCIGR and the adequacy of the organisational, administrative and accounting structure adopted by the Company and its effective operation.

The statutory audit of accounts is conducted pursuant to Article 2409-bis of the Italian Civil Code, as updated by Legislative Decree 39/2010, and is the responsibility of the Independent Auditors enrolled in the special register.

Rai is also required to keep separate accounts of the revenues from the licence fee and the costs sustained in the previous calendar year in order to deliver the Public Service, based on the schedule approved by the Telecommunications Authority (AGCOM).

Rai's separate accounts are audited, pursuant to Article 47 of Legislative Decree 177/2005 (Radio and Television Consolidation Act, TUR), by independent auditors selected by AGCOM from among those included in the special register kept by Consob but other than those appointed to carry out the statutory audit of financial statements.

In compliance with AGCOM's choice and the outcome of the tender, the Shareholders' Meeting appointed auditing firm Mazars SpA on 17 November 2011 for the period from 2010 to 2018.

Furthermore, since 2010 Rai SpA's financial management is subject to the scrutiny of the Court of Auditors, which, pursuant to Article 12 of Law 259 of 21 March 1958, reports its findings to the Presidents of the two Chambers of Parliament. For this purpose, a Magistrate of the Court of Auditors attends the meetings of the Board of Directors and of the Board of Statutory Auditors of Rai SpA.

Rai SpA complies with the regulations under Legislative Decree 231/2001 governing the administrative liability of the entities, adopting the required Organisational, Management and Control Model (hereinafter the Model).

At the meetings held on 4-5 October 2005, Rai SpA's Board of Directors approved the first version of the Model which was then updated at the meetings held on 6 October 2010, 27 January 2011 and 13 June 2013, in conformity to the progressive widening of the scope of application of the regulations to other criminal offences and the changes in organisation that had taken place at the Company in the meantime.

The Supervisory Board oversees the functioning of and compliance with the Model, satisfying itself of its adequacy, i.e. that it is likely to prevent wrongdoing, as well as its implementation and updating. By a resolution passed on 24 September 2015, the BoD appointed the currently serving Supervisory Board of Rai SpA.

The Board submits periodic reports on its work to the BoD, the Chairman, the General Manager and the Chairman of the Board of Statutory Auditors of Rai SpA.

The CFO is required to prepare the Company's accounting documents, having specific duties and responsibilities with regard to corporate accounting disclosures as prescribed by law.

Article 30 of Rai SpA's articles of association, as amended based on the Minister of Economic Development's Decree of 1 April 2015, provides for the Board of Directors to appoint the Financial Reporting Officer, subject to the prior mandatory opinion of the Board of Statutory Auditors, for a period not shorter than the term of office of the Board itself but not longer than six financial years, as provided for in Article 154-bis of the Consolidation Act on Finance.

The BoD of Rai SpA has then taken steps to appoint the Financial Reporting Officer in compliance with said provision.

Internal Auditing

The purposes and scope of internal audits and the procedures for their conduct are set out in the document on Internal Auditing Policies (so-called Audit Charter), which were finally approved by the Board of Directors in July 2015 in line with the relevant best practices.

The Internal Auditing Department has the powers and resources needed for it to go about its duties in full operational independence, including spending autonomy, the availability of a sufficient number of resources with professional expertise and access to the information, data, archives and assets of the Company and of its subsidiaries.

The Internal Auditing Department of Rai SpA carries out its audits in conformity to the annual Plan of activities drawn up in compliance with a risk-based approach.

The Internal Auditing Department of Rai SpA is directly under the Chairman of the Board of Directors and is not responsible for any operational activities. The Chairman and the General Manager oversee its work jointly.

According to this organisational model, the Internal Auditing Department, ensuring the necessary independence conditions and the due professional objectivity, competence and diligence required by the international standards for professional practice and in the Code of Ethics, ensures independent and objective assurance and advisory activities whose aim is to improve organisational effectiveness and efficiency. It assists the organisation in pursuing its objectives with a systematic professional approach which generates added value since it seeks to evaluate and improve control, risk management and Corporate Governance processes.

Internal Auditing function's main duties are:

- within the limits of the investigative tools at its disposal, to assess the operation and adequacy of the SCIGR, both on an ongoing basis and in relation to specific needs, and to provide evaluations and recommendations which foster its efficiency and effectiveness;
- to provide the management with specialist support in SCIGR issues in order to enhance the effectiveness and efficiency of audits of corporate processes, integrate them and foster constant improvement in governance and risk management.

Internal Auditing function's responsibility as regards preventing and detecting irregularities is limited: it consists in auditing, identifying and evaluating the SCIGR adopted for the processes/activities under scrutiny, analysing its findings with professional skill.

The management, namely those charged with the management of the Company, are responsible for the correct design and effective functioning of the SCIGR on an ongoing basis, for the definition of the corporate and process objectives, for the prevention and detection of irregularities and for seeing that risk management procedures comply with the risk mitigation measures that have been laid down.

The Internal Auditing Manager informs, without delay and at the same time, the Chairman of the BoD of Rai SpA, the General Manager and, for any action it is his duty to take, the Chairman of the Board of Statutory Auditors of Rai SpA, the Chairman of the Supervisory Board of Rai SpA and the Corruption Prevention and Transparency Manager (CP&T) of Rai SpA, of serious faults in the system for the prevention of irregularities and fraudulent conduct committed by members of the Management or by employees who perform an important role in the design or functioning of the SCIGR of Rai SpA.

Report on the Rai Group's operations

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The market scenario

The media system scenario is becoming increasingly complex, in constant, rapid evolution that cannot always be interpreted easily, from the point of view of technology innovation, of media consumption habits and above all of the effects on industries and strategies, which largely affect any other area through the new services that are available to public.

Consumers are in fact torn between their loyalty to traditional publishers with their old-fashioned offers and services and digital market players with their fresh approach and a well-established footprint at a national level, and, increasingly more often, at an international level; the latter players report significantly higher sales than the Italian operators: therefore, they are able to take actions, also thanks to feasible economies of scale, which are such as to make the pre-existing scenarios obsolete in a very rapid manner.

In this situation, which is also characterised by modest growth rates and inflation trends that are below (but close to) the 2% target in the Eurozone, the priority is still the need for the integration and rationalisation of already existing operations.

Therefore, traditional publishers are continuing a key process aimed at reviewing their scope of operation and their products and services offered to the public, getting ready to compete effectively, including through alliances that might ensure the basic economies of scale. Among these, the most important alliance on the target market of the Rai Group was the understanding entered into during the first half of 2016 between Mediaset and Vivendi, a French company that is active in the sectors of media and telecommunications, and more specifically in the industry of television and cinema (Canal Plus), music (Universal Music) and videogames (Ubisoft and Gameloft) and that is the majority shareholder of Telecom Italia (24.9%).

The transaction provided for the acquisition by the French company of 89% of Mediaset Premium and an exchange of interests on equal terms. This strategic agreement had a twofold purpose: refreshing the Pay TV offering from both companies in order to compete effectively in Europe with the global operator Sky Plc (Sky UK, Sky Italia, Sky Deutschland) which is controlled by the 21st Century Fox Group, on the one hand, and, on the other, countering the advance of the US giant Netflix through the joint production and distribution of audiovisual contents and the establishment of a global Over the Top (OTT) TV platform.

The project conceived by Vivendi, relying on the interest held in Telecom Italia, also provided for the launch of a joint offer together with Telco and

other companies in the two Groups, involving a single subscription for broadband services delivered by Telecom Italia, the contents of Mediaset Premium, the music of Universal Music Group, the movies of Warner Bros and Universal and the games of Gameloft.

Despite the innovative scope of this cross-media services agreement, a significant dispute arose between the parties after the execution, which is likely to affect the actual performance of the contract that was signed at the beginning of April. However, the project clearly shows, also in the light of similar transactions that have already been completed in the USA, the strategic development path which the European Union is going to embark on in the media market in the short term.

As regards the lively US Over the Top market, in June Microsoft completed the take-over of LinkedIn for USD 26.2 billion (with a premium of about 50% compared to the last stock price recorded before the announcement). Therefore, the social network dedicated to the labour market, which closed 2015 with a turnover of close to USD 3 billion and a loss of about USD 166 million, has been attributed a large prospective potential.

By this transaction, Microsoft, relying on more than 1.2 billion users and a liquidity of more than USD 90 billion, is trying to get out from the offline corner to which it has been relegated by Apple, Android and other Over the Top players, while also trying to combine professional clouds and networks. LinkedIn, with its 430 million profiled users, which can be identified and updated, will allow Microsoft to create a highly competitive integrated network, with a large potential of developing in the online market, as well as in the profiling of targets and cross-selling with the Windows environment.

In a media system in turmoil that is becoming increasingly interconnected, the most traditional publishers, such as press publishers, are also adopting an approach at a national level, which is aimed at streamlining and integrating their offers on a cross-media basis in order to attract increasingly demanding users through a smoother consumption process.

Within this context we must mention the transaction that took place in May, whereby Mondadori acquired Banzai Media Holding, the online media division of the biggest Italian e-commerce company. In acquiring the vertical contents of Banzai, Mondadori not only incorporates some of the most popular websites in Italy, such as GialloZafferano, Cookaround, Pianetadonna, Studenti.it, Soldionline, FilmTv, Liquidia, but it also integrates know-how into new media, competence into digital platforms and the ability to achieve valuable targets by adopting an alternative strategy with respect to organic growth.

**Total advertising
market****+3.5%**

compared to June 2015

TV Market**+7.8%****+10.1%****Rai****+3.8%****Mediaset**

Within this context we must also note the important combination between the L'Espresso Group (the publisher of *La Repubblica* and a number of local newspapers) and Itedi (the publisher of *La Stampa* and *Il Secolo XIX*). The combination will lead to the creation of the Italian leading group in the sector of multimedia news and information through daily newspapers and magazines, as well as one of the major European publishing groups.

Furthermore, note the no less important acquisition by the Cairo Communication group – at the end of a take-over bid and share-per share offer (*Offerta Pubblica di Acquisto e Scambio - OPAS*) – of the control over the RCS group, which controls, among others, the daily newspapers *Corriere della Sera* and *Gazzetta dello Sport*. This transaction has then led to the creation of a large multimedia publishing group that integrates traditional publishing into cross-media contents, based on synergies between daily newspapers, magazines, books and TV that certainly will give rise to key multi-platform distribution strategies of information products and quality entertainment.

As regards the single media, at present TV is still the most used one (about 47 million viewers a day), but Radio keeps pace in an excellent manner with more than 35 million listeners, thus confirming its ability to innovate and strengthen its position at the same time as technology innovation and social changes.

The market of digital services, which are currently used by about 22 million Italians every day, is constantly developing and is showing an increasing tendency of users to use the web as a working tool and a source of information, and not only for relational, amusement and entertainment purposes. This process is decisively contributed to by the now widespread use of mobile devices, and in particular of smartphones, and the increasing popularity of social media.

It has been the digital media sector that has mostly contributed to the economic recovery (even though slight) recorded in the segment of media during the last months; from this point of view, the first half of 2016 was, in fact, particularly, positive for advertising investments, with a trend in line with the growth prospects of Rai, also thanks to the broadcasting of the European Football Cup matches.

According to Nielsen data, advertising revenues showed a +3.5% during the first half of 2016 compared to the same period in 2015, equal to an incremental value of more than Euro 110 million. When also considering the estimated revenues from the portion of web that is currently not monitored officially (mainly search and social networks), the market would close the half-year with an even higher growth rate.

As regards the single media, note the excellent performance of TV, which, driven by the European Football Cup, reported a +17.8% in June and +7.8% during the first half-year. Radio closed the period under consideration with +0.6%. Internet, relating to the perimeter that is currently being monitored, recorded a decrease of 1.9%; however, adding the Nielsen desk estimates relating to the entire web advertising segment, the first half-year would close with +8.3% (+9% in June).

During the period under consideration all the major free and pay TV broadcasters recorded a positive trend: Rai +10.1%, Mediaset +3.8%, Sky +21.1%, Discovery +17.4% and La7 +2.3%¹.

Within this context, Rai continues to play, in its capacity as the Public Service operator, a central role of great significance, also due to the advanced process for the transformation into a Digital Media Company. This process provides for the review and implementation of new models of planning, production and distribution, requires cross-media contents that are increasingly personalised and personalisable, entails substantial technology investments and must necessarily be based on the growing dissemination of digital culture across the Company.

From this perspective the profiling of audience becomes increasingly important in order to allow the user experience to be customised and developed on an ongoing basis, as well as adequate cross-media and trans-media story telling processes, a narrative form that requires the user to move across different types of media in order to collect new and distinct information that integrates and enriches experience. The simultaneous presence of multiple formats across multiple media creates numerous access points through which users are allowed to fully immerse themselves in the narrative. In this way the viewer is induced to move from one media to another in order to reconstruct the meaning of the experience and of the event as a whole, thus becoming a member of the audience of all the media delivered by the Rai Group.

Fiber optic is expected to be available throughout the country by 2020. Among European countries, Italy has sometimes been well behind in increasing media consumption and the extra broadband will give rapid and simultaneous access to Internet and will ensure audiovisual contents of great importance via IP, thus allowing an increasingly extensive on-demand use of both high-quality TV contents and, more in general, services via IP, including public services, such as Home Banking or E-Government.

¹ Source: Nielsen

47million
net contacts a day
for TV**35**million
listeners a day
for radio**22**million user
of digital media

At present, this gap is gradually reducing as the consumption is mostly driven by the use of mobile devices and due to an improved speed of connections available as a result of a widespread 4G coverage.

Within this context, Rai, in its capacity as the Public Service operator, has the key priority objective of promoting the use of digital contents of any type, in order to actively fill the digital divide and promote digital literacy, both primary and secondary. It is necessary, in fact, to strengthen and extend consumption from people who are already digital users, as well as to increase awareness and basic consumption among the population groups that have not been affected by digital revolution.

During the first half of 2016, 413 TV channels were broadcast at a national level, 170 of which were accessible free of charge (DTT and Tivù Sat) and 243 were viewable through pay services, mainly within the offering of Sky Italia. A slight increase was recorded in the free TV offering, which was mainly due to a higher number of high definition versions of already existing channels; pay TV offering remained substantially stable²; to these is to be added a high number of TV channels (linear and non-linear) on the web.

In this situation, historical broadcasters continued to pursue their strategy based on a diversification of the portfolio, implementing highly specialist channels, while new players from other publishing sectors, platforms or different markets (Telco, internet giants) continued to enter the market and compete with the offering from traditional TV broadcasters.

As regards satellite platforms, the amount of Sky subscribers during the first half of 2016 remained stable at just under 4.4 million households (equal to 17.9% of population), equal to about 12 million people (20.5%), while the free Tivù Sat satellite platform continued to grow: in the period considered it had 2.7 million activated cards and more than 2.2 million user families.

As regards pay TV viewable on DTT, according to the market consensus, about 2.0 million households subscribed to this service.

There were the following changes in the competitive scenario during the first half of 2016:

- in January the MTV channel, which is broadcast on LCN 8, carried out a rebranding transaction, changing its name to TV8;
- again in January, the Rcs Media Group closed down the unencrypted channel *La gazzetta dello sport* (LCN59), which had been launched in 2015;
- in February, the Viacom group launched the *Paramount Channel*, on LCN 27, a position that was previously held by *Sky TG24*;
- again in February, DeeJay TV, which is broadcast on LCN 9, changed its name to *Nove*;
- in May, Rai launched two new HD channels on the Tivù Sat platform: *Rai Movie HD* and *Rai Premium HD* (channels 114 and 115);
- in June, Sky Online changed its name to *Sky Now TV* in order to conform to the similar service that is already operational in the United Kingdom.

As regards audience behaviour, the first half of 2016 recorded an average TV audience of about 10.6 million users a day (showing a slight decline compared to the first half of 2015), also recording a slight decrease in consumption per head, which stood at 5 hours 22 minutes (-0.6% compared to 2015).

The first half of 2016 also saw a slight decline in the audience of TV, which in any case remains one of the most popular media: 80.6% of population on average watched TV every day for at least 1 minute (-0.7% compared to the same period of 2015). This mostly affected the traditional TV offering and above all the channels targeting the youngest audience members, who clearly mostly use other media (web, social networks, apps): Rai 2 recorded a decline of 2.2% in penetration, while Italia 1 4.3%.

The Rai Group is more resistant to the change, as the decline recorded in the audience of general interest TV channels was offset by an ample and diversified themed offering. As a whole, the Rai Group recorded a decline of 1.2% in penetration, falling below 63.0%, while Mediaset went down to 58.6%, thus losing 4.0%.

² Source: Confindustria Radio TV

Penetration relating to the period from 1 January to 30 June

Total individuals (years 4+)

<i>Day time</i> (02:00 a.m. – 02:00 a.m.)	<i>Net contacts/population</i>			<i>Minutes viewed</i>		<i>Net contacts (/000)</i>		
	2016	2015	Change	2016	2015	2016	2015	Change
Rai 1	43.70%	44.52%	-0.82%	01:45	01:43	25,619	26,093	-474
Rai 2	31.48%	33.69%	-2.21%	00:52	00:53	18,456	19,743	-1,287
Rai 3	31.51%	32.91%	-1.40%	00:54	00:55	18,472	19,288	-816
Rai General interest channels	56.18%	57.64%	-1.46%	02:22	02:22	32,938	33,778	-840
Rai 4	8.45%	8.31%	0.14%	00:30	00:27	4,956	4,872	84
Rai Premium	7.52%	7.72%	-0.20%	00:35	00:34	4,408	4,527	-119
Rai Movie	10.40%	10.52%	-0.12%	00:26	00:27	6,096	6,164	-68
Rai 5	4.71%	5.17%	-0.46%	00:16	00:14	2,761	3,031	-270
Rai Storia	2.66%	2.67%	-0.01%	00:22	00:21	1,559	1,564	-5
Rai Scuola	0.30%	0.27%	0.03%	00:12	00:07	176	156	20
Rai Yoyo	5.65%	5.98%	-0.33%	00:56	01:04	3,314	3,505	-191
Rai Gulp	3.79%	3.65%	0.14%	00:38	00:37	2,224	2,141	83
Rai Sport 1+2	5.14%	6.01%	-0.87%	00:29	00:32	3,014	3,522	-508
Rai News 24	4.86%	5.65%	-0.79%	00:21	00:24	2,848	3,313	-465
Rai Specialist channels	31.06%	31.76%	-0.70%	00:53	00:55	18,210	18,613	-403
Total Rai	62.95%	64.18%	-1.23%	02:33	02:35	36,907	37,616	-709
Canale 5	40.09%	43.30%	-3.21%	01:42	01:40	23,502	25,374	-1,872
Italia 1	26.20%	30.50%	-4.30%	00:51	00:50	15,360	17,875	-2,515
Rele 4	21.99%	25.05%	-3.06%	00:50	00:52	12,890	14,680	-1,790
Mediaset General interest channels	51.98%	56.79%	-4.81%	02:06	02:06	30,478	33,283	-2,805
Mediaset Specialist channels	29.74%	29.32%	0.42%	00:55	00:58	17,436	17,182	254
Total Mediaset	58.57%	62.60%	-4.03%	02:20	02:22	34,342	36,687	-2,345
Total La7	21.15%	21.91%	-0.76%	00:43	00:44	12,403	12,842	-439
Total Sky	27.42%	20.73%	6.69%	00:58	01:04	16,078	12,148	3,930
Total Fox	5.34%	5.82%	-0.48%	00:57	01:00	3,130	3,411	-281
Total Discovery	29.87%	26.85%	3.02%	00:55	00:56	17,511	15,738	1,773
Total MTV-Viacom	3.21%	12.23%	-9.02%	00:37	00:27	1,884	7,168	-5,284
Total TV	80.55%	81.30%	-0.75%	05:22	05:30	47,224	47,645	-421
<i>Prime time</i> (08:30 p.m. – 10:30 p.m.)	<i>Net contacts/population</i>			<i>Minutes viewed</i>		<i>Net contacts (/000)</i>		
	2016	2015	Change	2016	2015	2016	2015	Change
Rai 1	25.26%	25.23%	0.03%	00:41	00:40	14,810	14,788	22
Rai 2	14.31%	15.55%	-1.24%	00:24	00:25	8,390	9,116	-726
Rai 3	13.39%	13.84%	-0.45%	00:26	00:26	7,848	8,112	-264
Rai General interest channels	36.43%	37.18%	-0.75%	00:49	00:47	21,357	21,791	-434
Rai 4	3.45%	3.24%	0.21%	00:17	00:17	2,021	1,900	121
Rai Premium	2.88%	3.08%	-0.20%	00:18	00:19	1,687	1,807	-120
Rai Movie	4.23%	4.26%	-0.03%	00:15	00:14	2,479	2,498	-19
Rai 5	1.60%	1.76%	-0.16%	00:10	00:10	940	1,030	-90
Rai Storia	0.94%	0.94%	0.00%	00:15	00:16	553	548	5
Rai Scuola	0.09%	0.07%	0.02%	00:11	00:07	55	43	12
Rai Yoyo	1.61%	1.75%	-0.14%	00:26	00:28	946	1,027	-81
Rai Gulp	1.05%	0.93%	0.12%	00:24	00:25	618	547	71
Rai Sport 1+2	1.40%	1.69%	-0.29%	00:15	00:16	819	993	-174
Rai News 24	0.96%	1.16%	-0.20%	00:08	00:09	564	678	-114
Rai Specialist channels	13.24%	13.60%	-0.36%	00:23	00:24	7,760	7,971	-211
Total Rai	41.20%	41.96%	-0.76%	00:50	00:50	24,153	24,591	-438
Canale 5	22.05%	24.35%	-2.30%	00:37	00:38	12,927	14,272	-1,345
Italia 1	10.39%	12.20%	-1.81%	00:28	00:27	6,092	7,148	-1,056
Rele 4	9.65%	10.95%	-1.30%	00:24	00:24	5,659	6,419	-760
Mediaset General interest channels	30.74%	34.25%	-3.51%	00:43	00:44	18,020	20,071	-2,051
Mediaset Specialist channels	12.76%	13.01%	-0.25%	00:26	00:28	7,479	7,627	-148
Total Mediaset	35.87%	39.32%	-3.45%	00:47	00:48	21,029	23,043	-2,014
Total La7	10.00%	10.34%	-0.34%	00:22	00:22	5,862	6,061	-199
Total Sky	12.67%	9.32%	3.35%	00:30	00:33	7,429	5,461	1,968
Total Fox	2.30%	2.46%	-0.16%	00:29	00:30	1,351	1,442	-91
Total Discovery	11.04%	9.39%	1.65%	00:22	00:23	6,474	5,501	973
Total MTV-Viacom	0.74%	4.04%	-3.30%	00:17	00:14	432	2,367	-1,935
Total TV	60.71%	61.71%	-1.00%	01:27	01:29	35,595	36,168	-573

The penetration is the ratio of net contacts for each channel or group to population. Net contacts means different persons who have viewed a channel for at least one minute.

Rai's Offer and Performance

Rai's offer

The Rai Group is to be found on all platforms with an ample free offering differing by genre and target.

Every day in Italy about 39 million persons of at least 14 years of age, equal to 76% of the population, watch, read or listen to what Rai has to offer, looking at one of its TV channels, listening to one of its radio stations or visiting one of its internet portals. They spend an average of 113 minutes a day with our media³.

This is the Group's strategy:

- to base its approach on a family of channels, to each of which a specific mission is assigned in order to diversify the range, enrich the culture of the population and pursue the objectives which it must attain as a Public Service;
- to look to the utmost efficiency of its production models in terms of format, themes, narration, language, aesthetics and personalities;
- to provide a range whose aim is to seize every opportunity of interacting with its audiences – with particular attention to young people – and which responds to the new methods of making use of content on different devices, including mobile devices;
- to make continual experiments with new technologies relating to networks, infrastructure and means, in order constantly to modernise the systems of production, dissemination and distribution of content;
- to strengthen international partnerships in order to promote the renewal of contents at a national level and the enhancement of the Rai product all over the world. This strategy is based on both an increased distribution of Rai contents, such as programs and channels based on flow programming, and the execution of important co-production agreements with large international players;
- the enhancement of the System Italy (*Sistema Italia*) abroad through the implementation of contents not only in Italian, as well as in the languages of the countries where the product is distributed, aimed at attracting new target audiences and promoting the excellence of the made-in-Italy brand all over the world.

The comparison with other broadcasters shows the following results.

- compared with the other main European Public Service broadcasters, Italy shows the lowest unit licence fee (Euro 100.0 versus France, Euro 137.0; the United Kingdom, Euro 192.0; Germany, Euro 210.0), while having

the highest audience figures (39.4% versus France Télévisions, 29.2%; BBC, 32.8%; ARD, 27.3%; ZDF 17.7%; RTVE 16.7%)⁴;

- in Italy, compared with commercial broadcasters whose purpose is to create value, even short-term value, for their shareholders and stakeholders, Rai's priority and binding purpose is the generation of "public value" for the entire Italian community and its different components, again within a long-term economic and financial sustainability, in response to the values of the community that inspire its mission as concession holder of the Public Service.

The fundamental principles at the basis of the Concession Holder's activity are:

- **universality**, i.e. the aptitude for reaching all the different segments of society with its programmes, without overlooking any, and the capacity to do so;
- **independence**, i.e. the aptitude for taking its decisions exclusively on the basis of the interests of the population and the capacity to do so;
- **pluralism**, i.e. the aptitude for being mindful of all diversities of gender, culture, religion, etc., in order to make a vital contribution to the development of a more inclusive society by representing different points of view and the capacity to do so;
- **responsibility**, i.e. the aptitude for working transparently, committing itself to the correction of any mistakes it makes through constant dialogue with the different sectors of the public and the capacity to do so;
- **innovation**, i.e. the aptitude for enriching the media scene taking a leading role in experimenting with new formats, new technologies and new ways of connecting with the citizens, and the capacity to do so;
- **excellence**, i.e. the aptitude for acting with high standards of integrity, professional skill and quality and the capacity to do so.

Below are the main actions taken by Rai during the first half-year:

- **Scheduling and brand refresh**: Rai started a twofold process to refresh its offering on the one hand, and, on the other, the methods to communicate and convey the Rai brand(s) message. In terms of offering, the positioning of general interest channels was reviewed in order to clearly define their identity, thus avoiding overlapping. From this perspective the Autumn schedules presented in June show significant developments: 42 new programmes, with 37 unpublished formats and 5 new drama and comedy works and a percentage of 33%

³TSSP 2016 Eurisko and Auditel - January/December 2015.

⁴Audience data relate to 2015 – source: EBU, except for that relating to the Rai Group, updated at 30 June 2016.

Percentage
of innovation
in autumn schedules

Rai 1

21.0%

Rai 2

23.7%

Rai 3

43.8%

Rai 4

45.3%

of the four general interest channels' schedule has been completely renewed.

In terms of communication, the process provides for a brand refresh that is aimed at defining a single and distinctive corporate identity and making the design of the Rai portfolio consistent and clearly recognisable. The new claim 'Per te. Per tutti.' (For you, for anyone) captures the essence of the multimedia Rai Media Company, which puts the individual at the centre of its brand and that is able, at the same time, to speak to all the Italian citizens, thus generating "collective connections".

- **Streamlining the portals:** with a view to strengthening the Rai brand and capitalising its online traffic, a process was started to review Rai's offer through the web and mobile devices. In addition to the most downloaded and appreciated apps for the European Football Cup and the Olympics, a first-level objective was the launch of the Beta version of the new non-linear TV platform RaiPlay (and related app), which was fully developed internally, will allow users to watch, from September, on-demand contents, including drama and comedy and cinema works, and will replace the domain Rai.tv.

- The new 2016-2018 **Business Plan**, which was approved in April. In the three-year period Rai will start a process to renew its range of editorial contents – also through a review of the mix of genres and their language –, which will allow the Company to develop an increasingly universal vocation and to maintain its leadership in audience within the new multi-platform digital environment. This transformation will be based on the delivery of services ensuring a full pluralism of information, the attention to the needs of local areas and contemporary times, an engaging and inclusive activity of entertainment, the support to digital education and literacy all over the country, the promotion and enhancement of the made in Italy brand abroad.

In order to complete the transformation into a Digital Media Company, Rai is reviewing its distribution model and is developing a distinctive range of digital products that may be customised and accessed by anyone, anywhere and at any time. Within this context the Group will make considerable technology investments to increasingly meet the expectations and needs of its audience.

At the same time, Rai has started a process to streamline its industrial and organisational structure, which will allow it to better enhance its internal competence and to operate according to a One Company approach.

- **New Qualitel quality control system and popularity rating:** the preliminary process has been completed for the launch of the European public tender that will allow an updated,

more ample and all-inclusive observation to be obtained, from the end of the second half of 2016, in relation to the perception of the quality of Rai's offer.

The innovative inquiry consists of a stable high-sized sample, which represents a population of at least 5,000 resident individuals who may be interviewed remotely. The rate of administration of questionnaires and rapidity of response permitted by the new IT technology will allow popularity ratings to be made available in relation to the Digital Media Company Rai, on a daily, weekly and monthly basis, which may also be associated, in some cases, with the traditional audience indicators, such as the Auditel audience data.

The measurement of the Corporate, Programming, Brand and Executive Reputation of Rai will include the assessment of the quality perceived by the public in relation to the products offered on any and all platforms: Television, Radio, Digital Media and, for the first time, the production of Rai Cinema, including directly on the Theatrical channel.

- **Digital divide:** with a view to filling the digital divide, which is one of the pillars of the new identity of Rai as a Digital Media Company, a working team has been set up which will be specifically dedicated to digital inclusion, which has also led to the implementation of the project named *Complimenti per la connessione*. It is a spin-off from the TV serial *Don Matteo*, consisting of 20 episodes of 6 minutes each, which have been broadcast on Rai 1 channel immediately after the evening edition of the TG news programme, starting from 11 July 2016.

The main purpose of this project is to stimulate those group of population that are still far from using the new digital technology to make use of the numerous digital services of public interest, thus creating digital literacy at both first and second level.

According to a cross-media and project approach, the first episode was broadcast together with a series of other projects:

- episodes were re-run during the summer on Rai 1, Rai 3, Rai 5, Rai Storia, Rai Scuola and Rai Premium channels;
- the contents were also published in the new portal of Rai Play;
- the promotion, based on a substantial scheduling of commercials, had an inclusive value in itself;
- commercials were emphasised in Rai's digital offer;
- commercials were broadcast in the 500 cinema halls to which Rai delivers advertising services;
- the same arguments of the drama and comedy work were echoed by most TV and radio programmes during the summer,

having the same target and each programme maintained its own language and style.

Among the themes dealt with are: the use of search engines, e-Books and browsing. Again within the scope of the projects aimed at encouraging the growth of digital culture, together with the need to establishing a direct communication channel with the key universe of millennials, Rai – together with the networks from other European countries (Germany, Austria, Belgium, Spain, Ireland, Luxembourg, the Netherlands, Wales, the Czech Republic and Greece) – has joined the international cross-media project named *Generation What?* proposed by the European Broadcasting Union (EBU), with the aim of drawing a portrait of young people aged between 16 and 34 through their replies to an online, interactive and anonymous questionnaire including 149 questions.

The analysis of this target, i.e. the Millennial generation, has a central role in the description of the specific features of young people born in the digital age, so as to drive the Group's strategies for the purposes of filling the digital divide and overcoming the lack of contact with the new generations. This project was born from an idea of France Télévisions, which had already experienced the initiative with great and unexpected success in Autumn 2013.

In April 2016 the website of *Generation What?* was simultaneously launched in all the countries that have joined the project, which will be completed in October. To promote and disseminate the project, Rai has also established a media partnership with the website of Repubblica.it.

- **Tavolo Editori Radio:** in order to obtain reliable shared radio audience data, after Audiradio was closed down, Rai has actively contributed to setting up a representative body of all the national and local broadcasters (both public and private) named *TER- Tavolo Editori Radio Srl*. The purpose of the new company is to start, from January 2017, a new inquiry into radio listening that takes account of the continuing evolution of media and audience on any and all platforms and devices.
- **European Football Cup 2016:** from 10 June to 10 July 2016 Rai ensured the coverage of the European Football Cup event on all the platforms and with any available means of production and distribution, including the main live matches broadcast on TV, radio and web channels, dedicated features and commentary and analysis programmes, with innovative methods of reporting and language.

Specifically, Rai implemented a free dedicated app for the major operating systems, *Rai Euro 2016*, which made information, highlights, live matches, curiosities available to the public, together with the possibility of reviewing the contents. Furthermore, during the entire period of time in which the sports event took place, it was possible to access, by pressing the blue button of the remote control of connected TV sets, the new app *MHP Rai Euro 2016*. While viewing the matches broadcast by Rai 1, this app allowed the user to see again the main actions of the match (goals, goal opportunities, expulsions, goals cancelled out) and to come back immediately to live viewing; the app also provided statistical data relating to the match being played (shots on goal, possession of the ball, fouls), which could be searched easily; during the rest of the day a selection of video contributions (reports and interviews) was available, which kept always alive the story of the sports event. A complete list of the matches already played was available to users who had not viewed a match, allowing them to see again any match either in a short or full versions.

Digital terrestrial and satellite television

Digital terrestrial is Rai's primary television platform, on which a strategy for multi-channel and broadcasting infrastructure growth has been developed.

Satellite TV, which is complementary to digital terrestrial, reaches the inhabitants not served by this broadcasting technology, even only partially. To this end, profiting from the experience of other countries, Rai – together with Mediaset, Telecom Italia Media, Confindustria Radio TV and Aeranti-Corallo – had already set up Tivù Sat, its free satellite platform, in 2009.

Rai's TV offer includes 14 digital terrestrial channels, 4 of which are also available in high definition; specifically:

- three general interest channels – Rai 1, Rai 2 and Rai 3, as well as the Rai HD channel that shows the best Rai programmes and, furthermore, the HD version of Rai 2, Rai 3, Rai Sport 1 and Rai Sport 2⁵ in August only, on the occasion of the 2016 Rio Olympic Games;
- eleven targeted or themed channels: Rai 4⁶, Rai 5, Rai Movie, Rai Premium, Rai News 24, Rai Storia, Rai Scuola, Rai Sport 1, Rai Sport 2, Rai Gulp and Rai YoYo.

14 channels are available on the Tivù Sat platform, 8 of which are also available in high definition: Rai 1, Rai 2, Rai 3, Rai 4, Rai Sport 1,

⁵ The RaiSport 2 channel will be closed down in September 2016.

⁶ As noted above, the channel is being repositioned and will become a channel dedicated to the Millennial generation.

Rai Sport 2 and Rai Movie and Rai Premium from May 2016.

In addition to and supporting its linear television range, Rai offers interactive applications and on-demand video services on internet which can also be used on connectable TV sets (smart TV-sets or through certain types of interactive decoders).

Radio

Radio is the second means of mass communication in Italy.

During the first half of 2016 radio listeners were about 35.6 million⁷ on an average day and showed, compared to the same period in 2015, an increase of 2%, equal to 684,000, i.e. 67% of Italians. The time spent listening to the radio was 3 hours and 21 minutes a day, slightly higher than the value recorded during the first half of 2015, 3 hours and 17 minutes.

A characteristic of radio is that it is mainly used outdoors (76.9% of listeners): about 74.2% of persons from 14 to 64 years of age use their car radio to listen to it. Traditional appliances are used by 30.2% of this population segment. Traditional reception appliances are more used by more adult/elderly people (58% of listeners over 65).

The new technologies are significant, above all for younger people.

An average of 5.4% of total listeners use the mobile phone or smartphone to get through. However, this is the way 17.6% of very young people (from 14 to 17) and 10.6% of young adults (from 18 to 24) listen to radio, thus significantly increasing the relevant overall reach.

Recourse to the web (from a PC or a tablet) is less frequent: 2.7% of radio listeners, which increases up to 3.9% for the young people from 14 to 34.

6.7% of listeners use the radio from their TV set by simulcast on digital terrestrial or satellite television (offered by all the national networks and a number of local channels). The phenomenon is particularly common, in this case too, among young people from 18 to 34, with a percentage that is about 10%.

Therefore, the radio is a medium which has the ability to renew itself and strengthen its reach, keeping up with social and technological evolution and maintaining proximity and service features, in terms of news and information and emotions, as confirmed by the findings of research among the general public.

The main lines of action were:

- the enrichment of the editorial offer (both linear and non-linear), also through the production of original and distinctive contents for the web and social media;
- the coordination of schedules in order to make the offer increasingly consistent with the editorial mission of each channel;
- the increase in the already tested editorial synergies with TV programming;
- refining and strengthening the range of web and digital channels launched in summer 2015: Radio4 Light, Radio5 Classica, Radio6 Teca, Radio7 Live, Radio8 Opera;
- the implementation of digital communication which involved all the channels, including themed contents in audio/video streaming, podcasting, examples of hybrid radio-TV-web-social media;
- the quality monitoring of programming, which is currently extended to the web and social media, with the aim of improving the perception, popularity, loyalty and profitability of the Rai radio offer;
- the plan for the development of digital broadcasting (DAB+);
- the pursuit of investment policies for the implementation of innovative technology projects. Two major projects were in fact started: the final migration to the IP technology and the resumption of the process for the digitalisation of the historical radio archives, which should be completed in four years;
- local partnerships, special projects and cross-promotion Radio-TV actions;
- new advertising formats (product placement, sponsored station breaks, radio content, infactory) and closer relations with the investor market.

The figures show how the typical radio audience is made up: a slight preponderance of men (53.1% of total listeners); people in the central age bracket, from 25 to 54 (54.6%) and persons with a medium- to high-level or university education (48.9%).

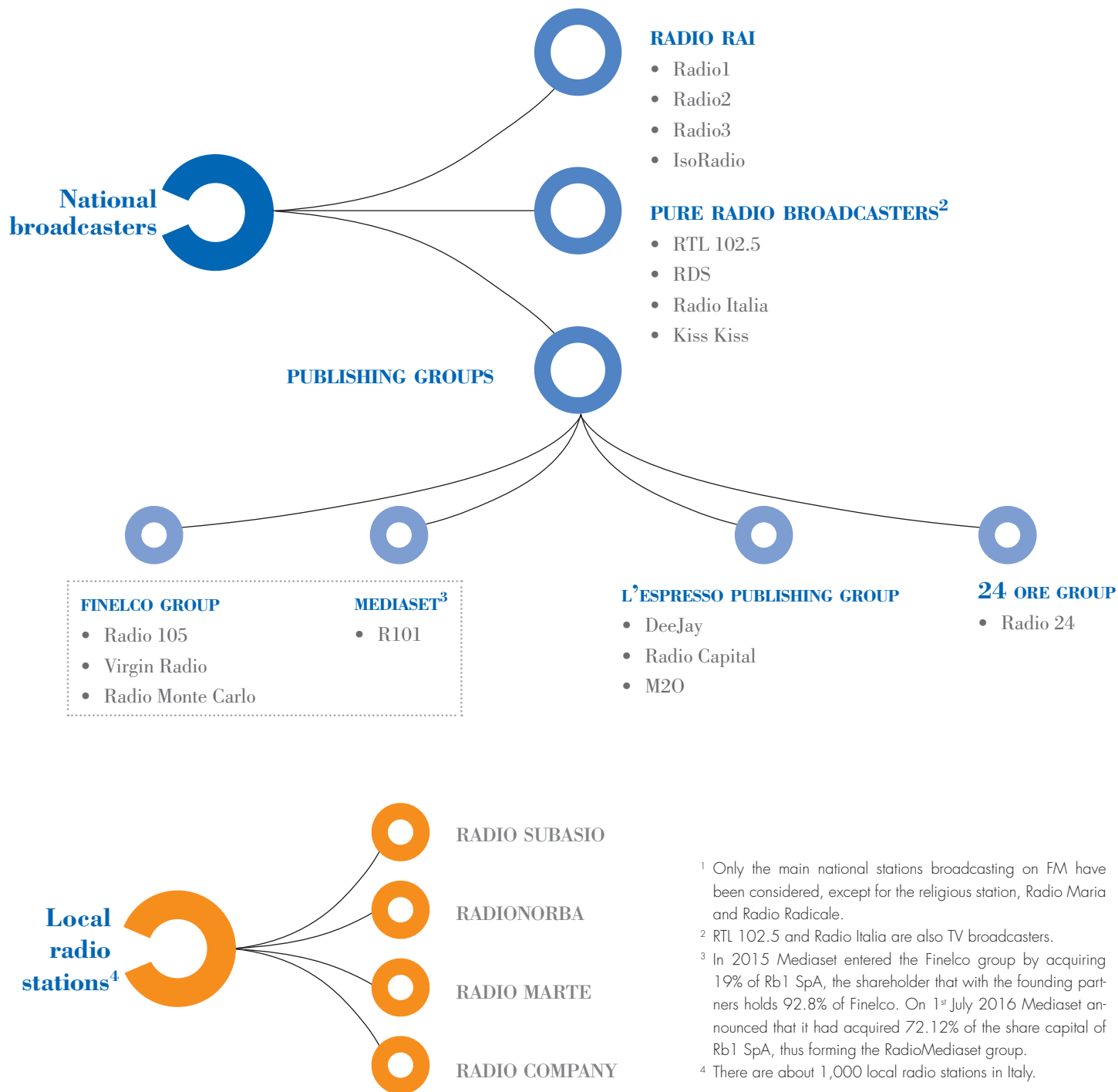
The market range is continuously evolving and is concentrated among Rai, Mediaset and the L'Espresso Group, in addition to a large number of operators broadcast at national and/or local level.

At national level there are both pure radio broadcasters (including RTL 102.5, Radio Dimensione Suono and Radio Italia) and Multimedia Groups mainly active in the sector of traditional and online-publishing, such as L'Espresso and Il Sole 24 Ore.

⁷ Source: GfK Eurisko – RadioMonitor.

Major radio broadcasters¹

(Source: Rai)



¹ Only the main national stations broadcasting on FM have been considered, except for the religious station, Radio Maria and Radio Radicale.

² RTL 102.5 and Radio Italia are also TV broadcasters.

³ In 2015 Mediaset entered the Finelco group by acquiring 19% of Rb1 SpA, the shareholder that with the founding partners holds 92.8% of Finelco. On 1st July 2016 Mediaset announced that it had acquired 72.12% of the share capital of Rb1 SpA, thus forming the RadioMediaset group.

⁴ There are about 1,000 local radio stations in Italy.

67.6%

Families that access
the Internet from home

87.4%

Individuals who
access the Internet
anyway and anywhere

There are about 1,000 local radio stations⁸ whose signal coverage (from municipal only to more than one region) and audience shares are extremely variable. Overall, local radio stations have the capacity to attract a substantial portion of the radio audience, since they have strong local roots and since the level of the programmes of many of these broadcasters competes with the nationwide networks. During the first half of 2016, local radio stations recorded an AQH (Average Quarter Hour) share of 33% at national level, in the slot from 06:00 a.m. to midnight.⁹

RadioRai is present on all analogical and digital platforms with the aim of strengthening its central position on the market scene and for listeners. Traditional broadcasting on FM is accompanied in fact by transmission on digital terrestrial and satellite TV and all its programmes can be heard on Internet both through a PC or a mobile device (smartphone and tablet), including through the RadioRai App.

Rai's offer, exclusively produced in house, is the widest in Italy in terms of the vastness of different genres and the number of its channels; it has:

- three stations with strong individual characteristics: Radio 1, Radio 2 and Radio 3;
- Isoradio, the infomobility station;
- Gr Parlamento, dedicated to the Institutions;
- three stations specially conceived for internet, Radio 6 Teca, Radio 7 Live and Radio 8 Opera, which can also be heard on DAB+;
- two themed music stations, Radio 4 Light (pop and jazz music) and Radio 5 Classica. Radio 4, which in addition to being broadcast analogically, can be heard on internet, DTT and satellite TV and on Digital Radio (DAB+). Radio 5, which in addition to being broadcast analogically, can be heard on internet, DTT and satellite TV, on Digital Radio (DAB+) and on FM in 5 Italian provincial capitals (Ancona, Milan, Naples, Rome and Turin).

As regards the audience shares of the main Publishing groups, RadioRai, with its four main stations, Radio 1, Radio 2, Radio 3 and Isoradio, still ranked second during the first half of 2016, throughout the year, with a 12% share (-0.3% compared to the first half of 2015), after the Finelco Group, 14.7% (+0.2%) with its three stations: Radio 105, RMC, Virgin.

The L'Espresso Group ranked third with a share of 11.2% (-0.2%), with the three stations: DeeJay, Capital, M2O. The most heard radio station was still RTL 102.5 (a share of 10.2%), together with Radio 105, holding the same share, in the slot from 6:00 a.m. to midnight.

⁸ Confindustria Estimate on Radio stations and Television networks, July 2016

⁹ It is calculated as additional to the total share held by national radio stations recorded by the survey of Gfk Eurisko – RadioMonitor.

Digital Media

During the first half of 2016 the percentage of access to the Internet remained substantially stable: in June 2016, 67.6% of households declared that they were able to access the Internet from home, while 87.4% of individuals aged between 11 and 74 declared that they accessed the Internet "from any place and device."

Rai's offer includes:

- **Rai.it:** the portal which aggregates the Group's vast web offer and makes it easily accessible. Rai.it promotes all the programmes on air and gives access to them, with their web-available content, from all TV networks, radio stations, as well as to information and multimedia content from all the newsrooms;
- **Rai.tv:** the environment for access to Rai's entire audio and video offer available on internet, through an advanced graphic interface. The offer is delivered through live streaming of 15 TV and 10 radio channels. Rai.tv is also present on the YouTube platform with a series of official channels.
- **Replay TV:** from which access may be obtained on demand and on payment of rights, to Rai 1, Rai 2, Rai 3, Rai 5, Rai Premium, Rai Gulp and Rai Yo Yo programmes broadcast during the previous 7 days;
- **Rainews.it:** the environment from which access may be obtained to all Rai news and information.

International offer

Rai Com is responsible for the distribution and sale of the Rai channels on the international market: the distribution of rights to rebroadcast some TV and radio channels in Europe and the distribution of Rai Italia, Rai World Premium and Rai News 24 channels outside Europe. Furthermore, Rai Com also sells and distributes the radio channels RadioRai 1, RadioRai 2 and RadioRai 3 outside Europe.

The channels are delivered through local TV platforms – via cable, satellite or new media platforms – in different modes, both free and pay.

Rai 1
17.8%
share

Performance

Performance of the TV offer

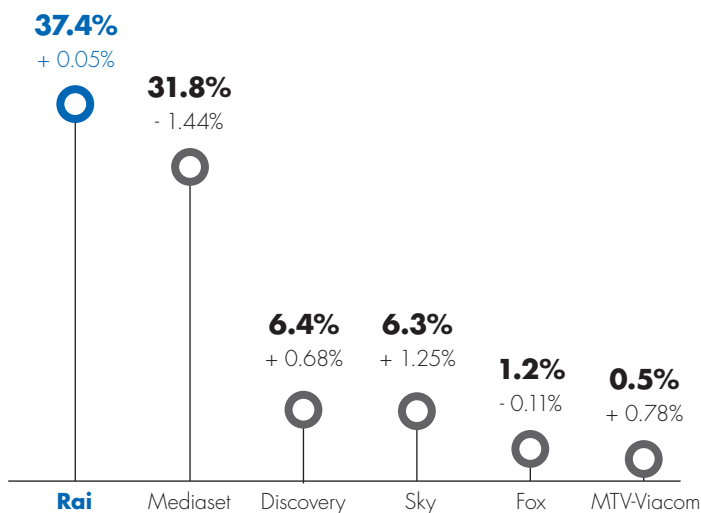
During the first half of 2016, the average number of viewers remained substantially stable, i.e. 10.6 million over the whole day (down by 385 thousand viewers compared to the corresponding period in 2015) and little more than 26 million at prime time (down by 864 thousand viewers). The traditional general interest channels (Rai 1, Rai 2, Rai 3, Canale 5, Italia 1, Rete 4 and La7) as a whole continued their negative trend, falling to a 59.2% share on a daily basis (-1.3% compared to the first half of 2015) and to 62.7% at prime time (-1.6% compared to 2015), above all to the benefit of free semi-general interest and themed channels, which passed from 30.3% in 2015 to an average share of 31.5% over the whole day and, at prime time, from 26.1% in 2015 to 27.3%.

Rai 2
6.5%
share

Rai 3
6.6%
share

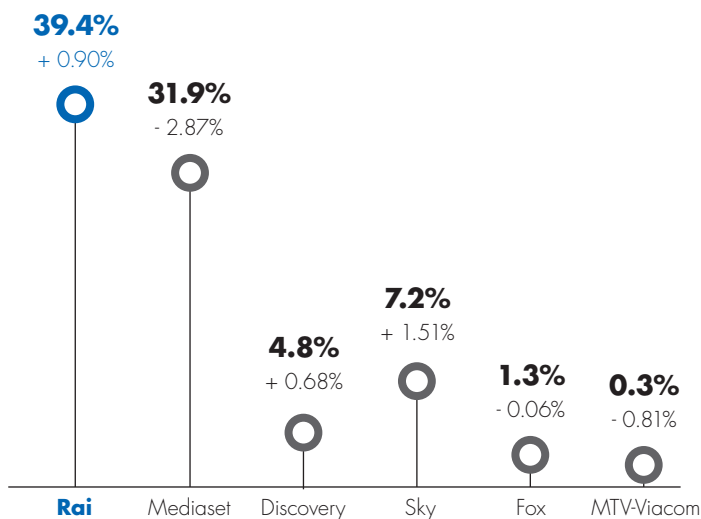
Audience on an average day

(02.00 a.m. - 02.00 a.m., source: Auditel)



Prime time audience

(08.30 p.m. - 10.30 p.m., source: Auditel)



Rai was again the market leader by a long way with a 37.4% share (+0.05% compared to the first half of 2015) on the whole day and 39.4% at prime time (+0.9%). Mediaset remained at 31.8% (-1.4% compared to the first half of 2015) on the whole day and 31.9% at prime time (-2.9%).

The general interest Rai channels retained their market share over the **whole day** above all thanks to the growth of Rai 1 (contributed to by the broadcast of the European Football Cup matches); there was an overall increase of 1.1% share at prime time. Specifically:

- Rai 1, with a 17.8% share (+0.6% of share compared to the first half of 2015) was again the most viewed channel in absolute terms, holding on to a fair margin over the Mediaset flagship channel (Canale 5 achieved a 15.9% share, -0.3%);
- Rai 2 went down to 6.5% (-0.3%), ranking fourth after Rai 3;
- Rai 3 stood at 6.6% (-0.1%), ranking third after the two Rai and Mediaset flagship channels.

A contribution to the Rai Group's performance was still made by the specialist networks, which together obtained a 6.5% share over the whole day (-0.1% of share compared to the first half of 2015), thanks to the performance of the pre-school children's Rai YoYo channel, as well as of Rai Movie, Rai Premium and Rai 4, all in the ranking of the ten most viewed specialist channels during the half-year.

Therefore, with its completely free range of services, Rai is again the leading broadcaster of specialist channels, ahead of Mediaset (6.4%), Discovery (6.4%), Sky (6.3%), Fox (1.2%), and all its other Italian and international competitors of the calibre of MTV-Viacom, Disney, DeAgostini and Turner.

In **prime time** the Rai Group remained leader with a 39.4% share (+0.9% compared to the first half of 2015) against a 31.9% share recorded by Mediaset (-2.9%).

As regards the individual channels:

- Rai 1 is the most popular channel with a 20% share (15.5%, -1.5%);
- Rai 2 and Rai 3 keep their places as the most viewed networks after the flagship channels, achieving a share of 6.7% (-0.4%) and 6.9% (+0.06%), respectively.

The share of the Rai specialist channels recorded 5.8% (-0.2% compared to 2015) during the first half of 2016, coming after Mediaset's specialist range at 6.5% (-0.3%), a result which it achieved also owing to its scheduling of premium football matches.

As regards the perception of the quality of Rai's general interest TV channel offer, the rating expressed by users is 7.8 (on a scale from 1 to 10), to the previous observation.

Audience from 1 January to 30 June 2016

(data in % - the totals may differ from the sum of individual figures owing to rounding-offs)	<i>Day time</i> Share (02:00 a.m. – 02:00 a.m.)			<i>Prime time</i> Share (08:30 p.m. – 10:30 p.m.)		
	June 2016	June 2015	Change	June 2016	June 2015	Change
Rai 1	17.8	17.2	0.6	20.0	18.6	1.4
Rai 2	6.5	6.8	-0.3	6.7	7.1	-0.4
Rai 3	6.6	6.8	-0.1	6.9	6.8	0.1
Rai General interest channels	30.9	30.7	0.2	33.6	32.5	1.1
Rai 4	1.0	0.8	0.1	1.2	1.0	0.1
Rai Premium	1.0	1.0	0.1	1.0	1.1	-0.1
Rai Movie	1.1	1.1	0.0	1.2	1.2	0.1
Rai 5	0.3	0.3	0.0	0.3	0.4	0.0
Rai Storia	0.2	0.2	0.0	0.3	0.3	0.0
Rai Scuola	0.0	0.0	0.0	0.0	0.0	0.0
Rai Yoyo	1.2	1.4	-0.2	0.8	0.9	-0.1
Rai Gulp	0.6	0.5	0.1	0.5	0.4	0.0
Rai Sport 1+2	0.6	0.8	-0.1	0.4	0.6	-0.1
Rai News 24	0.4	0.5	-0.1	0.2	0.2	0.0
Rai Specialist channels	6.5	6.6	-0.2	5.8	6.0	-0.2
Total Rai	37.4	37.3	0.1	39.4	38.5	0.9
Canale 5	15.9	16.2	-0.3	15.5	17.0	-1.5
Italia 1	5.2	5.7	-0.5	5.6	6.1	-0.6
Rete 4	4.3	4.9	-0.6	4.4	4.9	-0.5
Mediaset General interest channels	25.4	26.8	-1.4	25.4	28.0	-2.6
Mediaset Specialist channels	6.4	6.4	0.0	6.5	6.8	-0.3
Total Mediaset	31.8	33.2	-1.4	31.9	34.8	-2.9
Total La7	3.5	3.6	-0.1	4.3	4.4	-0.1
Total Sky	6.3	5.1	1.3	7.2	5.7	1.5
Total Fox	1.2	1.3	-0.1	1.3	1.4	-0.1
Total Discovery	6.4	5.7	0.7	4.8	4.1	0.7
Total MTV-Viacom	0.5	1.2	-0.8	0.3	1.1	-0.8
Total TV	100.0	100.0	0.0	100.0	100.0	0.0

The genres delivered by the general interest TV channel offer recorded a popularity rating of more than 7, also showing an increase compared to the previous observation. The overall rating concerning the specialist channel offer recorded a decline from 7.8 to 7.5; however, the single channels recorded ratings higher than 7.0¹⁰.

- Radio2 showed an increase, with 270 thousand listeners (+24thousand, +9.6%) with a 4.3% share (+0.2%);
- Radio3 showed a decrease, with 138 thousand listeners (-4thousand;-2.8%) and a share of 2.1% (+0.1%);
- Isoradio showed a decrease, with 34thousand listeners (-5thousand, -12.8%), equal to a share of 0.5% (-0.1%).

RadioRai

18.8%

share
(06:00 a.m.- 9:00 a.m.)

Performance of the Radio offer

RadioRai was again the second radio group at a national level during the first half of 2016, with more than 7.7 million listeners and a share of 12%.

Specifically, during the prime time slot (from 6:00 a.m. to 9:00 a.m.), RadioRai, with the three stations Radio 1, Radio 2 and Radio 3, remained leader with an average audience of little less than 1.4 million listeners, equal to a share of 18.3%. Adding Isoradio, surveyed for the first time, total RadioRai share achieved 18.8.

As regards the single stations, the findings of the Gfk Eurisko – RadioMonitor survey showed:

- Radio 1 with 4.1 million listeners (-30 thousand, -0.7% compared to the first half of 2015) remained in 6th place in the national radio ranking;
- Radio 2 with 3 million listeners (-3 thousand, -0.1%) was in 7th place;
- Radio 3 exceeded 1.4 million listeners (+47 thousand, +3.4%) remained in 14th place;
- Isoradio went down to 659 thousand listeners (-107 thousand, -14%), took 16th place among national channels.

Among RadioRai's competitors (total share, on average day, in the slot from 06:00 a.m. to 06:00 a.m.) are:

- RTL 102.5, with the biggest audience with almost 7 million listeners (+3.8% compared to the first half of 2015);
- Radio DeeJay in 2nd place with 4.8 million (+3.7%);
- Radio 105 went up to 3rd place with 4.6 million (+1.4. %);
- RDS went down to 4th place, with 4.6 million (-3%);
- Radio Italia remained stable at 5th place, with 4.4 million listeners (-1.8%);

Regarding the listeners of an average quarter hour *vis-à-vis* total audience, the performance of RadioRai channels was as follows:

- Radio1 showed a decrease, with 325thousand listeners on average (-8thousand, -2.4% vs. the first half of 2015) with a 5% share (-0.3%);

Performance of the Web and Social offer

An average of 28.4 million Italian users connected to Internet at least once a month during the first half of 2016. Of these, 23.4 million (82%) saw video content.

The Rai Group's offer generated traffic of 1.3 billion pages visited, with a monthly average of 217 million pages visited (+10% compared to the first half of 2015) and 26.4 million single users (+32% compared to the first half of 2015). This increase was attributable to the result obtained from broadcasting the European Football Cup matches (266.7 million pages viewed) in June.

Rai's presence on mobile devices, already rich and varied, further diversified in order to be available on the different operating systems. The three most successful applications were Rai.tv, Europei 2016, RadioRai and Rai News and, at the same time, the presence was strengthened on the main social networks.

28.4
million Italians
connected to the Internet
at least one time a month

23.4
million people made use
of video contents

1.3 billion
pages visited

26.4 million
single users

266.7 million
pages visited during
the European Football Cup

¹⁰ Source: Rai programme quality monitoring (December 2015).

Tg 1 Share**22.6%**

08:00 a.m.

22.9%

01:30 p.m.

24.0%

08:00 p.m.

Tg 2 Share**16.1%**

01:00 p.m.

7.5%

08:30 p.m.

Tg 3 Share**10.0%**for all the
main editions**Television****Information on the general interest channels and on Rai News 24**

Information and analysis have always played a major role in Rai programmes, a policy which the public appreciates in spite of the proliferation of online services which report on events before the more traditional media.

Tg1 news is the leading programme of Rai news and information services. It speaks to all the Italian citizens and puts the citizen-viewer in contact with the world of the institutions, politics, society, religion, economy and culture.

It is the undisputed leading news and information programme in terms of audience and image all over the country, thanks to the values that inspire its offer: authority, pluralism, institutional standard, wide-ranging view of the world, excellence and elegance.

The **Tg1** programme provides information on the main news of the day, educates through report services (economy issues, European trends, healthcare, culture, sports, etc.), entertains with music, cinema, theatre services that are usually delivered in the final part of the news programme. The population rating of the offer delivered by the newsroom, which is witnessed by a sound growth of audience, is based on the correct presentation of a multiplicity of different news items, the capacity to select them appropriately, care in the transmission of images and rigour in verifying content and preparing reports.

In using current language and presenting contemporary issues, the **Tg1** news programme is fully in line with the features of Rai 1 in terms of universality, quality and authority, thus creating a mixture of tradition and innovation.

The programme is delivered through three main editions of about 30 minutes each, five flash editions, one sign language edition and one "Sixty seconds" edition, as well as the night edition.

The audience of the main editions was 22.6% in the morning, 22.9% in the afternoon and 24% in the evening.

The newsroom's activities also include numerous Features: *Speciale Tg1*, *Tv7*, *Tg1 Economia*, *Tg1 Billy - Il vizio di leggere*, *Tg1 Dialogo*, *DoReCiakGulp*, *Tg1 Fa' la cosa giusta - La pagina delle buone pratiche, dei diritti e della solidarietà*, *Tg1 L'Intervista*, *Tg1 Medicina*, *Tg1 Motori* e *Tg1 Persone - Ritratti*, thus broadcasting about 175 minutes a day as a whole.

In this regard, note the participation in the three-hour Rai 1 *Uno Mattina* programme, 31 live broadcasts of important events and various

extraordinary editions, as well as the synergy with *Porta a Porta* in preparing its prime time editions.

The **Tg2** news programme is of general interest, but is also characterised by 13 specific features. Of these, the last one is *Tutto il bello che c'è*, a feature which tells positive stories of voluntary work and solidarity for which there is seldom space in TV news programmes; *Tg2 Punto di Vista*, with the new formula providing for two TV hosts in a sort of "crossfire" questions posed to the guest. Major attention was paid to *Costume e Società*, where the language was changed by adding more social issues. An additional effort was also made for *Medicina 33*, which, enriched with more services and interviews that explain health problems, was confirmed as one of the products that are most appreciated by the **Tg2** programme audience.

The formula was also partially modified for *Tg2 Insieme*, the morning features including only two macro-spaces for detailed analysis, often by dealing with arguments already developed during the edition of 08:30 p.m. and weekly regular features.

Tg2 is a new programme of excellence which has always been focused on the most important events once a week: *Tg2 Dossier* with its thirty-year history, is still a product which is liked and appreciated. The first half-year saw a number of live broadcasts of *Tg2 Dossier*, which were all connected with the present-day issues that have involved Europe, with inquiries and correspondents. Others were dedicated to changes in Italy, the richness of agriculture, school, young people and culture, as well as to immigration and reception.

During the first half-year, **Tg2** consolidated the audience of the two main editions, at 01:00 p.m. (16.1%) and 08:30 p.m. (7.5%).

During the period there was a more intense commitment to specifically renew and strengthen the evening edition that was given a new look and a more modern studio from the end of April.

Tg3 is the news programme that tells the daily life of citizens and society. Everyday problems are tackled clearly. Politics is explained by paying attention to the effects on the real situation. Attentive to social issues, **TG3's** strong point is the use of a direct style in describing what is happening, in choosing the subjects to handle, in its aptitude for giving a voice to the weak and excluded.

Tg3 has a highly loyal public with a medium to high level of education who appreciate live information, many interviews with personalities, features, special editions, correspondents' reports and guests either in the studio or linked up.

Tg3 is not only a news programme. Ample space has been dedicated to accurate analyses with *Fuori Tg* at noonday and with *Linea Notte* at the end of the day. Then the features: *Fuori Linea*, with its reports from artistic or historical places, *Agenda dal Mondo*, *Chièdiscena*, *Pixel*, *Persone*.

During the first half of 2016, Tg3 showed an audience of 10% in the main editions.

Tg3 produces a particularly important broadcast in sign language for the hearing impaired.

During the first half of 2016, the **TGR** regional TV news station strengthened its presence all over the country, optimising its role as a key place of information and developing significant synergies with all the national newsrooms and, particularly, with the restyled Rai News channel.

Work continued on the digitalisation plan, bringing the number of restyled local editorial newsrooms up to 16. A shorter production chain with greater journalist involvement in the creation of the programmes.

This newsroom's social campaigns have increased in the attempt to narrate and analyse the themes of great interest to the public: a different way to be closer to citizens and their territory.

The two main editions of the TG news programme had good audiences and the morning features (*Buongiorno Italia* and *Buongiorno Regione*) performed excellently.

Rai Parlamento is the news programme which informs TV users of the doings of the Italian and European Parliaments, in close connection with political developments.

Specifically, three daily editions of *Tg Parlamento* were devoted to the proceedings of the Italian Parliament, in addition to 9 editions of *Speciale Parlamento*, broadcast live from the Chamber of Deputies and the Senate, and 30 live broadcasts of *Question Time*, in which Deputies ask questions and receive immediate answers.

Rai News 24 was confirmed as the main all news channel for users who want to be reached with news and information 24 hours a day. The change in the channel's profile, which combines hard news and numerous spaces for accurate analyses during all the days of the week, was

appreciated by users, recording an increasing audience, during big events, with average daily peaks of more than 4% of share.

Rai News 24 is not only a channel, but is also the information portal of Rai and Televideo teletext tool, which are two platforms through which a single cross-media newsroom provides complete and timely information both in real time and with enhanced details.

During the last months, Rai News 24 provided information more promptly and covered an ever increasing number of domestic and international events with long live broadcasts, features, analyses by guests and experts and correspondents' reports.

The increase in original content, also supplemented by brief, flexible and accurate analyses, was also because Rai News 24 worked extremely closely with other Rai news offices (especially with the regional newsrooms) and increasingly expanded its use of the global network of Rai correspondents. In this regard, an example of teamwork is given by the news and information programmes delivered in the morning and afternoon: *Cronache dall'Italia*, *Cronache dal Mondo*, *Orienti e Americhe*, which are fully broadcast with Rai's tools and human resources operating throughout the country and at the correspondents' offices.

During the period Rai News 24 continued to carry out its function as a service: its reporters were often on air for other newsrooms and for the other leading Rai news programmes. Rai and its resources in different parts of the country are common ground for all those working in the company. Rai News 24 is the heart of this synergy, which delivers substantial savings in costs and human resources.

The **Rainews.it** portal, created fully integrated into and coordinated with the TV channel, went on with its growth. The public, especially when there are important events, is turning to the pages of Rai's news site with ever-increasing conviction. Rainews.it displays the best information produced by the Company as a whole and accompanies each news item with text, photos, videos, web-docs and latest generation multimedia products to provide impartial and detailed information always available in the round.

Televideo, for its part, continues to be a prompt and simple information tool at the centre of the media diet of the Italian people, which considers this channel authoritative, swift and reliable. But simplicity is not achieved to the detriment of the quality of the information or of technological progress; apps with Televideo content are among

TGR Share

15.0%

02:00 p.m.

11.2%

07:35 p.m.

Rai 1
25.6
million
net contacts a day
(43.7% of population)

the most downloaded and appreciated in the Italian news scenario.

The general interest TV channels

During the first half of 2016, a refresh was designed, in collaboration with the Creative Direction office, for Rai 1, Rai 2 and Rai 3 channels, the broadcast of which started in September, with the aim of defining a corporate visual identity, which had to be, consistent, distinctive, effective and in tune with modern times.

Despite a market that is becoming increasingly competitive among not only traditional broadcasters, but also among the new Internet players, **Rai 1** experienced one of the best seasons of the digital era, recording excellent performance peaks in terms of audience, results from web and social network environments and,

of quality and Public Service (audience data source: Auditel):

- 41 million net contacts a week, equal to 67% of the Italian population;
- 25.6 million net contacts a day, equal to 43.7% of the Italian population;
- 105 minutes of average daily viewing;
- 1.9 million listeners on average, on the whole day, with a share of 17.8% (+0.6% compared to the first half of 2015);
- 5.2 million listeners, on average, at prime time, with a share of 19.2% (+1.4% compared to the first half of 2015);
- 230 million web pages visited, with an average of more than 7 million unique browsers a month, up by 28% compared to the first half of 2015. Adding Rai 1's the various official accounts together, about 1 million followers on Twitter and 4.7 million fans on Facebook.

Most watched programmes

(1 January – 30 June, source: Auditel

the audience figure for serials is that of the most watched episode)

Rai 1

Programme	Date	Time	Audience (.000)	Share (%)
Day time				
European Football Cup: Italy vs Spain	27 June	06:02 p.m.	14,330	64.00
L'arena	14 February	02:00 p.m.	6,333	30.70
Monaco F1 Grand Prix	29 May	01:55 p.m.	6,226	33.90
Affari Tuoi	7 January	08:40 p.m.	6,056	21.40
L'arena Protagonisti	14 February	03:02 p.m.	5,111	26.10
L'eredità	24 January	07:45 p.m.	4,974	22.71
Techetechetè	30 May	08:43 p.m.	4,437	17.40
New Year's Day Concert	1 January	12:22 p.m.	4,082	25.00
Domenica In	14 February	04:40 p.m.	3,989	20.10
Linea Verde	28 February	12:23 p.m.	3,723	20.70
Prime time				
European Football Cup: Belgium vs Italy	13 June	09:01 p.m.	15,513	52.10
66 th Sanremo Festival	13 February	09:12 p.m.	11,269	52.40
Il Commissario Montalbano - Una faccenda delicata	29 February	09:26 p.m.	11,201	39.50
Don Matteo 10 - La Colpa	7 January	09:28 p.m.	9,841	33.90
Italian Football Cup: Milan vs Juventus	21 May	08:47 p.m.	8,437	38.00
Luisa Spagnoli	2 February	09:31 p.m.	7,830	29.70
Rischiatutto	21 April	09:30 p.m.	7,569	30.60
Io non mi arrendo	16 February	09:32 p.m.	7,464	28.30
Il Sindaco Pescatore	8 February	09:28 p.m.	7,108	27.50
Felicia Impastato	10 May	09:26 p.m.	6,909	26.80

Rai 2

Programme	Date	Time	Audience (.000)	Share (%)
Day time				
New Year's Day Concert	1 January	02:15 p.m.	3,201	18.60
Novantesimo Minuto	24 January	06:13 p.m.	2,315	11.80
Mary Poppins	1 January	03:55 p.m.	2,141	13.10
Monaco F1 Grand Prix trials	28 May	01:55 p.m.	1,988	11.40
Mezzogiorno in Famiglia	14 February	11:37 a.m.	1,981	14.31
Frozen Il Regno di Ghiaccio	2 January	02:01 p.m.	1,941	10.50
N.C.I.S. Unità Anticrimine	26 January	07:42 p.m.	1,875	7.50
Quelli Che Il Calcio	17 January	03:41 p.m.	1,847	10.30
Caffè degli Europei	19 June	01:31 p.m.	1,674	9.70
Rai Sport – Dribbling	19 March	01:30 p.m.	1,633	9.20
Prime time				
European Football Cup: Slovakia vs England	20 June	09:00 p.m.	5,588	21.70
Friendly football matches: Italy vs Finland	6 June	08:49 p.m.	5,237	20.10
Italian Football Cup: Alessandria vs Milan	26 January	09:02 p.m.	4,320	15.50
L'ispettore Coliandro - Black Mamba	15 January	09:20 p.m.	3,372	12.90
The Voice of Italy	24 February	09:19 p.m.	3,196	14.80
Boss in Incognito	4 January	09:18 p.m.	2,604	9.50
Unici - Il Mondo di Andrea Bocelli	1 January	09:18 p.m.	2,495	10.50
N.C.I.S. Unità Anticrimine	31 January	09:00 p.m.	2,485	8.50
Spain F1 Grand Prix	15 May	09:06 p.m.	2,451	9.50
Gli Aristogatti	6 January	09:18 p.m.	2,324	8.60

Rai 3

Programme	Date	Time	Audience (.000)	Share (%)
Day time				
Che Tempo Che Fa	6 March	08:33 p.m.	3,714	13.40
Che Fuori Tempo Che Fa	16 January	08:31 p.m.	2,795	10.50
Un Posto al Sole	2 March	08:44 p.m.	2,670	9.60
Quasi Quasi Rischiatutto Prova Pulsante...	15 February	08:34 p.m.	2,577	9.50
Cycling: 99th Tour of Italy	28 May	04:04 p.m.	2,259	18.30
Sconosciuti La nostra personale ricerca della felicità	5 February	08:28 p.m.	2,007	7.70
GEO	7 January	05:47 p.m.	1,981	12.80
Rai Sport - Il Processo alla Tappa	28 May	05:32 p.m.	1,935	19.60
Blob di Tutto di Più	7 February	08:00 p.m.	1,583	6.50
Gazebo Speciale	22 March	08:25 p.m.	1,510	5.70
Prime time				
Chi L'ha Visto ?	24 February	09:25 p.m.	3,611	16.40
Report	10 April	09:49 p.m.	2,543	10.60
Ulisse Il Piacere della Scoperta	23 April	09:58 p.m.	2,231	10.90
The Tourist	22 January	09:18 p.m.	2,072	7.70
L'incredibile Vita di Timothy Green	5 January	09:10 p.m.	2,055	8.00
Amore Criminale	16 June	09:28 p.m.	2,023	8.30
Medicus	2 January	08:31 p.m.	1,996	8.20
Presa Diretta	6 March	09:56 p.m.	1,911	8.10
Il Borgo dei Borghi	27 March	09:12 p.m.	1,871	8.10
Il Nome della Rosa	20 February	09:58 p.m.	1,723	7.70

Programming continued on a road of a suitable mix of information, drama and comedy, entertainment, culture, cinema and sports, in a never-ending quest for content that fits in ever more closely with the mission as a Public Service.

The drama and comedy season recorded an average of 22.3%, the highest share of the last three years, up by 1.6% compared to 2015. *Don Matteo 10* and the new episodes of *Il commissario Montalbano* reached the all-time record with more than 10 million viewers.

The new serials *Tutto può succedere* and *Non dirlo al mio capo* have told the story of modern families through a present-day and innovative language, thus achieving peaks of 30% of share among the youngest audience.

Finally, the audience gave an extraordinary response to the ten prime times of drama and comedy works dedicated to the history and heroes of our country: 11.5 million of contacts on average, 6.1 million of viewers on average, equal to a share of 23.7%, with peaks exceeding 27% during the viewing of *Felicia Impastato, lo non mi arrendo, Il sindaco pescatore*.

As regards entertainment programmes, *Ballando con le stelle* and *I migliori anni* have been able to innovate their format and compete for Friday and Saturday nights audience in a very complex environment, combining sobriety, elegance and the ability to excite emotions, and have achieved excellent results, exceeding shares of 19% and 20% on average, respectively.

But the real breakthrough in our high-quality programmes occurred with the show nights dedicated to the *Sanremo Festival (5)*, *Laura & Paola (3)*, *Rischiatutto (2)*, the *Wind Music Awards 2016 (2)* and the *Eurovision Song Contest (1)*.

They were thirteen event nights of quality shows, capable of reaching different and record audiences, while generating an impact that also goes beyond a merely successful broadcast of TV programmes.

Also very favourable were the results of the quiz and game genre: *Affari tuoi, L'eredità* and *Reazione a catena* strongly confirmed Rai 1's lead over its direct competitors thanks to constant changes to the language of entertainment.

Cultural education is still one of the strong points in this Network's schedule.

The event night of *Stanotte a Firenze* was the perfect marriage of quality and appeal which went in the direction of a renewal that is consistent with a refined editorial approach in the spirit of service.

Furthermore, traditional weekly series continued to be broadcast successfully for the documentaries *Passaggio a Nord-Ovest* and the travels

throughout our country with *Linea blu, Linea bianca* and *Easy Driver*.

As regards information, in addition to the continuation of journalistic analysis of news, politics and manners in the late evening *Porta a Porta* programme, the reinforcement of *Petrolio*, the inquiries of *L'arena* and the daily live broadcasts of *Uno Mattina, Storie Vere, A conti fatti* and *La Vita in Diretta* features, once again Rai 1 devoted great attention to the major national and international events, promptly modifying its prime time schedules to make room for live news analyses and updates: the 3 special editions of *Porta a Porta* dedicated to administrative elections and to the historical vote for a British Exit from EU.

The presence of Rai 1 was also felt in the schedule of serials, with the third season of *Velvet* and films with a preponderance of Italian comedy, produced and distributed by Rai Cinema. Classic Disney films during the Christmas period were again offered successfully with Disney blockbuster film *Frozen*, capable of achieving more than 1 million children aged between 4 and 14, with a share of 50% of the specific target.

For sports fans, in addition to the Formula 1 races and the Tim Cup matches broadcast on an exclusive basis, Rai continued to excite emotions during the summer with major football events thanks to the 15th edition of the *2016 UEFA European Championship*, capable of achieving peaks of more than 17 million viewers with the matches played by the Italian National team.

Rai 1 has confirmed its role as a prestigious and authoritative network, representing the national identity and supporting the daily life of citizens. The network is also capable of exciting emotions with its exclusive events, entertaining with engaging and well-known formats, delivering news and information focused on all the most important themes, both at a national and international level, telling the story of the world we live in through its major drama and comedy works and cultural education, and generating a strong impact on the country thanks to its record audience.

Rai 2 strengthened its offer, confirming its aptitude for experimentation and innovation, in terms of both languages and content.

Very successful and well-known titles were proposed at prime time: *Un boss in incognito*, with new stories of managers who, in getting involved, reveal the human and professional sides of their employees, which are often surprising and unsettling. The programme recorded further increase compared to the previous edition,

Rai 2
18.5
million
net contacts a day
(31.5% of population)

Rai 3
18.5
million
net contacts a day
(31.5% of population)

coming to a share of more than 8.5%; *Made in Sud*, fresh from the success of the last seasons and *The Voice of Italy*, with performances close to 10% and an average age of between 45 and 46 years. Again as regards music, we must mention the event night *Tim Music on Stage Award*, the first experimental broadcast of a prime time characterised by the branded content formula and, during the Christmas period, *Unici*.

As regards the mix of genres, there was the successful return of Rai-produced drama and comedy (an average share of 11.36%) with the new series of *L'ispettore Coliandro*, which met the expectations of its audience and attracted new fans.

The range of acquired serials presented the usual popular mix of established titles such as *NCIS*, *CSI Cyber*, *Hawaii Five-0*, *The Good Wife*, *Cobra 11*, *Castle* and *Elementary* on one hand, and, on the other, new entries, among which *Limitless* and *Jane The Virgin* stood out for innovative language.

The range of programmes offered in June, dominated by the *European Football Cup*, made it necessary to postpone the traditional summer edition of *Voyager* to July, in order to ensure better competitive conditions and discouraged any experimental broadcast of new productions. However, new releases were also presented, which were strongly targeted at women with the abovementioned series of *Jane the Virgin* and the second season of the docu-reality *Coppie in attesa*, which presented the stories, in real time, of the affairs of eight couples whose lives changed first with the expectation and then the birth of a child.

The late evening schedules confirmed *2 Next* and the nature documentaries of *Obiettivo Pianeta*, while also putting into a practice an experimental broadcast of new titles and new formulas with *Fatti Unici* (a successful experiment of sitcom live broadcast by the working team of *Made in Sud*) and with *Start! – La vita a portata di app* (an inquiry into the best digital services developed by Italian start-ups, as well as into the pilot branded-content project for the late evening schedule of the Network).

As regards the day time, we must mention the two major titles broadcast by the Network, i.e. *Quelli che... il calcio* and *Detto/Fatto*, the latter being confirmed as the landmark programme for the young female audience in the afternoon slot. *Quelli che... il calcio* experienced a season of great restyling thanks to the contribution from Gialappa's Band and Massimo Venier, thus reaffirming its future with a winning formula, while also paying greater attention to football, with live commentaries from the stadiums. This strengthened the brand and led to a sharp increase in audience (the 2015/2016 edition of the programme has been the best one since

2012 in terms of both absolute values and target audience: a share of 9.25% of the target audience aged between 25 and 34).

The schedules of **Rai 3** continue to describe the reality and provide accurate analysis of news and information and current affairs with its historical brands.

Among the new developments during the half-year was *Rischiatutto*, a Company project that looks at the synergy between Rai 3 and Rai 1 in a cross-network programming between an access prime-time slot and two prime-time events on the flagship Network. This project is intended not only to revive the show by trawling through memory, but to also involve the audience in a collective emotion-stirring process. *Rischiatutto* will be rescheduled for Autumn 2016 on Rai 3 channel – both in an access prime-time slot and through prime-time serials –, including the stories of new candidates for the quiz show, which are told through the eyes of a great film director such as Daniele Luchetti.

The prime-time slot will also host *Storie Maledette*, which has always been traditionally broadcast on late evening. The interview with Rudy Guede turns into a media event and proves to be an authoritative and original account of crime news.

Again as regards the noir genre, the channel is still keen to revive drama and comedy, which have been broadcast on Rai 3 once again after years on the sidelines, with an in-house produced programme such as *Non uccidere*, thus strengthening the channel's will to innovate. Scientific education is still scheduled on an ongoing basis, with the revival of the brand *Ulisse* which has an extraordinary ability to tell stories about the mankind's cultural and historical heritage and which is accompanied by a programme devoted to the environment, with international content brought in from reports abroad.

To optimise resources, as already experienced previously, the network also broadcast the re-runs of *Ulisse*, which were seen by an audience almost as numerous as the first showing on. Another important effort was devoted to *Rec*, which has been produced by the journalism lab run by the *Report* editorial staff with a view to putting into practice a new way of making inquiries with a contemporary language.

The channel also hosted some of the network's long-standing brands such as, for example, *Ballarò* and *Chi l'ha visto* in their formula extended until midnight, as well as *Presa Diretta*, *Report* and *Amore Criminale*.

Chetempochefa continued the experimental broadcast of the double weekend version, thus strengthening the idea of an ironic and clever infotainment show on Saturday night.

Rai 4
5
million
net contacts a day
(8.5% of population)

Late evening's schedules saw the return of *Gazebo* and the Saturday's broadcast of noir genre programmes, which are capable of retaining traditional audience while also attracting younger viewers.

To this end, there was an experimental broadcast of a series of acquired documentaries (*Tropo giovani per morire*), concerning biographies of international personalities who died prematurely and have become icons over time, as well as the docu-reality *Chiedi a papà* in ten instalments providing a portrait of the Italian family through a formula whereby the fathers remain alone to manage the household.

The daytime schedules confirmed the *Il posto giusto*, a programme produced in agreement with the Ministry of Labour and devoted to the world of jobs, as well as *Un pugno di libri*, retaining its cultural mandate to make literature popular among a wider audience.

Lucia Annunziata flies solo to liven up our Sundays with her one-to-one interviews of *In mezz'ora*, which is followed by *Kilimangiaro* and its new way of telling travel stories.

The weekly daytime schedule prolonged its winning formula with *Agorà*, *Mimandaraitre*, *Elisir*, *Pane quotidiano* and *Geo*.

Semi-general interest and themed channels

Rai Gold

Rai 4

2016 for Rai 4 was the year of a fundamental transition from being a specialist channel for certain types of product to becoming the fourth general interest network, mainly targeted at the generation of millennials.

It was a year of growth marked by both innovation in production and continuity in acquired programmes.

As regards the latter offer, fantasy, epics, action and crime films and thrillers remained the landmark genre, while opening up to American comedies targeted at younger audiences.

The programming of big live events, which was inaugurated with the *Eurovision Song Contest* and the *Emmy Awards in 2014*, was subsequently expanded to include the twenty-seven European Football Cup matches, which were commented on by Gialappa's Band with its unmistakable style.

The debut of the new original productions, in prime time and daytime, was planned for broadcast at the beginning of Autumn, at the same time as the rebranding of the entire Rai offer. Therefore, the estimate for the first half-year is to be considered, more than for past years, a provisional estimate in the short term.

The most watched programme was, almost inevitably, the lucky fourth round with the Italy-Spain match inside *Rai dire Europei*, with 950,561 viewers and a share of 4.25%, the highest record during the eight years of the programming of the network. A record audience was also reached by other fifteen matches during the half-year, mainly in the knockout phases. The second semi-final of the *Eurovision Song Contest* substantially reached the same audience as the previous year, with 619,741 viewers and a share of 2.44%.

However, prime time movies continued to be the backbone of the network's programming. Among the most striking performances were the post-modern versions of two classics of literature from Jules Verne: *Viaggio al centro della terra* (2.88% in January and 2.20% for the re-run in June) and *Il giro del mondo in 80 giorni* (2.28% in January and 2.63% for the re-run in daytime).

Among other successful results, those achieved by science fiction, fantasy and adventure with titles such as *Corsa a Witch Mountain* (2.65%), *Armageddon* (2.65%), *Hansel e Gretel cacciatori di streghe* (2.07%), *Riddick* (1.98%) and *John*

Carter (1.95%) confirmed a strong connection between the network's brand and a certain modern imagination.

Worth a separate mention is Jason Statham, an icon of action movies, who showed a top audience reach during the half year with titles such as *Professione Assassino* (2.76%), *Blitz* (2.78%) and *Parker* (2.61%).

The two formerly general-interest programmes *Criminal Minds* and *Ghost Whisperer* stood out among serials. While general-interest mainstream serials have been ensuring the required results for prime-time and access prime time programming on an ongoing basis, late evening schedules have been designed to include such experimental broadcasts as are necessary for the identity of a network devoted to innovation, with a series that has a more distinctly authorial or genre-based approach.

Rai Premium

Rai Premium, the network that is most devoted to general interest programmes among the digital channels of Rai's offer, continued to adhere to its vocation and strengthened its focus, in particular in prime time, on the drama and comedy works produced by Rai, the TV-movies, as well as the re-runs of the general-interest entertainment programmes that are most loved by the channel's audience.

Rai Premium's offer for the first half of 2016 also included *Parliamone*, the new daily programme with Maurizio Costanzo devoted to the analysis of the most intriguing current issues, the most unusual and interesting news, the most unexpected occurrences, telling stories and providing information – also thanks to its guests – with intelligence, competence and wit.

Among the editorial proposals for the daytime were the recently-included programmes *La prova del cuoco* of Rai 1 and *Detto/Fatto* of Rai 2, which are mostly targeted at female audience, with the twofold purpose of improving the reference target and giving the viewers greater choice.

Rai Movie

In early 2016, Rai Movie held a steady course among the most diverse film genres – comedy and action, western and drama, sentimental and thriller, again timing the main prime time and late evening programmes to build on audience loyalty. Two prestigious late evening cycles continued: *Italiana* for Italian products on Tuesdays and *Articolo 3 – Il cinema civile* on Friday evening, while *Viaggio in Europa* introduced a film review of the European cinema industry.

The late evening cycle *Fulmini d'oriente* also extended the schedule to the Far East cinema from 1st April to until most of the summer.

The schedule was often devoted to special events or dates: the 27 January Memorial Day was celebrated with titles such as *Monsieur Batignole*, the Golden Lion award winner *Arrivederci ragazzi* of Louis Malle (in prime time) and *Vento di primavera*; on 8 March there was a 24-hour programming devoted entirely to women; on 21 March, *Fortapàsc* of Marco Risi, *Lea* of Marco Tullio Giordana and *L'attentatuni* of Claudio Bonivento were broadcast in the memory of the innocent victims of mafia associations.

The schedule did not fail to put on programmes devoted to important personalities: the tribute to Ennio Morricone after winning the Oscar, as well as to Bernardo Bertolucci for his 75th birthday and to Marcello Mastroianni (with a large cycle of movies broadcast) at the same time as the Bari Festival – in addition to paying tributes to the personalities who died during the year, such as Ettore Scola and David Bowie.

Among the channel's own productions, *Moviextra* continued to search for rarities and gems in the Rai archives while *Movie Mag* held on to its line as a weekly magazine for current cinematography.

Furthermore, as part of the network's Public Service mission, more films were broadcast with the dual audio option in order to allow the viewers to listen to the dialogues in the original version.

Rai World

Rai World operates on the international TV market through the Rai Italia channel, offering a range that complies with the arrangements made in the Agreement between the Italian Prime Minister's office and the Company regarding Rai programmes for Italians abroad (especially in continents outside Europe).

Rai Italia is then a general interest channel, based on flow programming and containing all TV genres (news, analysis, cultural and religious features, entertainment, drama and comedy, movies, children's programmes, sport, etc.), taken from the Rai channels (specifically Rai 1, Rai 2, Rai 3, Rai Storia and Rai 5).

It does constitute a best of Rai which is also directed at fellow-Italians abroad.

The channel is broadcast in three editions (one for the American continent, one for sub-Saharan Africa and one for Asia and Oceania) which

Rai Premium

4.4

million
net contacts a day
(7.5% of population)

Rai Movie

6.1

million
net contacts a day
(10.4% of population)

take the various time zones into account in the programming schedule.

Finally, since 2013 Rai Italia has been including original programmes in its schedule, specifically planned and produced to satisfy the requirements of Italian communities all over the world.

Highlights in the schedules in the first half of 2016 were:

- *Community – L'altra Italia*, devoted to the life, events, personages and stories in Italian communities abroad presented in services filmed and with studio guests, followed by the daily *InfoCommunity* features in which experts reply to viewers' emails regarding taxation, pensions, consular services, etc., and *La lingua di Community* with Dante Alighieri Society linguists searching out proverbs, neologisms, outdated words and all the other wonders of the Italian language.
- *Camera con vista*, devoted to descriptions of Italian excellences in art, landscape, tourism, literature, spectacles and sport: a journey, therefore, through the most important shows and fairs and the most out-of-the way towns and villages and through the most important exhibitions; presentations of industries and crafts which make Italy famous all over the world and of lesser known itineraries which reserve even greater surprises.
- *Un giorno nella Storia*, devoted to an anniversary or celebration of an event in the history of Italy: a piece from the memory album in the wonderful heritage of the Rai Teche Archives.

Finally, an important aspect is that Rai Italia was able to offer *Community* on Rai 3 too, putting the feedback into effect that our communities abroad had been expecting for a long time. So, in our country as well, Italians abroad play their parts with their stories and with the tales of the other Italy that lives beyond the borders of the country, thanks to the simulcast via satellite, all over Europe.

Rai Cultura

Rai Cultura produces, distributes and fosters the circulation and multi-platform reuse of cultural content, cultural entertainment, history and quality education formats.

Around and through its linear and on-demand range of contents, Rai Cultura – thanks to its teams of authors assisted by top experts who provide their scientific validation in the various cultural fields – promotes debate and spreads knowledge, collaborating with all the other functions inside the Company and with the main institutions that operate in the field of

culture and education (MiBACT [Ministry of Cultural Heritage and Activities], MIUR [Ministry of Education, Universities and Research], Accademia dei Lincei, CNR [National Research Council], Prime Minister's Office, etc.) outside the Company.

In addition to delivering the multi-platform offer of the three TV channels Rai Storia, Rai 5 and Rai Scuola, the vertical themed portals run by the Management (culture, art, literature, economics, sciences, Italian language, philosophy and media) and of the National Symphony Orchestra of Rai, Rai Cultura continues to occupy daily or weekly programming slots in the schedules of Rai general interest channels through own products and productions such as: *L'Italia della Repubblica* and *Italiani* on Rai 1, *Memex* on Rai 2, *Il Tempo e la Storia* (a daily programme that is re-run on Rai Storia), *TV Talk*, *Diario Civile*, *Potere e Bellezza* and *Italia Viaggio nella Bellezza* on Rai 3.

Furthermore, Rai Cultura is the centre of expertise of Rai for the production of serious music on air on general interest channels. Among the events broadcast on Rai 1 during the first half of 2016 were *Concerto di Capodanno* from La Fenice Theatre in Venice, *Concerto di Pasqua* from the Orvieto Cathedral and *Concerto per le celebrazioni del 70° anniversario della Festa della Repubblica* from the Corazzieri Hall at the Quirinale Palace.

Rai 5

Rai 5 is the cultural entertainment channel devoted to music, art, literature and theatre with a special focus on large-scale productions, innovation and experimentation in the fields of music, art and theatre.

In 2016, Rai 5 extended and strengthened its mission, thus passing from being a network of performing arts to being a cultural entertainment network. In addition to broadcasting any and all genre of live performance – from music to theatre, from ballet and dance to Opera – the new project gives room to education and analysis in prime time, with programmes devoted to literature, art, environment. This occurs in the true spirit of a Public Service that fosters an idea of culture open to all contemporary expectations, enhances and promotes the excellences of our country and is able to address the wider strata of our society.

Prime times every day during the period were devoted to a different genre of excellence: documentaries, works of literature adapted for the screen, classic plays, movies by great directors, figurative arts, music, opera, concerts, ballet, quality documentary films and contemporary theatre.

Rai 5

2.8

million
net contacts a day
(4.7% of population)

The audience has showed great affection for programming slots with the titles of the best international documentaries on nature and environment, travels and explorations with a strong anthropologic focus. The network continued to broadcast the biographies of *I grandi della Letteratura italiana* hosted by Eduardo Camurri, while with *Strinarte* Claudio Strinati accompanied the audience through the discovery of the secrets of the great works of art.

The programme *I luoghi del Giubileo* hosted by Antonio Paolucci, who is the director of the Vatican Museums, has led the audience in the footsteps of the pilgrims who have visited the places making up the identity of the Jubilee over the centuries, opening up the world of the works of art (urban systems, architectural structures, great works of sculpture and painting) that the Church has promoted and created on the occasion of jubilees. The cultural analysis of paintings was offered by *Simon Shama, il potere dell'arte*, a programme in which Shama, who is an art historian, a professor at Columbia University and a popular TV host, has analysed eight "key" works in order to grasp the creative genius of the artists who conceived and created them (Caravaggio, Rothko, Bernini, Picasso, Turner, David and Van Gogh).

The current cultural affairs have been focused on by the weekly programmes *Memo*, *l'agenda Culturale* hosted by Nicola Lagioia, *Lo Stato dell'arte* hosted by Maurizio Ferraris and *Terza Pagina* hosted by Federico Taddia.

The channel's offer was characterised by live broadcasts of prestigious artistic and cultural events, which were produced and aired directly by Rai 5; among these were the eight concerts of the season of the National Symphony Orchestra of Rai, the four concerts of the Season of Accademia di Santa Cecilia, the premiere performance of Giacomo Puccini's *La Fanciulla del West* conducted by Riccardo Chailly at the La Scala Opera House in Milan, Giuseppe Verdi's *Attila* conducted by Michele Mariotti and directed by Daniele Abbado at the Teatro Comunale in Bologna, *L'Italiana in Algeri* from the Opera House in Florence, the concert-event *Tutto ciò che mi resta* on the occasion of the 27 January Memorial Day, as well as the premiere performance of Gaetano Donizetti's *La favorita* from the La Fenice Opera House in Venice, of *La donna serpente* from the Teatro Regio in Turin, Rossini's *Cenerentola* and a special night of entertainment on the occasion of the bicentenary of *Il barbiere di Siviglia* in the presence of the President of the Republic from the Opera House in Rome; finally, on 24 June there was the live broadcast of the opening night of the 59th Festival dei 2 Mondi in Spoleto with *Le nozze di Figaro* of W. A. Mozart.

But Rai 5 is not only serious music. Pop, rock, jazz and world music were among the leading genres of documentaries and concerts broadcast in late-

night slots. From mid-June this offer was enriched with a new prime-time show: *Music Icons*, a programme with the best international documentary films about the lives and works of singers and musicians who have revolutionised the rock, pop and jazz music scene; the cycle opened up with *Tropicália*, the documentary film of Machado devoted to the main interpreters of tropicalism.

As regards the theatre, among the titles broadcast during the first half of 2016 were classic plays, as well as the cycle devoted to Alessandro Baricco, six theatrical shows of the cycle *La Cometa Musicale di Piovani*, the theatrical show targeted at female audience with Teresa Mannino (*Sono nata il 23*) and the *Album* of Marco Paolini. The schedule of the first half-year was also enriched with numerous event days, including the programming of tributes *Omaggio a Luca Ronconi* (21 February) and *Giorgio Bassani* (4 March), *Buon compleanno Dario!* (24 March) dedicated to the 90th birthday of Fo, *Danza Day*, the marathon performance dedicated to contemporary dance on 9 April, which offered shows and documentaries about the most important Festivals and the live broadcast of the ballet performance *Il giardino degli amanti* with the Italian ballet dancer étoile Roberto Bolle from the La Scala Opera House. The schedule also included the 500th anniversary of Orlando Furioso (22 April) and *Maratona Shakespeare* for the 400 years from his death on 23 April, which also combined a TV offer and an analysis web-doc.

Among the event days celebrated by Rai Cultura were also the *Internet Day* broadcast on 29 April, in which Rai Cultura was actively involved by producing the documentary *Login. Il giorno in cui l'Italia scoprì Internet*, together with Riccardo Luna: it was aired on Rai 5 and was made available online on the website of Rai Scuola, in an abridged version specifically prepared for teachers and made available to all the Italian schools for in-classroom teaching aid purposes.

The network's offer of digital media is presented through the channel portal, as well as communicated and promoted through the official accounts that recorded more than 160,000 fans on Facebook, more than 122,000 followers on Twitter and more than 5,000 followers on Instagram at the end of the half-year.

Rai Storia

Rai Storia is the quality channel which presents history, shows great documentaries, talks about Italy and reflects on our past, present and future history. It performs duties of multi-channel and multi-platform production, selection, management and distribution of historical analysis content: it is a Public radio and television Service that involves the entire spectrum of media, from TV to Internet

Rai Storia

1.6

million
net contacts a day
(2.7% of population)

and social networks, with the aim of bringing its audience to all over the world and to any time, talking about facts, places, personalities, civilisation, lifestyles, cultural trends, political processes and social achievements.

During the first half of 2016 too, *Il Tempo e la storia* continued to be the flagship programme that witnesses to the Public Service network's attention to encountering the history, maintaining a good performance and widespread recognisability among its audience. The programme, which is hosted by Massimo Bernardini and is assisted by a scientific committee of scholars and experts, was aired at 01:15 p.m. on Rai 3 in first broadcast and on Rai Storia in access prime time.

During the period under consideration, apart from the regular daily programmes – *Il giorno e la storia*, *Mille papaveri rossi* and *Il tempo e la storia* – Rai Storia added new productions to its schedule which, through a definition of the themes handled in the evening, intended to give greater continuity and identity to the programming slots: historical cinema, the enhancement of the Italian cultural heritage, the analysis of legality and justice issues, the fight against the mafia crime and terrorism, the biographies of the great protagonists of the past history, the great anniversaries and the great documentaries selected from among the best proposals of independent producers.

Among the most successful productions were: *Italia: Viaggio nella Bellezza*, a programme broadcast in collaboration with the MiBACT with the aim of enhancing the heritage of our country at best, accompanying the viewers through the discovery of concealed treasures that have been forgotten or undervalued, to be returned to public use; *Potere e Bellezza*, the series that has narrated the dynasties (from Swabians to Savoy, from Aragonese to Habsburg-Lorraine) that have shaped the history – and the beauty – of our country; the second series of *Cronache dall'Antichità* with Cristoforo Gorno; *a.C.d.C.*, the programme hosted by Alessandro Barbero that narrates the history "from *homo sapiens* to Napoleon", proposing a selection of international and Italian documentaries, together with some special reports prepared internally; *Viaggio nell'Italia del Giro*, the programme on the road through the places reached by the pink jersey (*maglia rosa*) race that is hosted by da Edoardo Camurri and the re-run of which was also aired on Rai 3, Rai Scuola and Rai Sport. Rai Storia also devoted a weekly programme, *Diario Civile*, to the issues of justice, rights and law compliance, with the attendance of the Italian anti-mafia prosecutor Franco Roberti.

Among the most significant productions during the half-year was *L'Italia della Repubblica*, the series that, 70 years after the birth of the Italian

Republic, analyses the key moments of its history and celebrates it: from the period after the Second World War to the "*mani pulite*" (clean hands) investigation into corruption, from the end of the political system that has governed the country for fifty years to the birth of the "second Republic", until the introduction of the single European currency, together with authoritative "witnesses", including, among others, President Emeritus Napolitano, Giuliano Amato and Pietro Grasso. The programme talks about politics and its protagonists, ideologies and the international scene, economy and the world of jobs, as well as provides a collective portrait of our society, habits, mentality and lifestyles in 20 documentaries introduced by Paolo Mieli, with the attendance of Michele Astori and the historical advice of Giovanni Sabbatucci.

Among the main events followed by Rai Storia during the first half of 2016 were: *il Giorno della Memoria in ricordo della Shoah* (27 January), *il Giorno del ricordo in memoria delle vittime delle foibe* (10 February), *la Giornata Internazionale della Donna* (8 March) on the occasion of which, in addition to the dedicated TV offer, Rai Storia also prepared web-docs for online analysis, *la Giornata della Memoria e dell'Impegno in ricordo delle vittime innocenti delle mafie* (21 March), *Anniversario della Liberazione* (25 April) and *Anniversario della strage di Capaci* (23 May). On the occasion of the 70th Anniversary of the Italian Republic, Rai Storia also devoted all the programmes aired on 2 June to the history of our Republic and broadcast new in-house produced documentaries devoted to the anniversary on the general interest channels (*2 giugno 1946, L'Italia è Repubblica!*, on Rai 1; *2 giugno '46: il giorno che divenne festa* on Rai 2 and *Volere votare* on Rai 3).

The network's offer of digital media is presented through the channel portal, as well as communicated and promoted through the official accounts that recorded more than 368,000 fans on Facebook and more than 42,000 followers on Twitter at the end of the half-year.

Rai Scuola

Rai Scuola is the channel devoted to instruction, education and information and scientific and technological literacy: culture and learning at the centre of the television's function as a Public Service.

During the first half of 2016, Rai Scuola's editorial offer went on with the work of presenting information and educating its public, putting together attractive educational contents and formats in order to be increasingly effective in addressing a young audience strongly attached to web languages and cultures.

Rai Scuola

176

thousand
net contacts a day
(0.3% of population)

As well as the by now established programmes devoted to the teaching of English and to information, the channel continued to pay strong attention to science with the programme *Memex – La Scienza raccontata dai protagonisti* and gave ample space to science documentaries. The channel also paid strong attention to philosophy with *Zettel – il Caffè filosofico* on the history of philosophy with the leading Italian philosophers talking about the development of Western thought on great themes and the great thinkers who played their parts in this process. In January the new edition of *Zettel* hosted by Felice Cimatti returned to be broadcast in prime time.

Among the 2016 developments were the 12 special features of Rai Scuola devoted to major issues and events for Schools and our country: among the instalments broadcast during the first half of 2016 were *Alternanza scuola lavoro: La storia di Rebecca e Walid*, *Educazione finanziaria*, *Se sai puoi* (in agreement with the MIUR and the Bank of Italy), *Generazione Erasmus* and *Abbiamo adottato una reggia* devoted to the long-term education project named “*La scuola adotta un monumento*” provided for in the memorandum of understanding signed between the MIBACT and the MIUR.

The network's offer of digital media is presented through the channel portal, as well as communicated and promoted through the official accounts that recorded more than 26,000 fans on Facebook and more than 19,000 followers on Twitter at the end of the half-year.

Rai Ragazzi

Rai YoYo

Rai YoYo is the television for pre-school age (from 4 to 7 years old) children and their families. Its objective is to help children to discover themselves and the world around them on a daily basis, with content based on a solid and accurate narrative foundation, produced to a high standard and with an elevated educational input.

From the point of view of productions the channel is at present an excellence at national and international level which has succeeded rapidly in establishing itself as the favourite and most watched channel for Italian children and their families. Among the strong points of the channel are both the concentration of editorial work on the most important and successful programmes and constant investments in programmes for studio productions which significantly boost the reputation and appeal of

Rai Yo Yo, in addition to rendering it a highly valuable Public Service compared with its competitors' range, which is mainly based on acquisitions.

In 2016 great attention was paid to the portal, enriched with a number of new contents.

Specifically, efforts were focused on:

- the portal's upgrade designed to improve its use, making all of its sections clear and accessible. The following actions were taken for this purpose:
 - a new coloured homepage with a new focus and new functional blocks, designed to allow young children to explore the websites of their favourite heroes and have fun with them thanks to various games and activities. The offer is now completed by a playlist of not-to-be-missed videos aimed at accompanying children and their parents through the discovery of the contents that are most loved by children;
 - the themed channel's TV replay tool available on the portal;
 - a new offer of multimedia content (videos and photos) and games (online and offline);
- the design of sites dedicated to some leading products of the channel that have most contributed to enriching the web offer in terms of both pages visited and single users;
- the creation of posts every week for the new Blog targeted to parents.

Rai Gulp

Rai Gulp is the channel for school age children (from 8 to 14 years old), which also addresses the other early teenagers.

The aim of Rai Gulp's range is to involve and acquire the loyalty of a young public who play an increasingly central role in multimedia, make their own selective choice of what they want to see on TV and tend to focus their interests and aspirations on very specific domains such as music, performances, action, video games, sports, interactive events and live participation.

Rai Gulp continues to perform an important function liaising between those of Rai Yo Yo's pre-school programmes and proposals which also appeal to the teens, trying to keep small children and young people loyal to the Rai brand over the years.

Finally, Rai Gulp has also built up a fully competitive cross-media range, developing a cool website and creating an online community of its own with projects which strengthen the bond between Rai and young people.

Rai YoYo

3.3

million
net contacts a day
(5.7% of population)

Rai Gulp

2.2

million
net contacts a day
(3.8% of population)

As regards the Internet, some projects were developed:

- the portal's upgrade to improve browsing experience;
- the activation of the TV Replay service;
- the design of sites dedicated to some leading products of the channel that have most contributed to enriching the web offer.

Rai Sport

European Football Cup, Formula 1 World Championship and Tour of Italy were the three major international events that stood out in the schedule of Rai Sport during the first half-year.

The joint work of journalists, cameramen, film editors, directors, production technicians has delivered cool and selected images for the audience of Rai channels and record levels of audience.

The use of dedicated cameras was particularly effective during the matches played by Italy during the European Championship in France. For example, the decision to follow, without any interruption, the behaviour of the National Team Coach sitting on the bench made it possible to grasp the reactions that were absent in international broadcasting, enriched the commentary and gave the news programmes the opportunity to showcase curiosities in order to prepare the reports presented in the various editions.

The production and journalists' efforts during the European Football Cup matches (200 hours of programming including running commentaries, sports news programmes, general interest news programmes and dedicated programmes) were rewarded by the audience performance, which reaffirmed the central role of Rai in competitions that involve the National Football Team. The peak audience was reached with the match against Germany in quarter-finals, which was followed by an average of 16,562,000 viewers, with a share of 66.4%.

In general, live match broadcasts recorded an overall average share of 37.6%, with about 8,500,000 viewers. Rai Sport accompanied the tournament with analysis features on general interest channels and on the themed channel with a diversified offer. Among the features were *Dribbling* on Rai 2 for the analysis of the matches played the day before and the presentation of the matches to be played in the afternoon/evening; *I giorni di Parigi* on Rai 3, more attentive to social aspects and morals; *Il grande match* in Rai 1 (the most original choice than in the past) targeted at families; the various daily editions of *Zona 11* on Rai Sport 1 with a more technical approach.

Last but not least, we must mention the multimedia challenges. About 700 thousand apps dedicated

to Euro 2016 were downloaded, while live streaming services recorded a very excellent performance: the Italy-Sweden match was the most watched programme on line in the history of the web in Italy (about 1 million and 400 thousand unique browsers connected on Rai platforms).

In 2016 Rai Sport also followed the Formula 1 World Championship, ensuring live and deferred coverage of running commentaries: therefore, this event continues to be one of the key features of the Public Service network's range of sports programmes. Rai Sport tried to prepare the viewer to watch the Grand Prix through an explanatory language as clear and simple as possible, as well as exclusive interviews with pilots, including news from backstage, curiosities and passions.

The running commentaries' audience also confirmed the leading role of Rai with respect to its competitors, with a peak for the Monaco Grand Prix (an average of 6,225,714 viewers and a share of 33.87%, as well as 12,593,582 contacts).

In 2016 the connection between Rai and the Tour of Italy was, if possible, even stronger.

Hundreds of hours of live running commentaries were broadcast on Rai 3 and Rai Sport 1, with shots taken from the helicopters and motor cycles following the cyclists. Furthermore, a technical innovation service debuted for the very first time during this year's edition: a camera appeared in the middle of the group of cyclists for the first time during the Tour of Italy and, in general, during a big stage race. This was a first experiment intended to enter into the history of cycling on TV. During the seventh 211 kilometer stage from Sulmona to Foligno, a mini-camera was installed on board the bicycle of the Russian cyclist Andrey Solomennikov. The effect was to travel at the same pace as the group from a perspective that was quite different than the usual ones.

For cycling enthusiasts, the Tour of Italy is identified with Rai. The TV audience figures were always very high, with peaks for the mountain legs. The peak audience was reached on 28 May during the penultimate stage in Sant'Anna di Vinadio, when Vincenzo Nibali took pink jersey (*maglia rosa*) (2,259,492 viewers, with a share of 18.32% on Rai 3; 1,396,325 viewers, with a share of 11.31% for the simultaneous live broadcast on Rai Sport 1).

In addition to the events usually followed by Rai Sport, other major sports events during 2016 included: big traditional races, from Milan-Sanremo to Paris-Roubaix; basketball and volleyball championships; the Ski World Cup; the Athletics Golden Gala; the European Swimming

European Football Cup

200

hours of programming

Italy-Germany match

16.562

million viewers
66.4% share

Average number of live match broadcasts

8.5

million viewers
37.6% share

700,000

Euro 2016 Apps
downloaded

Italia-Svezia match

1.4

million
unique browsers
connected on
Rai platforms

Championships in London, a showcase that anticipated the successful achievements gained by the Italian team at the Rio Olympics; the main international events of gymnastics, fencing, rowing and horse riding.

Rai Drama and comedy **68** prime time

5.6 million viewers on average
22.3% share
+1.6% vs 2015

Il Commissario Montalbano

11 million viewers on average
40.4% share

Don Matteo

7.5 million viewers on average
29.4% share

Non dirlo al mio capo

6 million viewers on average
25.1% share

Il Paradiso delle Signore

5.7 million viewers on average
21.4% share

Rai TV drama and comedy production

Overall the performance of Rai TV drama and comedy in the first half of 2016 was very favourable. New works were broadcast on Rai 1 in prime time on 68 evenings. The average audience was over 5.6 million viewers with a 22.3% share (+1.6% of share compared to the first half of 2015).

The ten most watched Italian TV drama and comedy plays in the period under consideration were all Rai productions.

Il Commissario Montalbano ranked first: the two new crime stories taken from the works of Andrea Camilleri reached record levels of audience with an overall average of 11 million viewers and a share of 40.4%. *Don Matteo* was again in second place, during the successful tenth season, recording an average audience of 7.5 million viewers and a share of 29.4%.

In both cases, they are traditional serials, which have reached record levels of audience after catching up with times thanks to fresh styles and languages.

Furthermore, we must mention the debut of two new serials for women: *Non dirlo al mio capo* (6 million viewers and a share of 25.1%) and *Il Paradiso delle Signore* (5.7 million viewers and a share of 21.4%). These are original works that are able to establish themselves as new classic plays of general interest programming, thanks to refreshing genres such as crime-love stories and costume dramas in terms of both content and language.

The Rai TV drama and comedy production speaks to all audiences. The top ten drama and comedy plays by share is made up of Rai programmes only, including as regards the audience of subscribers to satellite pay TV channels.

During the first half of 2016, the Rai TV drama and comedy plays were aired on all the general interest channels for the first time after many years.

As regards the prime time slots of Rai 2, the programming of serials saw the return of *L'ispettore Coliandro*, the long-awaited sequel to the adventures of the character created by Carlo Lucarelli, which was welcomed very positively, recording a total average audience of about 3 million viewers and a share of 11.3%.

The schedule did not fail to put on new programmes in terms of formats and languages intended to be broadcast in prime time on a network that is considered to be the channel of modernity and eclecticism and that is targeted at cool and dynamic young-adult people: for example, the

second season of docu-fictional *Coppie in attesa*, which has a more social approach focusing on the theme of becoming parents.

In addition to the traditional instalments of soap opera *Un Posto al Sole* on Rai 3, the period under consideration also saw the broadcast of the second part of the first season of *Non uccidere*, a new long crime genre serial which has been well reviewed not only in Italy but also abroad.

This a project with which a low-cost production method was tried out for a quality prime time programme almost fifteen years after the launching of *La Squadra*.

Production work also continued during the first half of 2016 on the drama and comedy plays that will be included in the offer to be presented next year. These are challenging projects designed with a view to bring the product into line with the international standards of the new serials.

As regards the first network, filming began between January and June on *Romanzo Familiare*, a dramedy series of Francesca Archibugi on double motherhood; *Chiedilo al mare – I fantasmi di Portopalo*, a story of a forgotten massacre on the eastern coast of Sicily; *In arte Nino*, a biopic on the showman Nino Manfredi.

Production work was resumed on sequels such as *Che Dio ci aiuti*, *Un passo dal cielo* and *Tutto può succedere*. To these must be added two new TV-series from the collection of *Il commissario Montalbano*, which is one of the most successful products loved by the audience of Rai 1, as well as the most important international operation of Rai to date.

For Rai 2 note the production of the serial *Rocco Schiavone*, which has been based on the best-sellers of Antonio Manzini published in Europe and in the USA and the protagonist of which is an atypical policeman closer to the new anti-heroes of foreign serials.

For Rai 3 work continued on *Non uccidere* and on the design of a docu-fiction based on the narration of reality and of current social and civil affairs.

Finally, worth a mention is the launch of a product line intended to be broadcast in prime time on Rai 4, the network that is most attentive to innovation and change. *Investigatori* is a docu-fiction created and directed by Claudio Canepari (formerly the author of *Residence Bastogi*, *Scacco al Re* and *Le mani su Palermo*) which talks about the activities of an Italian detective agency through a mix of documentary and drama and comedy.

Rai cinema

During the first half of 2016, Rai Cinema continued with its activity of acquiring films and TV dramas and comedies in order to enrich the Rai's programmes both qualitatively and quantitatively. The Company also retains its role at the forefront of Italian and European movie production and in the products' commercial exploitation through the 01 Distribution department.

TV product acquisition

During the first half of 2016, Rai Cinema focused its acquisitions on targeted operations, which were given priority in order to ensure an efficient programming of the Networks, with a view to optimising financial resources and requirements.

With reference to international titles, the attendance at the meetings of the Paris (Unifrance), Berlin (EFM) and Cannes markets and the careful monitoring of the world cinema trends on an ongoing basis, have allowed Rai Cinema to enrich its range with new major programmes.

Movie production

During the first half-year, the following projects were completed or were in the post-production phase: *7 minuti*, a new movie by Michele Placido; *L'estate addosso* by Gabriele Muccino; *La tenerezza* by Gianni Amelio with Elio Germano and Micaela Ramazzotti; *Al posto tuo* by Max Croci with Luca Argentero, Stefano Fresi, Ambra Angiolini; *Dove non ho mai abitato* by Paolo Franchi with Fabrizio Gifuni and Emanuelle Devos; *Nun è Napule*, a new movie by Manetti Bros; *Non è un paese per giovani* by Giovanni Veronesi; *Qualcosa di nuovo* by Cristina Comencini; *Questi giorni* by Giuseppe Piccioni; *Rosso Istanbul* by Ferzan Ozpetek; *In guerra per amore*, Pif's second work; *La verità sta in cielo* by Roberto Faenza with Greta Scarano and Riccardo Scamarcio; *La vita possibile* by Ivano De Matteo; *Sole amore cuore* by Daniele Vicari; *L'amico* by Renaud Fély and Arnaud Louvet; *Smetto quando voglio Reloaded* and *Smetto quando voglio Revolution* by Sydney Sibilia; a movie by Francesca Comencini, with the provisional title of *Amori che non sanno stare al mondo*; a movie by Andrea Molaioli, *Tutto per una ragazza*, with Jasmine Trinca and Luca Marinelli; the noir thriller of Toni D'Angelo, *Falchi*; a movie by Edoardo Winspeare, *La vita in comune*; *Le ultime cose*, the debut film by the young director Irene Dionisio; *Monte*, a new movie by the award-winning Iranian director Amir Naderi; *Brutti e cattivi*, the debut film by Cosimo Gomez; Andrea De Sica's first work, *I figli della notte*; Fabio Mollo's second work, *Il padre d'Italia*; Marco Danielli's first work, *La ragazza del mondo*; Alessandro D'Alatri's last movie, *The*

start-up; a movie by Francesco Bruni, *Tutto quello che vuoi*; *Tito il Piccolo*, Paola Randi's second work, with Valerio Mastandrea.

Among the movies being produced: *Non c'è più religione* by Luca Miniero with Claudio Bisio, Anna Finocchiaro and Alessandro Gassman; *The leisure seeker* by Paolo Virzi with Helen Mirren and Donald Sutherland; *Mr. Felicità* by Alessandro Siani; *La cena di Natale* by Marco Ponti; *Addio fottuti musì verdi* by Francesco Capalbo aka Alex Ebbasta; *Piccoli crimini coniugali* by Alex Infascelli; *Achtung Baby* by the newcomer Andrea Tagliaferri; *MUN – Metti una notte*, the debut film by Cosimo Messeri; the new genre film by Cristian Bisceglia and Ascanio Malgarini, *Cruel Peter*; *Cuori Puri*, Roberto De Paolis's first work; *Gatta cenerentola*, animated by Ivan Cappiello, Alessandro Rak, Marino Guarnieri, Dario Sansone; *Sposi*, Vito Palmieri's second work; *Scoppiati* by Simona Izzo, with Max Gazzé and Barbara Bobulova.

Among the projects being prepared were: *Il ragazzo invisibile 2* by Gabriele Salvatores; Duccio Chiarini's second work, *L'ospite*; Andrea Pallaoro's second work, *The Whale*, with Charlotte Rampling; *Asteroidi*, the debut film by the young documentary film maker Germano Maccioni; *L'intrusa* by Leonardo Di Costanzo; *Pip Fisher e il segreto di Otzi*, a pure entertainment fantasy, Giacomo Martelli's second work; *Ritratto di una giovane ballerina*, Ulisse Lendaro's first work.

Among the developments were: *Papaia*, a comedy written by Max Giusti and Vinicio Marchioni; *Aprite il fuoco* (provisional title), the new project of Alice Rohrwacher; *Palazzo di giustizia* by Chiara Bellosi, the first work of a young director; *Menocchio* by Alberto Fasulo; *Gelsomina Verde*, directed by Massimiliano Pacifico; *Niente da perdere*, directed by Wilma Labate and written by the authoress together with the writer Giampaolo Simi and the screenwriters of *Non essere cattivo*, Francesca Serafini and Giordano Meacci; *Essere* by Leonardo Guerra Seragnoli; *100 di questi giorni* by Alberto De Angelis and Marco Trabucchi; *Ines* by Matteo Oleotto; *Momenti di trascurabile felicità e infelicità* by Francesco Piccolo; *L'uomo con la tuta d'argento*, a development from the second work of Alessio Fava; *Spherycon – la scuola dei disoccupati* by Paolo Vari.

Documentaries

As regards the cinema of reality and documentaries, Rai Cinema started 15 projects during the first half of 2016, in line with its editorial policy and the mandate to support independent producers and authors.

Among established authors (Davide Ferrario, Roberto Minervini, Pippo Delbono, Barbara Cupisti, Nene Grignaffini, Francesco Conversano, Federica Di Giacomo) were newcomers such as Giovanni Totaro with *Happy Winter* and Pietro Jona with *Country for old men*, as well as the new collaborations with authors able to make a mark in the Italian industry of documentaries: Marco Pasquini (*AK stories*), Giovanni Troilo (*William Kentridge – the Lighting Shadows*), Mateo Zoni (*Il Club dei 27*), Marco Bertozzi (*The Community*), Daniele Incalcaterra (*Terra del male*), Mattia Colombo, Francesco Ferri and Alessandra Locatelli (*Il passo*). Israel Moscati has now completed his trilogy on the Shoah with *Alla ricerca delle radici del male*, about a confrontation between generations of children and grandchildren of the Shoah, on the one hand, and on the other, the children and grandchildren of nazis.

As regards festivals, we must mention the extraordinary performance of *Fuocoammare* by Gianfranco Rosi, which won the Golden Bear award in Berlin and the official selection of *L'ultima spiaggia* by Davide Del Degan and Thanos Anastopoulos at the last Cannes Festival in the category of "Séances spéciales" (Special Sessions); as regards TV broadcasting, we must mention the excellent results achieved by *Bambini nel tempo* (1,200,000 viewers), *Sono cosa nostra* (900,000 viewers) and *La Repubblica dei ragazzi* (800,000 viewers) on Rai 1.

Festivals

2016 began auspiciously enough: at the Berlin International Film Festival the Golden Bear was unanimously awarded to *Fuocoammare* by Gianfranco Rosi, a documentary film that continued to gather support and awards and stimulate debates and discussions in last months.

The many films selected at the Cannes Festival have also had great success: *Fai bei sogni* by Marco Bellocchio, *La pazza gioia* by Paolo Virzi and *Fiore* by Claudio Giovannesi, which were presented in the *Quinzaine des Réalisateurs* section; *Pericle il nero* by Stefano Mordini, which was selected in the *Un Certain Regard* section; *I tempi felici verranno presto* by Alessandro Comodin in the *Semaine de la Critique* section and *L'ultima spiaggia* by Thanos Anastopoulos and Davide Del Degan in the Official Selection.

Many prestigious awards were received after Cannes: 16 David di Donatello awards, of which fourteen (seven for each film) were awarded to *Lo chiamavano Jeeg Robot* by Gabriele Mainetti and to *Il racconto dei racconti – Tale of Tales* by Matteo Garrone.

To these must be added 7 Golden Globes, the awards granted by the foreign press in Italy - among which were one for the Best Film to *Lo chiamavano Jeeg Robot*, and one for *Fuocoammare*, which was awarded the coveted Foreign Press Award – and 15 Silver Ribbons awarded by the Italian Cinema Reporters Union at Taormina to many Italian titles (*La pazza gioia*, *Lo chiamavano Jeeg Robot*, *Veloce come il vento* by Matteo Rovere, *Suburra* by Stefano Sollima, *Io e lei* by MariaSole Tognazzi, *Le confessioni* by Roberto Andò and *Non essere cattivo* by Claudio Caligari, which has won the Ribbon for the Year).

Distribution and home video

During the first half of 2016 Rai Cinema distributed 15 films in cinemas with a total box office take of about Euro 28.5 million, with more than 4.5 million viewers, ranking sixth in the classification of distributors, with a market share of 8%.

The titles that recorded the best performances were *The Hateful Eight* by Quentin Tarantino (more than Euro 8.5 million) and *La Pazza Gioia*, a brilliant comedy written by Paolo Virzì (more than Euro 5.7 million). We must also mention *Fuocoammare* by Gianfranco Rosi, with a box-office take of about Euro 1 million. Finally, the list for the first half-year included two first works, *Un paese quasi perfetto* by Massimo Gaudioso and *Troppo Napoletano* by Gianluca Ansanelli, which have been distributed by the Company in line with its policy to pay attention and give support to the young directors who have always been the main target of Rai Cinema's operations.

Rai Cinema is the fifth distributor on the home video market (the leading Italian firm) with a 6.2% market share of new issues. The best performances in home entertainment were achieved by titles that had already established themselves as box-office blockbusters: *The Hateful Eight*, *Suburra*, *Southpaw*, *Il professor Cenerentolo* and *Padri e Figlie*.

Commercial agreements

In general, the first half of 2016 saw an increase in sales activities in the various channels in which distribution is carried out following the exploitation of theatrical and home video rights.

As regards the distribution of products in TVOD (Transactional Video On Demand) and EST (Electronic Sell-Through) modes, which is carried out by Rai Com on behalf of Rai Cinema, the beginning of 2016 saw a confirmation of the agreements with the big digital platforms (iTunes, Chili, Timvision, Google Play, Sony and Xbox by

Microsoft) and a new agreement with the Wuuki platform.

As regards the exploitation of SVOD (Subscription Video On Demand) rights, we must mention the agreements with Netflix, Infinity and Timvision.

As regards the channel of newsstands, there was a considerable sales activity involving Rai Cinema titles, together with the magazines *Panorama* and *Sorrisi e Canzoni*, in accordance with the agreements in place with Mondadori.

An agreement has been entered into with the L'Espresso Group for the distribution of some films in the Series dedicated to Ettore Scola at the newsstands (together with *La Repubblica* and *L'Espresso*)

Among the agreements signed during the first half of 2016 was that with Alitalia for the transfer of Airlines rights, according to which Rai Cinema will be responsible for providing the Airline company with a selection of titles (12 of which have been already granted) for programming on board planes.

As regards foreign sales, major foreign distributors were appointed to distribute some successful movies released this year, including *Fuocoammare* by Gianfranco Rosi, *Fai bei sogni* by Marco Bellocchio and *La pazza gioia* by Paolo Virzì.

Rai Cinema continues to increase its commitment in the web sector on an ongoing basis. As usual, in 2016 the Rai Cinema channel gave its support to the promotion of any and all films produced and co-produced by Rai Cinema, including at the major film festivals, Berlin and Cannes.

At the same time as the promotion activity, the Rai Cinema brand strengthened its footprint in the market concerning the acquisition of short films, above all at the most important Italian festivals in the sector: Cortinametraggio, Festival di Lecce, Tulipani di seta nera.

Rai Cinema channel has also been at the forefront of charity projects: *La Partita del Cuore* to support research in favour of the "Fondazione Bambino Gesù Onlus" and "Fondazione Telethon" foundations and the event for the presentation of the book "*Sguardi d'attore*", as well as "*I volti di Rai Cinema*", the revenues from which have been donated for the operation of the cinema hall of the Policlinico Gemelli Hospital in Rome.

Radio

The Radio, one of the traditional pillars of the Public Service's mission accomplished by Rai, is the medium most subject to hybridisation, in terms of platforms, content, web exposure and interaction with social media. Therefore, it aims at improving its central role on the digital scene and strengthen its importance among the listening public.

During the first half of 2016, RadioRai channels conducted fund-raising and awareness campaigns through different means of production, on air and online, which were chosen by the Social Affairs Office. The effectiveness of the Radio's contribution, which is effectively integrated into programme flow, is also appreciated because listeners consider the radio to be an authoritative instrument and feel it close to them.

Equally effective were media partnerships with Rai Radio channels required by promoters of events, publications and meetings, selected on the basis of their affinity with the channels' various contents. These are important opportunities for the visibility of the RadioRai brand locally and on internet: there were more than 100 of these initiatives during the first half of 2016, starting with the big Rai-sponsored events.

As part of the overall effort to revive the Public Service in the digital age, the appointment of Carlo Conti as Art Director of RadioRai was of particular significance.

Among the most significant special projects that significantly impacted on the editorial offer during the first half of 2016, affecting all or more RadioRai channels, were: the *Sanremo Festival*, from 9 to 13 February, which saw Carlo Conti as the TV host for the second consecutive time; the Italy's Liberation Day holiday on 25 April; the 1st May day Concert; the 40th anniversary of earthquake in Friuli (6 May); the International BNL Tennis Tournament of Italy (8-15 May); the International Turin Book Fair (12-16 May); 70th birthday of the Italian Republic (2 June); European Football Cup in France (10 June-10 July).

DallaRadio – Vorrei entrare dentro i fili di una radio is the title of the event that was held in Rome, at Via Asiago, on 4 March 2016, to celebrate the birth date of Lucio Dalla, one of the major singers of our country. On the frequencies of Radio2, under the direction of Vincenzo Mollica and Massimo Cervelli, his friends, musicians and other protagonists of the cultural scene have narrated the life of the artist and commented on his songs (Ron, Fiorella Mannoia, Peppe Servillo, Gigi D'Alessio, Paola Turci, Rocco Hunt, Federico Zampaglione, Marco Masini, Caparezza, Paolo Fresu, Fio Zanotti, Jimmy Villotti, Monica Gueritore, Lina Sastri, Enrico

Lo Verso, Walter Veltroni, Aldo Cazzullo, Carlo Conti, Stefano Bartezzaghi).

RadioRai has contributed to the project, which has been launched by the Radio Committee of the EBU – European Broadcasting Union, to make multi-language commercials with the greetings from various European radio stations and the EBU members. These commercials are to broadcast on the World Radio Day on 13 February, i.e. the day when the United Nations Radio was founded in 1946, with the aim of promoting the universal ideals of the United Nations. Two commercials were made with greetings from male and female voices from all over the world, which were contributed to by the following radio stations: VRT Belgium, Radio Bulgaria, Radio Malta, Radio Poland, ERT Greece, Catalunya Musica from Spain, NHK Japan, RTS Slovenia and Radio Canada.

The two commercials were broadcast throughout 13 February on all RadioRai channels (Radio1, Radio2, Radio3 and Isoradio). In the evening of 13 February Radio3 proposed a musical selection, which was edited by the EBU, named *Musical Caravan and* taken from the best of the archives of more than 34 public radio stations. A special page on the World Radio Day was created on the website of RadioRai, which allowed the commercials to be listened to on line and provided the content, translated into Italian, disseminated by UNESCO about: *La radio in situazioni di emergenza e nei disastri*.

On 1st and 2nd April RadioRai hosted the Training workshop for Italian-speaking radio communicators which was organised by the Italian-speaking Radio and TV Community and was attended by representatives of HRT Croatia, PBS Malta, Radio Capodistria, Radio Colonia, RadiolCN New York, Radio Romania, Radio Vaticana, Rai, RSI Svizzera Italiana, RTSH Albania.

On 24 June RadioRai hosted, in Rome, the meeting of Euroradio Users' Group, which coordinates music exchange among all the European Public Service radio stations.

With a view to an overall technology development that is aimed at innovating the radio product, RadioRai is continuing to pursue its investment policy for the implementation of innovative technological projects. In this regard, two key projects were started during the first half of 2016: Radio Porto, which involves the final migration to the IP technology and the project relating to the resumption of the digitisation of the historical radio archives.

RadioPorto Project

The technological evolution of telecommunication networks has been working for some time towards all-IP scenarios, thus replacing in many cases the previous "smart network" architecture.

This evolution has gradually reduced the development of and support to the ISDN (Integrated Services Digital Network) network, which has so far provided the traditional connection network for radio production (concerts, running commentaries, events).

In this context, RadioRai has designed a project that involves the transition from digital ISDN connections to all-IP connectivity services, both wired (ADSL, XDSL) and wireless (3/4G and WiFi).

The first core of the new infrastructure was used on the occasion of the summer 2016 Rio Olympics: various connections were activated between the Media Centre in Rio and the Control Rooms in Rome in order to allow the live broadcast of running commentaries on all sports events. The project will be extended to the full digitisation of any and all connections used for Radio production needs in an IP environment.

Project for the Digitisation of Radio Archives

Until 2000, Rai's radio production was based on magnetic tapes, then moving on to the present file-based system of digital production.

At present an integrated environment provides digital copies of more than 140,000 bobbins out of a total of 300,000 bobbins of the historical archives of RadioRai and all the records of programmes broadcast since 1995.

At the beginning of 2016 the project was re-started for the digitisation of the historical archives of tapes (from tape to file) in order both to make them available for research and production in a more rapid manner and to optimise the exploitation of property assets. The project provides for the completion of digitisation of about 160,000 residual magnetic tapes within the next 4 years.

Radio1 – Radio News Programme

Adding the European Football Cup matches and the major news and information programmes on the new terrorism and international scenarios, Radio1 has designed a schedule based on news, analysis and sports events: 48 editions of the Radio News Programme (also aired on Radio2 and Radio3), three news programmes, inquiries, analyses, correspondents' reports, live all round the clock, also and above all as regards sports events.

Radio1 has developed its offer with debates, inquiries, correspondents' reports, all the important sports news and an original musical selection. It is a network with content pleasing to all, repeated on the web and social networks: Facebook, Twitter, Instagram, and the Periscope live-streaming video app of Twitter, which turned into a strength during the live broadcast of "Terra

dei fuochi" with the geologists of Campi Flegrei. But Radio1 is a social network itself: the listeners become assistant editors in practice, continually suggesting new subjects, histories and testimonies. The channel's flagship programmes also go to the local populations, confirming Radio1's position as a real community with which people identify, a reliable, authoritative channel with less establishment and more news coverage.

Radio anch'io, La radio ne parla, Restate scomodi, Italia sotto inchiesta, Bianco e Nero, Zapping, Tra poco in edicola. Guests, inquiries, features, meetings with leading Italian and international personalities. Furthermore, highlights from the news programmes from all over the world, posted on Twitter, video assists from the sports team and photo stories from correspondents on Instagram, are only some of the extras which enrich the linear schedules every day, especially while approaching the European Football Cup events.

Some non-stop live broadcasts characterised a half-year that was marked by the Brussels attacks, special days as the 1st May Day – with the broadcast of the trade union demonstrations and mass concerts in Taranto and Rome –, the local elections in the Italian big cities, the heated campaign for the presidential election in the USA. Radio1 recounted live with hours and hours of programmes with the news at 30-minute intervals and press reviews at dawn, at 7:30 a.m. and after midnight, in an almost uninterrupted flow of information.

The *Voci del mattino* international press review is now a firm fixture, which represents the most complete offer among the European Public Services, a selection of highlights from the main world televisions and some broadcasters outside the usual information circuits: apart from the BBC, France 24, the Russian Channel 1, the Spanish CCTV, Radio1 also gave space to the Chinese channel Arirang, Times Now from South Korea, the Indian Globo News TV, the Brazilian ENCA, and TV news programmes from South Africa and Australia. Particular attention was paid to TVs in Arabic: Aljazeera, Al Arabiya, Al Majadeen, the Iranian channel Al Alam. Again as regards programmes in Arabic, headlines and reports from MEDI1, the Moroccan TV and the Tunisian NESSMA; of course there are also the big American networks, CNN, CBS, FOX and NBC.

While sports news on TV channels is becoming increasingly fragmented and based on pay services, Radio1 is the Public Service channel that offers all the important events free of charge, football matches, Formula1, volleyball, Grand Prix Motorcycle racings, tennis, cycling, swimming and ski: 40 hours of radio running commentaries and reports every week, 10 sports features a day, about 800 hours of programming in the half-year.

To these must be added all the running commentaries of football matches (Italian Serie A and B divisions), including Champions League, Europa League, National and National Under-21 Teams, Tim Cup, and basketball and volleyball games, as well as the great summer of the EURO 2016 tournament – with the live broadcast of all matches from the French stadiums – and the Rio Olympics. Radio 1 is also the channel of music, with *Latitudine Soul*, dedicated to the great singers who marked the history of black music; then there are steady favourites on Radio 1, such as *Beat Connection*, *King Kong*, *Music Club*, *Stereonotte* and *Brasil*.

Radio2

"Radio2: a channel that you can listen to, see and share." During the first half-year work was more intense on contemporary and current languages, also thanks to the development of emotional storytelling products for a quality offer. A more marked mainstream sound and playlist, attention to new trends and cross-media transactions with TV channels are also integrated into the offer. It is a social radio station that is increasingly investing in publishing projects that are conceived according to a multi-platform – on air, on line and visual – approach since the beginning.

The Network's mission is always well defined: entertaining people, while being aware of delivering a Public Service. Hence it is accomplished through social responsibility awareness campaigns such as *M'illumino di meno* or *Bike the Nobel*, which combine levity and quality.

Work also continued on storytelling on the local areas and excellences of our country, together with listeners, as well as on the live broadcast of national and international music events on Friday evening, partnerships and live programmes and shows.

On-air schedule

The on-air schedule has consolidated the most recognisable products of the network, in order to strengthen an increasingly marked identity and to put listeners at the heart of programming, accompanying them throughout the day with different moods, contents and sounds.

Among said products are cult programmes, for which major actions have been taken on content and languages, as well as on brand new formats, rhythms and the mix of music and conversation. Worthy of mention are: *Il Ruggito del Coniglio*, the two *Caterpillar* (a.m. and p.m.) programmes, as well as *Un giorno da pecora* and *610-SeiUnoZero*, moving on to cooking with *Decanter* (enriched with the feature *Chef ma non troppo* on Fridays, in collaboration with the

chefs of *La prova del cuoco*) and the historical programme *Blackout*.

This year the two "national rabbits", Dose and Presta, have celebrated twenty years of live broadcasts, crossing the finish line with a new original radio talent show, which has been designed and produced in-house at the network. New ideas and continuous restyling have been proposed for programmes such as *Radio2SocialClub*, *I Provinciali*, *Non è un paese per giovani*, *Pascal with storytelling*, *Programmone* with the surreal sketches from the comic Nino Frassica and *Ettore*.

Among the cool shows are *I sociopatici*, *È qui Radio2?*, the daily programme *Canicola* and *Musical Box*, which is increasingly veering towards black, electronic and trend rhythms.

During the first half of 2016 the network aired the second edition of *RadioBattle*, which is a programme fully broadcast in English language on the European championship of music Radio stations. It was a real tournament in which 16 radio stations of the European Union competed by showcasing exclusive DJ sets. This year the finals were held in the very special location of the prestigious *Sala d'Armi di Palazzo Vecchio* in Florence.

A brand new format was developed for *Nessuno mi può giudicare*, which is a music programme designed and hosted by Caterina Caselli. A confrontation between two generations of artists, feeding on memories and contemporary experiences, which turns into an appealing present-day and light-hearted product, whereby the great song interpreter told the story of her life to the listeners of Radio2.

Live music shows continued on Friday evenings in line with previous quarter, hosting prestigious concerts of Italian and international music stars and newcomers.

Brand visibility on TV channels

During the first half of 2016 the network boosted synergies in terms of editorial content created with TV programming; specifically:

- Rai 1: a daily link between *Il Ruggito del Coniglio* and *Unomattina* to launch the live broadcast; Fede and Tinto from *Decanter* act as jurors on *La prova del cuoco*;
- Rai 2: Max Giusti from *Cattive Compagnie* is a regular guest on *Quelli che il calcio*; Andrea Delogu hosts *I Sociopatici* on Radio2, as well as *Stracult*;
- Rai 3: Andrea Delogu hosts the programme *Il Processo del Lunedì*, which also relies on Michele Dalai, who hosts the weekend programme *Ettore* on Radio2. A special instalment of *Che Tempo che Fa*, with links from Sala B hall at Via Asiago, with the *Programmone* of Nino Frassica.

Worthy of mention are the special events that were followed and broadcast by Radio2 together with a TV channel, with the claim: "See it on TV, listen to it on Radio2." Among them were: the *Sanremo Festival* (Radio2 was the official radio station of the show in 2016 too), *OSA TIM Music ON STAGE AWARDS 2016* (the music festival dedicated to the live performances of the major singers and bands for the time being), *The Voice of Radio2*, *Partita del cuore*, *I Migliori anni*, the concerts of the 1st May Day from Rome and Taranto, and the 2016 European Football Cup commented on by Gialappa's Band on Rai 4 and Radio2.

Finally, the schedule did not fail to put on programmes devoted to promoting the Network's programmes on Raiplayer and Rai Italia.

Radio2 on tour

Radio2 offers music, shows, festivals and entertainment on-air and in the squares. Among them is a long series of local events for a traveling festival that turns into an occasion of meeting and sharing every time, with the aim of bringing the scheduled programmes outside the studios and "close" to the community of Radio2.

We must mention the events held in Bologna for the 40th Artefiera edition of the International Contemporary Art Fair; in Milan for the BIT, the major international event on tourism, the International Radio Festival that is the great Festival of Italian radio, its history and its main personalities, and the fifth edition of Piano City; in Verona for the 50th edition of Vinitaly and in Rome – next to the charming greenery of Villa Borghese Park – for the celebrations on the occasion of the world Earth Day. Radio2 was also present in Turin for the International Book Fair and in Rovereto for the major Network event of Radio2 Play Rovereto.

The Network's Events

The half-year started under the banner of the Public Service Network. In January, in fact, the campaign promoted by *Caterpillar*, "Bike The Nobel", was concluded with the delivery to the Oslo Committee of a symbolic candidature of the bicycle for the Nobel Peace Prize, on the part of the extreme cycling athlete Paola Gianotti.

In February the 12th edition of the Energy Saving Day "*M'illumino di meno*" was aired, launched by *Caterpillar*, which for years has been the biggest radio campaign to raise awareness of energy consumption and sustainable mobility. It is a cross-media project that is now being showcased on the web and social networks and that was promoted this year under the Patronage of the European Parliament and of the President

of the Italian Republic, the Chamber of Deputies and the Senate, as well as of the Ministries of Environment and Education.

In April, on the occasion of the commemoration of the 400th anniversary of the death of William Shakespeare, Radio2 conceived, in collaboration with the British Council, a programme devoted to the "Shakespeare Lives" project, and specifically #PlayYourPart. The common thread was the involvement of the community of Radio2.

Live on radio, our listeners paid homage to the Bard by reciting some verses of his works. The Radio2 hosts also published, on the website and social networks, short videos of themselves reciting sonnets and passages of poems, in a light-hearted and ironic style.

On-line offer

The Radio2 website is the web space that hosts the multimedia content produced by the channel's various programmes. Videos and photo galleries are posted on the portal every day, with a turnover that varies throughout the day. Each programme is designed to live on the web and social networks: from on-air to online and vice versa.

The Network stays connected to its listeners all round the clock, receives and replies to comments, interactions, WhatsApp and SMS messages, bringing the social network community to on-air programmes. Many are the videos that are produced and published on the website. Worthy of mention is the Radio2 Cult section, which contains a lot of historical programmes of the network (*Alto Gradimento*, *Alcatraz*, *Alle Otto della Sera*), available in streaming and podcast formats and the offer on social networks, which is becoming increasingly enriched with contents such as live broadcasts on Facebook, Instagram and live tweeting.

Radio3

During the first half of 2016 Radio3 devoted particular attention to the great debates on cultural and civil themes – dramatically proposed by present-day events – and enhanced the breadth and quality of its music programmes.

As regards culture, worthy of mention are the series of broadcasts under the slogan more culture less fear, as well as many programmes which commemorated, in different ways, some key dates of the history of our country: on 25 April every programme proposed a sound show of voices and testimonies on the war, the Resistance and the Liberation from the Nazi-fascist occupation; 6 May was devoted to the 40th anniversary of the earthquake that occurred in Friuli in 1976; the 70th

birthday of the Italian Republic was commemorated with a special event day starting from 9:00 a.m., when the first pages were started to be read during *Pagina 3* from the major dailies of 2nd and 5 June 1946, the day of the elections and of the first official results of the del referendum. The celebrations were boosted by the live concert of the National Symphony Orchestra of Rai from the Quirinale Palace and the live broadcast of the theatrical piece *La notte prima* from Auditorium Parco della Musica in Rome.

The attention paid by Radio3 to themes and languages was also the leitmotif of the special event Days:

- the Memorial Day (27 January), followed by Radio3 from a different Italian city every year, was also commemorated from the studios with a live show from Auditorium A at Via Asiago; the show was devoted to the incredible story of the comedians in the labour camps, with the songs, sketches and the anti-Nazi satirical sketches of the humourists of the Weimar Republic and their deportation to concentration camps, where they were forced to entertain their tormentors;
- on 8 March there was another live broadcast from Auditorium A to pay homage to Natalia Ginzburg, with the reading of *Lessico Femminile*;
- the World Poetry Day (21 March) event was created around the *Spoon River Anthology* of E. L. Masters to commemorate the 100th anniversary of its publication;
- the World Book Day (23 April) event was designed to commemorate the 400th anniversary of the death of Shakespeare and Cervantes;
- on 24 May we commemorated the 75th birthday of Bob Dylan, one of the greatest living poets and one of the major singers and song-writers of all time;
- 21 June is the day on which we have been commemorating the Music Festival for more than thirty years. Radio3, which has always been paying attention to all the genres and interpreters, has designed a varied and unusual show, from Schubert to freestyle, with the contribution of all the programmes; it also proposed two concerts that were performed by Orchestra Operaia, opened to the public and broadcast live from Rai's headquarters at Via Asiago, and by Coro Papageno, a chorus that was born in the District Penitentiary of Dozza in Bologna, recorded at the Madama Palace in the presence of the President of the Senate on 20 June;
- on 15 March we commemorated the 40th anniversary of *Prima Pagina*, the first press review on the history of the Radio, which on that occasion was granted the eight International Journalism Award Biagio Agnes, in the Radio section.

The first part of the half-year saw the debut of a new cycle in the schedule: *Dove Fioriscono i Limoni - L'Italia di Goethe 200 anni dopo*, including 22 instalments concerning the famous text of J.W. Goethe, an occasion to see the historical and symbolic places visited by the great German writer.

There has always been an ongoing and lively coverage of present-day events: the news monitoring service of Radio3 is never discontinued, nor is the service to narrate what is occurring all over the world.

All the programmes have joined the campaign "*Verità per Giulio*" promoted by Amnesty International Italia; specifically, Radio3 Mondo has been devoting a weekly programme to the Regeni affair from 3rd March.

Furthermore, we must mention some special hosts, including Francesco De Gregori, Giuseppe Tornatore and Valentina Lodovini for the Hollywood Party programme.

Radio3 has broadcast live the most important cultural events: the Science Festival in Rome and the Art Fair in Bologna in January, the Film Festival in Berlin in February, *Libri Come*, the book and literature fair in April, the Book Fair in Turin, the Film Festival in Cannes and the Biennale Art Exhibition in Venice in May, the Economy Festival in Trento in June.

Again in June (11-13) Radio3 came back to Forlì for the second edition of the Art, Culture and Labour Festival celebrated in three days of live debates, analysis and music with the public audience, guests, testimonies, sounds and themes of its programmes.

As regards music, we must mention the live broadcasts from the Teatro alla Scala Opera House, both for opera and symphony seasons, the Turin Royal Palace, the Bologna Comunale, Venice La Fenice, Rome Opera Theatre and Naples San Carlo opera houses. The Rai National Symphony Orchestra was a constant presence both with Symphony Season concerts and cycles of Rai Nuova Musica, devoted to contemporary music. Radio3's concerts at the Quirinale continued: this is a prestigious series of musical events produced live by Rai 3 every Sunday morning from the Cappella Paolina in the President of the Republic's Quirinale palace, now in its sixteenth year. Other contemporary music events were festivals like the Venice *Biennale Musica* and *Milano Musica*. Euroradio concerts, from the main world institutions, enriched the morning and Sunday afternoon schedules and proposed famous orchestras such as the Wiener Philharmoniker, the Berlin Philharmoniker and the Lucerne Festival Orchestra, etc..; furthermore, there were works from the opera seasons of major world theatres such as the New York Metropolitan, the Wiener Staatsoper and the Royal Opera House in London.

In the first half-year a total of 445 concerts were broadcast (240 in the evening programmes, 138 in *Concerti del mattino*, 25 in *Ritorni di Fiamma*, 23 for *Domenica in Concerto*, 19 for the series of *Concerti del Quirinale*), 115 of them live, with various musical genres.

More and more attention is being paid to new formats and to meeting the requirements of an audience which chooses to download programmes more frequently than in the past apart from listening to them on air in the traditional manner. Particular care was taken, therefore, with packaging content which could be streamed or podcasted, a policy appreciated by users, as shown by the results obtained by the programme *Ad Alta Voce*, at the top of the list of the most clicked-on programmes. Among the classics of literature proposed by the programme were *Il giorno del giudizio* by Salvatore Satta, read by Toni Servillo; the special feature devoted to *Storie Ferraresi* by Giorgio Bassani, to commemorate the 100th anniversary of his birth (*Gli occhiali d'oro*, *Gli ultimi anni di Clelia Trotti*, *Una notte del '43*); *La ragazza di Bube* by Carlo Cassola; *Althenopsis* by Fabrizia Ramondino; *Il libro della giungla* by Rudyard Kipling; *I miei premi* by Thomas Bernhard. We must also mention the instalments of *Wikiradio*, designed for a dual use, on air and on the web.

The range of films, images and other content which is not traditional for a radio channel is also becoming wider, especially video streaming and this especially with the channel's special initiatives.

Isoradio

During the first half-year Isoradio went on with its flow programming, for the entire schedule of 24 hours a day throughout the year: traffic and road news and music.

As usual, daily links continued with the highway police, the Italian Motorways Company (Autostrade per l'Italia), the National Highways Agency (ANAS), Harbourmasters' Offices, the Airports and the State Railways in order to give continuous and accurate information on traffic conditions and the roads in general throughout the country.

Among the most institutional events that were broadcast during the half-year were:

- the feature *Viaggiare in sicurezza* ("Safe Journey") with Isoradio and the Highway Police. Every week live from Isoradio microphones Highway Police officers inform travellers of the provisions of the Highway Code, tell drivers how to behave at the wheel, give information about traffic offence fines and also answer listeners' questions;

- the programme named *Pronto 113?*, which is broadcast live in collaboration with different State Police headquarters, talks about the work done all over Italy and the work carried out for the safety of the population and informs listeners about all the duties of the State Police;
- *In diretta con l'Anas*, a weekly programme that provides information on the activities carried out by ANAS: works, closures, traffic forecasts during weekends;
- the campaign *Motivi di sicurezza*, released in collaboration with ASAPS (Association of Friends and Supporters of Highway Police). A series of commercials inform the drivers of the safety and Highway Code rules during the 24-hour programming;
- *Notte sicura con Isoradio*. During the night between Saturday and Sunday, a radio happening takes place, which is targeted at young people and their safety on the road: links with the Highway Police patrols from various Italian cities, meeting places, Saturday night events, live guests and the participation of listeners. The programme combines entertainment and prevention, giving information on and support to a safe return to home, especially in the night devoted to having fun during which people are at risk of getting high on drinks and drugs;
- *Studenti a Isoradio*. Until May 2016, students from primary, secondary and higher schools were hosted in our studios every Wednesday, talking about road education and safety in live broadcast;
- *Scuola guida: uomini e donne al volante. Storie di diverso genere*. The programme is being aired from April in collaboration with UNASCA, National Association of Driving Schools.

During the twenty-four hours of daily programming, at times of less intense traffic, Isoradio broadcast live analysis programmes, taking a cue from present-day affairs and news, on specific themes: road safety, territory, environment, sustainable mobility, alternative inner city and out-of-town routes, tourism and travels, in the broadest sense, service quality and consumer protection, transport means and infrastructure.

Radio6 Teca

During the first half of 2016 Radio6 Teca made a selection available to its listeners on the web, which was taken from the immense wealth of the sound Audioteca Archive, which is kept at the Rome, Turin and regional offices and which is being restored and digitised. For this purpose, some gems from programmes aired from the period after the first world war until today were reviewed and broadcast again in an original manner.

The best from RadioRai programmes was enhanced through the daily broadcast of great classics such as *Radiodue 3131*, *Tutto il Calcio Minuto per Minuto*, *Inviato Speciale*; and of special features broadcast by the newsroom of Radio6 Teca on the occasion of events or anniversaries. Among them were, during the first half of 2016, the special features on Renzo Arbore, Beppe Fenoglio, Elsa Morante, Aldo Moro, Umberto Eco, Alda Merini, Lucio Dalla, Dario Fo, Mina, Califano, Primo Levi, Francesco De Gregori, Gagarin, Shakespeare, Darwin, Chernobyl, Guglielmo Marconi, Freud, Orson Welles, I Mille, Teatro Stabile, Monicelli, Carol Wojtyla, Amnesty International, Biennale di Venezia, Giovanni Falcone, Franca Rame, Hugo Pratt, Mario Soldati, Gino Bramieri, Stendhal, Sartre, Alan Turing, La radio di Rino Gaetano, Gassman, Pina Bauch.

Radio7 Live

During the first half of 2016 the web radio Radio7 Live updated its database of live concerts (about 1,000) and songs (about 5000), divided into categories and genres, which is unique on the national radio scene. The live mission of the web radio has taken various forms: *Set list* (a concert or tour through memories and the direct experience of music experts); *Era ora* (a music talk dedicated to music experiences CD-ROMs to concerts); *Sanremo countdown* (the last 10 Festival editions on the Radio, with commentaries and interviews from backstage of 2006-2015); *Sanremo reload* (the festival night shows reedited for radio, to be aired on the next day); *Umbria Jazz Winter 2016* (the most beautiful concerts); *DallaRadio* (concert in honour of Lucio Dalla); *MusicaMed, La musica del mediterraneo, autori e interpreti dal vivo* (an international radio programme coordinated between the regional and foreign offices of Rai).

On the occasion of special events and celebrations linked to live music and its protagonists – such as David Bowie, Natalie Cole, Glenn Frey (Eagles), Paul Kanter (Jefferson Airplane), Maurice White (Earth, Wind & Fire), George Martin (producer of the Beatles), Keith Emerson (Emerson, Lake & Palmer and a legend of the moog music business), Gianmaria Testa (song-writer from Cuneo), Gato Barbieri (Argentine saxophonist), Prince –, music programming was accompanied by a daily work of creation of web contents, pages and photo galleries, which considerably increased the number of contacts and pages visited on the site.

Radio8 Opera

Radio8 Opera is a web channel broadcast on the frequencies of digital radio Dab+, which is

devoted to promoting the Opera, a music genre and system that easily cross national borders, capturing a large and varied audience. Opera music was born and developed in Italy, a country that has the greatest number of opera houses in the world and that is universally regarded as “the home of Opera”, this being considered one of its major merits and foundations of national unity.

During the first half of 2016 Radio8 Opera aired a streaming broadcast of 588 complete operas from both the archives of RadioRai and the Turin Royal Palace, Naples San Carlo, the Teatro La Scala and Rossini Opera Festival opera houses. The following special features were also broadcast, which were devoted to anniversaries or birthdays of personalities from the world of Opera: Tribute to Mozart & Verdi on a single date (27 January 2016); Tribute to Renata Scottò (24 February 2016); Tribute to Tito Gobbi (5 March 2016); Tribute to Anna Moffo (9 March 2016); Tribute to Pergolesi (17 March 2016); Tribute to Fiorenza Cossotto (22 April 2016).

The historical Martini & Rossi concerts were also broadcast on a weekly basis throughout the half-year, which had already been aired successfully on the radio channels of Rai from 1936 to 1964 and which had helped to raise awareness of the greatest voices (such as Maria Callas) in Italy. The concerts are also offered in a fully digitised format in streaming.

Digital

During the first half-year – in line with the publishing and industrial strategy – web and mobile platforms, as well as any connected TV set and social media were subject to a thorough review, the effects of which began to be felt on the occasion of the 2016 European Football Cup. This work will be extended to all the ranges of offer during the second half of the year.

During the first half-year the offer essentially consisted of:

- **Rai.it:** the institutional portal of the Rai Group, which, in addition to making the vast web offer easily accessible, promotes all the programmes on air and gives access to them, with their web-available content, from all TV networks and radio channels, as well as to information and multimedia content from all the news mastheads. Rai.it also offers a series of services of great importance and interest to users, such as the guide to the Rai programmes and the immediate access to all live broadcasts of the Group's TV and radio channels;
- **Rai.tv:** the environment for access, through a sophisticated graphical interface to Rai's entire audio and video offer available on internet. This service consists of:
 - live streaming of 15 TV and 10 radio channels;
 - Replay TV, from which access may be obtained on demand and on payment of rights, to Rai 1, Rai 2, Rai 3, Rai 5, Rai Premium, Rai Gulp and Rai Yo Yo programmes broadcast during the previous 7 days;
 - access on demand to almost all the general interest channels' TV programmes and news mastheads' range, in addition to much content exclusive to the web from the Rai Teche Archives, Rai productions, backstage and interviews specifically released for the portal. Rai.tv can also be found with a number of official channels on YouTube;
- **Rainews.it:** the environment from which access may be obtained to all Rai information: news updated in real time, enriched with videos and photo galleries, the last editions of the TV and radio news, live broadcasts of the Rai News 24 all-news channel and the most important events of the day. While relying on the technical, information and interface integration with the web component of the TGR regional news programme that was implemented in 2015, the Rai News project developed – during the first half of 2016 – a gradual enhancement of the offer through the regional Home Pages produced by the journalists of the TGR regional news programme offices.

Some of the Rai web services (e.g. Rai.tv, RadioRai, Rai News, Televideo, Tg1, Tg3, Rai Sport) may also be accessed in the form of applications for the main smartphone and tablet devices.

Rai's video on-demand programmes can also be found on Smart TV Samsung, Apple TV and Android TV. The app provides, free of charge, on-demand content and videos to watch and watch again sitting comfortably in the living room at home: in fact users may obtain access to the Rai Replay service and, in on-demand mode, select the best Rai content in the Top Video, Fiction, Cartoon and Programmes sections with complete episodes and highlights.

Rai is also present on interactive digital terrestrial televisions and decoders (Gold stamp certified) with the Rai Replay, TGR regional news programmes and Telecomando services.

Furthermore, on the occasion of the European Football Cup Euro 2016, an innovative app was launched, again for the Gold stamp-certified TV sets, which allowed the users to access the events' highlights in real time, without losing the live broadcast flow: it is an integration between live and on-demand broadcast, internet and DTV, which has never been offered before and which has proven to be very successful.

During the first half of 2016, work continued on the implementation of the technology platform in support of the new editorial offer of Rai in the Digital media sector. During the second half-year this new offer will replace the entire Rai.it and Rai.tv offer in a gradual manner, on the web, smartphones, tablets and connected TV sets, thus allowing the users to access new, more organised contents and new services. Furthermore platforms were implemented for Rai's offer for the 216 European Football Cup and the 2016 Rio Olympics.

Rai continued to boost its official presence on the main social networks (Facebook and Twitter), opening profiles/accounts for TV and radio channels and programmes, increasingly integrating interaction with the public in its editorial planning.

During the first part of the year, in addition to broadcasting its ordinary programming of channels and news mastheads, Rai was the leading network in Italy by volume and quality of conversations and interactions generated on the social network platforms; this was also due to major national and international events such as the 66th edition of the Sanremo Festival and the European Football Cup.

Furthermore, for Euro 2016, Rai showcased an unprecedented effort, which, in addition to the TV product, involved all multimedia devices and

platforms in an organic manner for the first time. The storytelling of Euro 2016 was a success in terms of quality, new digital products, presence on social networks and the new Ultra HD technology. In collaboration with Rai VWay and Eutelsat, seven matches were broadcast live on Rai channels in a TV 4k/Ultra HD format through the free satellite platform Tivù Sat.

There was a rebranding of the social profiles of Rai Sport, which developed a new strategy in terms of contents and communication for the multimedia storytelling of the European Championships. For the first time, Rai launched a profile on the new platform Snapchat targeted at a very young audience, commenting on the Euro 2016 matches through the profile of @RaiSport from the French stadiums, from Casa Azzurri and following the travels of the Italian National Football Team.

Again with reference to Euro 2016, Rai also took actions to narrate the sports event on the social networks in an unusual manner, with a real team of accounts composed of RaiSport, Rai 1, RaiRadio 1, Rai 4, RaiTv and RaiOfficialNews.

During the period under examination, also thanks to the recent set-up of an appropriate design function, interfaces were designed and implemented for the digital projects of Rai, launched on web browsers and apps for connected TV sets and mobile apps for smartphones and tablets.

In early 2016, the main projects implemented were: RaiPlay, RaiEuro2016, RaiTrasparenza, Rai.it and RaiRio2016.

As regards the performance of digital media:

- Rai.it generated an overall traffic of 309.1 million, with a monthly average of 51.5 million pages (+12% compared to the first half of 2015) and 7.8 million single users (+9% compared to the first half of 2015).
- The Rai.tv multimedia portal generated an overall traffic of almost 616.5 million pages, with a monthly average of 102.8 million pages (+13% compared to the first half of 2015) and 13 million single users (+30% compared to the first half of 2015).
- RaiNews.it recorded a total of 304.1 million pages visited, with a monthly average of 50.7 million pages (+9% compared to the first half of 2015) and 6.4 million single users (+19% compared to the first half of 2015).

Rai's offer on mobile devices, already rich and varied, further diversified in order to be available on the various operating systems with the offer dedicated to the European Football Cup, RaiEuro2016.

The RaiEuro2016 app, whereby users were allowed to follow live match broadcasts,

highlights of matches, information on teams and players, was downloaded by almost 700 thousand users. The Italy-Sweden match reached a record audience in the history of the web in Italy for a live event, for more than 1 million and 140 thousand unique browsers connected on Rai platforms and almost 1 million and 800 thousand media views.

During the first half of 2016, Rai boosted its presence on the main social networks: with about 8 million interactions, Rai was the publisher that generated the highest number of tweets on programmes recorded in Italy during the broadcast. The four major Rai channels generated 30% of the Italian Social TV traffic on Twitter; furthermore, compared to the first half of 2015, Rai recorded double-digit growth, excluding sports events, contrary to the trend for the total number of Tweets, which showed a decline in Italy, as observed by Nielsen Social Content Ratings.

The European Football Cup matches on Rai channels generated a total of 1,550,000 tweets. On Twitter, the Italy-Germany match was the most commented-on sports event from September 2014 with a peak of 360,000 tweets.

For the first time in the history of Rai, more than one thousand minutes of Live videos were produced on Facebook, through live broadcasts from football playgrounds, the journeys of the National Team, the squares of the French cities and the Foro Italico Auditorium, and specifically more than 500 videos for a total of almost 5 million visitors.

The most successful applications were:

- Rai.tv – 8.6 million downloads since the launching date, 886,000 of which during the first half of 2016;
- 2016 European Football Cup, 575,000 downloads from 6 to 30 June;
- RadioRai – 1.5 million downloads since the launching date, 137,000 of which during the first half of 2016;
- RaiNews – 873,000 downloads since the launching date, 123,000 of which during the first half of 2016.

Public Service

Accessibility

A considerable share of the publishing business pays strong attention to social themes and is intended to meet the varied demand for information on the part of persons with special needs, in line with the obligations provided for in the Service Contract.

These are services that are aimed at allowing hearing and severely sight impaired audiences to access Rai's offer; as required by the abovementioned Contract, these services have had a gradual, considerable increase during the last years.

Specifically:

- Subtitles – hearing impaired audience. Rai subtitles about 75% of its own programming on the three general interest channels between 6:00 a.m. and 12:00 p.m.. As at 30 June, more than 7,400 hours of subtitled programmes had been recorded, with a trend that will lead to about 15,000 hours and about 300 hours of programmes subtitled in English language at the end of the year. Furthermore, Rai subtitles various daily editions of TV news programmes of the main mastheads, as well as a daily edition of the sports news programme on Rai 2 and Rai 3 and *La Domenica Sportiva* on Rai 2.
- Easy Web – severely sight impaired audience. In addition to subtitling, there is also a very delicate editorial activity dedicated to severely sight impaired audiences, with audio-books and music works, not only for informational purposes but also for IT literacy reasons. The flagship component of the original production is the offer of multimedia works on various topics and, specifically, of fairy tales intended for blind and visually impaired children, including for educational purposes: audio-description, which has been available since 2012, is played by actors from all multimedia works in the replacement of synthetic speech. Other flagship products of the offer are the Special sections designed to give severely sight impaired users the possibility of consulting the list of the main programmes on general-interest events (from Jubilee to Olympics) on the Rai portals more easily through an accurate selection of links. 19 special features were produced during the first half of 2016.

The function is also responsible for the activities connected to **Weather forecasts and Mobility**, as well as for the national and regional **Teletideo** teletext tool.

Commercial activities

Advertising

During the first half of 2016 there was a strengthening of the trend of recovery in key macro-economic variables. The market also showed an upward trend, reporting a growth of +3.5%, mainly due to TV advertising, which confirmed their leading position, accounting for 61.6% of the market. Among the media, positive results were achieved by TV (+7.8%), radio (+0.6%), outdoor (+1.6%), transit (+3.5%) and cinema (+18.4%) advertising. On the contrary, a decrease was reported in advertising revenues from Internet (-1.9%), magazines (-3.0%) and daily newspapers (-4.9%).

During the first six months Rai Pubblicità – which is the advertising concessionaire for the Group – achieved a double-digit performance, +10.1%, also benefitting from the broadcast of the European Football Cup in June.

The new market trends, the increasingly sophisticated needs of stakeholders and Rai's vision, which has the global purpose of transforming the Group into a Media Company, also require a general review of the concessionaire's approaches, processes and operations.

The objective is still to maintain a market leading position in terms of customer service quality and to maximise profits.

In this context, and with a view to a total, gradual digitisation of the advertising concession company by 2017, the concessionaire launched the *Open Square* project, which has the ambitious goal of creating a community between Rai Pubblicità and the market of Media Centres that trade 95% of customer investments. While supporting the market, the sales network and the concessionaire, the project is in fact aimed, through customer care services and the digitisation of processes, at making current multi-step and long-term procedures faster and more streamlined. With an evolving language and a strong presence on social media, *Open Square* will offer the Media Centres a range of tools that will make the purchase of the spaces easy and natural.

With a view to promoting cross-media integration as much as possible, Rai Pubblicità is also developing new marketing tools and reviewing its commercial policies, with the aim of satisfying two key requirements: presenting itself as a multi-media concessionaire on the market and meeting the increasingly complex needs of its customers, also in relation to a growing fragmentation of

demand and then to a fiercer competition in the target market. More specifically, through:

- the *Cross Audience Transformer*, a tool designed to enhance coverage capacity according to a planning approach that integrates various communication languages, Rai Pubblicità has the objective of presenting itself as a multimedia concessionaire on the market;
- the establishment of consumption targets (consumer targets for each product), Rai Pubblicità conforms to the increasingly complex needs of its customers, with a consequent lower dispersion of investments and then a more efficient and effective campaign.

In this manner Rai Pubblicità aims at adopting a consultancy commercial policy capable of retaining customer loyalty, thus making the concessionaire the leading company in the market in terms of innovation, customer satisfaction and in promptly keeping with new market trends, while maintaining the central role of the sales network and back-office functions.

Sales

Sales activities have been carried out since 2014 by Rai Com, a wholly-owned subsidiary of Rai. The main activities carried out during the first half of 2016 are described below.

Music Publications

The Music Publications area draws up and promotes the Catalogue of music publications for use in the programming of contemporary and non-contemporary classical music, radio and TV programming and in recording. It also buys, produces, markets and distributes contemporary music, sound tracks and original music for radio and television, in Italy and abroad.

During the first half of 2016 Rai Com coordinated the acquisition of rights to serious music and theatre in order to both meet Rai channels' broadcasting requirements and print publications for marketing and promotion at a national and international level. For this purpose, Rai Com managed, in agreement with Rai, the relations with the major Theatres and Opera Companies and with the entire Italian cultural system in order to record and produce operas, ballets and concerts.

This area also had an important part in the music editions and productions of Rai Com for sound tracks of drama and comedy works produced by Rai: original soundtracks were edited and produced, during the first half of 2016, for TV movies such as *Il sogno di Rocco*, *Felicia*

Impastato, long-running serials such as *Una pallottola nel cuore 2*, *Di Padre in figlia*, *Sorelle*; web series for Rai platform, such as *06.3139*, *I Racconti dal carcere*, animated series intended for Rai YoYo such as *Giulio Coniglio* and original sound tracks of documentaries such as *Ulisse*, *3*8 Cambio Turno*, *Radici*.

As a Music Producer, Rai Com recorded some sound tracks with the Turin National Symphony Orchestra of Rai, designing and signing productions which were fully realised by using the internal resources of the Public Service network.

There were further additions to the catalogue of Contemporary Music Publications, which were broadcast in Rai programmes (Radio 3 and Filodiffusione), on Radio CEMAT (the most important Italian web radio entirely devoted to contemporary music) and also abroad, on Radio France, Radio Suisse Romande and BBC.

In Italy and abroad, musical works were performed at prestigious foreign festivals, like Festival dei due mondi (Spoleto), BerlinUltraschall, FFF Fast Forward Festival of the Rome Opera House and were presented at the Konzerthaus in Wien, Philharmonie and Centre Pompidou in Paris, Ozumi Hall in Osaka, Bronfmann Auditorium in Tel Aviv, Muziekgebouw in Amsterdam and Nationaltheater Mannheim in Germany.

As regards performing arts, Rai Com, in coordination with Rai Networks, acquired the filming rights and coordinated the production of numerous ballets, concerts, documentaries and theatrical plays until 30 June 2015, including extraordinary performances such as the production of *Traviata* staged by film director Sofia Coppola.

Agreements with Public Authorities, Institutional Bodies, Non-profit Organisations

During 2016 agreements continued to be drawn up and managed with Public Authorities and Bodies.

Among the most significant Institutional Agreements entered into during the first half of 2016 were the renewal of collaboration agreements with the Ministry of Interior for the implementation of a campaign on immigration and integration through additional editions of the programme *Radici*; the agreement with the Ministry of Education, University and Research to promote musical culture through the dissemination of project *La piazza incantata*; the agreement with the ISFOL (Institute for the Development of Workers' Professional Training, Ministry of Labour) for the release of documentaries devoted to

apprenticeship for qualifications as an innovative change in schooling.

The communication campaigns consisting of messages on the themes of agrofood and fishing in collaboration with the Ministry for Agricultural, Food and Forestry Policies also continued, sometimes with the help of special programmes (*I Signori del Vino*).

Work continued on the management of Agreements with the Prime Minister's Office regarding broadcasts to safeguard the interests of linguistic minorities and for Italians abroad, which were extended until 31 October 2016.

New collaboration agreements were entered into and new institutional partners were identified for relations with Institutional Bodies as well.

Sales of rights to foreign countries: cinema, TV and music

The activity in this area consists of the international distribution of TV and film products for Rai and other parties, and of the marketing of Rai musical products, including operas, concerts and ballets.

As regards the distribution of TV and cinema content, the first half of 2016 saw successful commercial relations, for both cinema and TV products sales. Globally, most revenues come from Western Europe, English-speaking, EMEA (Europe, Middle East and Africa) and Asia countries. The decline in performances in the Western Europe, which had characterised the previous half-year, was recovered thanks to titles such as the TV series *Non Uccidere*, movies such as *Lo chiamavano Jeeg Robot* by Gabriele Mainetti and *Summertime* by Gabriele Muccino. Among non-fiction products, note the sale to Abu Dhabi Media of the live rights to the *Palio di Siena* bareback horse race.

Music, operas, concerts and ballets are substantially distributed through two procedures: by granting co-production rights or licences to the main broadcasters (ZDF, Artè, RSI, NHK and others) or by acquiring rights for a limited period of time; distributing them to halls directly using the *All'Opera* season, which brings the best Italian works to cinemas the world over.

The marketing of music works during the first part of 2016 achieved positive results: licensing agreements were confirmed with con ZDF/Artè/RSI/NHK for the transfer of the rights to La Scala Premiere and there was also great interest in the rights to *Traviata* by Sofia Coppola in Rome, which Rai Com acquired for international distribution.

The *All'Opera* project, which was conceived with the objective of bringing the best Italian operas all over the world, further increased its distribution capacity, passing from 2 (France and Spain) to the present 16 countries (including, among others, Germany, Austria, Italy, South Korea, Japan, Australia, Ireland, the United Kingdom, the United States, Latin America and Brazil) and agreements with additional countries are expected to be formalised during the second half of the year.

Sports rights

The area of Sports Rights reported a positive trend during the first half of 2016. The major development during the period concerned the proxies for the TV viewing of the internal matches of seven Serie A Division Football Clubs (Pescara, Atalanta, Bologna, Chievo Verona, Crotone, Sampdoria and Empoli) granted to the Football League for the 2015/2016 and 2016/2017 Sports Seasons.

Rai Eri

In 2016 Rai Eri continued to definitely pursue the plan to revive its image and publishing business, with two key objectives: efficiency and integration. In fact, the three-year 2015-2017 project of Rai Eri aims at building on its success based on a convincing business plan, while reorganising and strengthening its series in order to reinforce the brand identity in a very competitive publishing market, on the one hand, and, on the other, this transaction cannot but start from closer integration with Rai, as well as with its wealth of artists and talents and its Public Service mission.

Some key projects of the publishing plan just fall within this scope, whereby the works of Rai artists, which so far have been traditionally published by third parties, are now published under the Rai Eri brand. An example is given by the series of *Viaggio nella storia* by Alberto Angela, a far-reaching project consisting of 50 quality volumes sold at newsstands.

At bookshops, the colouring book by Caterina Balivo – as well as the book of a programme that represents the link with the local community such as *Sereno Variabile* by Osvaldo Bevilacqua – have been intended to provide a sense of close contiguity between the work of Rai Eri and the programmes aired by Rai. However, in view of a far-reaching programming, the policy has been to scout for big talents on the publishing scene, thus creating – also thanks to the collaboration with the *Laboratorio di scrittura* workshop – a new series, *Come si racconta*, which has allowed the acquisition of books written by best-selling authors

of the calibre of Giancarlo De Cataldo and Dacia Maraini. The series includes short essays on writing and is likely to be promoted in schools, thus fully meeting the educational and Public Service commitment, which forms an integral part of the identity of Rai Eri.

Special attention has been paid to the world of children and young people, a business segment that is substantially stable within the general crisis that is affecting the book market, as well as an important key to the rebranding and revival of our identity. The series of volumes of the popular cartoon *Vita da Giungla* has been a successful example of intercompany cooperation with the Licensing sector and with Rai YoYo. The first novel by the young rapper Mattia Briga, *Non odiare me*, has brought the Rai Eri brand back to the top of the Italian Fiction book ranking, thus seeing the bookshops filled with young people during a sold-out tour of presentation.

As regards volumes, the publishing plan shows that Rai Eri is becoming increasingly independent and sound, despite the difficulties encountered in competing in a market that is characterised by strong brands and growing concentration. Compared to 2015, there was a 24% increase in the volumes of publications printed by Rai Eri itself, while there was a decline in publications co-produced by other publishers. The plan digitisation of titles relevant to the catalogue, which was started in 2015, has been implemented gradually, including through original digital titles, a pilot project aimed at strengthening the footprint of the Rai Eri brand in the e-book market, which is showing a slight but continuing growth. At present all the main new publications of Rai Eri are being issued both in hardcopy and e-books.

Marketing and business development

With reference to the TV magazine *Italiana*, which is the new international commercial project conceived in 2015 with the aim of searching for new business lines linked to the main assets of our country (culture, food, tourism), it should be pointed out that, during the first half of 2016, negotiations were successfully completed with various foreign broadcasters, which were such as to make it possible to increase the number of countries eligible for distribution purposes. To China (The Travel Channel International), Russia and former Soviet (Rossiya K) countries, Canada (Rogers) and MENA (Abu Dhabi Media) countries must be added the United States (MHZ), Europe (Scripps Network), Pacific Asia (Scripps Network), thus covering a distribution area that substantially includes all the continents.

Another key business segment has involved the execution of agreements concerning the art and cultural heritage and founded on co-production partnerships with major entities and players in international and domestic markets. Worthy of mention is the co-production agreement entered into with *Fabbriceria Opera del Duomo di Firenze* for the release of a 52-minute documentary film dedicated to the storytelling of the design and construction of the monument complex of the Florence Cathedral, as well the agreement with Arte aimed at enriching the production with high cultural value contents to be intended for international distribution and, if applicable, for national programming. This agreement was applied for the first time to the international version of the programme *Stanotte a Firenze*, which was aired on Rai 1 on 9 June.

Rai channels Marketing and Distribution

The favourable trend in this segment was confirmed during the first half of 2016. Commercial distribution is the responsibility of two different distributors, which operate in different areas and are able to ensure a widespread visibility of the distribution business values, thanks to a remuneration model based on the actual performance relating to the users and subscribers to the offer of the Rai channels activated by each partner operator.

As regards the marketing of broadcasting rights relating to Rai Italia, Rai World Premium and Rai News 24 channels in non-EU countries, the ability to negotiate the terms and conditions of the contracts with the operators in collaboration with distributors has ensured better financial conditions and the expectation of growing revenues.

The revenue performance was positive in Europe too. The development strategy, which has been pursued after a careful review of the contract terms and conditions in force in each country, has led to strengthening direct relationships with the operators in target areas and to establishing new business relationships in potentially profitable areas.

Library and consumer product

The consolidation of business lines as a result of the entry of new audio-visual firms (Netflix) to the market and the change in marketing policies raises the expectation of potential additional revenues. Specifically:

- **Teche archives:** the segment recorded significant results thanks to Rai exclusive archives and to the renewal of the main master agreements with Italian broadcasters, as well as to the agreements with broadcasters in the pay platforms to exploit cartoon content and with the firms operating on internet for the sale of footage and content;

- **Licensing:** we report a positive performance of puzzle magazines (*Eredità* and *Reazione a Catena*) and of the licensing segment, with the development of the property animation *Vita da Giungla*;
- **Digital Extension:** among New Media business, there was a further significant growth rate both in the SVOD market and in the EST/TVOD market. During the period, the management of the digital rights of the Rai Group allowed, as regards SVOD rights, key agreements to be reached with all the market operators: Netflix, TimVision, Infinity; as regards EST/ TVOD rights, the commercial positioning was strengthened on all platforms operating on the Italian market.

Other activities

Technology

The technology activities relate to the industrial processes of radio, TV and multimedia product creation and distribution on the various platforms.

Planning

The Plan of Technological Activities- which is coordinated and carried out in synergy with the Group's Business Plan and is aimed at transforming the network into a Digital Media Company - seeks to schedule the work done in technical projects to obtain benefits for the products that Rai creates and for the services offered to users, for the end-to-end quality of the range and for the effectiveness and efficiency of corporate processes.

There are four enablers in the Plan of Technological Activities:

- dematerialisation, i.e. digitisation of content and operational and supporting processes;
- expansion of distribution networks and neutrality of content with respect to them, so that Rai content can reach customers anywhere and on all types of fixed or mobile equipment or device;
- the implementation of a coordinated IT infrastructure, with extensive use of Full IP and Cloud technology that allows an effective, efficient and secure storage and distribution of dematerialised content all along the value chain;
- the development of organisational and production models.

The benefits and results expected from the technology projects set out in the Plan can be divided into the three following categories:

- **benefits to the public:** Rai radio, TV and multimedia content available on any fixed or mobile device, in HD or in Ultra HD mode, with low latency; improved services received, for example in terms of Guide to Programmes and of on-demand video or Catch-up TV services; a higher involvement, offer customisation and a more effective interactivity;
- **company efficiency improvement:** an improved efficiency and innovation of industrial and operational processes; an improved efficiency and innovation of technology infrastructure; more flexible systems and process in line with the changes in the business; safety of content and key assets in terms of Business Continuity and Disaster Recovery;
- **service protection and quality:** an improved Radio and TV reception, an increasingly reliability of digital distribution, with a reduced latency time and increased quality of broadcasting of content and services.

TV Production

The TV Production Department's priorities were:

- to do its best to support the realisation of editorial projects, while also optimising the use of internal production resources and minimising external costs;
- to ensure that Rai's HD content production, operational and broadcasting chain met the highest technological standards in order to raise product quality and customer service level.

Technological developments

- **T-Cube.** After creating the software and technical infrastructure of the T-Cube - Transition To Tapeless project and conducting the relative trials and final tests at the end of 2014, work continued to put into service a new production process, which was extended to 100 editorial teams at the end of 2014. The editorial teams of 16 Regional Offices were also connected, which considerably decreased the number of radio link contributions to production centres. In conformity to the objective of this project, the new system removed the need for physical mediums and created a completely digital and file-based editorial and production chain, such as in the case of the programme *Porta a Porta*, where the broadcasting, validation and contribution in the studio take place without any systematic use of physical mediums.
- **Digitisation at Regional offices.** Work continued on the process of digitisation at all the Regional Offices, which had commenced in July 2014: specifically, the first half of 2016 saw the implementation of the system at the Ancona office. The process is expected to be completed during the first quarter of 2017. Activities were also started during the half-year for the integration of the digital production system of the TGR Regional news programmes into the News Room system and for a more streamlined technical and editorial operation of the sub-offices of Catania, Sassari and Udine.
- **Single Domestic Infrastructure for News programmes.** In the framework of the introduction of the integrated news production systems, studios and control booths of domestic News departments and Regional Offices, in May 2015 work started on the construction of the Single Infrastructure for domestic News programmes (Tg1, Tg2, Tg3, Rai News 24 and Rai Parlamento), in support of the strategic project for the reorganisation of Rai's information programmes. Rai News 24 has been operating on System 2 since October 2015 and Tg3 since 1st December. During the first half of 2016 work continued on the digitisation of Rai Parlamento and the porting of Tg1 and Tg2 on the System 1; furthermore, the infrastructure was set-up for the disaster

recovery of the entire platform inside the campus of Saxa Rubra.

- **Digitisation of Central Control Stations.** Implementing works were completed on modifying the broadcasting stations. Furthermore, the new Turin Production Centre HD digital installation was upgraded in order to broadcast the themed channels and allow the HD simulcast on satellites and SD simulcast on DTT networks.
- **Rai Sport's programmes in HD.** A number of technology upgrade actions were taken on the sports programme area in Rome and Milan in order to allow a more effective HD production of sports content, and specifically for the Olympics and European Football Cup. Furthermore, a new integrated production system was designed for the broadcasting of Rai Sport's programmes in HD.

Production activity

Among the activities carried out during the first half of the year were:

- the preparation and implementation of the entire production activity for the 2016 European Football Cup, which saw the involvement of the TV Production department with 68 people operating in more than one location. Furthermore, note the activity carried out by the TV Production department (in particular from the Rome production centre) for broadcasting the analysis programme *Il Grande Match* (aired on Rai 1) and of all the features produced for other Rai channels in pursuing production efforts for the utmost enhancement of investments made to acquire rights;
- for the second consecutive year, taking moving shots of the Tour of Italy and of other numerous important cycling tours using exclusively in-house resources; the high quality achieved in this specific activity has allowed Rai to meet the organising body's request to ensure the TV coverage of the Dolomiti Marathon event;
- the broadcasting at the Munich stadium of the amicable football match Germany-Italy on the opposite side with respect to the international broadcast aired by the host broadcaster; this broadcasting method implemented on behalf of FIGC (Italian Football Federation) might constitute an interesting form of cooperation between Rai and FIGC itself;
- the start of production operations using a 4K technology for specific high-quality projects which are intended to be offered firstly on Rai channels (*Stanotte a Firenze*, aired on Rai 1), but which are of great importance in commercial terms on international markets;
- the start of the Prysms project, which provides for the implementation of an integrated IT system that is capable of supporting the entire production activity of the Department, including medium/long-term strategic

planning, the management of editorial content, the operational planning and final reporting concerning technical staff and resources.

ICT

The Information & Communication Technology (ICT) Department offers products and provides IT and telecommunications services to in-house and Rai Group customers.

The ICT Department's operations are structured into integrated and flexible mechanisms for the governance, coordination and management of assets (applications, systems, infrastructure, communication networks), and combines investment policies and priorities according to the value of the actions taken in terms of cost efficiency, efficacy and reduction.

During the first half of 2016 the roadmap for renewal set out within the scope of the plan aimed at transforming the Broadcaster into a Digital Media Company entailed a sharp acceleration in the innovation of IT platforms, which was completed within a very complex and constantly evolving framework, motivated by the need to govern changes, including cultural changes.

The *Portfolio of corporate business projects*, which describes long-term developments, allows the ICT Department to be the "enabler" of the prospective change, in accordance with the strategic guidelines adopted by the Company:

- **Transformation into a Media Company:**
 - the availability of the new Right Management system allows the governance of the Rai Group's Portfolio of Rights through the management of the events that characterize its life cycle (formalisation of rights against the execution of contracts, modification of the status of rights according to the amendments made to contract terms and conditions); the definition of effective models and tools used to describe the rights in their entirety and manage their complexity meets the growing expectations in terms of exploitation of content on the various platforms. This approach allows an optimal use of any right in the portfolio on the one hand, and, on the other, a more effective planning of company requirements in terms of products;
 - the objective of monitoring information flows in the main social networks, concerning issues that are of interest to the Company, was attained with the start of the first phase of a Social CRM project;
 - with a view to increasing the information base in support of decisions, the ICT

Department has made substantial investments to upgrade the Business Intelligence and Big Data platforms, which will make sophisticated tools available for a more profound understanding of the company business and target market performances;

- in order to implement a structured process for the management and enhancement of the Company's audio-visual assets, work continued on the integration of multimedia asset management systems;
- the adoption of new business models that require content and metadata to be made available on differentiated platforms of access/distribution, through the use of wide-ranging skills, involved the upgrade of the virtual network devoted to transmitting digitised files (IP File Based Network), which reaches the production departments of all Rai offices.
- **Availability of digital platforms all along the entire chain value:**
 - the digital agenda (Full Digital) on management processes has entailed upgrading interventions in the areas of procurement, accounting document management (purchasing and sales cycles), with a consequent extension of electronic storage to the detriment of paper archives, and of the internal communication inside the Company, through the Corporate Digital Workspace RaiPlace 2.0 and the availability of integrated tools for accessing and sharing information;
 - actions were taken on the Schedule system in order to integrate the planning of the broadcasting of the linear Schedule into the T-Cube System for digital content management;
 - a new digital platform is being tested for news agencies.
- **Changes in organisational and production models:**
 - within the context of financial planning, upgrading interventions are being undertaken on the Integrated Planning System (IPS) in order to implement a solution to govern and monitor contracts; this further step is aimed at improving planning and control of financial events, which are the key elements that allow to respond to changes in business and competitive pressures on the external market;
 - in support of the production process, work was completed on the requirements of the new tool (Primsys) that will allow the planning of production resources over periods of time in strategic and operational terms;
 - the change management phase was started in order to spread the system used to manage the contracts of subordinate employees and staff members outside the workforce (Collaborators);

- as regards Licence Fees, the ICT Department has supported the Company in complying with the new collection method;
- **Availability of an "IT Data Centre" layer:**
 - the ICT Department is operating on the project to strengthen Rai Data Centres with a view to business continuity and disaster recovery; this is made in accordance with an approach aimed at implementing a layer of hardware technology platforms capable of meeting the Media Company's requirements in terms of strategic management of information and content.

Research and Development

The experimentation into and implementation of new technology broadcasting-telecommunications and TV production-oriented platforms are at the centre of the strategies of Rai, as an essential prerequisite for product development, in line with the transformation of Rai into a Digital Media Company.

The possibility of distributing content on various mediums and devices, the increasingly widespread introduction of broadband and the availability of increasingly large TV screens, with an increasingly higher definition (HD and Ultra-HD 4K) and viewing quality (HDR), are the drivers on which the current technology development of the TV system is based and represent the key issues of the research work at Rai.

In this context, greater importance is attached to performances focused on product enhancement, combined with greater interaction with users.

The transition towards the **Full HD format** – with the prospect of moving towards even more sophisticated formats – required the study and evaluation of new technologies and appliances able to handle very high quality television signals all along the production and distribution chain, paying particular attention to standardisation of new formats, also with a view to a transition to the IP technology.

Rai continued its work in the study of and experimentation into **HDR (High Dynamic Range)** technology, which will allow high dynamic range imaging to be generated and transmitted and which is considered a basic feature of new TV formats, both UHD and HD. Work focused on contributing to the definition of a new specification for UHD broadcasting in DVB environment, conducting subjective tests and carrying out test sequences.

The objective of the **Teca Master (Master Archive) digitisation project**, fully in the

implementation phase, is to transform the old analogical archive into a more modern digital master file archive, as far as possible automating all the transfer operations from existing mediums.

The set-up of the first three lines to transfer Betacam/IMX tapes has been completed and is currently being tested. At the same time work continues on the implementation of lines for the transfer of films.

As regards the **DAB+ network** project, the new digital radio service which will take its place beside the present FM broadcasting method, technical solutions have been designed and tested on the field in order to also ensure the DAB service coverage and continuity inside highway tunnels. Furthermore, in collaboration with other EBU members, new Hybrid Radio services are being developed, which will allow the customisation of content and schedule for users provided with connected receivers.

During 2016 work also continued on the development of applications and services aimed at enriching Rai's offer on **Smart TV** sets. Specifically, the **Euro2016** app was implemented, which allowed users, during the live broadcasts of Euro 2016 matches, to see again the main actions of the match on the TV set, to be provided with the match's statistical data updated in real time, as well as to see again any match already played (either in a short or full versions) at any time, exclusive interviews and videos with the Italian National Team players.

Among other initiatives were the completion of the **SuperEPG tivùon** project (the launch of which took place in July) and the definition, within the framework of HD Forum Italia, of the new Italian HD-Book specification for receivers, which represents the transition of interactive platforms from the MHP system to the new European HbbTV standard.

As regards new **multi-platform services**, work continued on collaboration with Associations of Disabled People within the framework of an ongoing commitment to developing services to improve the use of and access to Rai products for an increased social inclusion.

Among the activities were the analysis of the presence of accessibility functions installed on differently-branded TV sets and contacts with manufacturing companies for the introduction of improvements or new functionalities.

Furthermore, within the framework of the **SlowTV** project, a platform was implemented for the delivery of slowed-down TV content on connected TV sets, for the purpose of assessing,

through focus-groups, user satisfaction according to the type of content and of slowing-down percentages.

Within the scope of the plans announced by the European Commission, providing for the 700MHz band frequencies to be released by 2020, which are currently used for TV broadcasting, work continued on the study on the development of **terrestrial distribution networks**, with specific reference to the integration of broadcast modes into present and next-generation mobile technology, in collaboration with Braunschweig University. Work also continued on collaboration with the Turin Polytechnic University, for a comparative study of mobile phone networks and broadcasting networks with a view to transmission using 5G-Broadcast technology, the preliminary results of which were presented during the World Mobile Phone Network Conference in Barcelona.

Frequency planning and spectrum management

The activity was specifically focused on the following guidelines:

- **Expansion of the HD range.**

Activities were completed, which allowed the reconfiguration of programmes contained in MUX (Multiplexer) DTT so as to expand the HD range with a further HD channel for the Rio 2016 Olympics and two more channels from September 2016. These activities were carried out by minimising the need for retuning the receivers and in compliance with the current regulations governing LCN (Logic Channel Numbering).

- **Strengthening and protection of digital terrestrial TV (DTT) services of Rai's Mux 1.**

The Mux 1 service was strengthened by solving a key interference issue that affected some regions of Central Italy. This objective – which was attained by collaborating with AGCOM and MISE – is an essential prerequisite of the protection of the Technical Quality of the Mux 1 DTT service, which, due to a peculiar structuring at a regional level, requires specific measures within the changing framework of the use of frequency resources on the part of local broadcasters operating in adjacent areas.

Furthermore, following simulation-based interference analysis, operations were started on a gradual migration of the Mux 1 DTT systems in accordance with the instructions

given by the MISE (e.g. release of the channel 25 UHF [Ultra-High Frequency]).

- **Technical meetings between Rai-AGCOM-MISE for the release of the 700 MHz band and expected entry into service in DVB (Digital Video Broadcasting)-T2 (Second Generation Terrestrial).**

In relation to the imminent need for the release of the 700 MHz band on the part of TV services in favour of mobile services, it will be necessary to migrate to the new DVB-T2 broadcasting standard that is capable of transmitting the same content while using a lower amount of band.

The required upgrade of TV sets on the part of their users has already led to the enactment of a law in Italy, which requires the sale of TV sets with DVB-T2 receivers with High Efficiency Video Coding (HEVC), starting from 1st January 2017.

In this framework, an analysis work was started with the MISE and AGCOM in order to allow Rai to activate, in the major Italian cities, a DVB-T2 service capable of broadcasting programmes both in HD and HD-HDR (High Dynamic Range). This technique allows a considerable increase in the dynamic range of TV imaging, thus improving maximum brightness (increased intensity from 3 to 10 times), detail in the lowlights, natural reproduction and saturation of colours.

- **Upgrade of the radio network in FM.**

The radio FM (Frequency Modulation) service continues to be a qualifying industrial target for Rai and is still expected to have a major role for many years in the audience of radio programmes.

However, the FM service is still affected by a complex interference situation that is evolving on an ongoing basis. For this purpose a project with a considerable financial value was started for interventions on the FM networks that might support the recovery of service areas that are now being affected by interferences, essentially operating on the basis of a compatible use of the "radioelectric spectrum" with private radio stations and of the targeted acquisition of equipment/frequencies.

Particular attention will be paid to improving the radio service coverage along high-traffic road routes in order to support the reception of programmes on the part of mobile users.

Satellite activities

During the first half of 2016 Rai gradually implemented the plan for broadcasting Rai programmes by satellite in HD (Full HD Sat Plan). More specifically:

- in January 2016 Rai 4 HD was also made available to Sky subscribers on LCN 104 (110 on Tivù Sat) by encrypting it in NDS in addition to the Nagra encryption of Tivù Sat;
- in May Tivù Sat Rai Movie HD and Rai Premium HD with Nagra encryption were made available to the users.

During the period there was the satellite broadcasting of seven matches (quarter finals, semi-finals and finals) of the 2016 European Football Cup in UHD/4K format. Specifically, the broadcasting based on UHD/4K technology made it possible to watch the matches in Ultra HD for users in possession of a UHD TV-set and a CAM or a decoder 4K of Tivù Sat, tuning into Rai 4K channel, pressing button 210 of the remote control of Tivù Sat.

Broadcasting

During the first half of 2016 Rai Way was involved in a number of activities connected with the Rai contract, mainly aimed at delivering new services and maintaining radio and TV service levels.

Among the services required by Rai was the terrestrial television contribution service through a new network based on modern coding, switching and fiber optic transport technology.

The new fiber optic transport network based on JPEG2000 coding technology and IP/MPLS transport constitutes the development of the present network of Rai Way and will allow the satisfaction of the Customer requirements arising from the digitisation of its production systems and, in general, from the need to transport HD-produced content (news, sports events, drama and comedy works, etc.).

In line with the publishing project of Rai, work continued on a new definition of the Mux DTT capacity and of the extension of the satellite broadcasting service in order to enlarge the range of HD TV products on the DTT and satellite platforms.

On the occasion of the 2016 European Football Cup in France, Rai Way designed and implemented turn-key services, for production requirements at the request of the Parent Company, for the transfer of video and data signals from Rai compound at the IBC in Paris to Rai TV Production Centre in Rome Saxa Rubra and a service for the transfer of video and data signals between "Casa Azzurri" in Montpellier and Rai compound at the IBC in Paris.

In the international distribution of Rai channels to the Americas and Australia Rai Way started the Head End (coding, multiplexing and encryption) service and the transport of signals by means of agreements with optical fiber and satellite operators.

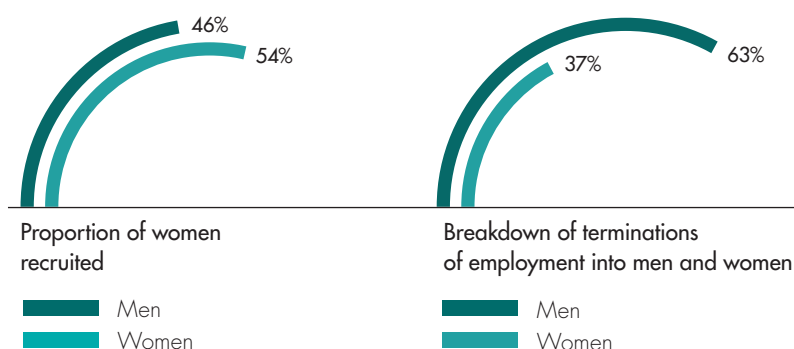
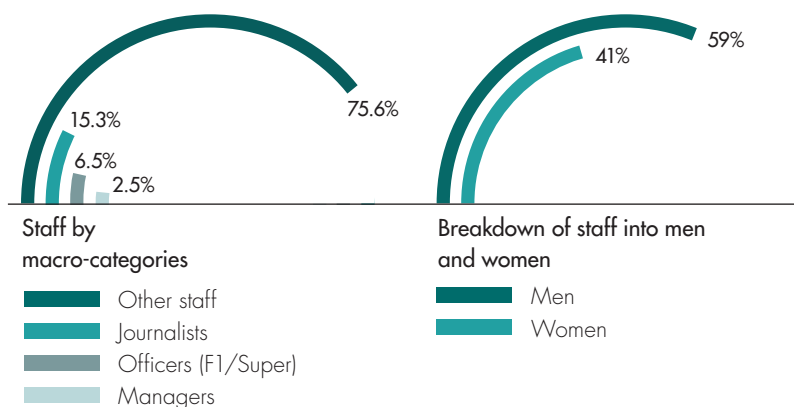
Rai Way is the owner of the Network which is necessary for the transmission and broadcasting of audio and/or video content attributable to Rai in the performance of the Public Service, in Italy and/or abroad, but also to other operators. As regards the latter's activities, Rai Way continued to promote a commercial line to mobile radio operators in order to encourage the development of new generation networks and build up the Company's relations with the various operators. Specifically, this line provides for incentive tariffs in order to develop telecommunications networks and infrastructures at the Sites which are available to Rai Way; sometimes these special rates were granted against the operator's commitment not to discontinue the use of a number of stations specified in the contract for a set period of time. Specifically, note the negotiation of an agreement

with EOLO S.p.A. for the delivery of Internet ultra-broadband connectivity services from Rai Way sites in relation to the fixed wireless broadband market.

A number of pilot projects were activated in relation to the growing market of IoT (Internet of Things) for experimentation, both into technology and into business development, in addition to partnerships with third-party companies in the sector, with the objective of finding the best solutions to approach the market.

Breakdown of Rai SpA's staff by category

	30.06.2016	31.12.2015	30.06.2015
Executives	284	259	260
Executive Journalists	294	296	297
Journalists	1,415	1,378	1,295
Middle Managers	1,123	1,112	1,097
Office workers	2,541	2,537	2,514
Production employees	1,648	1,650	1,648
Camera staff	792	794	782
Film directors	1,863	1,816	1,808
Technicians	157	155	152
Manual workers	898	926	918
Orchestra members and other staff	119	122	121
Medical staff	9	9	10
Personnel under permanent contracts	11,143	11,054	10,902



Human Resources

The rationalisation of existing human resources continued during the first half of 2016, prioritising internal mobility, also through the recourse to job posting and changing job descriptions; work continued on the target recruitment of young people under apprenticeship contracts; completely new methods of human resources development were put in hand on the basis of structured and integrated policies in order for the Company to have complete knowledge of each member of its staff in terms of performance appraisal, expertise mapping, assessment of potential and training requirements.

When all this information is managed, also through the coherent changes in the information tools concerned whose planning is in progress, an integrated system of human resources development and management will be ready to assist the Company to attain its corporate objectives.

While analysing the breakdown of staff, the number of employees passed from 11,054 people at the beginning of the year to 11,143 in June 2016. The relevant tables show the breakdowns by macro-categories and genres.

The changes in the number of employees recorded 82 terminations of employment, of which 12 for having attained retiring age, 24 under early retirement incentive plans, 4 under intra-group mobility schemes, 11 for termination by mutual agreement, 21 for resignation and 171 new hires.

The various reasons for the recruitment of new human resources were: 64 as a result of applying labour agreements applicable in the areas concerned; 13 intra-group mobility; 17 reinstatements as a result of labour disputes; 77 (9 of whom on apprenticeship contracts and 49 from a selection of "atypical" collaborators) in order to replenish the labour force owing to turnover, the expansion of some facilities or new requirements.

As regards **Internal Communication** activities, in order to expand and increase the efficiency of RaiPlace, the tool for communication between the Company and its employees – work continued on the project concerning the implementation of the new intranet portal which will have more content and will be better integrated with the Company's IT systems.

As regards the **organisation**, specific highly-structured actions were taken during the period under consideration, which were aimed at establishing functions for the direction, coordination and governance of complex phenomena.

Among the main organisational measures taken for this purpose were:

- the establishment and definition of the organisational structure of the TV Schedule Editorial Coordination Department for monitoring the TV editorial coordination in close connection with schedule and marketing activities;
- the organisational reallocation of the New Media Platforms Department in editorial terms, reporting directly to the General Manager with the new name of Digital Media Department, giving priority to the strategic component aimed at designing the product with respect to the technology of the same; in order to maximise possible synergies between content management and digital offer, this Department was extended to include the Teche Archives Department and the Public Service Function;
- the merger of the Communication and Public Relations Department and the Institutional and International Relations Department into the new Communication and Public, Institutional and International Relations Department, with the objective of maintaining the entire perimeter of relations with external parties under a single direction, in accordance with the requirements for the overall streamlining of the corporate macro-structure and the internal efficiency improvement of the Departments concerned.

Furthermore, work continued on the optimisation of the organisational structure aimed at streamlining the Departments and their organisations.

Changes continued to be made to some corporate operating procedures, and precise instructions were drawn up regarding procedures for carrying out important activities.

In the field of **Industrial Relations** and in that of relations with journalists, discussions continued with USIGRAI, the Rai journalists' trade union, on the project for the digitisation of the regional TGR newsrooms, which is expected to be completed during the current year; furthermore, talks were started between the Company and the Trade Unions in order to design a project aimed at defining the profile of regional news programmes on the web, to be activated at a pilot TGR newsroom on an experimental basis.

During the first half of 2016, the activity of the **Selection** area mainly concerned the start and implementation of some projects aimed at raising awareness about and the enhancement of the human potential of Rai, the activation of processes of selection of external resources for various professional positions, the appraisal of some internal resources, the preparation of an employer branding plan, an investment sector that is also responsible for launching the new image of Rai as a Media Company, and

the recruitment on the part of the Company of students under a curricular internship regime. Specifically, two projects were implemented for the enhancement of the internal professional expertise such as the Mapping of Journalists (involving 1,765 journalists) and the identification of the Unit in support of the News Editorial Director (86 staff members for internal job posting).

Some procedures were activated for the selection of a number of professional positions (ICT Technicians, Slovenian-speaking Journalists, Orchestra Members) by public notice, which will be completed during 2016.

In relation to the obligations arising from Law 68/99 – Rules governing disabled people's right to work, there was an appraisal of 37 external resources belonging to protected categories.

On the basis of a policy to bring business closer to the Italian educational system, 80 interns from the main University Faculties and Schools of Journalism recognised by the Italian Journalists' Association were taken into the Company.

With a view to the **Training** department's ongoing support to the change management process being carried out, activities continued during the first half of 2016, which served both to acquire aptitudes and organisational approaches which help the implementation of corporate strategies, and to raise employees' professional qualifications, such as, for example, the course intended for programmers-filmmakers for the acquisition of skills that are peculiar to video makers.

Furthermore, while continuing the training course started on the occasion of the "Welcome to Rai" meetings intended for higher-level middle managers, the first edition of the PER.FOR. MAMM management training courses for middle managers was launched for a first group of about 40 resources, the objective being to develop and align shared expertise and methods for carrying out managerial activities and to promote people-oriented management approaches.

Work continued on the activity to deliver training in support of Rai's commitment to technology innovation, through courses relating to the upgrade of the "Single Infrastructure" system, devoted to the national News offices, as well as by extending the courses to the new Regional Offices involved in the upgrading of the news production system, and finally through course planning, differentiated by user, for users authorised to use T-Cube.

A number of training projects were aimed at developing and strengthening corporate culture as regards law compliance; among the transactions that had a major impact in terms of involvement was the launch of the e-learning course on the Anti-corruption law and the Anti-corruption Plan

of Rai, which was completed by more than 9,000 employees at the end of the half-year. Furthermore, numerous meetings were designed and organised in relation to the impact of the Code of Public Contracts from an operational and organizational perspective, both in the phase of award of contracts and in the phase of their performance.

During the half-year under consideration the **Company Health Service** carried out the supervisory activities involved in health protection in the workplace as prescribed by Legislative Decree 81/2008 carrying out 2,600 medical examinations, both preventive and periodic, at the various Rai offices throughout the country. As regards preventive measures to protect workers' health, 210 persons who were to go abroad for the company were also seen for medical examinations and vaccinations at the Occupational Medicine operating units in Rome and Milan. Other measures of the same type were applied to 240 staff members acting in support of the 2016 Rio Olympics. 9 plans for medical centres at major production events in various parts of the country were also prepared.

Intercompany transactions

During the first half of 2016 the Rai Group's operations were carried out on the basis of a decentralised organisational model, whereby some activities were managed by specially incorporated companies.

Transactions with subsidiary and associated companies are based on customary negotiations held with reference to current and market values.

For the details concerning the commercial and financial relations with the Group companies, reference should be made to the paragraph on "Related Parties" in the Notes to the separate financial statements.

Rai Cinema

(in millions of Euros)	June 2016	December 2015	June 2015
Revenues	166.9	348.0	162.1
Operating result	36.1	72.5	36.6
Result for the period	23.8	46.6	22.8
Comprehensive result for the period	21.1	46.8	24.4
Equity	261.5	284.0	261.6
Net financial position	(156.6)	(95.0)	(156.5)
Investments	120.6	254.0	116.2
Workforce (in units)	139.0	139.0	137.0
<i>of which under fixed-term contracts</i>	6.0	5.0	22.0

Rai Com

(in millions of Euros)	June 2016	December 2015	June 2015
Revenues	26.7	51.5	20.6
Operating result	5.3	11.8	3.2
Result for the period	3.4	7.2	1.9
Comprehensive result for the period	3.3	7.2	2.0
Equity	109.5	112.9	107.7
Net financial position	106.8	90.0	60.7
Investments	0.2	0.4	0.1
Workforce (in units)	119.0	116.0	118.0
<i>of which under fixed-term contracts</i>	11.0	6.0	25.0

Rai Pubblicità

(in millions of Euros)	June 2016	December 2015	June 2015
Revenues	378.6	665.9	343.9
Operating result	7.6	10.9	4.0
Result for the period	5.1	8.0	2.8
Comprehensive result for the period	4.9	8.3	3.0
Equity	34.7	37.9	32.7
Net financial position	4.9	28.9	(14.6)
Investments	0.8	1.5	0.8
Workforce (in units)	360.0	359.0	357.0
<i>of which under fixed-term contracts</i>	17.0	12.0	9.0

Rai Way

(in millions of Euros)	June 2016	December 2015	June 2015
Revenues	106.7	212.8	105.3
Operating result	30.7	61.9	30.5
Result for the period	19.6	38.9	19.8
Comprehensive result for the period	18.6	39.0	18.3
Equity	138.9	159.3	140.4
Net financial position	(29.9)	(41.6)	(72.5)
Investments	4.7	30.1	7.0
Workforce (in units)	644.0	639.0	637.0
<i>of which under fixed-term contracts</i>	20.0	16.0	18.0

Balance Sheet - Rai SpA with subsidiaries and associates as at 30 June 2016 and 31 December 2015

Subsidiaries (in millions of Euros)	Rai Pubblicità	Rai Cinema	Rai Com	Rai Way	Rai Corporation in liquidation	Total Subsidiaries
Current financial assets						
As at 30 June 2016	-	158,909	-	-	-	158,909
As at 31 December 2015	-	100,185	-	-	-	100,185
Current trade receivables						
As at 30 June 2016	212,530	5,229	89,723	7,920	9	315,411
As at 31 December 2015	227,137	4,622	75,280	4,839	2	311,880
Other current receivables and assets						
As at 30 June 2016	4,998	29,339	1,585	27,349	-	63,271
As at 31 December 2015	2,815	18,725	231	18,173	-	39,944
Current financial liabilities						
As at 30 June 2016	(4,827)	(2,347)	(106,758)	(165)	(3,679)	(117,776)
As at 31 December 2015	(33,351)	(5,138)	(89,968)	(228)	(3,754)	(132,439)
Trade payables						
As at 30 June 2016	(114)	(27,011)	(6,341)	(61,574)	-	(95,040)
As at 31 December 2015	(115)	(20,122)	(7,124)	(59,914)	-	(87,275)
Other current payables and liabilities						
As at 30 June 2016	(3,682)	(445)	(456)	(2,456)	-	(7,039)
As at 31 December 2015	(5,086)	(3,523)	(53)	(2,456)	-	(11,118)

Associates (in millions of Euros)	Audiradio in liquidation	Auditel	Euronews	San Marino RTV	Tavolo Editori Radio	Tivù	Total Associates
Current financial assets							
As at 30 June 2016	-	-	-	624	-	-	624
As at 31 December 2015	-	-	-	-	-	-	-
Current trade receivables							
As at 30 June 2016	-	-	-	99	-	854	953
As at 31 December 2015	-	-	-	50	-	169	219
Current financial liabilities							
As at 30 June 2016	-	-	-	-	(13)	-	(13)
As at 31 December 2015	-	-	-	(91)	-	-	(91)
Trade payables							
As at 30 June 2016	-	-	-	-	-	(840)	(840)
As at 31 December 2015	-	-	-	-	-	(449)	(449)

Report on Operations

Income Statement - Rai S.p.A. with subsidiaries and associates as at 30 June 2016 and 2015

Subsidiaries (in thousands of Euros)	Rai Pubblicità	Rai Cinema	Rai Com	Rai Way	Rai Corporation in liquidation	Total Subsidiaries
Revenues from sales and services						
As at 30 June 2016	332,543	-	30,638	24	-	363,205
As at 30 June 2015	304,596	(18)	26,473	15	-	331,066
Other earnings and proceeds						
As at 30 June 2016	1,807	2,530	1,906	6,064	-	12,307
As at 30 June 2015	2,164	2,569	4,433	6,034	-	15,200
Costs for purchases of consumables						
As at 30 June 2016	-	-	-	(2)	-	(2)
As at 30 June 2015	-	-	-	-	-	-
Costs for services						
As at 30 June 2016	69	(148,294)	(5,070)	(100,832)	9	(254,118)
As at 30 June 2015	280	(144,078)	(5,296)	(98,164)	-	(247,258)
Other costs						
As at 30 June 2016	-	-	(249)	-	-	(249)
As at 30 June 2015	-	-	(162)	-	-	(162)
Personnel costs						
As at 30 June 2016	786	585	548	229	-	2,148
As at 30 June 2015	885	352	648	234	-	2,119
Amortisation, depreciation and write-downs						
As at 30 June 2016	-	-	8	-	-	8
As at 30 June 2015	-	-	-	-	-	-
Financial income						
As at 30 June 2016	8,001	44,678	6,700	25,306	-	84,685
As at 30 June 2015	7,893	45,840	6,507	21,842	-	82,082
Financial costs						
As at 30 June 2016	(63)	(2)	-	(14)	-	(79)
As at 30 June 2015	(107)	-	(20)	(4)	-	(131)

Associates (in thousands of Euros)	Audiradio in liquidation	Auditel	Euronews	San Marino RTV	Tavolo Editori Radio	Tivù	Total Associates
Revenues from sales and services							
As at 30 June 2016	-	-	-	-	-	-	-
As at 30 June 2015	-	-	-	-	-	239	239
Other earnings and proceeds							
As at 30 June 2016	-	-	-	9	-	296	305
As at 30 June 2015	-	-	-	9	-	45	54
Costs for services							
As at 30 June 2016	-	(3,480)	-	1	-	(840)	(4,319)
As at 30 June 2015	-	(2,987)	-	1	-	(898)	(3,884)
Personnel costs							
As at 30 June 2016	-	-	-	84	-	-	84
As at 30 June 2015	-	-	-	80	-	-	80
Financial income							
As at 30 June 2016	-	-	-	2	-	-	2
As at 30 June 2015	-	-	-	1	-	-	1

Significant post-period events

Extension of the Concession Term

On 4 October 2016 the Chamber of Deputies approved a Bill in Parliament, which had already been approved by the Senate in the same terms, concerning, *inter alia*, the procedure for the concession relating to the public radio, television and multimedia service. Under Article 9, this Bill provides for an amendment to Article 49 of Legislative Decree no. 177 of 31 July 2005 (Consolidation Act on audio-visual and radio media services), thus actually providing for an extension of the concession term for Rai; this was because the concession and the related agreement already in place shall continue to apply until the date of entry into force of the Decree that will provide for the new award of public radio, television and multimedia service, and in any case for a period of no more than ninety days from the date of expiry of the concession term.

Maximum remuneration

The Chambers have approved the Bill in Parliament governing the "Establishment of the Fund for pluralism and innovation of information and powers delegated to the Government for the reform of regulations governing public support to the sector of publishing and local radio and television broadcasters, the regulations governing pension schemes for journalists and the composition and competence of the National Council of the Association of Journalists. Procedure for awarding public radio, television and multimedia services". Paragraph 1-ter of Article 9, governing the Procedure for awarding public radio, television and multimedia services, provides that: "The maximum annual remuneration of Euro 240,000, referred to in Article 13, paragraph 1, of Decree Law no. 66 of 24 April 2014, as amended and converted by Law no. 89 of 23 June 2014, shall apply to directors, subordinate employees, collaborators and consultants, respectively, who work for the entity that has been awarded the public radio, television and multimedia service and who provide professional services for fees that are not set out by regulated tariffs."

Inclusion of Rai in the List of public authorities included in the Consolidated income statement

On the basis of the European System of Accounts (ESA 2010, as defined by Regulation (EU) no. 549/2013 of the European Parliament and of the Council) and of the interpretations provided by the ESA itself in the "Manual on Government Deficit and Debt" published by Eurostat (2016 Edition), the ISTAT (National Institute of Statistics) has prepared the list of institutional units belonging to the General Government sector (Sector S13 in the ESA). Within the scope of the national accounts statistics, the rules require the consolidated income statement to be prepared for this sector, which constitutes the reference for the aggregates transmitted to the European Commission in the application of the Protocol on the Excessive Deficit Procedure attached to the Maastricht Treaty.

For the first time Rai is included in the list of public authorities included in the Consolidated income statement published in Official Gazette no. 229 of 30 September 2016, as identified pursuant to Article 1, paragraph 3, of Law no. 196 of 31 December 2009, as amended (Public Finance and Accounting Act).

2017 licence fees

At the meeting held on 15 October 2016, the Council of Ministers approved the Government Budget Bill for the 2017 financial year and for the three-year period from 2017 to 2019. As regards Rai, the unit licence fee set out for 2016, equal to Euro 100, was reduced to Euro 90.

Outlook

On the basis of the latest data and trends to hand for the 2016 financial year, a substantial break-even result is expected to be achieved.

This forecast is based on the combined effects of various factors.

As regards revenues, it is reasonably expected that the implementation – from 2016 – of the new method to collect ordinary licence fees for private subscriptions using electricity bills will reduce the tax evasion rate to substantially normal levels. In this manner, Rai will report a considerable increase in public funds, despite a significant decrease in unit licence fees (from Euro 113.5 to Euro 100.0) and the application of a 5% reduction in the sums to be paid to the Concessionaire as required by Law 190/2014.

A considerable contribution was also given by the recovery recorded in the advertising market, the positive effects of which were amplified, for Rai, by the revenues collected from the important

sports events that took place during the year (Football European Cup in France and Rio Olympics).

As regards costs, measures will continue to be taken to rationalise and optimise the operating costs of all the Group's activities. This, with action on organisation and processes, will mean that the savings forecast and achieved will become structural. However, the financial year will be affected, as any even-numbered year, by the cost relating to the abovementioned big sports events that were broadcast during the summer period. The financial projections also reflect a significant recovery in selective investments, in technology and products, intended to support the required leap in the direction of the Digital Media Company.

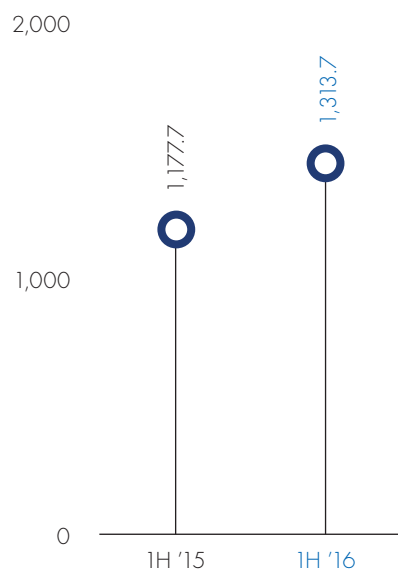
Interim Financial Statements of Rai as at 30 June 2016

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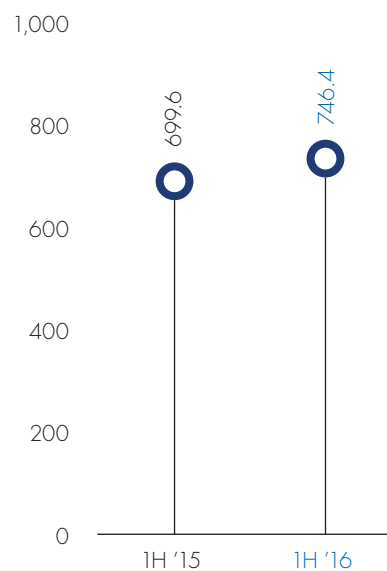
Highlights

(in millions of Euros)

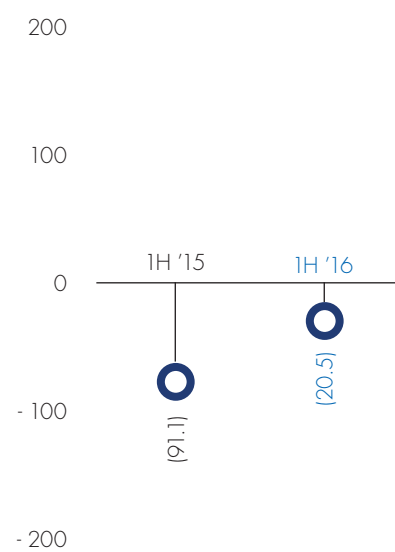
Revenues



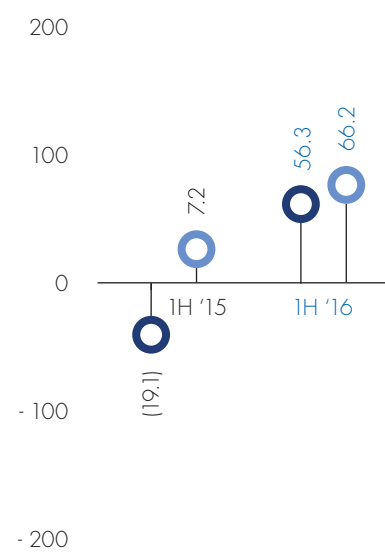
External costs



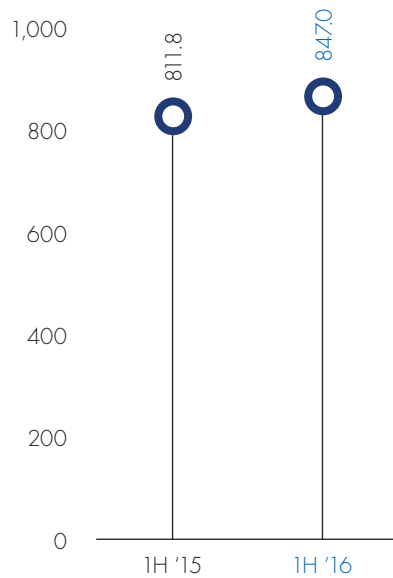
Operating result



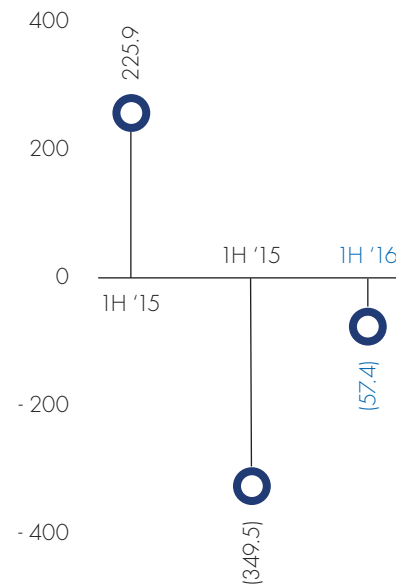
Result before tax Result for the period



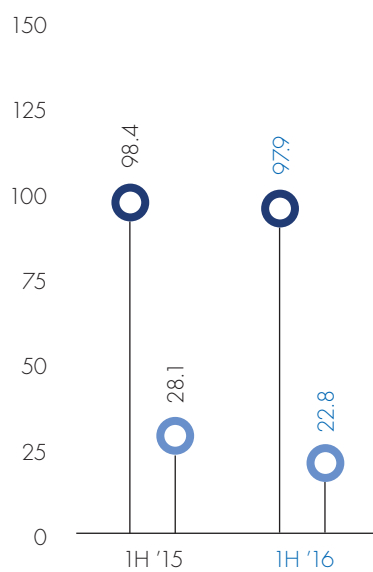
Equity



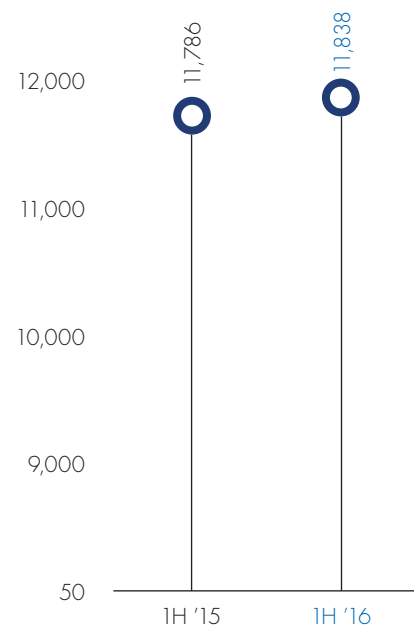
Net financial (debt) liquidity



Investments in programmes and others



Number of employees as at 30 June (units)*



* It includes personnel under fixed-term contracts for 884 units as at 30 June 2015 and 695 units as at 30 June 2016.

Reclassified financial statements

Income Statement

(in millions of Euros)	June 2016	June 2015	Change
Revenues	1,313.7	1,177.7	136.0
External costs of goods and services	(689.0)	(699.6)	10.6
Big sports events	(57.4)	0.0	(57.4)
Total external costs	(746.4)	(699.6)	(46.8)
Personnel costs	(475.9)	(454.3)	(21.6)
Amortisation, depreciation and write-downs	(118.3)	(113.9)	(4.4)
Provisions	6.4	(1.0)	7.4
Operating result	(20.5)	(91.1)	70.6
Net financial income (expenses)	76.7	71.4	5.3
Share of profits (losses) of equity-accounted investments	0.1	0.6	(0.5)
Result before tax	56.3	(19.1)	75.4
Income taxes	9.9	26.3	(16.4)
Result for the period	66.2	7.2	59.0
Other comprehensive income (expense)	(31.0)	33.6	(64.6)
Total comprehensive income (expense) for the period	35.2	40.8	(5.6)

Balance Sheet

(in millions of Euros)	30.06.2016	31.12.2015	Change
Non-current assets	2,231.2	2,228.4	2.8
Current assets – net	(618.2)	(354.4)	(263.8)
Provisions for risks and charges	(146.2)	(174.3)	28.1
Employee benefits	(562.4)	(538.4)	(24.0)
Net invested capital	904.4	1,161.3	(256.9)
Equity	847.0	811.8	35.2
Net financial debt (liquidity)	57.4	349.5	(292.1)
	904.4	1,161.3	(256.9)

Review of results and financial position as at 30 June 2016

Results of the Parent Company

The Parent Company's financial statements for the first half of 2016 showed a net profit of Euro 66.2 million, showing a sharp improvement, despite the cost of the Big Sports Events, compared to the final value posted in the same period of 2015 (as restated in the application of IFRSs), which closed with a profit of Euro 7.2 million, as a result of an increased income from licence fees (+14.1%) and advertising (+9.2%) and lower external costs of goods and services (-1.5%).

The following section provides an overview of the main items in the Income Statement and the Balance Sheet, together with the reasons for the most significant changes compared to the values posted in the previous period.

Income Statement

Revenues

Total revenues amounted to Euro 1,313.7 million, showing an increase of Euro 136.0 million (+11.5%), as detailed below.

Revenues

(in millions of Euros)	June 2016	June 2015	Change
Licence fees	930.7	816.0	114.7
Advertising	331.5	303.7	27.8
Other revenues	51.5	58.0	(6.5)
Total	1,313.7	1,177.7	136.0

Licence fees

(in millions of Euros)	June 2016	June 2015	Change
Fees for the period – ordinary subscribers	883.0	769.3	113.7
Fees for the period – special subscribers	40.0	38.9	1.1
Fees recovered through enforcement procedures	8.0	9.0	(1.0)
Reimbursements of fees	(0.3)	(1.2)	0.9
Total	930.7	816.0	114.7

Licence fees

The license fees for the period, as well as fees relating to previous years, which have been collected through standard enforcement procedures, equal to Euro 930.7 of an increase Euro 114.7 million (+14.1%), as shown in the table at the bottom of the page.

The amount of licence fees for the period relating to private subscriptions was calculated on the basis of the results obtained from the collection, which is still being carried out, based on the new procedure for collecting fees through a charge on the electricity bills. This was made by relying on the most updated information and data made available as at the date of preparation of this half-year report.

This increase was mainly attributable to licence fees for private subscriptions (ordinary subscriptions). The new collection method is contributing to reduce the large avoidance phenomenon to normal levels.

It should be noted that, given the provisions laid down in Law 190/2014 concerning a 5% reduction in the amounts to be paid to Rai and in the 2016 Stability Law that provides for Rai to receive 67% of an increase in revenues, as well as of the government licensing fee and VAT, based on the half-year results, the average unit licence fee that must be actually paid to Rai is equal to Euro 83.68.

Advertising

In an environment supported by well-established macro-economic variables, the **advertising market** reported a positive performance during the first half of 2016, showing a 3.5% increase during the period from January to June 2016 compared to the same period in 2015 (source: Nielsen). This growth was mainly due to TV advertising (+7.8%), which confirmed its leading position with a market share of 61.5%. The other media used by Rai showed an increase in Radio advertising (+0.6%) and a decline in Internet (-1.9%) advertising.

In these conditions, Rai's advertising revenues, as detailed in the table below, amounted to Euro 331.5 million, showing a performance that was far higher than that recorded in the market, with an increase of 9.2% (Euro +27.8 million compared to the first half of 2015). Accordingly, Rai's TV advertising market share increased by 0.4% compared to the first half of 2015. Furthermore, note the positive performance reported by web advertising that recorded a 17.9% increase in a decreasing market, despite showing absolute values that were still low and not yet being affected by the launch of "Rai Play".

Advertising

(in millions of Euros)	June 2016	June 2015	Change
TV advertising on general interest channels			
- commercials	222.0	202.6	19.4
- promotions, sponsorships and special events	60.8	55.0	5.8
- product placement	2.5	2.4	0.1
	285.3	260.0	25.3
TV advertising on specialist channels	29.9	28.8	1.1
Radio advertising	13.8	12.9	0.9
Web advertising	3.3	2.8	0.5
Other advertising	0.2	0.2	0.0
Shares attributable to third parties	(1.0)	(0.8)	(0.2)
Contingent assets	0.0	(0.2)	0.2
Total	331.5	303.7	27.8

Other revenues

(in millions of Euros)	June 2016	June 2015	Change
Special services under agreements	19.3	23.2	(3.9)
Service and other services to subsidiaries	11.6	14.7	(3.1)
Sale of rights	9.2	6.0	3.2
Sundry services, mainly rendered to public entities	2.1	3.7	(1.6)
Digital terrestrial broadcasting services	1.5	1.5	0.0
Others	6.2	8.3	(2.1)
Shares of sales attributable to third parties	(0.3)	(0.2)	(0.1)
Contingent assets	1.9	0.8	1.1
Total	51.5	58.0	(6.5)

Other Revenues

These amounted to Euro 51.5 million, showing a reduction of Euro 6.5 million (-11.2%) compared to 30 June 2015.

These decreases compared to 2015, as shown in the table, were mainly due to:

- Special services under agreements (Euro -3.9 million), due to lower reimbursements under the licence fee management agreement, as a result of a different method used to collect licence fees;
- Service and other services to subsidiaries (Euro -3.1 million), as a result of amendments to the agreements in place with Rai Com concerning serious music and theatrical work programmes, whose production costs are no longer charged to the company, with a consequent reduction in costs incurred for the acquisition of viewing rights;
- Sundry services, mainly rendered to public entities (Euro -1.6 million), mostly due to the failure to report proceeds connected with the Expo 2015 agreement.

Furthermore, note an increase in the item of Sale of rights (Euro 3.2 million), which was mainly attributable to the distribution of Rai channels abroad that is managed by Rai Com.

With reference to the revenue trends set forth above, ordinary subscriptions accounted for 67.8% of revenues, up by 1.8% compared to 30 June 2015, as stated in the relevant table.

Operating costs

These costs, which are made up of Total external costs and Personnel costs, totalled Euro 1,222.3 million, showing an increase of Euro 68.4 million (+5.9%) compared to the same period in 2015, including costs of Euro 57.4 million arising from Big Sports Events and Personnel Costs of Euro 21.6, substantially as a result of non-recurring factors.

These totalled Euro 1,222.3 million and showed, compared to the same period in 2015, an

increase of Euro 68.4 million (+5.9%), including costs of Euro 57.4 million arising from Big Sports Events.

Total external costs

They amounted to Euro 746.4 million and include purchases of goods and services required to implement one-time-use programmes (purchase of consumables, external services, artistic collaborations, etc.), filming rights to sports events, copyrights, services rendered by subsidiaries, running costs and other operating costs (indirect taxes and duties, contribution to Supervisory Authorities, etc.).

This item, which is broken down in the table below, showed an increase of Euro 46.8 million

% of revenues

	June 2016	June 2015
Licence fees – private subscriptions	67.8	66.0
Licence fees – special subscriptions	3.0	3.3
Advertising	25.2	25.8
Other revenues	4.0	4.9
Total	100	100

Total external costs of goods and services

(in millions of Euros)	June 2016	June 2015	Change
Purchases of materials	6.9	8.4	(1.5)
Costs for services:			
Freelance services	70.4	68.4	2.0
Services for acquisition and production of programmes	87.9	89.7	(1.8)
Daily allowances, travel expenses and additional personnel costs	22.4	20.3	2.1
Signal broadcasting and transport - Rai Way	100.9	98.2	2.7
Maintenance, repairs, transport and similar costs	19.0	18.8	0.2
Documentation and assistance for IT systems services	21.9	20.2	1.7
Other external services (telephone systems, cleaning, supply services, post, insurance etc.)	37.8	49.6	(11.8)
Acquisition of viewing rights from subsidiaries	150.1	149.0	1.1
Leases and rentals	26.1	26.9	(0.8)
Filming rights (essentially Sports Rights and Sanremo Festival)	121.8	79.6	42.2
Rights of use	55.7	52.2	3.5
Others	(0.4)	0.4	(0.8)
Recoveries of expenses	(1.6)	(2.4)	0.8
Contingent liabilities	1.7	(1.1)	2.8
	713.7	669.8	43.9
Other costs	25.8	21.4	4.4
Total	746.4	699.6	46.8

(+6.7%), which was attributable to the costs accrued in the half-year of the European Football Championship, equal to Euro 57.4 million (Euro 54.4 million of which for the sole acquisition of filming rights recognised under Filming rights); net of this component, there was an overall decrease of Euro 10.6 million in external costs, which confirms the Company's commitment to reducing this expenditure item.

Personnel costs

These amounted to Euro 475.9 million, showing an increase of Euro 21.6 million (+4.8%), which was substantially attributable to issues of inconsistency between the two periods and to non-recurring components.

Net of these components, there was in fact a rise attributable to a normal increase in personnel costs due to automatic pay rises provided for in labour agreements and remuneration policies, as well as to the economic effects arising from the transformation of fixed-term contracts into

permanent contracts in the performance of labour agreements dating back to 2008 - 2009.

The **workforce** as at 30 June 2016 was made up of 11,143 staff members in active employment (personnel employed under permanent contracts, including apprenticeships) and 695 staff members employed under fixed-term contracts. The increase of 241 people in the staff members in active employment compared to 30 June 2015 was due to the exit of 198 people, and 439 new hires, 283 of which were due to the transformation of fixed-term contracts into permanent contracts, 15 were due to new apprenticeships, 32 were due to the reinstatement as a result of disputes and 26 were due to entries from Group companies.

The **average number of employees** in service during the period, including those on fixed-term contracts, was 11,699, with an increase of 76 people compared to the same period in 2015. As noted, the change reflects an increase of 339 employees on permanent contracts and a reduction of 263 employees on fixed-term contracts.

Personnel costs

(in millions of Euros)	June 2016	June 2015	Change
Wages and salaries	350.8	341.1	9.7
Social security contributions	95.9	93.4	2.5
Provision for Staff Severance Pay	19.9	19.5	0.4
Pension and similar costs	6.8	6.6	0.2
Other	6.9	9.7	(2.8)
	480.3	470.3	10.0
Early retirement incentives	3.2	2.6	0.6
Recoveries of expenses	(2.9)	(2.7)	(0.2)
Capitalised personnel costs	(5.1)	(9.1)	4.0
Contingent liabilities	0.4	(6.8)	7.2
	(4.4)	(16.0)	11.6
Total	475.9	454.3	21.6

Amortisation, depreciation and write-downs

This item showed a balance of Euro 118.3 million, up by Euro 4.4 million (+3.9%) compared to 30 June 2015 and related to amortisation, depreciation and write-downs of assets, as shown in the table below.

The increase in amortisation of programmes recognised under intangible assets was attributable to higher investments made during the half-year and to the amortisation being commenced for investments made during the previous financial year.

During the first half of 2016 investments amounted to Euro 120.7 million, down by Euro 5.8 million (-4.6%) compared to 2015, to be attributed to lower investments in property, plant and equipment, as shown in the table at the bottom of the page.

Provisions

This item, which includes accruals to provisions for risks and charges and related releases that cannot be classified under specific Income Statement items, showed a positive balance of Euro 6.4 million (against a negative value of Euro 1.0

Amortisation, depreciation and write-downs

(in millions of Euros)	June 2016	June 2015	Change
Depreciation			
Of property, plant and equipment:			
Buildings	5.8	5.9	(0.1)
Plant and machinery	23.6	22.8	0.8
Industrial and commercial equipment	0.6	0.6	0.0
Other assets	2.7	2.4	0.3
	32.7	31.7	1.0
Amortisation of intangible assets:			
Programmes	66.5	62.7	3.8
Software	1.8	1.9	(0.1)
Digital Terrestrial	0.6	1.7	(1.1)
Other rights	0.1	0.1	0.0
	69.0	66.4	2.6
Write-downs (write-backs)			
Of intangible assets:			
Programmes subject to amortisation	10.6	10.8	(0.2)
Programmes under way	1.3	3.1	(1.8)
Other	0.0	0.6	(0.6)
	11.9	14.5	(2.6)
Of investments accounted for at cost	2.8	0.0	2.8
Of other non-current assets	0.4	1.0	(0.6)
Of trade receivables and other current assets	1.5	0.3	1.2
Total	118.3	113.9	4.4

Investments

(in millions of Euros)	June 2016	June 2015	Change
TV Drama and Comedy	94.4	91.8	2.6
Other programmes	3.5	6.6	(3.1)
Investments in programmes	97.9	98.4	(0.5)
Investments in property, plant and equipment	19.1	26.6	(7.5)
Software	3.7	1.5	2.2
Technical investments	22.8	28.1	(5.3)
Total	120.7	126.5	(5.8)

million in 2015) as a result of releases of Euro 16.1 million and provisions of Euro 9.7 million, mainly in consideration of legal disputes.

Operating result

The trend in operating revenues and costs as described above determined a negative Operating result of Euro 20.5 million, showing a sharp improvement of Euro 70.6 million compared to 30 June 2015 (Euro -91.1 million).

Net financial income (expenses)

This item includes the economic effects arising from the distribution of dividends on the part of subsidiaries, from the recognition of actuarial interest for Employee benefits, as well as the effects of financial operations, such as interest income/expense from banks, Group companies and bondholders, in addition to foreign exchange gains and losses.

This item showed a positive result of Euro 76.7 million (Euro 71.4 million as at 30 June 2015), the components of which are detailed in the table below.

Specifically, the following changes were recorded compared to 30 June 2015:

- an increase of Euro 3.3 million in dividends from subsidiaries;

- a decrease of Euro 1.9 million in interest expense payable to banks and bondholders as a result of the early repayment of amortising loans with credit institutions in June 2015 and of the simultaneous launch of the bond issue under more favourable terms and conditions;
- an increase of Euro 1.1 million in costs from the actuarial valuation of Employee benefit obligations;
- a decrease of Euro 1.3 million in the Interest Rate Swap costs, in relation to the early termination of these financial instruments in 2015, as a result from the redemption of the amortising loan which was made possible following the launch of the abovementioned bond issue;
- a decrease of Euro 0.6 million in net interest income payable to subsidiaries and associates as a result of a reduction in interest rates applied.

The average cost of borrowing, made up of uncommitted credit lines, stand-by loans, medium/long-term loans and the bond issue, decreased from 1.5% to 2.7% during the first half of 2015, in relation to the lower interest rate paid to bondholders compared to the pre-existing amortising loan, thus entailing cost savings of Euro 3.2 million during the half-year.

Net financial income (expenses)

(in millions of Euros)	June 2016	June 2015	Change
Dividends			
Rai Cinema	43.7	44.2	(0.5)
Rai Way	25.3	21.8	3.5
Rai Com	6.7	6.5	0.2
Rai Pubblicità	8.0	7.9	0.1
	83.7	80.4	3.3
Other financial income (expenses)			
Net interest expense to banks	(0.8)	(5.1)	4.3
Net interest income from subsidiaries and associates	1.0	1.6	(0.6)
Interest expense on bond issues	(3.0)	(0.6)	(2.4)
Interest on employee benefit obligations	(3.6)	(2.5)	(1.1)
Net foreign exchange gains (losses)	0.2	(0.4)	0.6
Income (expenses) on Interest Rate Swap	0.0	(1.3)	1.3
Other	(0.8)	(0.7)	(0.1)
	(7.0)	(9.0)	2.0
Net financial income	76.7	71.4	5.3

Share of profits (losses) of equity-accounted investments

This item showed a positive balance of Euro 0.1 million (Euro 0.6 million in 2015), arising from the measurement of associates and joint ventures according to the equity method, as detailed in the table below.

Income taxes

This item showed a positive value of Euro 9.9 million (Euro 26.3 million in the first half of 2015), arising from the balance between current and deferred tax, as detailed in the table below:

Unlike in 2015, the economic trends reported during the half-year determined a taxable income for IRAP (Regional Production Activity) tax purposes against the allocation of an amount of Euro 0.4 million.

Deferred tax liabilities had a positive effect of Euro 1.3 million (Euro 1.4 million as at 30 June 2015), as a result of the reversal of temporary income differences recognised in prior years.

Deferred tax assets had a positive effect arising from the recognition of the tax loss for the period and from adjusted past losses that offset the income produced by companies at the time of tax consolidation.

Share of profits (losses) of equity-accounted investments

(in millions of Euros)	June 2016	June 2015	Change
Revaluations (Write-downs)			
Euronews	(0.7)	0.0	(0.7)
San Marino	(0.2)	(0.1)	(0.1)
Tivù	1.0	0.7	0.3
Total	0.1	0.6	(0.5)

Income taxes

(in millions of Euros)	June 2016	June 2015	Change
IRAP tax	(0.4)	0.0	(0.4)
Deferred tax liabilities	1.3	1.4	(0.1)
Deferred tax assets	9.0	24.4	(15.4)
Direct taxes from previous years	0.0	0.5	(0.5)
Total	9.9	26.3	(16.4)

Balance Sheet

Non-current assets

The table below provides a breakdown of non-current assets, which amounted to Euro 2,231.2 million, up by Euro 2.8 million compared to 31 December 2015.

Property, plant and equipment, which are broken down in the table below, recorded a decrease

of Euro 13.7 million, due to depreciation and technical investments for the period, which reported a slowdown and, accordingly, they were deferred to the second half-year.

Investments in programmes, which are broken down in the table below, showed, within the abovementioned strengthening of its offer, an increase of Euro 19.5 million, which was mostly attributable to investments in Drama and Comedy programmes.

Non-current assets

(in millions of Euros)	30.06.2016	31.12.2015	Change
Property, plant and equipment	871.5	885.2	(13.7)
Investments in programmes	420.8	401.3	19.5
Non-current financial assets	922.3	926.5	(4.2)
Other	16.6	15.4	1.2
Total	2,231.2	2,228.4	2.8

Property, plant and equipment

(in millions of Euros)	30.06.2016	31.12.2015	Change
Land	370.1	370.1	0.0
Buildings	309.5	313.4	(3.9)
Plant and machinery	135.7	140.0	(4.3)
Industrial and commercial equipment	3.8	3.4	0.4
Other assets	22.1	21.8	0.3
Assets under construction and payments on account	30.3	36.5	(6.2)
Total	871.5	885.2	(13.7)

Investments in programmes

(in millions of Euros)	30.06.2016	31.12.2015	Change
Drama and Comedy	320.9	297.8	23.1
Cartoons	24.9	26.1	(1.2)
Rights of use of library	74.8	77.1	(2.3)
Other	0.2	0.3	(0.1)
Total	420.8	401.3	19.5

Non-current financial assets, which were made up of participating investments and other financial assets with a maturity beyond twelve months, showed a decrease of Euro 4.2 million, as shown in the table below, which was mainly attributable to the write-down of the investment in Rai Corporation in liquidation.

Other non-current assets, which are broken down in the table below, showed an increase of Euro 1.2 million relating to software.

Net current assets

The most significant changes compared to 31 December 2015 concerned the following items:

- **Other receivables**, up by Euro 35.5 million, mainly due to advances paid for the acquisition of sports rights.
- **Other payables**, up by Euro 268.0 million, as a result of the recognition of deferred income from licence fees, arising from the difference between the amounts paid by the Ministry of Economy and Finance during the half-year compared to the accrued value, which is expected to be repaid during the second half-year.

Non-current financial assets

(in millions of Euros)	30.06.2016	31.12.2015	Change
Equity investments in subsidiaries:			
Rai Cinema SpA	267.8	267.8	0.0
Rai Com SpA	107.1	107.1	0.0
Rai Way SpA	506.3	507.1	(0.8)
Rai Pubblicità SpA	31.1	31.1	0.0
Rai Corporation (in liquidation)	0.1	2.9	(2.8)
	912.4	916.0	(3.6)
Equity investments in associates:			
Auditel Srl	0.7	0.7	0.0
Euronews	3.1	3.8	(0.7)
Tivù Srl	3.5	3.2	0.3
San Marino RTV SpA	1.9	2.1	(0.2)
	9.2	9.8	(0.6)
Other equity investments	0.7	0.7	0.0
Total	922.3	926.5	(4.2)

Other non-current assets

(in millions of Euros)	30.06.2016	31.12.2015	Change
Software	11.3	9.5	1.8
Commercial rights with football clubs	4.7	4.8	(0.1)
Digital terrestrial frequencies	0.6	1.1	(0.5)
Total	16.6	15.4	1.2

Net current assets

(in millions of Euros)	30.06.2016	31.12.2015	Change
Inventories	0.2	0.2	0.0
Trade receivables	334.5	342.6	(8.1)
Other receivables	317.4	281.9	35.5
Trade payables	(538.7)	(542.4)	3.7
Other payables	(683.3)	(415.3)	(268.0)
Net deferred tax liabilities	(48.3)	(21.4)	(26.9)
Total	(618.2)	(354.4)	(263.8)

- **Net deferred tax liabilities**, up by Euro 26.9 million as a result of a reduction in receivables for deferred tax assets arising from the use of past tax losses to offset income produced by the Group companies.

Provisions for risks and charges

Provisions for risks and charges, equal to Euro 146.2 million, showed a decrease of Euro 28.1 million compared to 31 December 2015.

This reduction was mainly due to the abovementioned issue of Ministerial Decree of 4 August 2016, which sets out the methods to calculate the grant for the rights of use of digital terrestrial frequencies. The relevant cost accrued in the 2014 and 2015 financial years was allocated to a specific provision, amounting to Euro 35.8 million as at 31 December 2015, which was therefore reduced down to Euro 4.9 million.

The table below shows the breakdown of provisions and related changes compared to 31 December 2015.

Provisions for risks and charges

(in millions of Euros)	30.06.2016	31.12.2015	Change
Legal disputes	(74.4)	(69.0)	(5.4)
2014-2016 concession fee – contribution for the usage of frequencies	(4.9)	(35.8)	30.9
Reclamation and renovation of properties	(14.6)	(15.1)	0.5
Costs of accrued commissions	(11.0)	(11.0)	0.0
Risks of recourse for losses on receivables from concessionaires Rai Pubblicità and Rai Com	(9.9)	(10.4)	0.5
Litigation with social security institutions	(9.0)	(10.0)	1.0
Other	(22.4)	(23.0)	0.6
Total	(146.2)	(174.3)	28.1

Employee benefits

(in millions of Euros)	30.06.2016	31.12.2015	Change
Staff Severance Pay	(272.0)	(262.2)	(9.8)
Supplementary company pension fund	(152.6)	(146.9)	(5.7)
Compensation in lieu of notice – journalists	(122.2)	(113.7)	(8.5)
FASDIR welfare fund for retired executives	(14.9)	(14.9)	0.0
Other	(0.7)	(0.7)	0.0
Total	(562.4)	(538.4)	(24.0)

Employee benefits

Employee benefits, which mainly include the Staff Severance Pay, the company Pension Fund in run off and the Provision for compensation in lieu of notice for journalists, amounted to Euro 562.4 million and showed an increase of Euro 24.0 million compared to 31 December 2015.

The increase in the item was mainly due to actuarial valuation elements connected with financial and demographic assumptions as detailed in note 9.2 “Employee benefits” of the Explanatory Notes to the Financial Statements of Rai.

The table below shows the breakdown of accruals and related changes compared to 31 December 2015.

Net financial position

The first half of 2016 closed with a net financial position, determined according to the ESMA schedule, which was negative for Euro 57.4 million, made up of a negative net position towards third parties for Euro 99.1 million and a net credit balance towards investees for Euro 41.7 million.

The negative financial balance as at 30 June 2016, equal to Euro 57.4 million, compared to the same period in the previous year (positive for Euro 225.9 million), showed a deterioration of about Euro 283 million. Given that the licence fee flows paid by the Government during the first half of 2016 remained unchanged compared to

the same period in 2015, the negative change in the financial balance was attributable to the higher debt outstanding at the beginning of the year (Euro 121.4 million), as well as to higher outlays for the rights relating to Big Sports Events (European Football Championship and Summer Olympics, Euro 78 million) and to investments aimed at strengthening the TV product, which were only partially offset by higher advertising flows.

In consideration of the trends in financial flows expected in the second half-year, the year-end net financial position, assuming a full payment of licence fees, is expected to be in line with that of the previous year, despite the significant amount of outlays for Big Sports Events.

Net financial position

(in millions of Euros)	30.06.2016	30.06.2015	Change June 2016 June 2015	31.12.2015
Liquidity:				
- cash	0.4	0.4	0.0	0.3
- deposits, current bank and postal accounts	311.1	511.2	(200.1)	66.8
	311.5	511.6	(200.1)	67.1
Current financial receivables:				
- from subsidiaries and associates	159.5	180.2	(20.7)	100.2
- current financial assets on derivatives	1.6	9.5	(7.9)	8.4
- non-current securities – current portion	0.0	2.3	(2.3)	2.3
- time deposits	5.7	1.3	4.4	3.0
- other	0.1	0.1	0.0	0.1
	166.9	193.4	(26.5)	114.0
Current financial debt:				
- to banks	(31.5)	(6.7)	(24.8)	(6.0)
- current financial liabilities on derivatives	0.0	(0.2)	0.2	0.0
- to subsidiaries and associates	(117.8)	(74.7)	(43.1)	(132.5)
- other	0.0	(1.0)	1.0	(1.1)
	(149.3)	(82.6)	(66.7)	(139.6)
Non-current financial debt:				
- to banks	(40.0)	(50.0)	10.0	(45.0)
- bond issue	(346.5)	(345.6)	(0.9)	(346.0)
- to subsidiaries	0.0	(0.9)	0.9	0.0
	(386.5)	(396.5)	10.0	(391.0)
Net liquidity (financial debt)	(57.4)	225.9	(283.3)	(349.5)
of which:				
- to subsidiaries/associates	41.7	104.6	(62.9)	(32.3)
- to third parties	(99.1)	121.3	(220.4)	(317.2)
Total	(57.4)	225.9	(283.3)	(349.5)

Rai SpA / **Review of results and financial position**

The Company monitors the financial risks to which it is exposed using dedicated IT and statistical tools. The Company's financial management policy is in line with best practices and is aimed at achieving capital preservation through a risk-averse approach, combined with active monitoring of exposure and the implementation of appropriate hedging strategies; this policy is also managed on behalf of the Group companies (except for Rai Way).

The information on financial risks is reported in the specific section of the notes to the Financial Statements of Rai, to which reference should be made.

Financial Statements of Rai SpA

Financial Statements of Rai SpA

Statement of financial position

(in thousands of Euros)	Note	Half-year ended 30 June 2016	Financial Year ended 31 December 2015
Property, plant and equipment	6.1	871,511	885,127
Intangible assets	6.2	437,406	416,722
Equity investments	6.3	922,287	926,509
Non-current financial assets	6.4	63	59
Other non-current assets	6.6	13,667	14,548
Total non-current assets		2,244,934	2,242,965
Inventories	7.1	222	247
Trade receivables	7.2	333,717	341,414
Current financial assets	7.3	166,915	114,046
Tax receivables	7.4	87,431	106,688
Other current receivables and assets	7.5	217,083	161,898
Cash and cash equivalents	7.6	311,467	67,111
Total current assets		1,116,835	791,404
Total assets		3,361,769	3,034,369
Share capital		242,518	242,518
Reserves		582,164	881,112
Profits (losses) carried forward		22,327	(311,844)
Total equity	8	847,009	811,786
Non-current financial liabilities	9.1	386,503	391,068
Employee benefits	9.2	562,432	538,356
Non-current provisions for risks and charges	9.3	146,237	174,323
Deferred tax liabilities	9.4	48,348	21,428
Other non-current payables and liabilities	9.5	4,954	6,286
Total non-current liabilities		1,148,474	1,131,461
Trade payables	10.1	538,650	542,415
Current financial liabilities	10.2	149,310	139,670
Tax payables	10.3	47,397	73,774
Other current payables and liabilities	10.1	630,929	335,263
Total current liabilities		1,366,286	1,091,122
Total liabilities		2,514,760	2,222,583
Total equity and liabilities		3,361,769	3,034,369

Income Statement

(in thousands of Euros)	Note	Half-year ended	
		30 June 2016	30 June 2015
Revenues from sales and services	11.1	1,296,601	1,156,665
Other earnings and proceeds	11.2	17,165	21,079
Total revenues		1,313,766	1,177,744
Costs for purchases of consumables	11.3	(6,937)	(8,425)
Costs for services	11.3	(713,710)	(669,865)
Other costs	11.3	(25,763)	(21,277)
Personnel costs	11.4	(475,938)	(454,328)
Amortisation, depreciation and write-downs	11.5	(118,309)	(113,924)
Provisions	11.6	6,369	(1,042)
Total costs		(1,334,288)	(1,268,861)
Operating result		(20,522)	(91,117)
Financial income	11.7	85,760	84,030
Financial expenses	11.7	(9,035)	(12,632)
Share of profits (losses) of equity-accounted investments	11.8	100	599
Result before tax		56,303	(19,120)
Income taxes	11.9	9,935	26,323
Result for the period – Profit (loss)		66,238	7,203

Financial Statements of Rai SpA

Statement of Comprehensive Income

(in thousands of Euros)

	Half-year ended	
	30 June 2016	30 June 2015
Result for the period	66,238	7,203
Items that can be reclassified through profit or loss:		
Profit/(loss) on cash flow hedge instruments	(2,434)	1,540
Tax effect	787	(101)
Total	(1,647)	1,439
Items that cannot be reclassified through profit or loss:		
Remeasurement of defined-benefit plans	(29,368)	32,153
Total	(29,368)	32,153
Total comprehensive income (expense) for the period	35,223	40,795

Cash flow statement

(in thousands of Euros)

	Note	Half-year ended	
		30 June 2016	30 June 2015
Profit (loss) before tax		56,303	(19,120)
Adjustments for:			
Amortisation, depreciation and write-downs	11.5	118,309	113,923
Accruals to and (releases of) provisions related to personnel and other provisions		20,221	24,905
Net financial expenses (income)	11.7	(76,725)	(71,399)
Share of profits (losses) of equity-accounted investments	11.8	(100)	(599)
Other non-cash items		(330)	(515)
Cash flows from operating activities before changes in net working capital		117,678	47,195
Change in inventories		25	108
Change in trade receivables	7.2	6,098	88
Change in trade payables	10.1	(3,764)	53,552
Change in other assets and liabilities		272,930	448,062
Use of provisions for risks	9.3	(25,668)	(19,621)
Payment of employee benefits and to external funds	9.2	(31,052)	(31,428)
Net cash flow from operating activities		336,247	497,956
Investments in property, plant and equipment	6.1	(19,087)	(26,569)
Disposals of property, plant and equipment	6.1	8	511
Investments in intangible assets	6.2	(101,601)	(99,970)
Disposals of intangible assets	6.2	52	-
Equity investments		(17)	-
Dividends collected	6.3	84,410	80,882
Interest collected		43	43
Change in financial assets	6.4 7.3	(59,782)	(99,121)
Net cash flow from investing activities		(95,974)	(144,224)
Long-term loans	9.1	-	345,567
Long-term loan repayments	9.1	-	(295,000)
Increase (Decrease) in short-term loans and other loans	10.2	9,333	(207)
Net interest paid (*)		(5,250)	(6,000)
Cash flow from financing activities		4,083	44,360
Change in cash and cash equivalents		244,356	398,092
Cash and cash equivalents at the beginning of the period	7.6	67,111	113,500
Cash and cash equivalents the end of the period	7.6	311,467	511,592

(*) Related to financial assets/liabilities.

Financial Statements of Rai SpA

Statement of changes in equity

(in thousands of Euros)	Share capital	Legal reserve	Other reserves	Profits (losses) carried forward	Total equity
Balances as at 1 January 2015	242,518	9,160	822,844	(246,171)	828,351
Allocation of the result	-	2,393	45,471	(47,864)	-
Result for the period	-	-	-	7,203	7,203
Other comprehensive income (expense)	-	-	1,438	32,154	33,592
Total comprehensive income (expense) for the period	-	-	1,438	39,357	40,795
Balances as at 30 June 2015	242,518	11,553	869,753	(254,678)	869,146
Balances as at 1 January 2016	242,518	11,553	869,559	(311,844)	811,786
Allocation of the result	-	-	(297,301)	297,301	-
Result for the period	-	-	-	66,238	66,238
Other comprehensive income (expense)	-	-	(1,647)	(29,368)	(31,015)
Total comprehensive income (expense) for the period	-	-	(1,647)	36,870	35,223
Balances as at 30 June 2016	242,518	11,553	570,611	22,327	847,009

Notes to the Interim Financial Statements of Rai as at 30 June 2016

1) General information

Rai Radiotelevisione italiana S.p.A. (hereinafter referred to as "Rai", the "Company" or the "Parent Company") is a joint-stock company incorporated under the laws of, and domiciled in, Italy, with registered office in Rome, at Viale Mazzini no. 14 and organised according to the legal system of the Italian Republic.

The Interim Financial Statements as at 30 June 2016 (hereinafter referred to as the "Rai Financial Statements"), as described below, are the first interim accounts to be prepared under IFRS after the first-time adoption of the International Financial Reporting Standards ("IFRSs") for the preparation of the Rai Financial Statements.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are active in Italy in the role as a general Public Radio and Television Service operator. The Parent Company is required by special national and Community regulations to fulfil specific obligations regarding the quality and quantity of its broadcasting schedule, which are further detailed in the Service Contract entered into with the Ministry of Economic Development (hereinafter also referred to as the "Contract").

The current Service Contract is that referred to the three-year period from 2010 to 2012, which is still in force by virtue of the provisions of Section 36 thereof.

The Contract provides for certain service levels and restrictions that Rai is required to meet in the performance of its publishing activities, which are increasing over time. It also establishes a clear connection between Rai, individuals and the community, meeting needs that are relevant to the growth of the individual and the creation of public awareness. Editorial issues that are worthy of mention are the focus on education and employment, information and insights, social and cultural issues, children and teenagers, the role of women, sports and entertainment, minority languages and the promotion of the image of Italy abroad, to the benefit of both foreigners and the many communities of Italians living there.

Under Law 89/2014 Rai must ensure public information at a national and regional level, through the presence of newsrooms and facilities suitable for specific productions in each region and autonomous province. The new paragraph 3-bis of Article 17 of Law 112/2004 also provides for the offices located in Bolzano, Trento, the Aosta Valley and Friuli-Venezia Giulia to retain their autonomy in financial and accounting terms, to serve as decentralised production centres for the promotion of local culture and language, and for any other regional and provincial office to retain such autonomy until the definition of a new local structure on the part of Rai.

In accordance with Law 220 of 28 December 2015 governing the "Reform of Rai and of the Public Radio and Television Service", the National Service Contract between the Ministry of Economic Development and Rai is to be renewed for a term of five years rather than the previous three years, within the scope of the concession that assigns Rai the role of operator of the Public radio, television and multi-media Service.

On 19 April 2016, the new Code of Public Contracts (Legislative Decree 50 of 18 April 2016) entered into force. This Decree, under Article 216, paragraph 24, provides that "in order to achieve the highest possible participation in the public consultation referred to in Article 5, paragraph 5, of Law 220 of 18 December 2015 (Rai Reform Act), and pending the updating of the regulations governing the assignment of the Public radio, television and multimedia Service", the term of the concession must be extended from 6 May 2016 to 31 October 2016, thus providing reasons for a reasonable expectation of renewal, while also taking account of the information reported in note 13 "Significant events after the reporting date".

On 10 March 2016 the Ordinary Shareholders' Meeting of Rai approved the reasoned proposal put forward by the Board of Statutory Auditors as regards the appointment of PricewaterhouseCoopers SpA as independent auditors for the statutory audit of accounts for the financial years from 2015 to 2023, in consideration of the acquisition by Rai of the status of Public Interest Entity during 2015.

The Rai Financial Statements have been subject to a review by PricewaterhouseCoopers SpA.

2) Basis of preparation, accounting principles and use of estimates

The Rai Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting.

As to the accounting standards used to prepare the Rai Financial Statements, reference should be made to the information reported in the specific paragraphs of the Notes to the Financial Statements of Rai in the Reports and Financial Statements as at 31 December 2015, while specifying that:

- all the accounting standards previously endorsed by the European Union became applicable from the date of closure of the half-year; and that
- amendments to IFRS 10, IFRS 12 and IAS 28 were endorsed by Regulation no. 2016/1703, which was issued by the European Commission on 22 September 2016.

The application of the abovementioned accounting standards, which was mandatory for the financial years commencing from 1 January 2016, did not entail significant changes in the basis of preparation and the accounting policies adopted by the Company.

As to the Accounting Standards not yet endorsed by the European Union, reference should be made to the information already reported in the specific paragraph of the Notes to the Financial Statements of Rai in the Reports and Financial Statements as at 31 December 2015. In order to supplement the information reported in the abovementioned Explanatory Notes, it should be noted that on 12 April 2016 the IASB issued the “Clarifications to IFRS 15 Revenue from Contracts with Customers”, which clarify some aspects relating to the application of the new standard. Amendments to IFRS 15 will be applicable from the financial years commencing on or after 1 January 2018. At present the Company is analysing the abovementioned clarifications and establishing whether they will have a significant impact on the Rai Financial Statements.

3) Financial risk management

The financial risks to which the Company is exposed are managed according to the approach and procedures set out in a specific policy. These documents describe procedures, limits and tools for the monitoring and mitigation of financial risks, with a view to preserving the Company's value.

The main risks identified by the Company are:

- market risk arising from the exposure to fluctuations in interest and exchange rates associated with the financial assets and liabilities that are held/generated and assumed, respectively;
- credit risk arising from the possibility that one or more counterparties may be insolvent;
- liquidity risk arising from the Company's inability to obtain the financial resources required to meet short-term financial commitments.

3.1 Market risk

The market risk is the possibility that any changes in interest and exchange rates could adversely affect the value of assets, liabilities or of estimated cash flows.

Interest rate risk

The interest rate risk is generated by the possible increase in net financial costs due to unfavourable changes in market rates on the floating rate financial positions. In order to limit this risk, the Company's policy requires that medium/long-term variable rate loans should be converted into fixed rate loans for at least 50% through the use of derivative products, such as Interest Rate Swaps.

As at 30 June 2016 and 31 December 2015, the medium/long-term debt was entirely at fixed rate; therefore, the effects of the changes in interest rates only affect the short-term positions, with variable maturity and sign during the year.

Sensitivity analysis

The sensitivity analysis, which has been conducted on unhedged financial positions as at 30 June 2016 and 31 December 2015, assuming a parallel shift of +50 bps and -10 bps in the interest rate curve (the asymmetry of the test is due to the minimum level already reached by interest rates) shows that an increase in the curve determined higher net revenues, thanks to higher interest income on cash and cash equivalents outstanding as at 30 June 2016.

Exchange risk

The exchange risk to which the Company is exposed mainly concerns the exposure to US Dollars resulting from the acquisition of sports rights on the part of Rai. During the first half of 2016 such commitments generated payments of approximately USD 25 million (USD 34 million in 2015). Additional currencies of exposure, with split payments and in a modest aggregate amount, are the Swiss Franc and the British Pound.

For more details on these strategies, reference should be made to note 10.2 "Current financial liabilities".

Sensitivity analysis

In light of the foregoing, the exposure to the exchange risk is significant only for the EUR/USD exchange rate. A sensitivity analysis that was conducted as at 30 June 2016 on unhedged credit and debt positions, on derivatives used to hedge commitments against already executed contracts and on funds available in foreign currencies, confirmed the trends already noted as at 31 December 2015: a depreciation of the Euro would determine negative economic effects on the amount of unhedged positions (about Euro 0.6 million in the case of a depreciation of 10%), on one hand, and, on the other, an increase in the Cash Flow Hedge Reserve as a consequence of the higher value of the hedges (about Euro 1.8 million). On the contrary, an appreciation of the Euro would entail lower economic costs and a decrease in the Cash Flow Hedge Reserve as a result of the lower value of the hedges, in the same amount as that reported in the previous case.

3.2 Credit risk

The theoretical exposure to the credit risk for the Company mainly refers to the book value of financial assets and trade receivables recognised in the accounts.

As regards the counterparty risk, formal procedures are adopted for the assessment of business partners and for establishing appropriate credit limits, in order to manage trade receivables.

The credit risk on uses of liquidity is limited since the corporate policy provides, during periods of cash surpluses, for the use of low risk financial instruments with highly rated counterparties. Only time or demand deposits held with bank counterparties with an Investment Grade rating were used during the first half of 2016 and the 2015 financial year.

3.3 Liquidity risk

By virtue of specific contracts with subsidiaries, except for Rai Way only, Rai manages the Group's financial resources through a cash-pooling system that provides for the daily transfer of the affiliates' bank balances to the current accounts of Rai, which grants the intercompany credit facilities required to conduct the business of the companies. As from the date of its listing, Rai Way is provided with its own treasury and financial resources.

The net financial position was characterised by significant volatility during the year, as a consequence of the payment by the Ministry of Economy and Finance of the users' license fees in four quarterly instalments. For the purpose of creating considerable cash margins, Rai has revolving bank facilities in place for an aggregate of Euro 170 million and expiring at the end of the financial year and uncommitted lines of approximately Euro 400 million. It should be noted that a beauty contest procedure is being carried out with the banking system for the renewal and extension of the revolving facilities in terms of amounts and duration.

The cash position is monitored on an ongoing basis through a financial forecasting model that makes it possible to identify, well in advance, any possible financial problem so that the appropriate measures can be taken.

4) Capital risk management

The Company's capital management objectives are focused on the protection of the ability to continue to ensure an optimal financial soundness. The objective of the Company is to maintain an adequate level of capitalisation that would allow the achievement of an economic return and the access to external funding sources. The Company monitors the changes in the debt/equity ratio on an ongoing basis. Specifically, the ratio of net worth to total liabilities including equity is shown in the table below:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Equity	847,009	811,786
Total liabilities and equity	3,361,769	3,034,368
Ratio	25.2%	26.8%

In order to achieve the aforementioned objectives, the Company pursues the continuous improvement of its operational and financial efficiency. The Company's net financial position for the periods being analysed is reported in Note 14.2 "Appendix".

5) Fair value measurement

Financial instruments at fair value accounted for in the financial statements are comprised of hedging financial derivatives, measured through a financial model that uses the most common and accepted market formulas (net present value for currency forwards and application of the Black&Scholes model for options), in addition to the following inputs provided by Reuters: ECB spot exchange rates, EURIBOR and IRS rate curves, volatility and credit spreads of the various banks and of the bonds issued by the Italian Government. The fair value of derivative instruments represents the net position between asset values and liability values. For more information on derivative assets and liabilities reference should be made to notes 7.3 "Current financial assets" and 10.2 "Current financial liabilities".

All the instruments outstanding as at 30 June 2016 and 31 December 2015 were measured according to the Level 2 method: use of inputs observable in the market (such as, for derivatives, the exchange rates quoted by the Bank of Italy, market rate curves, volatility provided by Reuters, credit spreads calculated based on credit default swaps, etc.) other than quoted prices included within Level 1.

6) Non-current assets

6.1 Property, plant and equipment

Property, plant and equipment, equal to Euro 871,511 thousand (Euro 885,127 thousand as at 31 December 2015), are broken down as follows:

(in thousands of Euros)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Balance as at 31 December 2015	370,146	313,414	140,023	3,354	21,793	36,397	885,127
<i>broken down as follows:</i>							
Cost	370,146	449,653	1,358,559	66,205	111,367	36,397	2,392,327
Accumulated depreciation	-	(136,238)	(1,218,536)	(62,851)	(89,575)	-	(1,507,200)
Change during 2016 – 1st half-year							
Increases and capitalisation	-	734	5,891	763	1,030	10,670	19,088
Disposals [1]	-	-	(7)	(1)	(4)	-	(12)
Reclassifications	-	1,095	13,472	238	1,964	(16,769)	-
Depreciation	-	(5,795)	(23,636)	(607)	(2,654)	-	(32,692)
Balance as at 30 June 2016	370,146	309,449	135,743	3,747	22,128	30,298	871,511
<i>broken down as follows:</i>							
Cost	370,146	451,377	1,371,972	66,913	114,005	30,298	2,404,711
Accumulated depreciation	-	(141,928)	(1,236,229)	(63,166)	(91,877)	-	(1,533,200)
[1] of which:							
Cost	-	(105)	(5,950)	(293)	(356)	-	(6,704)
Accumulated depreciation	-	105	5,943	292	352	-	6,692
	-	-	(7)	(1)	(4)	-	(12)

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Investments for the period, equal to Euro 19,088 thousand (Euro 63,602 thousand in 2015), fell within the scope of the projects for the technological upgrading and development implemented by the Company.

The amount of the existing contractual commitments for the acquisition of property, plant and equipment is stated in note 12.2 "Commitments".

6.2 Intangible assets

Intangible assets, equal to Euro 437,406 thousand (Euro 416,722 thousand as at 31 December 2015) are broken down as follows:

(in thousands of Euros)	Programmes	Software	Digital terrestrial	Trademarks	Other rights	Assets under development and payments on account	Total
Balance as at 31 December 2015	221,533	4,677	1,121	28	103	189,260	416,722
<i>broken down as follows:</i>							
Cost	430,924	8,309	40,538	70	965	212,181	692,987
Accumulated amortisation	(176,199)	(3,609)	(39,417)	(42)	(814)	-	(220,081)
Write-downs	(33,192)	(23)	-	-	(48)	(22,921)	(56,184)
Change during 2016-1st half-year							
Increases and capitalisation	44,902	816	-	-	-	55,883	101,601
Reclassifications	75,615	3,763	-	-	-	(79,378)	-
Disposals [1]	-	(7)	-	-	-	(52)	(59)
Write-downs [2]	(10,600)	-	-	-	-	(1,294)	(11,894)
Use of provision for write-down	10,639	11	-	-	23	87	10,760
Amortisation	(77,255)	(1,796)	(561)	(4)	(108)	-	(79,724)
Balance as at 30 June 2016	264,834	7,464	560	24	18	164,506	437,406
<i>broken down as follows:</i>							
Cost	551,441	12,878	40,538	70	965	187,516	793,408
Accumulated amortisation	(253,454)	(5,402)	(39,978)	(46)	(922)	-	(299,802)
Write-downs	(33,153)	(12)	-	-	(25)	(23,010)	(56,200)
<i>[1] of which:</i>							
cost	-	(10)	-	-	-	(52)	(62)
accumulated amortisation	-	3	-	-	-	-	3
use of provision for write-down	-	-	-	-	-	-	-
	-	(7)	-	-	-	(52)	(59)
<i>[2] of which:</i>							
accrual to the provision for write-down	(10,600)	-	-	-	-	(176)	(10,776)
amortisation	-	-	-	-	-	(1,118)	(1,118)
	(10,600)	-	-	-	-	(1,294)	(11,894)

Investments, equal to Euro 101,601 thousand (Euro 226,303 thousand as at 31 December 2015) mainly related to television drama and comedy programmes for Euro 94,470 thousand and cartoons for Euro 3,457 thousand.

The amount of assets under development and payments on account related to programmes for Euro 155,960 thousand, software for Euro 3,845 thousand and other rights for Euro 4,701 thousand.

Write-downs recognised during the period amounted to Euro 11,894 thousand and were made in order to adjust the assets at their recoverable value.

The amount of the existing contractual commitments for the acquisition of intangible assets is stated in note 12.2 "Commitments".

6.3 Equity investments

Investments amounted to Euro 922,287 thousand (Euro 926,509 thousand as at 31 December 2015) and are broken down as follows:

Equity investments in subsidiaries

(in thousands of Euros)	Financial year ended 31 December 2015	Change during the half-year		Half-year ended 30 June 2016 Book value
		Disposals	Write-down	
Rai Cinema SpA	267,848	-	-	267,848
Rai Com SpA	107,156	-	-	107,156
Rai Corporation in liquidation	2,891	-	(2,794)	97
Rai Pubblicità SpA	31,082	-	-	31,082
Rai Way SpA	507,059	(799) (a)	-	506,260
Total equity investments in subsidiaries	916,036	(799)	(2,794)	912,443

(a) Arising from the exercise of the option set out at the time of the IPO of the company (Bonus Share).

Equity investments in associates

(in thousands of Euros)	Financial year ended 31 December 2015			Change during the half-year			Half-year ended 30 June 2016		
	Cost	Adjustment at Equity	Book value	Acquisitions	Result	Decrease for dividends	Cost	Adjustment at Equity	Book value
Joint ventures:									
San Marino RTV SpA	258	1,841	2,099	-	(201)	-	258	1,640	1,898
Tivù Srl	483	2,678	3,161	-	998	(703)	483	2,973	3,456
Other associates:									
Audiradio Srl in liquidation	1,428	(1,428)	-	-	-	-	1,428	(1,428)	- (a)
Auditel Srl	10	659	669	-	-	-	10	659	669
Euronews SA	850	2,988	3,838	-	(740)	-	850	2,248	3,098
Tavolo Editori Radio Srl	-	-	-	17	-	-	17	-	17
Total equity-accounted investments	3,029	6,738	9,767	17	57	(703)	3,046	6,092	9,138

(a) The financial deficit pertaining to Rai, on the basis of the results in the Financial Statements as at 31 December 2015, amounting to Euro 9 thousand, is covered by a provision for charges in the same amount.

Tavolo Editori Radio Srl: the company was incorporated on 1 April 2016, with a quota capital of Euro 110 thousand, divided between national Publishers (70%) and local Publishers (30%), in which Rai holds a share of 15.8%. The other quotaholders are: Elemedia Group, RB1 (Finelco), Il Sole 24 Ore, RadioKissKiss, Rtl 102.5, Radio Italia, RTI (Mediaset), Radio Dimensione Suono, and the associations Aeranti Corallo and FRT.

The priority purpose of the company is to design and implement a proprietary research system aimed at measuring the audience of the radio and of the radio broadcasting companies on all transmission platforms, in compliance with the guidelines issued by AGCOM, the Italian Communication Regulatory Authority, on this issue and in cooperation with the representatives of the advertising investors, in view of a new Joint Industry Committee of the Italian Radio Broadcasting.

The company's activity carried out during the first half of 2016 only consisted of the legal compliance formalities connected with the start of corporate operations.

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Equity investments in other companies

(in thousands of Euros)	Financial year ended 31 December 2015			Change during the half-year	Half-year ended 30 June 2016		
	Cost	Write-down	Book value		Costo	Write-down	Book value
Almaviva SpA	324	-	324	-	324	-	324
Banca di Credito Cooperativo di Roma	1	-	1	-	1	-	1
Int. Multimedia University Umbria Srl	52	(52)	-	-	52	(52)	-
Ist. Enciclopedia Treccani SpA	513	(132)	381	-	513	(132)	381
Total other equity investments	890	(184)	706	-	890	(184)	706

6.4 Non-current financial assets

Non-current financial assets, equal to Euro 63 thousand (Euro 59 thousand as at 31 December 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Financial receivables from personnel	63	59
Total non-current financial assets	63	59

Non-current financial assets were stated net of a provision for write-down of Euro 179 thousand (unchanged compared to 31 December 2015).

Below is the breakdown of current and non-current financial assets by maturity:

(in thousands of Euros)	Half-year ended 30 June 2016			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Receivables from subsidiaries – current accounts	158,909	-	-	158,909
Receivables from associates	624	-	-	624
Hedging derivative assets – exchange rates	361	-	-	361
Assets for derivatives activated on behalf of Rai Cinema	1,232	-	-	1,232
Financial receivables from personnel	55	63	-	118
Time Current Accounts	5,726	-	-	5,726
Other non-current financial assets	8	-	-	8
Total financial assets	166,915	63	-	166,978

The short-term portion of financial assets, equal to Euro 166,915 thousand, was entered under the current components of the balance sheet described in note 7.3 "Current financial assets".

(in thousands of Euros)	Financial year ended 31 December 2015			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Receivables from subsidiaries – current accounts	100,140	-	-	100,140
Receivables from Subsidiary Rai Cinema for derivatives	45	-	-	45
Hedging derivative assets – exchange rates	3,647	-	-	3,647
Assets for derivatives activated on behalf of Rai Cinema	4,799	-	-	4,799
Financial receivables from personnel	54	59	-	113
Time Current Accounts	3,051	-	-	3,051
Securities	2,285	-	-	2,285
Other non-current financial assets	25	-	-	25
Total financial assets	114,046	59	-	114,105

The information on hedged risks and hedging policies is reported in note 3.1 "Market risk".

6.5 Deferred tax assets

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Deferred tax assets	117,915	146,891
Deferred tax liabilities that can be offset	(166,263)	(168,319)
Deferred tax liabilities that cannot be offset	(48,348)	(21,428)

As at 30 June 2016, and as at 31 December 2015, the net balance of deferred tax assets and liabilities showed a negative amount and was then recognised under liabilities in the statement of financial position. Therefore, reference should be made to note 9.4 "Deferred tax liabilities" for the related breakdown.

Income taxes are described in note 11.9 "Income taxes".

6.6 Other non-current assets

Other non-current assets, equal to Euro 13,667 thousand (Euro 14,548 thousand as at 31 December 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Advances on commercial activities	10,025	10,430
Advances on sports events	7,622	7,388
Collateral securities	1,778	1,748
Non-current portion of trade receivables	792	1,207
Receivables from personnel	464	501
- Provision for other bad debts and non-current assets	(7,014)	(6,726)
Total other non-current assets	13,667	14,548

The items reported above substantially related to non-current portions of assets described in note 7.5 "Other receivables and current assets", to which reference should be made.

The provision for the write-down of other non-current assets, equal to Euro 7,014 thousand (Euro 6,726 thousand as at 31 December 2015), is broken down as follows:

(in thousands of Euros)	Balances as at 31 December 2015	Provisions	Uses	Balances as at 30 June 2016
Provision for write-down of advances on sports events	(6,046)	(288)	-	(6,334)
Provision for write-down of advances on commercial activities	(680)	(150)	150	(680)
Total provision for write-down of other non-current assets	(6,726)	(438)	150	(7,014)

7) Current assets

7.1 Inventories

Inventories, net of the related provision for write-down, equal to Euro 222 thousand (Euro 247 thousand as at 31 December 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Inventories	12,526	12,583
Provision for write-down of inventories	(12,304)	(12,336)
Total inventories	222	247

Inventories of technical materials related to supplies and spare parts for the maintenance and operation of equipment, considered as consumables since their useful life generally ends over a period of no more than 12 months.

7.2 Trade receivables

Trade receivables, equal to Euro 333,717 thousand (Euro 341,414 thousand as at 31 December 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
From customers:		
- From the Government and other public entities for public broadcasting services	12,636	22,490
- Other receivables	14,262	14,765
- Provision for write-down of receivables from customers	(9,545)	(7,940)
From subsidiaries:		
- Receivables	315,411	311,889
- Provision for write-down of receivables from subsidiaries	-	(8)
From associates	953	218
Total trade receivables	333,717	341,414

Receivables from subsidiaries and associates related to:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
From subsidiaries:		
. Rai Corporation	9	2
. Rai Pubblicità SpA	212,530	227,137
. Rai Way SpA	7,920	4,839
. Rai Com SpA	89,723	75,281
. Rai Cinema SpA	5,229	4,622
Receivables from subsidiaries	315,411	311,881
From associates:		
. San Marino RTV SpA	99	50
. Tivù Srl	854	168
Receivables from associates	953	218

Receivables from the Government and other public entities for public broadcasting services amounted to Euro 12,636 thousand, showing a decrease of Euro 9,854 thousand compared to 31 December 2015 and fully related to the receivable from the Ministry of Economy and Finance for the management of the ordinary licence fees, of which Euro 2,289 thousand relating to the first half of 2016 and Euro 10,347 thousand relating to 2015.

Other receivables were stated for a nominal value of Euro 14,262 thousand, showing a decrease of Euro 503 thousand compared to 31 December 2015 and were made up of receivables for the transfer of rights and for sundry services.

Receivables from related parties are described in note 12.4 "Related Parties".

Trade receivables are stated net of a provision for bad debts of Euro 9,545 thousand (Euro 7,948 thousand as at 31 December 2015), which is broken down as follows:

(in thousands of Euros)	Balances as at 31 December 2015	Provisions	Uses and other capital transfers	Reversal in profit or loss	Balances as at 30 June 2016
Total provision for write-down of trade receivables	(7,948)	(1,608)	3	8	(9,545)

Receivables expressed in a currency other than Euro amounted to Euro 123 thousand (Euro 160 thousand as at 31 December 2015).

7.3 Current financial assets

Current financial assets, equal to Euro 166,915 thousand (Euro 114,046 thousand as at 31 December 2015), showed an increase of Euro 52,869 thousand. The breakdown of this item and the comparison with the previous year are detailed below:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Receivables from subsidiaries – Current accounts - Rai Cinema	158,909	100,140
Receivables from subsidiary Rai Cinema for derivative instruments	-	45
Receivables from associates – Current accounts - San Marino RTV	624	-
Hedging derivative assets	361	3,647
Assets for derivatives activated on behalf of Rai Cinema	1,232	4,799
Time Current Accounts	5,726	3,051
Securities	-	2,285
Financial receivables from personnel	55	54
Other current financial assets	8	25
Total current financial assets	166,915	114,046

Securities recognised as at 31 December 2015 were fully comprised of collateral securities, maturing during the first half of 2016, for the Service Contract and the Agreements with the Government. This security may be reinstated in the same form or as a bank guarantee on the basis of agreements being defined.

Time bank deposits, equal to Euro 5,726 thousand (Euro 3,051 thousand as at 31 December 2015), related to amounts confiscated on current accounts due to some pending disputes.

Derivative financial instruments, entered at fair value, are broken down below as regards their asset component, including current and non-current portions:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Hedging derivative assets – exchange rates	361	3,647
Assets for derivatives activated on behalf of Rai Cinema	1,232	4,799
Receivables from subsidiary Rai Cinema for derivative instruments	-	45
Total derivative financial instruments – Current portion	1,593	8,491
Total derivative financial instruments – Non-current portion	-	-
Total derivative financial instruments	1,593	8,491

The fair value of derivative financial instruments was determined on the basis of valuation models used in the financial sector and market benchmarks as at the reporting date of the Rai Financial Statements, as detailed in note 5 “Fair value measurement”. Cash flow hedge transactions related to exchange risk hedging on agreements for the acquisition of rights to the broadcasting of sports events denominated in USD. Furthermore, exchange risk hedging activities were started on behalf of subsidiary Rai Cinema in relation to the acquisition of TV rights relating to serials and films denominated in USD, as described in the paragraph on “Related Parties” of the Notes to the Financial Statements of Rai in the Report and Financial Statements as at 31 December 2015.

The recognition of the effects through profit or loss and the realisation of cash flows from highly probable future transactions being hedged are planned over a period ending within 12 months.

During the first half of 2016 no significant events occurred in which, in consideration of transactions previously qualified as hedging, the realisation of the hedged item was no longer regarded as highly probable.

The fair value on derivative assets as at 30 June 2016 amounted to Euro 1,593 thousand (Euro 8,491 thousand as at 31 December 2015). More specifically:

- the current portion of exchange rate hedging derivatives entered into for commitments of Rai, equal to Euro 361 thousand (Euro 3,647 thousand as at 31 December 2015), was deferred to equity under the Cash-flow Hedge reserve for Euro 257 thousand, as an increase in financial income for Euro 104 thousand. Non-current portions were not recognised;
- the current portion of derivatives entered into under the mandate granted by Rai Cinema, equal to Euro 1,232 thousand (Euro 4,799 thousand as at 31 December 2015), was reflected in the financial payable to the subsidiary. Non-current portions were not recognised;
- current portions of receivables from subsidiary Rai Cinema were not recognised (Euro 45 thousand as at 31 December 2015).

The information on hedged risks and hedging policies is reported in note 3.1 “Market risk”.

7.4 Tax receivables

Tax receivables, equal to Euro 87,431 thousand (Euro 106,688 thousand as at 31 December 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Group VAT	43,920	62,195
Requests for VAT refund	24,067	23,882
Requests for IRES tax refund for deductibility of IRAP tax relating to personnel costs and similar costs	16,905	16,905
IRAP tax credit	2,061	3,161
Requests for other tax refunds	478	475
Other tax receivables	-	70
Total tax receivables	87,431	106,688

Taxes are described in note 11.9 “Income taxes”.

7.5 Other receivables and current assets

Other receivables and current assets, equal to Euro 217,083 thousand (Euro 161,898 thousand as at 31 December 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Advances for sports events	101,771	53,572
Receivables from subsidiaries	63,272	39,944
Payments on account to suppliers, collaborators and agents	15,840	13,766
Receivables from personnel	13,214	12,208
Advances on frequency usage fees	-	10,519
Receivables from welfare and social security institutions	2,192	9,223
Receivables from entities, companies, bodies and others	7,974	7,453
Receivables from subsidies and grants from the Government, the EU and other public entities	469	814
Advances on commercial activities	-	100
Other receivables (current accrued income and prepaid expenses)	15,765	17,863
- Provision for other bad debts and current assets	(3,414)	(3,564)
Total other receivables and current assets	217,083	161,898

Below is the breakdown of receivables from subsidiaries:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
. Rai Pubblicità SpA	4,998	2,815
. Rai Way SpA	27,350	18,172
. Rai Com SpA	1,585	232
. Rai Cinema SpA	29,339	18,725
Receivables from subsidiaries	63,272	39,944

Moreover:

- receivables from welfare and social security institutions related to advances paid against contributions due for artistic and other activities;
- receivables from subsidiaries were mainly made up of the companies' contribution to the Tax Consolidation (see note 12.4 "Related Parties");
- advances on frequency usage fees related to the amount, equal to Euro 10,519 thousand as at 31 December 2015, concerning the advance on the fee for the use of frequencies in terrestrial television bands for the year 2014, paid in compliance with the decree issued by the Ministry of Economic Development on 29 December 2014; as at 30 June 2016 this amount was entered as a reduction in the payable recognised following the Ministerial Decree that set out the criteria for calculation;
- receivables from personnel related to various cases, which are reported in the breakdown below and included, under "Others", the receivables arising from the application of Law 89/2014:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Employment disputes	3,847	3,607
Travel expenses	4,577	3,362
Advances for production expenses	2,326	2,438
Other	2,464	2,801
Receivables from personnel	13,214	12,208

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The provision for other bad debts and current assets, equal to Euro 3,414 thousand (Euro 3,564 thousand as at 31 December 2015), is broken down as follows:

(in thousands of Euros)	Balances as at 31 December 2015	Provisions	Uses and other capital transfers	Reversal in profit or loss	Balances as at 30 June 2016
Provision for other bad debts and current assets	(3,564)	-	32	118	(3,414)

Considering the short period of time elapsing between the date when the receivable arises and its maturity, it is believed that there are no significant differences between the book value of trade receivables, other receivables and current financial assets and their respective fair values.

7.6 Cash and cash equivalents

Cash and cash equivalents, equal to Euro 311,467 thousand (Euro 67,111 thousand as at 31 December 2015), are broken down into the following items:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Bank and postal deposits	311,060	66,780
Cheques	-	9
Cash and cash equivalents on hand	407	322
Total cash and cash equivalents	311,467	67,111

Bank and postal deposits amounted to Euro 311,060 thousand (Euro 66,780 thousand as at 31 December 2015) and included available balances at sight or in the short term, on deposits or current accounts held with banks, financial institutions and the Post Office.

Cash and cash equivalents on hand amounted to Euro 407 thousand (money, cash on hand and cheques of Euro 331 thousand as at 31 December 2015) and included liquid funds in the form of cash and equivalent instruments (revenue stamps, cashier's cheques or bank-guaranteed cheques, etc.) held with the Company as at 30 June 2016.

8) Shareholders' Equity

Below is the breakdown of equity:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Share Capital	242,518	242,518
Legal reserve	11,553	11,553
Non-distributable IFRS FTA reserve	543,390	543,390
Distributable IFRS FTA reserve	27,056	232,099
Cash flow hedge reserve	165	1,812
Merger surplus	-	5,315
Distributable reserve from valuation of investments	-	49,298
Other reserves	-	37,645
Total other reserves	570,611	869,559
Actuarial reserves for employee benefits	(43,911)	(14,543)
Profits (losses) carried forward	-	(251,318)
Profit (loss) for the period	66,238	(45,983)
Total profits (losses) carried forward	22,327	(311,844)
Total shareholders' equity	847,009	811,786

Share Capital

As at 30 June 2016, the share capital was divided into 242,518,100 ordinary shares with a par value of Euro 1 each. The fully paid-up and subscribed share capital is held by:

- the Ministry of Economy and Finance (MEF) for 241,447,000 shares, equal to 99.55835% of the share capital; and
- Società Italiana Autori Editori (S.I.A.E.) for 1,071,100 shares, equal to 0.4417% of the share capital.

Legal reserve

The legal reserve amounted to Euro 11,553 thousand.

Other reserves and profits (losses) carried forward

Other reserves, equal to Euro 570,611 thousand (Euro 869,559 thousand as at 31 December 2015) and profits carried forward, equal to Euro 22,327 thousand (losses carried forward for Euro 311,844 thousand as at 31 December 2015), including the profit for the period, are broken down as follows:

- the IFRS FTA reserve was recognised as an increase in equity for Euro 570,446 thousand. This reserve is further divided, in relation to the portions released after it was set aside, into:
 - non-distributable IFRS FTA reserve, for a value of Euro 543,390 thousand;
 - distributable IFRS FTA reserve, for a value of Euro 27,056 thousand;
- the cash flow hedge reserve, which was stated net of the tax effect for a value of Euro 165 thousand, included the fair value measurement of the cash flow hedge derivatives, whose change had negative effects on the Statement of Comprehensive Income for Euro 1,647 thousand, arising from a change in the fair value of exchange rate derivatives;
- actuarial reserves for employee benefits were stated as a reduction in equity for Euro 43,911 thousand; the change compared to 31 December 2015 had negative effects on the Statement of Comprehensive Income for Euro 29,368 thousand;
- the profit for the period amounted to Euro 66,238 thousand.

9) Non-current liabilities

9.1 Non-current financial liabilities and current portions of non-current financial liabilities

Non-current financial liabilities were equal to Euro 386,503 thousand. Below is the breakdown, including their respective current portions of Euro 10,000 thousand for a total of Euro 396,503 thousand (Euro 396,068 thousand as at 31 December 2015):

(in thousands of Euros)	Half-year ended 30 June 2016			Financial year ended 31 December 2015		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	346,503	-	346,503	346,066	-	346,066
Medium/long-term payables to banks	40,000	10,000	50,000	45,000	5,000	50,000
Hedging derivative liabilities – exchange rates	-	-	-	2	-	2
Total	386,503	10,000	396,503	391,068	5,000	396,068

Non-current financial liabilities, including current portions, increased by Euro 435 thousand from 31 December 2015 as a result of the recognition of interest for the recovery of subscription costs of bonds according to the amortised cost method.

As at 30 June 2016, the medium/long-term payables to banks were made up of the amortising loan of Euro 50 million, due 2021, granted to Rai by the European Investment Bank (EIB) for the development of the digital terrestrial infrastructure.

The EIB loan provides for compliance with the following parameters/financial ratios in relation to the Consolidated Financial Statements, prepared according to the Italian GAAPs:

- Net Financial Debt (adjusted), net of receivables from the Government for license fees)/Equity \leq 1.5
- Net Financial Debt (adjusted), net of receivables from the Government for license fees)/EBITDA \leq 1,0

These ratios, which had been fully complied with until 30 June 2015, i.e. the date of the last Interim Financial Statements prepared according to the Italian GAAPs, are currently being renegotiated since, under the loan agreement, they must be redefined in the case of the adoption of different accounting principles.

The bond loan issued by Rai at the end of May 2015 is listed on the Irish Stock Exchange. This bond, which was fully subscribed by international institutional investors, pays a nominal interest rate of 1.5%, due May 2020; it is fully unsecured and contains the usual covenants for issues with a similar rating. These covenants include:

- Negative Pledge, i.e. the prohibition on providing guarantees on other bond issues launched by the Issuer or of its "relevant subsidiaries", unless the same guarantee is provided to the existing bondholders;
- Cross-default, i.e. the possibility for the bondholders to ask for the default to be declared on the bond in the case of default on the debt of the Issuer or its "relevant subsidiaries" in an amount exceeding Euro 50 million;
- Change of Control, i.e. the possibility for the bondholders to exercise a "Put" option at par if the Ministry of Economy and Finance ceases to hold the majority of the votes at the Ordinary and Extraordinary Shareholders' meetings of Rai.

In this regard, it should be noted that, during the first half of 2015, Rai obtained, for the purposes of the bond issue, the "Long-Term Issuer" rating of Baa3 (Investment Grade) from Moody's, which considers the solvency of Rai substantially equal to that of the Italian Government; in August 2016 a Credit Opinion was issued, which confirmed the rating stated above.

Below is the breakdown of financial liabilities (current and non-current) by maturity:

(in thousands of Euros)	Half-year ended 30 June 2016			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	-	346,503	-	346,503
Payables to subsidiaries – Current Accounts	116,544	-	-	116,544
Payables to Subsidiary Rai Cinema for derivative instruments	1,232	-	-	1,232
Medium/long-term payables to banks	10,000	40,000	-	50,000
Short-term payables to banks	21,472	-	-	21,472
Payables to associates – capital contributions	13	-	-	13
Hedging derivative liabilities – exchange rates	49	-	-	49
Total	149,310	386,503	-	535,813

(in thousands of Euros)	Financial year ended 31 December 2015			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	-	346,066	-	346,066
Payables to subsidiaries – Current Accounts	127,640	-	-	127,640
Payables to Subsidiary Rai Cinema for derivative instruments	4,799	-	-	4,799
Medium-long-term payables to banks	5,000	40,000	5,000	50,000
Short-term payables to banks	965	-	-	965
Payables to associates – Current Accounts	91	-	-	91
Liabilities for derivatives activated on behalf of Rai Cinema	45	-	-	45
Hedging derivative liabilities – exchange rates	4	2	-	6
Other financial liabilities	1,126	-	-	1,126
Total	139,670	386,068	5,000	530,738

The medium/long-term debt is entirely at a fixed rate. It is worth noting that, at the end of May 2015, the bond issue replaced the previous more expensive medium/long-term loans, thus determining a further reduction in the average borrowing rate as from the second half of 2015.

Rai has revolving bank facilities in place for an aggregate of Euro 170 million (expiring in the third quarter of 2016) and uncommitted facilities of approximately Euro 400 million.

The bond issued by the Company in May 2015 showed a fair value that corresponded to a market price of 102.45 (100.08 as at 31 December 2015), including accrued interest, which reported, compared to 31 December 2015, an increase arising from a fall in market rates.

9.2 Employee benefits

Employee benefits, equal to Euro 562,432 thousand (Euro 538,356 thousand as at 31 December 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Provision for Staff Severance Pay	271,988	262,186
Supplementary pension fund (*)	152,618	146,854
Provision for compensation in lieu of notice – journalists	122,210	113,666
Healthcare fund for RAI executives (FASDIR)	14,930	14,930
Other	686	720
Total employee benefits	562,432	538,356

(*) Net of FIPDRAI assets.

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Provisions for employee benefits measured by applying actuarial techniques are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016				
	Provision for Staff Severance Pay	Pension funds	Compensation in lieu of notice - journalists	FASDIR	Other benefits
Present value of the obligation at the beginning of the period	262,186	151,652	113,666	14,930	720
Current cost of defined – benefit plans	-		3,898		(2)
Current cost of defined – contribution plans	19,880			495	
Interest expense	1,574	1,068	915	105	
Revaluations:					
+ Actuarial gains/losses from changes in demographic assumptions	12,675	9,869	6,859		
+ Actuarial gains/losses from changes in financial assumptions					
+ Effect of the past experience					
Past service cost and Gains/losses from settlement			(1,676)		
Benefits paid	(4,317)	(5,656)	(1,452)	(600)	(26)
Transfers to external funds for defined-contribution plans	(19,552)				
Other changes	(458)				(6)
Present value of the obligation at the end of the period (a)	271,988	156,933	122,210	14,930	686
Plan assets at the beginning of the period		(4,798)			
Interest income		(33)			
Returns on plan assets		(36)			
Benefits paid		552			
Plan assets at the end of the period (b)	-	(4,315)	-	-	-
Total net liability (a+b)	271,988	152,618	122,210	14,930	686

Costs of employee benefits, determined by using actuarial assumptions, recognised in profit or loss are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016				
	Provision for Staff Severance Pay	Pension funds	Compensation in lieu of notice - journalists	FASDIR	Other benefits
Current cost of defined – benefit plans	-	-	(3,898)	-	2
Current cost of defined – contribution plans	(19,880)	-	-	(495)	-
Past service cost and Gains/losses for settlement	-	-	1,676	-	-
Net interest expense (income):					
- interest expense on the obligation	(1,574)	(1,068)	(915)	(105)	-
- interest income on plan assets	-	33	-	-	-
Total net interest expense (income)	(1,574)	(1,035)	(915)	(105)	-
Total	(21,454)	(1,035)	(3,137)	(600)	2
of which recognised under personnel costs	(19,880)	-	(2,222)	(495)	2
of which recognised under financial income (expenses)	(1,574)	(1,035)	(915)	(105)	-

Costs of defined-benefit plans recognised under Other Comprehensive Income are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016				
	Provision for Staff Severance Pay	Pension funds	Compensation in lieu of notice - journalists	FASDIR	Other benefits
Revaluations:					
- actuarial gains/losses from changes in demographic assumptions	}	(12,675)	(9,869)	(6,859)	-
- actuarial gains/losses from changes in financial assumptions					
- effect of the past experience					
- returns on plan assets	-	36	-	-	-
Total	(12,675)	(9,833)	(6,859)	-	-

The main actuarial assumptions adopted are outlined below:

	Half-year ended 30 June 2016
Financial assumptions	
Discount rates:	
. Provision for Staff Severance Pay	0.50%
. Pension funds	0.67%
. Provision for compensation in lieu of notice – journalists	0.78%
Rate of inflation:	
. Provision for Staff Severance Pay	1.50%
. Pension funds	-
. Provision for compensation in lieu of notice – journalists	-
Expected rate of pay increase (*):	
. Provision for Staff Severance Pay	N.A.
. Pension funds	1.21%
. Provision for compensation in lieu of notice – journalists	3.00%
Demographic assumptions	
Maximum retirement age:	
. Provision for Staff Severance Pay	According to law
. Pension funds	-
. Provision for compensation in lieu of notice – journalists	65 years
Life tables	
	SI 2013 Amended
Average annual percentage of staff exits:	
. Provision for Staff Severance Pay	7.02%
. Pension funds	-
. Provision for compensation in lieu of notice – journalists	7.18%
Annual probability of request for early retirement:	
. Provision for Staff Severance Pay	1.50%
. Pension funds	-
. Provision for compensation in lieu of notice – journalists	-

(*) Inflation included.

The discount rate adopted was determined taking account of the returns on high quality corporate bonds, specifying the class of rating, or other references (such as government bonds in the absence of high quality corporate bonds). The demographic tables adopted are SI 2013, broken down by gender and appropriately amended according to a specific study on the mortality concerning the Company community. The annual percentage of shift to the higher category (by age and seniority) was set to zero.

For the purposes of the definition of actuarial assumptions and, specifically, of the discount rate, taking account of the definition of Investment grade securities, only securities of corporate issuers with a rating of "AA" were considered.

9.3 Non-current provisions for risks and charges

Non-current provisions for risks and charges, equal to Euro 146,237 thousand (Euro 174,323 thousand as at 31 December 2015), are broken down as follows:

(in thousands of Euros)	Balances as at 31 December 2015	Provisions	Uses	Reversal	Other movements	Balances as at 30 June 2016
Provision for legal disputes	69,000	12,046	(6,646)	-	-	74,400
Provision for licence fees – contribution for the usage of frequencies	35,800	983	-	(16,130)	(15,736)	4,917
Provision for reclamation and renovation of properties	15,098	-	(508)	-	-	14,590
Provision for decommissioning and restoration	2,421	231	-	-	-	2,652
Provision for costs of accrued commissions	10,962	-	-	-	-	10,962
Provision for litigation with social security institutions	10,000	-	(396)	(604)	-	9,000
Provision for risks of recourse for losses on receivables of concessionaires Rai Pubblicità and Rai Com	10,353	356	(852)	-	-	9,857
Provision for ISC ICM Agents	1,303	39	(679)	(15)	-	648
Other provisions	19,386	719	(894)	-	-	19,211
Total provisions for risks and charges	174,323	14,374	(9,975)	(16,749)	(15,736)	146,237

The provision for legal disputes, equal to Euro 74,400 thousand, included the prudential and prognostic estimate of the charges arising from pending legal proceedings, in which the Company is involved for various reasons. More specifically, they related (amounts including legal fees) to civil, administrative and criminal proceedings for Euro 38,900 thousand and to labour-related disputes for Euro 35,500 thousand.

The provision for contribution for the usage of frequencies (formerly concession fee), equal to Euro 4,917 thousand, included the amounts subject to uncertain payment and connected with Ministerial Decree of 4 August 2016, which was published in the Official Gazette on 21 September 2016 and which sets out the methods to calculate the contribution. The amount of certain payment, which had been set aside as at 31 December 2015 and which is reported in the column of "Other movements", has been recognised under "Other current payables and liabilities" referred to in note 10.1. The excess amount of the provision was released.

The provision for reclamation and renovation of properties, equal to Euro 14,590 thousand, included the estimated costs that the Company expects to incur mainly with reference to the removal of facilities containing asbestos from within two of the properties owned. The constructive obligation to carry out the reclamation and subsequent renovation of the aforementioned properties results from the Company's intention expressed on more than one occasion to the company's bargaining units.

The provision for decommissioning and restoration, equal to Euro 2,652 thousand, included the estimated costs for decommissioning, removal of installations and changes made, and the restoration of the premises operated by the Company under operating leases, which provide place an obligation on the lessee to restore the leased premises at the end of the lease term (i.e. when the premises are handed over absent any renewal of the lease).

The provision for costs of accrued commissions, equal to Euro 10,962 thousand, mainly related to the charges allocated for the renewal of employment contracts expired, as reported in note 11.4 "Personnel costs".

The provision for litigation with social security institutions, equal to Euro 9,000 thousand, included the estimated costs resulting from jurisdictional proceedings pending with a number of social security institutions.

The provision for risks of recourse for losses on receivables of concessionaires Rai Pubblicità and Rai Com, equal to Euro 9,857 thousand, included the costs arising from the risks of retrocession of shares of income, which had already been paid to the Company in financial terms, following the failure to collect receivables on the part of the same.

The provision for agent's supplementary clientele indemnity (*Indennità suppletiva di clientela* or ISC) and the provision for agent's merit clientele indemnity (*Indennità di clientela meritocratica* or ICM), equal to Euro 648 thousand, included the amounts to be paid to the agents upon termination of their agency contracts due to a cause not ascribable to the agent, determined also based on estimates that take account of the Company's historical data, and with reference to the growth of the customer portfolio or the increase in business volumes with the customers already included in such portfolio.

9.4 Deferred tax liabilities

Deferred tax liabilities, equal to Euro 48,348 thousand, are stated net of deferred tax assets that can be offset, equal to Euro 117,915 thousand. The net balance as at 31 December 2015 showed deferred tax liabilities of Euro 21,428 thousand.

The nature of the temporary differences that determined deferred tax liabilities and offset deferred tax assets is as follows:

(in thousands of Euros)	Balances as at 31 December 2015	Changes			Balances as at 30 June 2016
		Income Statement	Other Comprehensive Income (expense)	Balance Sheet	
Statutory-tax differences on property, plant and equipment	(160,698)	1,253	-	-	(159,445)
Exchange rate derivatives	(868)	-	787	-	(81)
Statutory-tax differences on equity investments	(6,753)	16	-	-	(6,737)
Deferred tax liabilities	(168,319)	1,269	787	-	(166,263)
Negative taxable income – IFRS	142,198	9,066	-	(38,042)	113,222
Write-down of programmes	3,669	-	-	-	3,669
Statutory-tax difference on programmes programme	1,024	-	-	-	1,024
Deferred tax assets that can be offset	146,891	9,066	-	(38,042)	117,915
Net deferred tax liabilities	(21,428)	10,335	787	(38,042)	(48,348)

The calculation of deferred tax assets took account of the reasonable certainty of their future recovery.

The changes related to other comprehensive income (expense) essentially concerned deferred tax assets and liabilities recognised in equity and related to the tax effect of cash flow hedge instruments recognised based on hedge accounting.

Deferred tax assets on tax losses carried forward amounted to Euro 113,222 thousand, and are likely to be used with reference to the possibility of them being offset with the amounts contributed by the Group companies that participate in the Tax Consolidation and with the reversal of deferred tax liabilities to profit or loss.

9.5 Other non-current payables and liabilities

Other non-current payables and liabilities, which entirely reflect items expressed in Euros, were equal to Euro 4,954 thousand (Euro 6,286 thousand as at 31 December 2015) and related, for Euro 4,923 thousand (Euro 6,236 thousand as at 31 December 2015) to deferred income for the non-current portion of the grants disbursed by the Ministry for Communications in support of the initiatives for the switchover to Digital Terrestrial broadcasting. For additional information on such grants, reference should be made to note 10.1 "Trade payables and other current payables and liabilities".

Payables to related parties are described in note 12.4 "Related Parties".

10) Current liabilities

10.1 Trade payables and Other current payables and liabilities

Trade payables and Other current payables and liabilities, equal to Euro 1,169,579 thousand (Euro 877,678 thousand as at 31 December 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Payables to suppliers	442,770	454,690
Trade payables to subsidiaries	95,040	87,276
Trade payables to associates	840	449
Total trade payables	538,650	542,415
Payables to personnel	194,499	175,494
Payables to social security institutions	60,251	71,033
Payable for contribution for the usage of frequencies	9,151	-
Payables to subsidiaries	7,015	11,065
Payables due to tax assessments for the period	5,475	8,512
Other payables	4,675	5,298
Advances:		
- Ordinary licence fees	47,454	52,454
- Other advances	1,628	1,708
Accrued commissions and interest expense	490	3,137
Deferred income:		
- Licence fees	296,086	853
- Grant for switchover to Digital Terrestrial broadcasting	4,089	5,559
- Other deferrals	116	150
Total other current payables and liabilities	630,929	335,263
Total trade payables and other current payables and liabilities	1,169,579	877,678

The table below reports the breakdown of Trade payables and Other payables to subsidiaries and associates:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Subsidiaries:		
Rai Pubblicità SpA	114	115
Rai Way SpA	61,574	59,914
Rai Com SpA	6,341	7,125
Rai Cinema SpA	27,011	20,122
Trade payables to subsidiaries	95,040	87,276

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Associates:		
Tivù Srl	840	449
Trade payables to associates	840	449

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Subsidiaries:		
Rai Pubblicità SpA	3,682	5,086
Rai Way SpA	2,456	2,456
Rai Cinema SpA	445	3,523
Rai Com SpA	432	-
Other payables to subsidiaries	7,015	11,065

Trade payables, equal to Euro 538,650 thousand, showed a decrease of Euro 3,765 thousand compared to 31 December 2015.

The increase in Other current payables and liabilities, equal to Euro 295,666 thousand, was due to the recognition of deferred income on licence fees, arising from the difference between the amounts paid by the Ministry of Economy and Finance during the half-year compared to the accrued economic value, the repayment of which is largely expected to be made during the second half of the year.

The payable for contribution for the usage of digital frequencies was calculated in relation to the provisions laid down in Ministerial Decree of 4 August 2016 and, as specified in note 9.3 "Non-current provisions for risks and charges", was partially replenished as a transfer of the amount recognised as at 31 December 2015 under the appropriate provision, which had been set aside pending the issue of the rule specifying the relevant calculation methods and takes account of the recovery of the advance paid as referred to in note 7.5 "Other current receivables and assets".

The item of "Deferred income - Grant for switchover to Digital Terrestrial broadcasting" includes the current portion of grants disbursed by the then Ministry for Communications from 2007 to 2011 in support of the initiatives to speed up the transition to Digital Terrestrial, equal to Euro 4,089 thousand.

Payables to personnel amounted to Euro 194,499 thousand (Euro 175,494 thousand as at 31 December 2015), showing an increase of Euro 19,005 thousand, mainly relating to the seasonality connected with the use of holidays that is mostly concentrated in the second half of the year, are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Untaken holidays	95,502	78,680
Untaken days off	52,127	51,760
Assessed remuneration	41,693	40,035
Others	5,177	5,019
Payables to personnel	194,499	175,494

Payables to social security institutions, equal to Euro 60,251 thousand (Euro 71,033 thousand as at 31 December 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Payables to Supplementary Pension Funds – personnel	10,604	22,193
Payables to INPS formerly ENPALS	18,966	17,960
Payables to INPGI	13,573	15,230
Payables to INPS	6,190	6,472
Payables to INAIL	-	42
Payables to CASAGIT	1,118	1,437
Contributions on assessed remuneration	9,448	7,329
Other payables	352	370
Payables to social security institutions	60,251	71,033

Payables to related parties are described in note 12.4 "Related Parties".

10.2 Current financial liabilities

Current financial liabilities, equal to Euro 149,310 thousand (Euro 139,670 thousand as at 31 December 2015) are stated in the table below:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Payables to subsidiaries – current accounts	116,544	127,640
Payables to subsidiaries Rai Cinema for derivative instruments	1,232	4,799
Medium/long-term payables to banks (current portion)	10,000	5,000
Short-term payables to banks	21,472	965
Hedging derivative liabilities – exchange rates	49	4
Liabilities for derivatives activated on behalf of Rai Cinema	-	45
Payables to associates – current account San Marino RTV	-	91
Payables to associates – capital contributions	13	-
Other payables	-	1,126
Total current financial liabilities	149,310	139,670

The table below reports the breakdown of payables to subsidiaries – current accounts by company, showing a decrease of Euro 11,096 thousand:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Rai Corporation in liquidation	3,679	3,754
Rai Pubblicità SpA	4,827	33,351
Rai Way SpA	165	228
Rai Com SpA	106,758	89,968
Rai Cinema SpA	1,115	339
Payables to subsidiaries – current accounts	116,544	127,640

Current portions of non-current financial liabilities are already reported and commented in note 9.1 “Non-current financial liabilities”.

Short-term payables to banks, equal to Euro 21,472 thousand (Euro 965 thousand as at 31 December 2015), were due to the negative balance of the current account held with some credit institutions.

The fair value of derivative liabilities, both current and non-current, is specified below:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Hedging derivative liabilities – exchange rates	49	4
Liabilities for derivatives activated on behalf of Rai Cinema	-	45
Payables to subsidiary Rai Cinema for derivative instruments	1,232	4,799
Total derivative financial instruments – Current portion	1,281	4,848
Hedging derivative liabilities – exchange rates	-	2
Total derivative financial instruments – Non-current portion	-	2
Total derivative financial instruments	1,281	4,850

Cash flow hedge transactions related to the activities to hedge exchange rate risks on contracts for the acquisition of rights to the broadcasting of sports events and TV rights relating to series and films, on behalf of subsidiary Rai Cinema, denominated in USD, as described in the paragraph on "Related Parties" of the Notes to the Financial Statements of Rai in the Reports and Financial Statements as at 31 December 2015.

The negative fair value of derivatives was equal to Euro 1,281 thousand as at 30 June 2016 (Euro 4,850 thousand as at 31 December 2015). Specifically:

- the current portion of exchange rate hedging derivatives activated for Rai commitments, equal to Euro 49 thousand (Euro 4 thousand as at 31 December 2015) was deferred to equity, under the cash flow hedge reserve for Euro 11 thousand, and accounted for as an increase in financial expenses for Euro 38 thousand. Non-current portions were not recorded;
- the current portion of payables to subsidiary Rai Cinema, equal to Euro 1,232 thousand (Euro 4,799 thousand as at 31 December 2015) is reflected in the financial receivable from the subsidiary itself. Non-current portions were not recorded.

The information related to hedged risks and hedging policies is reported in note 3.1 "Market risk".

10.3 Tax payables

Tax payables, equal to Euro 47,397 thousand (Euro 73,774 thousand as at 31 December 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
IRES tax payables from national tax consolidation	21,765	38,020
Total payables for direct taxes	21,765	38,020
Payables – VAT subject to relief	1,711	1,771
Total payables – VAT subject to relief	1,711	1,771
Withholding taxes on income from subordinate and self-employment	23,621	33,703
Other withholdings and substitute taxes	300	247
Total payables for withholdings applied as withholding agent	23,921	33,950
Other tax payables	-	33
Total tax payables	47,397	73,774

As regards IRES tax payables to the Tax Office, equal to Euro 21,765 thousand (Euro 38,020 thousand as at 31 December 2015), the Company opted for Group taxation, as described in note 12.4 "Related Parties", as the consolidating entity, to fulfil any formalities related to the settlement and payment of IRES tax for the companies included in the tax consolidation. The procedure for consolidating the Group's taxable income is regulated by a specific agreement between the Parent Company and its subsidiaries.

Income taxes are analysed in note 11.9 "Income Taxes".

11) Income statement

11.1 Revenues from sales and services

The main items that make up the "Revenues from sales and services" are broken down as follows.

(in thousands of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Licence fees	930,700	816,020
Advertising	331,524	303,736
Other revenues	34,377	36,909
Total revenues from sales and services	1,296,601	1,156,665

The breakdown of revenues by geographical area shows the predominance of the domestic market.

Licence fees

Licence fees revenues, equal to Euro 930,700 thousand in the first half of 2016 (Euro 816,020 thousand in the first half of 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Fees for the period – ordinary subscribers	883,000	769,345
Fees for the period – special subscribers	40,000	38,900
Fees recovered through enforcement procedures	8,000	9,025
Reimbursement of fees	(300)	(1,250)
Total licence fees	930,700	816,020

As regards license fees revenues, it should be noted that the "separate accounting" mechanism, which is used, as required by the consolidated broadcasting law, to determine the annual per-unit licence fee and thereby ensure alignment between licence fee revenues and the independently audited costs sustained by Rai in carrying out its Public Service remit, has shown an under provision of licence fee revenues amounting to over Euro 2.6 billion for the period from 2005 to 2014. The annual separate accounts relating to 2015 are being prepared.

Law 89 of 23 June 2014 (Article 21, paragraph 4) provided, for year 2014, for a reduction of Euro 150 million in the sums to be paid to the Public radio and television Service broadcaster to cover for the cost of supplying the service. Subsequently, Law 190 of 23 December 2014 (Article 1, paragraph 293) provided that, for the year 2015, the amount of the license fee could not exceed that set for the year 2014. The same rule also established that, starting from year 2015, the amounts to be paid to Rai to cover for the cost of supplying the Public Service shall be reduced by 5%.

Under Article 1, paragraphs 152 and ff., the 2016 Stability Law (Law 208 of 28 December 2015) provides, as from 1 January 2016, for a new procedure for collecting the TV license fees for private use through a charge - under a separate item - on the electricity bills.

Additionally, in order to combat license fee avoidance, a mechanism was introduced according to which the possession of a TV set is assumed whenever a contract exists for the supply of electricity in the place where a person has his/her registered residence. The assumed possession of a TV set may be ignored only with a self-certification issued pursuant to the Consolidated Act referred to in Presidential Decree 445 dated 28 December 2000, which, in case of false declarations, may also entail criminal penalties.

The 2016 Stability Law also established that, for the years from 2016 to 2018, any higher receipts compared to the amounts reported in the Government's forecast-type 2016 budget are paid to Rai in a percentage of 67% for 2016 and 50% for each of the years 2017 and 2018.

The amount of licence fees for the period relating to ordinary subscribers was calculated on the basis of the results from the collection, which is still in progress, carried out according to the new methods set out in the abovementioned rules, relying on the most updated information and data made available as at the date of preparation of this half-year report.

Advertising revenues

Advertising revenues, which are usually more significant during the first half-year, amount to Euro 331,524 thousand (Euro 303,736 thousand in the first half of 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
TV advertising on general interest channels:		
- commercials	222,078	202,640
- promotions, sponsorships and special events	60,741	54,947
- product placement	2,514	2,450
	285,333	260,037
TV advertising on specialist channels	29,856	28,836
Radio advertising	13,829	12,909
Web advertising	3,300	2,773
Other advertising	228	250
Minority interests	(984)	(830)
Contingent assets	(38)	(239)
Total revenues from advertising	331,524	303,736

Advertising revenues showed an increase of Euro 27.8 million compared to the first half of 2015, which was substantially attributable to increased advertising revenues from the broadcasting of the Football World Cup matches in 2016.

Revenues from sales and services – other revenues

Other revenues from sales and services, equal to Euro 34,377 thousand in the first half of 2016 (Euro 36,909 thousand in the first half of 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Special services under agreement	19,204	23,189
Sale of rights	9,198	5,508
Sundry services, mainly for public entities	2,122	2,706
Digital terrestrial broadcasting services	1,463	1,463
Agreements with telephone companies	312	899
Production services	184	94
Teletext services	14	28
Other	968	2,089
Minority interests	(303)	(207)
Contingent assets	1,215	1,140
Total revenues from sales and services – other revenues	34,377	36,909

11.2 Other earnings and proceeds

Other earnings and proceeds, equal to Euro 17,165 thousand in the first half of 2016 (Euro 21,079 thousand in the first half of 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Recoveries and reimbursements of expenses	464	728
Operating grants	2,911	3,125
Income from investment property	114	100
Compensation for damages	198	538
Other income from subsidiaries	11,595	14,730
Contingent assets	690	(344)
Other	1,193	2,202
Total other earnings and proceeds	17,165	21,079

"Other income from subsidiaries", as specified in note 12.4 "Related Parties", related to agreements for the provision of services on the part of Rai.

11.3 Costs for purchases of consumables, for services and other costs

Costs for purchases of consumables, for services and other costs, equal to Euro 746,410 thousand in the first half of 2016 (Euro 699,567 thousand in the first half of 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Purchases of consumables	6,937	8,425
Costs for services	713,710	669,865
Other costs	25,763	21,277
Total costs for purchases of consumables, for services and other costs	746,410	699,567

This item showed an increase of Euro 46.8 million, attributable to the costs of the European Football Championship, equal to Euro 57.4 million (Euro 54.4 million for the acquisition of filming rights only).

Costs for services, the breakdown of which is stated in the table below, totalled Euro 713,710 thousand (Euro 669,865 thousand in the first half of 2015), net of discounts and allowances obtained. They also included fees, position allowances and reimbursements of expenses paid to the Directors for Euro 277 thousand and to the Statutory Auditors for Euro 89 thousand.

(in thousands of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Self-employment services	70,432	68,398
Services for production of programmes	87,935	89,667
Daily allowances, travel expenses and additional personnel costs	22,430	20,279
Signal broadcasting and transport – Rai Way	100,858	98,217
Maintenance, repairs, transport and similar costs	18,995	18,840
Documentation and information services	21,862	20,241
Other external services	37,783	49,633
Acquisition of viewing rights	150,133	149,049
Leases and rentals	26,129	26,861
Filming rights	121,789	79,631
Rights of use	55,767	52,232
Other	(452)	369
Recoveries of expenses	(1,638)	(2,413)
Contingent liabilities	1,687	(1,139)
Costs for services	713,710	669,865

Pursuant to Article 2427, no. 16-bis, of the Italian Civil Code, the fees accrued in the first half of 2016 for the services rendered by the independent auditors for the statutory audit of annual accounts, the audit of the half-year report, for services other than auditing services amounted to Euro 77 thousand, Euro 24 thousand and Euro 11 thousand, respectively.

Other costs, equal to Euro 25,763 thousand (Euro 21,277 thousand in the first half of 2015), mainly related to prizes and winnings on radio and television contests, indirect taxes and other duties, contributions for the Supervisory Authorities and for the usage of digital frequencies.

11.4 Personnel costs

Personnel costs, equal to Euro 475,938 thousand (Euro 454,328 thousand in the first half of 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Wages and salaries	350,860	341,154
Social security contributions	95,889	93,368
Provision for Staff Severance Pay	19,880	19,551
Pension and similar costs	6,812	6,572
Other	6,948	9,712
Personnel costs	480,389	470,357
Costs of early retirement incentives	3,171	2,642
Recovery of expenses	(2,937)	(2,713)
Capitalised personnel costs	(5,147)	(9,173)
Other personnel costs	(4,913)	(9,244)
Contingent liabilities and release of provisions	462	(6,785)
Total personnel costs	475,938	454,328

The charges for employee benefits included charges for defined-contribution plans for Euro 20,375 thousand and charges for defined-benefits plans for Euro 2,220 thousand, net of past service.

Charges for defined-benefit plans are analysed in note 9.2 "Employee benefits".

The Company applies four Collective Labour Agreements, i.e. the Collective Labour agreement for middle managers, office and manual workers, the Collective Labour Agreement for Orchestra Members of Rai, the National Labour Agreement for Journalists, as applied by Rai according to the procedures set out in a "Agreement for the extension of CNLG (National Labour Agreement for Journalists) to Rai" and the related Supplementary Agreement between Rai and Usigrai for journalists, the National Collective Labour Agreement for Executives of Companies that produce goods and services and the related Supplementary Agreement between Rai and ADRAI (Association of Rai Executives).

The company agreements for middle managers, office and manual workers and Orchestra Members, respectively, expired on 31 December 2013.

At present the National Labour Agreement in force for journalists (1/4/2013 – 31/3/2016, extended for 6 additional months) is not applied by the Company as it has not been possible to reach an understanding with Usigrai on the extension Agreement; the Supplementary Agreement expired on 31 December 2013.

The National Labour Agreement for executives is in force for the period from 1/1/2015 to 31/12/2018, while the supplementary Rai-ADRAI agreement for the period from 2014 to 2016 was renewed on 23 December 2015.

Below is the breakdown of the average number of the Company's employees by category:

	Half-year ended 30 June 2016			Half-year ended 30 June 2015		
	Personnel under permanent contracts (average number of units) ⁽¹⁾	Personnel under fixed-term contracts (average number of units)	Total	Personnel under permanent contracts (average number of units) ⁽¹⁾	Personnel under fixed-term contracts (average number of units)	Total
- Executives	265	-	265	259	-	259
- Officers and middle managers	1,127	1	1,128	1,084	3	1,087
- Journalists	1,709	96	1,805	1,578	254	1,832
- Office workers, production employees, camera staff, film director's staff, technicians	6,846	529	7,375	6,683	611	7,294
- Manual workers	899	97	996	902	117	1,019
- Orchestra members and other staff	118	4	122	119	5	124
- Medical staff	8	-	8	8	-	8
Total	10,972	727	11,699	10,633	990	11,623

(1) of which apprenticeship contracts

180

161

The average number of employees is calculated as the arithmetic mean of the daily number of employees in the period under consideration, as weighted in relation to part-time work of employees. The average number of employees includes employees under permanent and fixed term contracts.

11.5 Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs, equal to Euro 118,309 thousand (Euro 113,924 thousand in the first half of 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Property, plant and equipment:		
Buildings	5,795	5,888
Plant and machinery	23,636	22,796
Industrial and commercial equipment	607	610
Other assets	2,654	2,442
Total depreciation of property, plant and equipment	32,692	31,736
Intangible assets:		
Programmes	66,529	62,682
Software	1,785	1,855
Digital Terrestrial frequencies	561	1,682
Trademarks	3	3
Goodwill	-	-
Other rights	86	126
Total amortisation of intangible assets	68,964	66,348
Total amortisation and depreciation	101,656	98,084
Programmes under amortisation	10,600	10,840
Programmes under development	1,294	3,118
Cost-accounted investments	2,794	-
Other non-current receivables and assets	438	1,564
Receivables from customers	1,608	(25)
Receivables from subsidiaries	(8)	-
Other current receivables and assets	(73)	343
Total write-downs	16,653	15,840
Total amortisation, depreciation and write-downs	118,309	113,924

11.6 Provisions

This item showed a net positive balance of Euro 6,369 thousand resulting from provisions of Euro 9,761 thousand and reversals of Euro 16,130 thousand (against a negative balance of Euro 1,042 thousand in the first half of 2015, equal to a net amount including provisions of Euro 10,633 thousand and reversals of Euro 9,591 thousand).

The main provisions recognised during the first half of 2016 related to provisions for risks and charges for legal disputes, equal to Euro 12,046 thousand, and for the contribution for the usage of digital frequencies, equal to Euro 983 thousand. The reversal related to the release of the provision set aside in previous financial years for the contribution for the usage of digital frequencies for the period 2014–2015, which became redundant in light of Ministerial Decree of 4 August 2016.

11.7 Financial income and expenses

Net financial income (expenses), equal to Euro 76,725 thousand (Euro 71,398 thousand in the first half of 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Financial income:		
Dividends	83,706	80,432
Interest income from subsidiaries	979	1,650
Interest income from associates	2	1
Income from derivatives – exchange rates	193	2
Income from derivatives – interest rates	-	771
Interest receivable from banks	5	83
Foreign exchange gains realised	168	276
Estimated foreign exchange gains	87	139
Other	620	676
Total financial income	85,760	84,030
Financial expenses:		
Interest on obligations for employee benefits	(3,629)	(2,490)
Interest payable on bond issues	(3,040)	(568)
Interest payable to banks	(801)	(5,217)
Expenses from derivatives – exchange rates	(116)	(102)
Estimated foreign exchange losses	(112)	(218)
Foreign exchange losses realised	(32)	(524)
Interest payable to subsidiaries	(26)	(81)
Expenses from derivatives – interest rates	-	(2,128)
Other	(1,279)	(1,304)
Total financial expenses	(9,035)	(12,632)
Net financial income (expenses)	76,725	71,398

Breakdown of dividends

(in thousands of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Rai Cinema SpA	43,700	44,193
Rai Way SpA	25,306	21,842
Rai Pubblicità SpA	8,000	7,890
Rai Com SpA	6,700	6,507
Total dividends	83,706	80,432

11.8 Share of profits (losses) of equity-accounted investments

The share of profits/losses of equity-accounted investments, which was positive for Euro 100 thousand (Euro 599 thousand in the first half of 2015), is broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Share of profits (losses) of equity investments		
- Euronews SA	(740)	-
- San Marino RTV	(201)	(115)
- Audiradio Srl in liquidation	44	3
- Tivù Srl	997	711
Total effect of the equity accounting method	100	599

The breakdown of changes in equity-accounted investments is stated in note 6.3 "Equity investments".

11.9 Income taxes

Income taxes showed a positive value of Euro 9,935 thousand (against a positive value of Euro 26,323 thousand in the first half of 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
IRAP tax	(400)	-
Total current taxes	(400)	-
Deferred tax liabilities	1,269	1,397
Deferred tax assets	9,066	24,383
Total deferred tax assets/liabilities	10,335	25,780
Direct taxes – previous years	-	543
Total income taxes	9,935	26,323

During the first half of 2016, unlike in the same period of 2015, the financial dynamics gave rise to taxable income for IRAP tax purposes against which a provision was set aside for Euro 400 thousand.

Deferred tax liabilities gave rise to a positive economic effect equal to Euro 1,269 thousand (Euro 1,397 thousand in the first half of 2015), in relation to the repayment of temporary income differences recognised in previous financial years.

For IRES tax purposes, in the first half of 2016, as well as in the first half of 2015, additional tax losses arose for which deferred tax assets were allocated, with a positive effect through profit or loss.

12) Other information

12.1 Guarantees

Guarantees given, equal to Euro 19,100 thousand (Euro 41,823 thousand as at 31 December 2015), are broken down as follows:

(in thousands of Euros)	Half-year ended 30 June 2016		
	Unsecured guarantees Sureties	Collaterals	Total
Subsidiaries	14,247	-	14,247
Joint ventures and associates	2,582	-	2,582
Other	-	2,271	2,271
Total	16,829	2,271	19,100

(in thousands of Euros)	Financial year ended 31 December 2015		
	Unsecured guarantees Sureties	Collaterals	Total
Subsidiaries	36,970	-	36,970
Joint ventures and associates	2,582	-	2,582
Other	-	2,271	2,271
Total	39,552	2,271	41,823

Guarantees given included the surety in favour of the Tax Authorities, as security for the early repayment of VAT surplus of Euro 12,416 thousand as at 30 June 2016 (Euro 35,065 as at 31 December 2015) in favour of subsidiaries.

The Company also reported guarantees provided by third parties against obligations in financial and commercial terms, equal to Euro 319,937 thousand (Euro 292,540 thousand as at 31 December 2015), which mainly related to:

(I) guarantees received from:

- banks and other insurance entities as security for the acquisition of goods and services;
- banks and other insurance entities as security for proper performance of agreements for the realisation of radio and television productions;

(II) third-party guarantees provided for the Company's obligations:

- against payables - for surety as security for the medium/long-term EIB loan;
- against other obligations - for sureties issued to the Tax Authorities as security for prize contests and the VAT credit subject to refund, for a surety issued to UEFA for the qualifying tournament of the 2016 European Football Championship, for a surety issued to Sky for the 2016 Olympic Games.

12.2 Commitments

The main commitments, including multi-year commitments, linked to the product or to initiatives for technological upgrading and development, which had already been subscribed as at the reporting date, are listed below:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Future commitments for:		
Rights to sports events	190,5	263,6
Investments in TV drama and comedy and cartoons	93,5	80,9
Rights and services for the realisation of other programmes	22,2	38,0
Technical investments	25,5	9,4
Total commitments	331,7	391,9

12.3 Potential liabilities

The Company is involved in civil, administrative, labour-related and social security proceedings connected to the ordinary course of its business.

The disputes concerning civil law and administrative issues in which the Company is involved mainly relate to activities for the production and broadcasting of radio and television programmes. Almost all of the civil disputes concern claims for damages, mostly connected to defamation and infringement of personality rights, whereas within the context of the administrative proceedings concerning public contracts, the claim for compensation by way of equivalent measures is considered as an alternative only, given that the main claim regards the cancellation of the tender documents and, in some cases, the taking over of the contract.

Upon occurrence, based on the analyses conducted on these types of disputes, of the following conditions:

- the availability, at the moment of the preparation of the Rai Financial Statements, of information that would indicate that a liability is likely to be incurred;
- the possibility of reasonably estimating the amount of the charge, taking account of the requests submitted by the plaintiffs,

the related charge is allocated through accruals to the Provisions for legal disputes.

In this regard, account must be taken of the proceedings, in relation to which the risk of being the losing party is regarded as possible, which was initiated against Rai concerning the delivery of RAI contents on DVB-H platforms.

As regards labour-related and social security issues, the Company is involved in a considerable number of disputes mainly concerning requests for reinstatement, demands for establishing a fictitious interposition of third-party labour (*interposizione fittizia di manodopera*), demands for higher positions or levels, claims for damages due to asserted downgrading and the inferred non-compliance with social security requirements laid down in collective contracts or agreements. In order to determine the amount, if any, to be allocated to provisions, considering the number of pending disputes and the subsequent difficulty in carrying out a correct assessment for each one of them, three sub-categories have been identified with reference to the status of the proceedings and the possible interim outcome of the dispute (lawsuits not yet settled in first instance, adverse and positive outcome in the appeal), for each one of which the percentage of risk is estimated by identifying an average value expressed in percentage terms, in order to quantify the accrual to the provision for legal disputes.

Note 9.3 "Non-current provisions for risks and charges" provides details of the provisions set aside against these cases.

On the basis of the information that is currently available, and taking account of the existing provisions for risks, the Company considers that the amounts allocated to the existing provisions for risks are fair and adequate.

12.4 Related Parties

The details of the relations maintained by the Company with Related Parties, identified based on the criteria set out under IAS 24 "Related Party Disclosures", are provided below.

The Company mainly maintains relations of a commercial and financial nature with the following related parties:

- Rai Cinema;
- Rai Com;
- Rai Corporation in liquidation;
- Rai Pubblicità;
- Rai Way;
- key management personnel ("Top Management");
- other associates and joint ventures in which the Company holds an interest as specified in note 6.3 "Equity investments"; companies under the control or joint control of the Top Management and entities that manage post-employment benefit plans, reserved for the employees of the Rai Group ("Other related parties").

Although the transactions with Related Parties are carried out at arm's length, there is no guarantee that, had they been concluded between or with third parties, the latter would have negotiated and entered into the relevant agreements or carried out such transactions, at the same conditions and with the same procedures.

“Top Management” means the key management personnel who have authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, and the term also includes the members of the Board of Directors of the Company. As regards the fees due to the Statutory Auditors, reference should be made to the provisions of note 11.3 “Costs for purchases of consumables, for services and other costs”.

The table below reports the breakdown of the balance sheet balances as at 30 June 2016 and 31 December 2015 and the economic effects of the transactions concluded between the Company and the related parties during the first half of 2016 and the first half of 2015:

(in thousands of Euros)	Subsidiaries	Top Management	Other related parties	Total
Current financial assets				
As at 30 June 2016	158,909		624	159,533
As at 31 December 2015	100,185		-	100,185
Current trade receivables				
As at 30 June 2016	315,411		953	316,364
As at 31 December 2015	311,880		219	312,099
Other current receivables and assets				
As at 30 June 2016	63,271	147		63,418
As at 31 December 2015	39,944	407		40,351
Employee benefits				
As at 30 June 2016	-	(5,720)	(14,930)	(20,650)
As at 31 December 2015	-	(6,243)	(14,930)	(21,173)
Current financial liabilities				
As at 30 June 2016	(117,776)		(13)	(117,789)
As at 31 December 2015	(132,439)		(91)	(132,530)
Trade payables				
As at 30 June 2016	(95,040)		(844)	(95,884)
As at 31 December 2015	(87,275)		(449)	(87,724)
Other current payables and liabilities				
As at 30 June 2016	(7,039)	(6,196)	(6,172)	(19,407)
As at 31 December 2015	(11,118)	(6,442)	(13,354)	(30,914)

(in thousands of Euros)	Subsidiaries	Top Management	Other related parties	Total
Revenues from sales and services				
As at 30 June 2016	363,205			363,205
As at 30 June 2015	331,066		239	331,305
Other earnings and proceeds				
As at 30 June 2016	12,307		305	12,612
As at 30 June 2015	15,200		54	15,254
Costs for purchases of consumables				
As at 30 June 2016	(2)			(2)
As at 30 June 2015	-			-
Costs for services				
As at 30 June 2016	(254,118)	(281)	(4,322)	(258,721)
As at 30 June 2015	(247,258)	(585)	(3,884)	(251,727)
Other costs				
As at 30 June 2016	(249)			(249)
As at 30 June 2015	(162)			(162)
Personnel costs				
As at 30 June 2016	2,148	(9,279)	(6,407)	(13,538)
As at 30 June 2015	2,119	(8,278)	(5,930)	(12,089)
Amortisation, depreciation and write-downs				
As at 30 June 2016	8			8
As at 30 June 2015	-			-
Financial income				
As at 30 June 2016	84,685		2	84,687
As at 30 June 2015	82,082		1	82,083
Financial expenses				
As at 30 June 2016	(79)			(79)
As at 30 June 2015	(131)			(131)

As to the description of the main agreements in place between Rai and subsidiaries, associates and joint ventures as identified above, reference should be made to the specific paragraph in the Notes to the Financial Statements of Rai in the Reports and Financial Statements as at 31 December 2015, except for:

Tax Consolidation

Based on the regulations provided for in the TUIR (Consolidation Act on Income Taxes, Presidential Decree 917/1986, Articles 117 and ff.) and by operation of the provisions laid down in Article 11, paragraph 4, of Ministerial Decree dated 9 June 2004, concerning "Provisions for the application of the national consolidation tax regime, referred to in Articles 117 to 128 of the Consolidation Act on Income Taxes", Rai applies the Group taxation regime for the National Tax Consolidation.

This option, valid for a three-year period, for the adoption of the National Tax Consolidation regime, was renewed as between Rai and Rai Way, Rai Cinema and Rai Com until the tax period that will end on 31 December 2018, whereas as regards Rai Pubblicità such renewal is valid until the tax period that will end on 31 December 2016.

The statutory and financial relationships between the participating companies are regulated by a specific agreement executed between the parties, updated with reference to the regulatory changes that might occur during the period when such agreement remains in force.

As a result of the National Tax Consolidation Rai recognised a receivable from the participating companies, which amounted to Euro 59,907 thousand as at 30 June 2016.

Group VAT Regime

The Company avails itself of the Group VAT netting procedure provided for in Ministerial Decree dated 13 December 1979, which contains the regulations implementing the provisions laid down in Article 73, last paragraph, of Presidential Decree 633 of 26 October 1972.

The option for carrying out the Group VAT procedure on an annual basis was exercised as regards Rai and all other national subsidiaries until 31 December 2016. The statutory and financial relationships are regulated by a specific agreement signed between the parties.

13) Significant events after the reporting date

Extension of the Concession Term

On 4 October 2016 the Chamber of Deputies approved a Bill in Parliament, which had already been approved by the Senate in the same terms, concerning, *inter alia*, the procedure for the concession relating to the public radio, television and multimedia service. Under Article 9, this Bill provides for an amendment to Article 49 of Legislative Decree no. 177 of 31 July 2005 (Consolidation Act on audiovisual and radio media services), thus actually providing for an extension of the concession term for Rai; this was because the concession and the related agreement already in place shall continue to apply until the date of entry into force of the Decree that will provide for the new award of public radio, television and multimedia service, and in any case for a period of no more than ninety days from the date of expiry of the concession term.

Maximum remuneration

The Chambers have approved the Bill in Parliament governing the "Establishment of the Fund for pluralism and innovation of information and powers delegated to the Government for the reform of regulations governing public support to the sector of publishing and local radio and television broadcasters, the regulations governing pension schemes for journalists and the composition and competence of the National Council of the Association of Journalists. Procedure for awarding public radio, television and multimedia services". Paragraph 1-ter of Article 9, governing the Procedure for awarding public radio, television and multimedia services, provides that: "The maximum annual remuneration of Euro 240,000, referred to in Article 13, paragraph 1, of Decree Law no. 66 of 24 April 2014, as amended and converted by Law no. 89 of 23 June 2014, shall apply to directors, subordinate employees, collaborators and consultants, respectively, who work for the entity that has been awarded the public radio, television and multimedia service and who provide professional services for fees that are not set out by regulated tariffs."

Inclusion of Rai in the List of public authorities included in the Consolidated income statement

On the basis of the European System of Accounts (ESA 2010, as defined by Regulation (EU) no. 549/2013 of the European Parliament and of the Council) and of the interpretations provided by the ESA itself in the "Manual on Government Deficit and Debt" published by Eurostat (2016 Edition), the ISTAT (National Institute of Statistics) has prepared the list of institutional units belonging to the General Government sector (Sector S13 in the ESA). Within the scope of the national accounts statistics, the rules require the consolidated income statement to be prepared for this sector, which constitutes the reference for the aggregates transmitted to the European Commission in the application of the Protocol on the Excessive Deficit Procedure attached to the Maastricht Treaty.

For the first time Rai is included in the list of public authorities included in the Consolidated income statement published in Official Gazette no. 229 of 30 September 2016, as identified pursuant to Article 1, paragraph 3, of Law no. 196 of 31 December 2009, as amended (Public Finance and Accounting Act).

2017 licence fees

At the meeting held on 15 October 2016, the Council of Ministers approved the Government Budget Bill for the 2017 financial year and for the three-year period from 2017 to 2019. As regards Rai, the unit licence fee set out for 2016, equal to Euro 100, was reduced to Euro 90.

14) Appendix

14.1 Rai's equity investments in subsidiaries and associates

The table below reports the details of the equity investments held by Rai in joint-stock companies, including foreign companies.

Values as at 30 June 2016	Registered Office	Number of Shares / Quotas owned	Par Value (in Euros)	Share Capital (thousands of Euros)	Equity (thousands of Euros)	Profit (loss) (thousands of Euros)	Ownership %	Book value (thousands of Euros)
Subsidiaries								
Rai Cinema SpA	Rome	38,759,690	5.16	200,000	261,469	23,782	100.00%	267,848
Rai Com SpA	Rome	2,000,000	5.16	10,320	109,537	3,445	100.00%	107,156
Rai Corporation in liquidation	New York (USA)	50,000	10.00 (1)	500 (2)	97 (3)	(3,629) (4)	100.00%	97
Rai Pubblicità SpA	Turin	100,000	100.00	10,000	34,746	5,143	100.00%	31,082
Rai Way SpA	Rome	176,721,110	- (5)	70,176	138,927	19,625	64.971% (6)	506,260
								912,443
Associates								
Audiradio Srl in liquidation	Milan	69,660	1.00	258	(34) (7)	162 (7)	27.00%	- (8)
Auditel Srl	Milan	99,000	1.00	300	2,028 (7)	(5) (7)	33.00%	669
Euronews SA	Ecully (FR)	55,271	15.00	8,581	32,069	(7,611)	9.66%	3,098
San Marino RTV SpA	S. Marino (RSM)	500	516.46	516	3,797	(402)	50.00%	1,898
Tavolo Editori Radio Srl	Milan	1	17,380.00	110	- (9)	- (9)	15.80%	17
Tivù Srl	Rome	1	482,500.00	1,002	7,175	2,071	48.16%	3,456
								9,138

(1) Values in USD.

(2) Values in USD/th.

(3) USD 106,947 at the 30.06.2016 exchange rate of Euro/USD 1.11020.

(4) USD -4,029,019 at the 30.06.2016 exchange rate of Euro/USD 1.11020.

(5) Ordinary shares with no par value.

(6) The shareholding held by Rai decreased from 65.07353% to 64.971% following the granting, free of charge, of shares envisaged at the time of the IPO, to the subscribers that have being held the shares for 12 months without any interruption.

(7) As per the financial statements as at 31 December 2015.

(8) The financial deficit, equal to Euro 9 thousand, is covered by a provision for charges in the same amount.

(9) The company is not yet operating: therefore, no financial statements were prepared for the first half of 2016.

14.2 Net financial position

The net financial position, determined in accordance with paragraph 127 of the recommendations reported in the document no. 319 prepared by ESMA (European Securities and Markets Authority) in 2013, which implement Regulation (EC) no. 809/2004, is as follows:

(in thousands of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
A. Cash	407	322
B. Other cash and cash equivalents	311,060	66,789
C. Securities held for trading	-	-
D. Liquidity (A+B+C)	311,467	67,111
Securities	-	2,285
Hedging derivatives	1,593	8,446
Time bank deposits	5,726	3,051
Receivables from subsidiaries	158,909	100,185
Receivables from associates	624	-
Loans to employees	55	54
Other (accruals, deferrals, issue discounts)	9	24
E. Current financial receivables	166,915	114,046
F. Current bank debt	(21,472)	(966)
G. Current portion of non-current debt	(10,000)	(5,000)
Hedging derivatives	(49)	(49)
Payables to subsidiaries	(117,776)	(132,439)
Payables to associates	(13)	(91)
Other	-	(1,126)
H. H. Other current financial debt	(117,837)	(133,704)
I. Current financial debt (F+G+H)	(149,309)	(139,670)
J. Current net financial position (I+E+D)	329,073	41,487
K. Non-current bank debt	(40,000)	(45,000)
L. Bonds issued	(346,503)	(346,066)
M. Other non-current financial debt	-	(2)
N. Non-current financial debt (K+L+M)	(386,503)	(391,068)
O. Net financial position (J+N)	(57,430)	(349,581)

Statement pursuant to art. 154-bis of Legislative Decree 58/98

The undersigned Antonio Campo Dall'Orto as General Manager and Massimo Cappelli as the Officer in charge of Financial Reporting for RAI Radiotelevisione italiana SpA, certify, in accordance with Article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:

- the appropriateness of the financial statements with regard to the nature of the business and
- the effective application

of administrative and accounting procedures in preparing the Interim Separate Financial Statements during the first half of 2016.

The administrative and accounting procedures and the well-established operating practices in place with the Company have supported, on the whole, the administrative and accounting system of internal control in an adequate manner so as to ensure the compliance with the objectives provided for by Law 262/05, also in consideration of the applicable regulatory framework.

It is also certified that:

- the Interim Separate Financial Statements as at 30 June 2016 of RAI Radiotelevisione Italiana SpA:
 - a) were prepared in accordance with International Financial Reporting Standards endorsed by the European Union pursuant to EC regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) correspond to the entries in the books and accounting records;
 - c) provide a true and fair view of the financial position and results of operations of the issuer.
- The Report on Operations includes a reliable analysis of the performance and the operating result, as well as the position of the issuer, together with a description of the main risks and uncertainties it is exposed to.

Rome, 19 October 2016

Antonio Campo Dall'Orto
General Manager

Massimo Cappelli
Officer in charge of Financial Reporting

Independent Auditors' Report



REVIEW REPORT ON SEPARATE INTERIM FINANCIAL STATEMENTS

To the Board of Directors of
RAI – Radiotelevisione italiana SpA

Foreword

We have reviewed the accompanying separate interim financial statements of Rai – Radiotelevisione italiana SpA as of 30 June 2016, comprising the statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and related notes. The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of the separate interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these separate interim financial statements based on our review.

Scope of review

We conducted our work in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of the separate interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the separate interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements of RAI – Radiotelevisione italiana SpA as of 30 June 2016, are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, 7 November 2016

PricewaterhouseCoopers SpA

Signed by

Pier Luigi Vitelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

PricewaterhouseCoopers SpA

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Consolidated Interim Financial Statements as at 30 June 2016

Board of Directors' Report on Operations

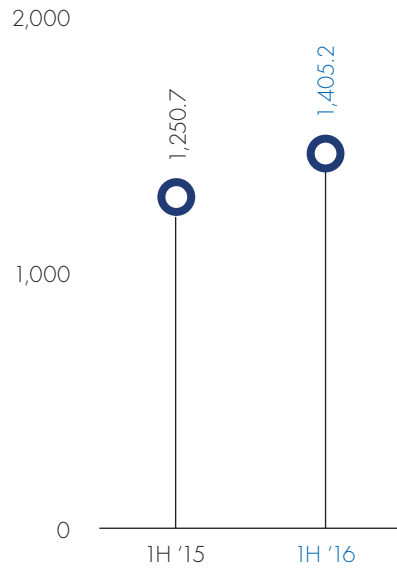
For any information regarding the activities carried out by the Rai Group, Human Resources, Research and Development, Significant events during and after the end of the period, and to the Outlook, reference should be made to the Board of Directors' Report on Operations accompanying the Financial Statements of the Parent Company, which are presented together with these Consolidated Interim Financial Statements.

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Consolidated Financial Statements of the Rai Group	159
Notes to the Consolidated Financial Statements	165
Statement pursuant to art. 154-bis of Legislative Decree 58/98	202
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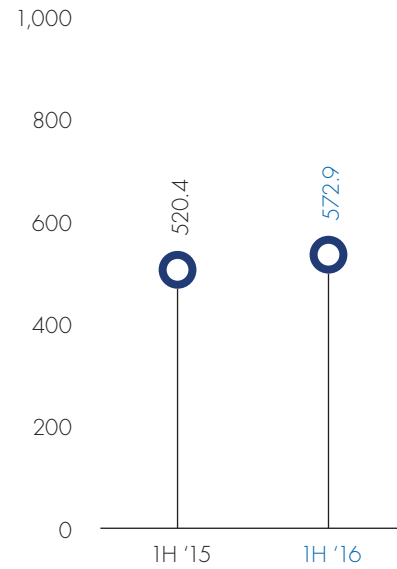
Highlights

(in millions of Euros)

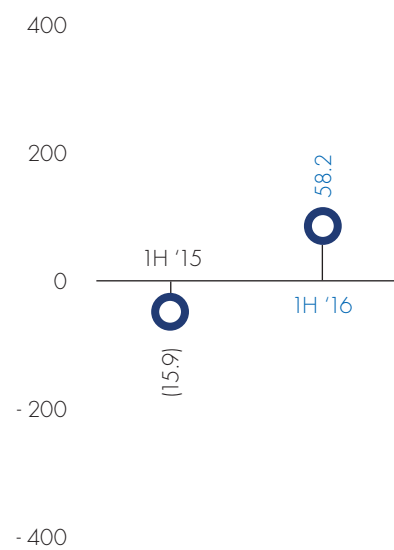
Revenues



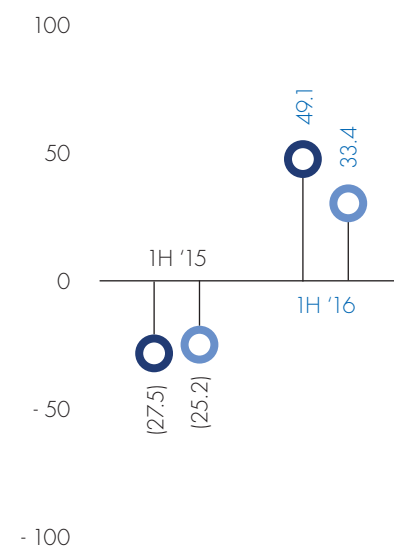
External costs



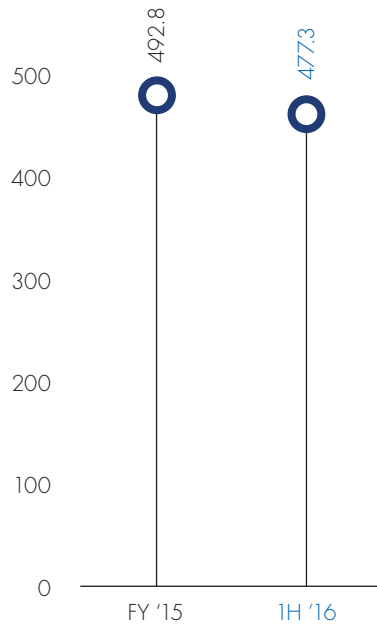
Operating result



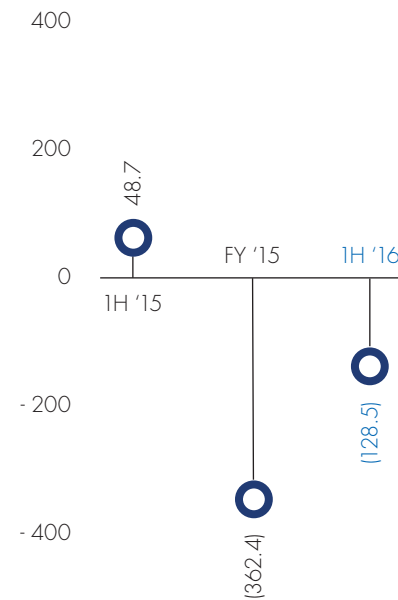
Result before tax Result for the period



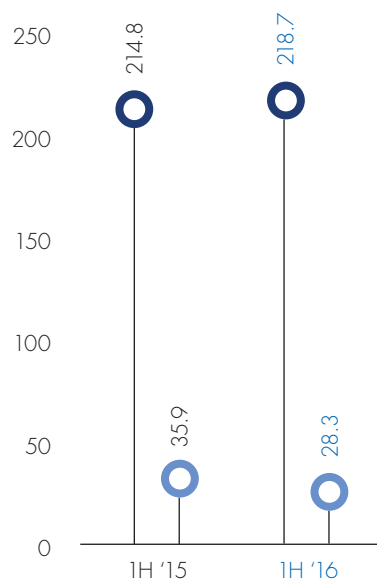
Equity



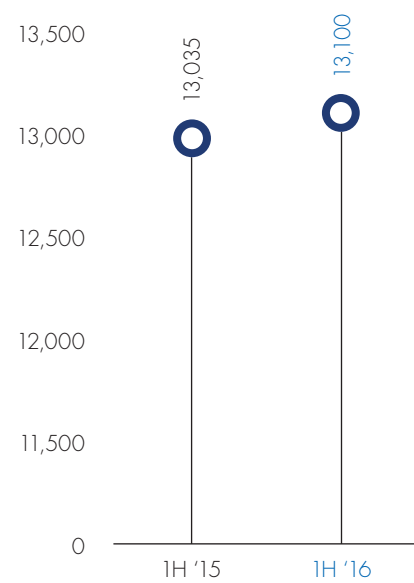
Net financial (debt) liquidity



Investments in programmes and others



Number of employees as at 30 June (units)*



* It includes personnel under fixed-term contracts for 958 units as at 30 June 2015 and 749 units as at 30 June 2016.

Reclassified financial statements

Consolidated Income Statement

(in millions of Euros)	June 2016	June 2015	Change
Revenues	1,405.2	1,250.7	154.5
External costs of goods and services	(515.5)	(520.4)	4.9
Big sports events	(57.4)	0.0	(57.4)
Total external costs	(572.9)	(520.4)	(52.5)
Personnel costs	(531.1)	(500.6)	(30.5)
Amortisation, depreciation and write-downs	(249.8)	(246.1)	(3.7)
Provisions	6.8	0.5	6.3
Operating result	58.2	(15.9)	74.1
Net financial income (expenses)	(9.2)	(12.2)	3.0
Share of profits (losses) of equity-accounted investments	0.1	0.6	(0.5)
Result before tax	49.1	(27.5)	76.6
Income taxes	(15.7)	2.3	(18.0)
Result for the period	33.4	(25.2)	58.6
of which pertaining to Non-controlling interests	6.9	7.0	(0.1)
Other comprehensive income (expense)	(35.2)	36.2	(71.4)
Total comprehensive income (expense) for the period	(1.8)	11.0	(12.8)
of which pertaining to Non-controlling interests	6.5	7.1	(0.6)

Consolidated Balance Sheet

(in millions of Euros)	30.06.2016	31.12.2015	Change
Non-current assets	2,031.5	2,031.9	(0.4)
Current assets – net	(659.0)	(412.4)	(246.6)
Provisions for risks and charges	(173.2)	(195.5)	22.3
Employee benefits	(593.5)	(568.8)	(24.7)
Net invested capital	605.8	855.2	(249.4)
Equity	477.3	492.8	(15.5)
Net financial debt (liquidity)	128.5	362.4	(233.9)
	605.8	855.2	(249.4)

Review of results and financial position as at 30 June 2016

Consolidated results

The Consolidated Financial Statements for the first half of 2016 showed a net profit of Euro 33.4 million, showing a sharp improvement, despite the cost of the Big Sports Events, compared to the final value posted in the same period of 2015 (as restated in the application of IFRSs), which closed with a loss of Euro 25.2 million, as a result of an increased income from licence fees (+14.1%) and advertising (+10.2%) and lower costs of goods and services (-0.9%).

The following section provides an overview of the main items in the Income Statement and the Balance Sheet, together with the reasons for the most significant changes compared to the values posted in the previous period.

Consolidated Income Statement

Revenues

In the aggregate, total revenues amounted to Euro 1,405.2 million, showing an increase of Euro 154.5 million (+12.4%) as detailed below.

The table below provides a breakdown of revenues (net of intercompany items) by each company that achieved them.

Revenues^(*)

(in millions of Euros)	June 2016	June 2015	Change
Licence fees	930.7	816.0	114.7
Advertising	374.7	340.1	34.6
Other revenues	99.8	94.6	5.2
Total	1,405.2	1,250.7	154.5

(*) net of intercompany revenues.

Revenues – By company^(*)

(in millions of Euros)	June 2016	%	June 2015	%
Rai	938.5	66.8	831.7	66.5
Rai Cinema	14.6	1.0	17.2	1.4
Rai Com	57.4	4.1	41.5	3.3
Rai Pubblicità	377.7	26.9	343.0	27.4
Rai Way	17.0	1.2	17.3	1.4
Total	1,405.2	100.0	1,250.7	100.0

(*) net of intercompany revenues.

Licence fees

(in millions of Euros)	June 2016	June 2015	Change
Fees for the period – ordinary subscribers	883.0	769.3	113.7
Fees for the period – special subscribers	40.0	38.9	1.1
Fees recovered through enforcement procedures	8.0	9.0	(1.0)
Reimbursements of fees	(0.3)	(1.2)	0.9
Total	930.7	816.0	114.7

Licence fees

The licence fees for the period, as well as fees relating to previous years, which have been collected through standard enforcement procedures, equal to Euro 930.7 million, showed an increase of Euro 114.7 million (+14.1%), as shown in the table below.

The amount of licence fees for the period relating to private subscriptions was calculated on the basis of the results obtained from the collection, which is still being carried out, based on the new procedure for collecting fees through a charge on the electricity bills. This was made by relying on the most updated information and data made available as at the date of preparation of this half-year report.

This increase was mainly attributable to licence fees for private subscriptions (ordinary subscriptions). The new collection method is contributing to reduce the large avoidance phenomenon to normal levels.

It should be noted that, given the provisions laid down in Law 190/2014 concerning a 5% reduction in the amounts to be paid to Rai and in the 2016 Stability Law that provides for Rai to receive 67% of an increase in revenues, as well as of the government licensing fee and VAT, based on the half-year results, the average unit licence fee that must be actually paid to Rai is equal to Euro 83.68.

Advertising

In an environment supported by well-established macro-economic variables, the **advertising market** reported a positive performance during the first half of 2016, showing a 3.5% increase during the period from January to June 2016 compared to the same period in 2015 (source: Nielsen). This growth was mainly due to TV advertising (+7.8%), which confirmed its leading position with a market share of 61.5%. The other media used by Rai showed an increase in Radio advertising (+0.6%) and a decline in Internet (-1.9%) advertising.

In these conditions, the Rai Group's advertising revenues, as detailed in the table below, amounted to Euro 374.7 million, showing a performance that was far higher than that recorded in the market, with an increase of 10.2% (Euro + 34.6 million compared to the first half of 2015). Accordingly, Rai's TV advertising market share increased by 0.4% compared to the first half of 2015. Furthermore, note the positive performance reported by web advertising that recorded a 20% increase in a decreasing market, despite showing absolute values that were still low and not yet being affected by the launch of "Rai Play".

Advertising

(in millions of Euros)	June 2016	June 2015	Change
TV advertising on general interest channels			
- commercials	249.0	225.0	24.0
- promotions, sponsorships and special events	68.1	60.8	7.3
- product placement	3.2	3.1	0.1
	320.3	288.9	31.4
TV advertising on specialist channels	33.2	32.0	1.2
Radio advertising	15.6	14.4	1.2
Cinema advertising	1.5	1.2	0.3
Web advertising	4.8	4.0	0.8
Other advertising	0.3	0.7	(0.4)
Shares attributable to third parties	(1.0)	(0.8)	(0.2)
Contingent assets	0.0	(0.3)	0.3
Total	374.7	340.1	34.6

Other Revenues

These amounted to Euro 99.8 million, showing an increase of Euro 5.2 million (+5.5%) compared to 30 June 2015, as detailed in the table below.

The increase recorded by the item was mainly due to the Sale of rights and musical publications (Euro +12.3 million), which was attributable to both the development of the business concerning the exploitation of VOD and SVOD rights of film works and the exploitation of filming rights of football club matches and the insourcing of the distribution of Rai channels abroad with a consequent different accounting treatment.

The decreases compared to 2015 were mainly attributable to:

- Special services under agreements (Euro -3.9 million), due to lower reimbursements under the licence fee management agreement, as a result

of a different method used to collect licence fees;

- Film and home video distribution (Euro -4.7 million), due to lower proceeds from film distribution in the first half-year, a period that saw box office results that were particularly positive;
- Sundry services, mainly rendered to public entities (Euro -2.9 million), mostly due to the failure to report proceeds connected with the Expo 2015 agreement.

The breakdown of Other revenues by company, net of inter-group operations, is reported in the table below.

With reference to the revenue trends set forth above, ordinary subscriptions accounted for 63.4% of revenues, up by 1.3% compared to 30 June 2015, as stated in the table at the bottom of the page.

Other revenues^(*)

(in millions of Euros)	June 2016	June 2015	Change
Special services under agreements	22.3	26.2	(3.9)
Sale of rights and musical publications	40.0	27.7	12.3
Film and home video distribution	16.6	21.3	(4.7)
Systems and equipment hosting fees	16.1	16.0	0.1
Sundry services, mainly rendered to public entities	2.8	5.7	(2.9)
Signal broadcasting, circuit hire, radio link and connections	2.8	2.8	0.0
Operating grants	4.4	4.4	0.0
Others	6.3	8.2	(1.9)
Shares of sales attributable to third parties	(15.2)	(20.0)	4.8
Contingent assets	3.7	2.3	1.4
Total	99.8	94.6	5.2

(*) net of intercompany revenues.

Other revenues – By company^(*)

(in millions of Euros)	June 2016	%	June 2015	%
Rai	8.8	8.9	16.6	17.5
Rai Cinema	14.5	14.5	17.2	18.2
Rai Com	57.4	57.5	41.5	43.9
Rai Pubblicità	2.0	2.0	2.1	2.2
Rai Way	17.1	17.1	17.2	18.2
Total	99.8	100.0	94.6	100.0

(*) net of intercompany revenues.

% of revenues

	June 2016	June 2015
Licence fees – private subscriptions	63.4	62.1
Licence fees – special subscriptions	2.8	3.1
Advertising	26.7	27.2
Other revenues	7.1	7.6
Total	100.0	100.0

Operating costs

These costs, which are made up of Total external costs and Personnel costs, totalled Euro 1,104.0 million, showing an increase of Euro 83.0 million (+8.1%) compared to the same period in 2015, including costs of Euro 57.4 million arising from Big Sports Events and Personnel Costs of Euro 30.5 million, substantially as a result of non-recurring factors.

Total external costs

They amounted to Euro 572.9 million and include purchases of goods and services required to implement one-time-use programmes (purchase of consumables, external services, artistic collaborations, etc.), filming rights to sports events,

copyrights, running costs and other operating costs (indirect taxes and duties, contributions to Supervisory Authorities, etc.).

This item, which is broken down in the table below, showed an increase of Euro 52.5 million (+10.1%), which was attributable to the costs accrued in the half-year of the European Football Championship, equal to Euro 57.4 million (Euro 54.4 million of which for the sole acquisition of filming rights recognised under Filming rights); net of this component, there was an overall decrease of Euro 4.9 million in external costs, which confirms the Group's commitment to reducing this expenditure item.

The breakdown of external costs by each company, net of inter-group operations, is reported in the relevant table.

Total external costs of goods and services^(*)

(in millions of Euros)	June 2016	June 2015	Change
Purchases of materials	7.9	9.4	(1.5)
Costs for services:			
Freelance services	72.1	70.1	2.0
Services for acquisition and production of programmes	101.1	99.7	1.4
Daily allowances, travel expenses and additional personnel costs	24.5	22.3	2.2
Maintenance, repairs, transport and similar costs	22.9	22.7	0.2
Documentation and assistance for IT systems services	23.5	22.1	1.4
Other external services (telephone systems, cleaning, supply services, post, insurance etc.)	72.0	81.1	(9.1)
Leases and rentals	47.2	46.7	0.5
Filming rights (Sports rights, Sanremo Festival, serious music and theatrical works programmes)	122.9	80.8	42.1
Rights of use	56.2	53.2	3.0
Recoveries of expenses	(7.1)	(10.1)	3.0
Contingent liabilities	0.4	(2.2)	2.6
	535.7	486.4	49.3
Other costs	29.3	24.6	4.7
Total	572.9	520.4	52.5

(*) net of intercompany revenues.

Total external costs by company^(*)

(in millions of Euros)	June 2016	%	June 2015	%
Rai	492.5	86.0	451.8	86.8
Rai Cinema	12.2	2.1	11.9	2.3
Rai Com	14.9	2.6	7.4	1.4
Rai Pubblicità	21.4	3.7	17.5	3.4
Rai Way	31.9	5.6	31.8	6.1
Total	572.9	100.0	520.4	100.0

(*) net of intercompany revenues.

Personnel costs

These amounted to Euro 531.1 million, showing an increase of Euro 30.5 million (+6.1%), which was substantially attributable to issues of inconsistency between the two periods and to non-recurring components.

Net of these components, there was in fact a rise attributable to a normal increase in personnel costs due to automatic pay rises provided for in labour agreements and remuneration policies, as well as to the economic effects arising from the transformation of fixed-term contracts into permanent contracts in the performance of labour agreements dating back to 2008 - 2009.

The **workforce** as at 30 June 2016 was made up of 12,351 staff members in active employment (personnel employed under permanent contracts,

including apprenticeships) and 749 staff members employed under fixed-term contracts. The increase of 274 people in the staff members in active employment compared to 30 June 2015 was due to the exit of 241 people, and 515 new hires, 328 of which were due to the transformation of fixed-term contracts into permanent contracts and 32 were due to the reinstatement as a result of disputes.

The **average number of employees** in service during the period, including those on fixed-term contracts, was 12,940, with an increase of 88 people compared to the same period in 2015. As noted, the change reflects an increase of 376 employees on permanent contracts and a reduction of 288 employees on fixed-term contracts.

The breakdown of personnel costs by each company is reported in the table at the bottom of the page.

Personnel costs

(in millions of Euros)	June 2016	June 2015	Change
Wages and salaries	385.8	374.8	11.0
Social security contributions	105.5	102.9	2.6
Provision for Staff Severance Pay	22.0	21.6	0.4
Pension and similar costs	7.8	7.4	0.4
Other	11.2	10.3	0.9
	532.3	517.0	15.3
Early retirement incentives	6.7	2.6	4.1
Recoveries of expenses	(0.8)	(0.6)	(0.2)
Capitalised personnel costs	(7.3)	(11.6)	4.3
Contingent liabilities	0.2	(6.8)	7.0
	(1.2)	(16.4)	15.2
Total	531.1	500.6	30.5

Personnel costs – By company

(in millions of Euros)	June 2016	%	June 2015	%
Rai	477.0	89.7	455.3	91.0
Rai Cinema	5.2	1.0	5.0	1.0
Rai Com	4.6	0.9	3.6	0.7
Rai Corporation	3.5	0.7	0.0	0.0
Rai Pubblicità	13.3	2.5	13.2	2.6
Rai Way	27.5	5.2	23.5	4.7
Total	531.1	100.0	500.6	100.0

Amortisation, depreciation and write-downs

This item showed a balance of Euro 249.8 million, up by Euro 3.7 million (+1.5%) compared to 30 June 2015 and related to amortisation, depreciation and write-downs of assets, as shown in the table below.

The increase in amortisation of programmes recognised under intangible assets was attributable to higher investments made during

the half-year and to the amortisation being commenced for investments made during the previous financial year.

During the first half of 2016 investments amounted to Euro 247.0 million, down by Euro 3.7 million (-1.5%) compared to 2015, to be attributed to lower investments in property, plant and equipment, which recorded a slowdown during the period and a consequent postponement to the second half-year, as shown in the table at the bottom of the page.

Amortisation, depreciation and write-downs

(in millions of Euros)	June 2016	June 2015	Change
Depreciation			
Of property, plant and equipment			
Buildings	8.8	8.9	(0.1)
Plant and machinery	41.2	42.4	(1.2)
Industrial and commercial equipment	1.3	1.3	0.0
Other assets	2.8	2.6	0.2
	54.1	55.2	(1.1)
Depreciation of investment property	0.2	0.2	0.0
Amortisation of intangible assets			
Programmes	176.7	167.8	8.9
Software	2.6	2.6	0.0
Digital Terrestrial	0.6	1.7	(1.1)
Other rights	0.1	0.1	0.0
	180.0	172.2	7.8
Write-downs (write-backs)			
Of intangible assets			
Programmes subject to amortisation	11.2	11.3	(0.1)
Programmes under way	1.2	3.1	(1.9)
Other	0.0	0.6	(0.6)
	12.4	15.0	(2.6)
Of other non-current assets	0.7	1.0	(0.3)
Of trade receivables and other current assets	2.4	2.5	(0.1)
Total	249.8	246.1	3.7

Investments

(in millions of Euros)	June 2016	June 2015	Change
TV Drama and Comedy	178.6	171.7	6.9
Films	33.1	33.0	0.1
Other programmes	7.0	10.1	(3.1)
Total investments in programmes	218.7	214.8	3.9
Investments in property, plant and equipment	23.7	33.6	(9.9)
Software	4.6	2.3	2.3
Total technical investments	28.3	35.9	(7.6)
Total investments	247.0	250.7	(3.7)

The breakdown by company concerning investments in programmes and technical programmes is reported in the relevant table.

Provisions

This item, which includes accruals to provisions for risks and charges and related releases that cannot be classified under specific Income Statement items, showed a positive balance of Euro 6.8 million (against Euro 0.5 million in 2015) as a result of releases of Euro 16.9 million and provisions of Euro 10.1 million, mainly in consideration of legal disputes.

Operating result

The trend in operating revenues and costs as described above determined a positive Operating result of Euro 58.2 million, showing a sharp improvement of Euro 74.1 million compared to 30 June 2015 (Euro -15.9 million).

Net financial income (expenses)

This item includes the economic effects arising from the recognition of actuarial interest for Employee benefits, as well as the effects of financial operations, such as interest income/expense from banks and bondholders, in addition to foreign exchange gains and losses.

This item showed a negative result of Euro 9.2 million (Euro 12.2 million as at 30 June 2015), the components of which are detailed in the table below.

Investments in programmes – By company

(in millions of Euros)	June 2016	%	June 2015	%
Rai	97.9	44.8	98.5	45.9
Rai Cinema	120.6	55.1	116.2	54.1
Rai Com	0.2	0.1	0.1	0.0
Total	218.7	100.0	214.8	100.0

Technical investments – By company

(in millions of Euros)	June 2016	%	June 2015	%
Rai	22.8	80.6	28.1	78.3
Rai Pubblicità	0.8	2.8	0.8	2.2
Rai Way	4.7	16.6	7.0	19.5
Total	28.3	100.0	35.9	100.0

Net financial income (expenses)

(in millions of Euros)	June 2016	June 2015	Change
Net interest expense from banks	(1.5)	(5.8)	4.3
Interest expense on bond issues	(3.0)	(0.6)	(2.4)
Interest on employee benefit obligations	(3.8)	(2.6)	(1.2)
Net foreign exchange gains (losses)	0.1	(1.0)	1.1
Income (expenses) on Interest Rate Swap	0.0	(1.3)	1.3
Other	(1.0)	(0.9)	(0.1)
Total	(9.2)	(12.2)	3.0

Specifically, the following changes were recorded compared to 30 June 2015:

- a decrease of Euro 1.9 million in interest expense payable to banks and bondholders as a result of the early repayment of amortising loans with credit institutions in June 2015, which was made possible by the launch of the bond issue during 2015 under more favourable terms and conditions;
- an increase of Euro 1.2 million in costs from the actuarial valuation of Employee benefit obligations (mainly the Staff Severance Pay and the company supplementary Pension Fund in run off);
- a decrease of Euro 1.3 million in the Interest Rate Swap costs, in relation to the early termination of these financial instruments in 2015, as a result from the redemption of the amortising loan which was made possible following the launch of the abovementioned bond issue.

The average cost of borrowing, made up of uncommitted credit lines, stand-by loans, medium/long-term loans and the bond issue, decreased from 1.5% to 2.4% during the first half of 2015, in relation to the lower interest rate on the bond issue compared to the pre-existing amortising loan, thus entailing cost savings of Euro 3.2 million during the half-year.

Share of profits (losses) of equity-accounted investments

This item showed a positive balance of Euro 0.1 million (Euro 0.6 million in 2015), arising from the measurement of associates and joint ventures according to the equity method, as detailed in the table below.

Income taxes

This item, amounting to Euro 15.7 million (against a positive value of Euro 2.3 million in the first half of 2015), was due to the balance between current and deferred tax, as detailed in the table below.

During the first half of 2016, the economic trends determined a taxable income for the period for all the group companies, except for the Parent Company. In consideration of this income, IRES (Corporate Income) and IRAP (Regional Production Activity) tax were allocated for Euro 22.1 million and Euro 4.3 million, respectively.

Deferred tax liabilities had a positive effect of Euro 1.5 million (Euro 1.4 million as at 30 June 2015), as a result of the reversal of temporary income differences recognised in prior years.

Deferred tax assets had a positive effect of Euro 8.9 million (Euro 22.8 million as at 30 June 2015), mainly arising from the recognition against the tax loss for the period recorded by the Parent Company.

Share of profits (losses) of equity-accounted investments

(in millions of Euros)	June 2016	June 2015	Change
Revaluations (Write-downs)			
Euronews	(0.7)	0.0	(0.7)
San Marino	(0.2)	(0.1)	(0.1)
Tivù	1.0	0.7	0.3
Total	0.1	0.6	(0.5)

Income taxes

(in millions of Euros)	June 2016	June 2015	Change
IRES tax	(22.1)	(19.1)	(3.0)
IRAP tax	(4.3)	(3.6)	(0.7)
Deferred tax liabilities	1.5	1.4	0.1
Deferred tax assets	8.9	22.8	(13.9)
Direct taxes from previous years	0.3	0.8	(0.5)
Total	(15.7)	2.3	(18.0)

Consolidated Balance Sheet

Non-current assets

The table below provides a breakdown of non-current assets, which amounted to Euro 2,031.5 million, showing a reduction of Euro 0.4 million compared to 31 December 2015.

Property, plant and equipment, which are broken down in the table below, recorded a decrease of Euro 30.7 million compared to 31 December 2015, due to depreciation and the abovementioned postponement of technical investments to the second half-year.

Investments in programmes, which are broken down in the table below, showed, within the abovementioned enhancement of the range of products, an increase of Euro 29.6 million compared to 31 December 2015, which was mostly attributable to investments in TV Drama and Comedy programmes produced and acquired.

Non-current financial assets, which were made up of participating investments and other financial assets with a maturity beyond twelve months, showed a decrease of Euro 0.6 million compared to 31 December 2015, as shown in the table below, which was attributable to the impairment of investments in equity-accounted associates.

Non-current assets

(in millions of Euros)	30.06.2016	31.12.2015	Change
Property, plant and equipment	1,090.0	1,120.7	(30.7)
Investments in programmes	911.3	881.7	29.6
Non-current financial assets	10.1	10.7	(0.6)
Other	20.1	18.8	1.3
Total	2,031.5	2,031.9	(0.4)

Property, plant and equipment

(in millions of Euros)	30.06.2016	31.12.2015	Change
Land	381.8	381.8	0.0
Buildings	349.0	355.6	(6.6)
Plant and machinery	287.7	304.1	(16.4)
Industrial and commercial equipment	8.2	8.4	(0.2)
Other assets	22.9	22.6	0.3
Assets under construction and payments on account	40.4	48.2	(7.8)
Total	1,090.0	1,120.7	(30.7)

Investments in programmes

(in millions of Euros)	30.06.2016	31.12.2015	Change
Drama and Comedy	541.5	493.2	48.3
Films	253.3	267.2	(13.9)
Cartoons	36.8	39.1	(2.3)
Rights of use of library	74.8	77.1	(2.3)
Other	4.9	5.1	(0.2)
Total	911.3	881.7	29.6

Non-current financial assets

(in millions of Euros)	30.06.2016	31.12.2015	Change
Equity investments in associates			
Auditel Srl	0.7	0.7	0.0
Euronews Sa	3.2	3.9	(0.7)
Tivù Srl	3.4	3.1	0.3
San Marino RTV SpA	1.9	2.1	(0.2)
	9.2	9.8	(0.6)
Other equity investments	0.7	0.7	0.0
Other	0.2	0.2	0.0
Total	10.1	10.7	(0.6)

Other non-current assets, which are broken down in the table below, showed an increase of Euro 1.3 million compared to 31 December 2015, relating to software.

Net current assets

The most significant changes compared to 31 December 2015 concerned the following items:

- **Other receivables**, up by Euro 17.3 million, mainly due to advances paid for the acquisition of sports rights.
- **Other payables**, up by Euro 277.6 million, as a result of the recognition of deferred income from licence fees, arising from the difference between the amounts paid by the Ministry of Economy and Finance during the half-year compared to the accrued value, which is expected to be repaid during the second half-year.

- **Net deferred tax liabilities**, up by Euro 25.4 million as a result of a reduction in receivables for deferred tax assets arising from the use of past tax losses.

Provisions for risks and charges

Provisions for risks and charges, equal to Euro 173.2 million, showed a decrease of Euro 22.3 million compared to 31 December 2015.

This reduction was mainly due to the abovementioned issue of Ministerial Decree of 4 August 2016, which sets out the methods to calculate the grant for the rights of use of digital terrestrial frequencies. The relevant cost accrued in the 2014 and 2015 financial years was allocated to a specific provision, amounting to Euro 35.8 million as at 31 December 2015, which was therefore reduced down to Euro 4.9 million.

The table below shows the breakdown of provisions and related changes compared to 31 December 2015.

Other non-current assets

(in millions of Euros)	30.06.2016	31.12.2015	Change
Software	14.8	12.9	1.9
Commercial rights with football clubs	4.8	4.8	0.0
Digital terrestrial frequencies	0.5	1.1	(0.6)
Total	20.1	18.8	1.3

Net current assets

(in millions of Euros)	30.06.2016	31.12.2015	Change
Inventories	2.7	2.7	0.0
Trade receivables	429.9	438.7	(8.8)
Other receivables	274.5	257.2	17.3
Trade payables	(618.5)	(666.4)	47.9
Other payables	(710.1)	(432.5)	(277.6)
Deferred tax assets (liabilities)	(37.5)	(12.1)	(25.4)
Total	(659.0)	(412.4)	(246.6)

Provisions for risks and charges

(in millions of Euros)	30.06.2016	31.12.2015	Change
Legal disputes	(86.4)	(77.6)	(8.8)
2014-2016 concession fee – Contribution for the usage of frequencies	(4.9)	(35.8)	30.9
Reclamation and renovation of properties	(14.6)	(15.1)	0.5
Costs of accrued commissions	(12.9)	(12.3)	(0.6)
Decommissioning and restoration	(12.4)	(12.1)	(0.3)
Litigation with social security institutions	(9.0)	(10.0)	1.0
Tax litigation	(2.6)	(2.6)	0.0
ISC/ICM Agents	(1.9)	(2.5)	0.6
Other	(28.5)	(27.5)	(1.0)
Total	(173.2)	(195.5)	(22.3)

Employee benefits

Employee benefits, which mainly include the Staff Severance Pay, the Company Pension Fund in run off and the Provision for compensation in lieu of notice for journalists, amounted to Euro 593.5 million and showed an increase of Euro 24.7 million compared to 31 December 2015.

The increase in the item was mainly due to actuarial valuation elements connected with financial and demographic assumptions as detailed in note 10.2 "Employee benefits" of the Explanatory Notes to the Consolidated Financial Statements.

The table below shows the breakdown of accruals and related changes compared to 31 December 2015.

Net financial position

The first half of 2016 closed with a net financial position, determined according to the ESMA schedule, which was negative for Euro 128.5 million.

The negative financial balance as at 30 June 2016, equal to Euro 128.5 million, compared to the same period in the previous year (positive for Euro 48.7 million), showed a deterioration of Euro 177.2 million.

Given that the licence fee flows paid by the Government during the first half of 2016 remained unchanged compared to the same period in 2015, the negative change in the financial balance was attributable to the higher debt outstanding at the beginning of the year (Euro 54.1 million), as well as to higher outlays

Employee benefits

(in millions of Euros)	30.06.2016	31.12.2015	Change
Staff Severance Pay	(299.8)	(289.7)	(10.1)
Supplementary company pension fund	(153.4)	(147.5)	(5.9)
Compensation in lieu of notice – journalists	(122.2)	(113.7)	(8.5)
FASDIR welfare fund for retired executives	(15.0)	(15.0)	0.0
Other	(3.1)	(2.9)	(0.2)
Total	(593.5)	(568.8)	(24.7)

Net financial position

(in millions of Euros)	30.06.2016	30.06.2015	Change June 2016 June 2015	31.12.2015
Liquidity	387.5	559.5	(172.0)	146.1
Current financial receivables:				
- current financial assets on derivatives	1.6	9.5	(7.9)	8.4
- non-current securities – current portion	0.0	2.3	(2.3)	2.3
- time deposits	5.7	1.3	4.4	3.1
- other	0.8	0.8	0.0	0.2
	8.1	13.9	(5.8)	14.0
Current financial debt:				
- to banks	(61.4)	(21.5)	(39.9)	(35.9)
- to other lenders	(0.1)	(1.4)	1.3	(4.4)
- current financial liabilities on derivatives	0.0	(0.2)	0.2	0.0
- to associates	0.0	0.0	0.0	(0.1)
- other	(0.4)	(0.4)	0.0	(0.4)
	(61.9)	(23.5)	(38.4)	(40.8)
Non-current financial debt:				
- to banks	(115.2)	(155.1)	39.9	(135.2)
- bond issue	(346.5)	(345.7)	(0.8)	(346.1)
- to other lenders	(0.4)	(0.4)	0.0	(0.4)
- non-current financial liabilities on derivatives	(0.1)	0.0	(0.1)	0.0
	(462.2)	(501.2)	39.0	(481.7)
Net liquidity (financial debt)	(128.5)	48.7	(177.2)	(362.4)

for the rights relating to Big Sports Events (European Football Championship and Summer Olympics, Euro 78 million) and to investments aimed at strengthening the TV product, which were only partially offset by higher advertising flows.

In consideration of the trends in financial flows expected in the second half-year, the year-end net financial position, assuming a full payment of licence fees, is expected to be in line with that of the previous year, coming to about Euro 400 million, despite the significant amount of outlays for Big Sports Events.

The Group monitors the financial risks to which it is exposed using dedicated IT and statistical tools. The Group's financial management policy is in line with best practices and is aimed at achieving capital preservation through a risk-averse approach, combined with active monitoring of exposure and the implementation of appropriate hedging strategies; this policy is managed by the Parent Company centrally, also on behalf of the subsidiaries, except for Rai Way which has its own financial resources, despite substantially similar guidelines.

The information on financial risks is reported in the specific section of the notes to the consolidated Financial Statements, to which reference should be made.

Consolidated Financial Statements of the Rai Group

Consolidated Financial Statements of the Rai Group

Consolidated statement of financial position

(in millions of Euros)	Note	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Property, plant and equipment	7.1	1,085.0	1,115.5
Investment property	7.2	5.0	5.2
Intangible assets	7.3	931.4	900.5
Equity investments	7.4	9.9	10.5
Non-current financial assets	7.5	0.2	0.2
Other non-current assets	7.7	20.0	20.2
Total non-current assets		2,051.5	2,052.1
Inventories	8.1	2.7	2.7
Trade receivables	8.2	427.7	436.7
Current financial assets	8.3	8.1	14.0
Tax receivables	8.4	88.9	108.2
Other current receivables and assets	8.5	167.8	130.8
Cash and cash equivalents	8.6	387.5	146.1
Total current assets		1,082.7	838.5
Total assets		3,134.2	2,890.6
Share capital		242.5	242.5
Reserves		206.3	500.6
Profits (losses) carried forward		(20.1)	(306.6)
Total Group equity		428.7	436.5
Non-controlling interests' capital and reserves		42.1	42.7
Profits (losses) carried forward attributable to non-controlling interests		6.5	13.6
Total equity attributable to non-controlling interests		48.6	56.3
Total equity	9	477.3	492.8
Non-current financial liabilities	10.1	462.2	481.7
Employee benefits	10.2	593.5	568.8
Non-current provisions for risks and charges	10.3	172.8	194.9
Deferred tax liabilities	10.4	37.5	12.1
Other non-current payables and liabilities	10.5	5.0	6.3
Total non-current liabilities		1,271.0	1,263.8
Trade payables	11.1	618.5	666.4
Current provisions for risk and charges		0.4	0.6
Current financial liabilities	11.2	61.9	40.8
Tax payables	11.3	51.0	78.5
Other current payables and liabilities	11.1	654.1	347.7
Total current liabilities		1,385.9	1,134.0
Total liabilities		2,656.9	2,397.8
Total equity and liabilities		3,134.2	2,890.6

Consolidated income statement

(in millions of Euros)	Note	Half-year ended	
		30 June 2016	30 June 2015
Revenues from sales and services	12.1	1,396.4	1,241.0
Other earnings and proceeds	12.2	8.8	9.7
Total revenues		1,405.2	1,250.7
Costs for purchases of consumables	12.3	(7.9)	(9.4)
Costs for services	12.3	(535.7)	(486.4)
Other costs	12.3	(29.3)	(24.6)
Personnel costs	12.4	(531.1)	(500.6)
Amortisation, depreciation and write-downs	12.5	(249.8)	(246.1)
Provisions	12.6	6.8	0.5
Total costs		(1,347.0)	(1,266.6)
Operating result		58.2	(15.9)
Financial income	12.7	1.5	2.4
Financial expenses	12.7	(10.7)	(14.6)
Share of profits (losses) of equity-accounted investments	12.8	0.1	0.6
Result before tax		49.1	(27.5)
Income taxes	12.9	(15.7)	2.3
Net result from operating activities		33.4	(25.2)
Result for the period – Profit (loss)		33.4	(25.2)
of which pertaining to:			
- the Group		26.5	(32.2)
- Non-controlling interests		6.9	7.0

Consolidated Financial Statements of the Rai Group

Consolidated statement of comprehensive income

(in millions of Euros)

	Half-year ended	
	30 June 2016	30 June 2015
Result for the period	33.4	(25.2)
Items that can be reclassified through profit or loss:		
Profit/(loss) on cash flow hedge instruments	(6.2)	3.7
Translation of financial statements with a functional currency other than the Euro	(0.1)	0.3
Tax effect	2.0	(0.8)
Total	(4.3)	3.2
Items that cannot be reclassified through profit or loss:		
Remeasurement of defined-benefit plans	(31.2)	33.1
Tax effect	0.3	(0.1)
Total	(30.9)	33.0
Total comprehensive income (expense) for the period	(1.8)	11.0
of which pertaining to:		
- the Group	(8.3)	3.9
- Non-controlling interests	6.5	7.1

Consolidated cash flow statement

(in millions of Euros)	Note	Half-year ended	
		30 June 2016	30 June 2015
Profit (loss) before tax		49.1	(27.5)
Adjustments for:			
Amortisation, depreciation and write-downs	12.5	249.8	246.1
Accruals to and (releases of) of provisions related to personnel and other provisions	12.6	26.5	26.5
Net financial expenses (income)	12.7	9.2	12.2
Share of profits (losses) of equity-accounted investments	12.8	0.1	(0.6)
Other non-cash items		0.2	(0.4)
Cash flows from operating activities before changes in net working capital		334.9	256.3
Change in inventories	8.1	-	(0.1)
Change in trade receivables	8.2	6.5	11.4
Change in trade payables	11.1	(47.9)	(0.8)
Change in other assets/liabilities		260.0	403.7
Use of provisions for risks	10.3	(9.9)	(20.2)
Payment of employee benefits and to external funds	10.2	(33.6)	(34.0)
Income taxes paid		(2.4)	(3.5)
Net cash flow from operating activities		507.6	612.8
Investments in property, plant and equipment and investment property	7.1 - 7.2	(23.7)	(33.6)
Disposals of property, plant and equipment and investment property	7.1 - 7.2	-	0.5
Investments in intangible assets	7.3	(223.3)	(217.1)
Disposals of intangible assets	7.3	-	0.1
Dividends collected		0.2	0.2
Interest collected		0.1	0.2
Change in financial assets	7.5 - 8.3	(0.3)	(1.0)
Net cash flow from investing activities		(247.0)	(250.7)
Long-term loans	10.1	-	390.0
Long-term loan repayments	10.1	(15.0)	(295.1)
(Decrease)/increase in short-term loans and other loans	11.2	16.1	(5.6)
Interest paid		(6.6)	(8.5)
Dividends distributed		(13.7)	(11.7)
Cash flow from financing activities		(19.2)	69.1
Change in cash and cash equivalents		241.4	431.2
Cash and cash equivalents at the beginning of the period	8.6	146.1	128.3
Cash and cash equivalents at the end of the period	8.6	387.5	559.5

Consolidated Financial Statements of the Rai Group

Consolidated statement of changes in equity

(in millions of Euros)	Share Capital	Legal reserve	Other reserves	Profits (losses) carried forward	Group equity	Non-controlling interests	Total equity
Balances as at 1 January 2015	242.5	9.2	416.6	(222.8)	445.5	54.3	499.8
Allocation of the result	-	2.4	70.8	(73.2)	-	-	-
Distribution of dividends	-	-	-	-	-	(11.7)	(11.7)
Transactions with shareholders	-	-	-	-	-	(11.7)	(11.7)
Result for the half-year	-	-	-	(32.2)	(32.2)	7.0	(25.2)
Other comprehensive income (expense)	-	-	3.2	32.9	36.1	0.1	36.2
Total comprehensive income (expense) for the half-year	-	-	3.2	0.7	3.9	7.1	11.0
Balances as at 30 June 2015	242.5	11.6	490.6	(295.3)	449.4	49.7	499.1
Balances as at 1 January 2016	242.5	11.6	489.0	(306.6)	436.5	56.3	492.8
Allocation of the result	-	-	(290.6)	290.6	-	-	-
Distribution of dividends	-	-	-	-	-	(13.7)	(13.7)
Other changes [1]	-	-	0.6	(0.1)	0.5	(0.5)	-
Transactions with shareholders	-	-	0.6	(0.1)	0.5	(14.2)	(13.7)
Result for the half-year	-	-	-	26.5	26.5	6.9	33.4
Other comprehensive income (expense)	-	-	(4.3)	(30.5)	(34.8)	(0.4)	(35.2)
Total comprehensive income (expense) for the half-year	-	-	(4.3)	(4.0)	(8.3)	6.5	(1.8)
Balances as at 30 June 2016	242.5	11.6	194.7	(20.1)	428.7	48.6	477.3

[1] Effect determined by the difference between the value of the option included in the IPO of Rai Way (Bonus Share) as estimated when the right arises and the actual value at maturity.

Notes to the Consolidated Interim Financial Statements as at 30 June 2016

1) General information

Rai Radiotelevisione Italiana S.p.A. (hereinafter referred to as "Rai", the "Company" or the "Parent Company") is a joint-stock company incorporated under the laws of, and domiciled in, Italy, with registered office in Rome, at Viale Mazzini no. 14 and organised according to the legal system of the Italian Republic.

The Consolidated Interim Financial Statements as at 30 June 2016 (hereinafter referred to as the "Consolidated Financial Statements"), as described below, are the first interim accounts to be prepared under IFRS after the first-time adoption of the International Financial Reporting Standards ("IFRSs") for the preparation of the Consolidated Financial Statements.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are active in Italy in the role as a general Public Radio and Television Service operator. The Parent Company is required by special national and Community regulations to fulfil specific obligations regarding the quality and quantity of its broadcasting schedule, which are further detailed in the Service Contract entered into with the Ministry of Economic Development (hereinafter also referred to as the "Contract").

The current Service Contract is that referred to the three-year period from 2010 to 2012, which is still in force by virtue of the provisions of Section 36 thereof.

The Contract provides for certain service levels and restrictions that Rai is required to meet in the performance of its publishing activities, which are increasing over time. It also establishes a clear connection between Rai, individuals and the community, meeting needs that are relevant to the growth of the individual and the creation of public awareness. Editorial issues that are worthy of mention are the focus on education and employment, information and insights, social and cultural issues, children and teenagers, the role of women, sports and entertainment, minority languages and the promotion of the image of Italy abroad, to the benefit of both foreigners and the many communities of Italians living there.

Under Law 89/2014 Rai must ensure public information at a national and regional level, through the presence of newsrooms and facilities suitable for specific productions in each region and autonomous province. The new paragraph 3-bis of Article 17 of Law 112/2004 also provides for the offices located in Bolzano, Trento, the Aosta Valley and Friuli-Venezia Giulia to retain their autonomy in financial and accounting terms, to serve as decentralised production centres for the promotion of local culture and language, and for any other regional and provincial office to retain such autonomy until the definition of a new local structure on the part of Rai.

In accordance with Law 220 of 28 December 2015 governing the "Reform of Rai and of the Public Radio and Television Service", the National Service Contract between the Ministry of Economic Development and Rai is to be renewed for a term of five years rather than the previous three years, within the scope of the concession that assigns Rai the role of operator of the Public radio, television and multi-media Service.

On 19 April 2016, the new Code of Public Contracts (Legislative Decree 50 of 18 April 2016) entered into force. This Decree, under Article 216, paragraph 24, provides that "in order to achieve the highest possible participation in the public consultation referred to in Article 5, paragraph 5, of Law 220 of 18 December 2015 (Rai Reform Act), and pending the updating of the regulations governing the assignment of the Public radio, television and multimedia Service", the term of the concession must be extended from 6 May 2016 to 31 October 2016, thus providing reasons for a reasonable expectation of renewal, while also taking account of the information reported in note 14 "Significant events after the reporting date".

On 10 March 2016 the Ordinary Shareholders' Meeting of Rai approved the reasoned proposal put forward by the Board of Statutory Auditors as regards the appointment of PricewaterhouseCoopers SpA as independent auditors for the statutory audit of accounts for the financial years from 2015 to 2023, in consideration of the acquisition by Rai of the status of Public Interest Entity during 2015.

The Consolidated Financial Statements have been subject to a review by PricewaterhouseCoopers SpA.

2) Basis of preparation, accounting principles and use of estimates

The Consolidated Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting.

As to the accounting standards used to prepare the Consolidated Financial Statements, reference should be made to the information reported in the specific paragraphs of the Notes to the Consolidated Financial Statements in the Reports and Financial Statements as at 31 December 2015, while specifying that:

- all the accounting standards previously endorsed by the European Union became applicable from the date of closure of the half-year; and that
- amendments to IFRS 10, IFRS 12 and IAS 28 were endorsed by Regulation no. 2016/1703, which was issued by the European Commission on 22 September 2016.

The application of the abovementioned accounting standards, which was mandatory for the financial years commencing from 1 January 2016, did not entail significant changes in the basis of preparation and the accounting policies adopted by the Company.

As to the Accounting Standards not yet endorsed by the European Union, reference should be made to the information already reported in the specific paragraph of the Notes to the Consolidated Financial Statements in the Reports and Financial Statements as at 31 December 2015. In order to supplement the information reported in the abovementioned Explanatory Notes, it should be noted that on 12 April 2016 the IASB issued the "Clarifications to IFRS 15 Revenue from Contracts with Customers", which clarify some aspects relating to the application of the new standard. Amendments to IFRS 15 will be applicable from the financial years commencing on or after 1 January 2018. At present the Group is analysing the abovementioned clarifications and establishing whether they will have a significant impact on the Consolidated Financial Statements.

3) Consolidation principles

The Consolidated Financial Statements were prepared by using the Company's and subsidiaries' interim financial statements as at 30 June 2016, as prepared according to IFRS. The financial year of all the Group companies ends on 31 December.

As to the consolidation principles used to prepare the Consolidated Financial Statements, reference should be made to the information reported in the specific paragraphs of the Notes to the Consolidated Financial Statements in the Reports and Financial Statements as at 31 December 2015.

The companies included in the scope of consolidation as at 30 June 2016 are detailed in Note 16.1 "Appendix", which forms an integral part of the Consolidated Financial Statements.

4) Financial risk management

The financial risks to which the Group is exposed are managed according to the approach and procedures set out in a specific policy that is issued by the Parent Company and is also applied to subsidiaries, except for Rai Way S.p.A. (hereinafter "Rai Way"), which, following the listing, has adopted its own policy, which is similar to that applied by Rai. These documents describe procedures, limits and tools for the monitoring and mitigation of financial risks, with a view to preserving the Group's value and therefore of the entities that belong to the same.

The main risks identified by the Group are:

- market risk arising from the exposure to fluctuations in interest and exchange rates associated with the financial assets and liabilities that are held/generated and assumed, respectively;
- credit risk arising from the possibility that one or more counterparties may be insolvent;
- liquidity risk arising from the Group's inability to obtain the financial resources required to meet short-term financial commitments.

4.1 Market risk

The market risk is the possibility that any changes in interest and exchange rates could adversely affect the value of assets, liabilities or of estimated cash flows.

Interest rate risk

The interest rate risk is generated by the possible increase in net financial costs due to unfavourable changes in market rates on the floating rate financial positions. In order to limit this risk, the Group's policy

requires that medium/long-term variable rate loans should be converted into fixed rate loans for at least 50% through the use of derivative products, such as Interest Rate Swaps.

As at 30 June 2016 and 31 December 2015, the medium/long-term debt of Rai was entirely at fixed rate; therefore, the effects of the changes in interest rates only affect the short-term positions, with variable maturity and sign during the year. During the first half-year, Rai Way hedged, through IRSs, 50% of its amortising loans of Euro 120 million, which is therefore exposed to the interest rate risk for the residual portion only.

Sensitivity analysis

The sensitivity analysis, which has been conducted on unhedged financial positions as at 30 June 2016 and 31 December 2015, assuming a parallel shift of +50 bps and -10 bps in the interest rate curve (the asymmetry of the test is due to the minimum level already reached by interest rates) shows that an increase in the curve determined higher net revenues, thanks to higher interest income on cash and cash equivalents outstanding as at 30 June 2016.

Exchange risk

The exchange risk to which the Group is exposed mainly concerns the exposure to US Dollars resulting from the acquisition of sports rights on the part of Rai and cinema and TV rights on the part of Rai Cinema SpA (hereinafter "Rai Cinema"). During the first half of 2016 such commitments generated payments of approximately USD 107 million (USD 103 million in the first half of 2015). Additional currencies of exposure, with split payments and in a modest aggregate amount, are the Swiss Franc and the British Pound.

For more details on these strategies, reference should be made to note 11.2 "Current financial liabilities".

Sensitivity analysis

In light of the foregoing, the exposure to the exchange risk is significant only for the EUR/USD exchange rate. A sensitivity analysis that was conducted as at 30 June 2016 on unhedged credit and debt positions, on derivatives used to hedge commitments against already executed contracts and on funds available in foreign currencies, confirmed the trends already noted as at 31 December 2015: a depreciation of the Euro would determine negative economic effects on the amount of unhedged positions (about Euro 1.0 million in the case of a depreciation of 10%), on one hand, and, on the other, an increase in the Cash Flow Hedge Reserve as a consequence of the higher value of the hedges (about Euro 4.0 million). On the contrary, an appreciation of the Euro would entail lower economic costs and a decrease in the Cash Flow Hedge Reserve as a result of the lower value of the hedges, in the same amount as that reported in the previous case.

4.2 Credit risk

The theoretical exposure to the credit risk for the Group mainly refers to the book value of financial assets and trade receivables recognised in the accounts.

As regards the counterparty risk, formal procedures are adopted for the assessment of business partners and for establishing appropriate credit limits, in order to manage trade receivables.

The credit risk on uses of liquidity is limited since the corporate policy provides, during periods of cash surpluses, for the use of low risk financial instruments with highly rated counterparties. Only time or demand deposits held with bank counterparties with an Investment Grade rating were used during the first half of 2016 and the 2015 financial year.

4.3 Liquidity risk

By virtue of a cash pooling agreement, excluding Rai Way only, Rai manages the Group's financial resources through a cash-pooling system that provides for the daily transfer of the affiliates' bank balances to the current accounts of the Parent Company, which grants the intercompany credit facilities required to conduct the business of the companies. As from the date of its listing, Rai Way is provided with its own treasury and financial resources, made up of an amortising loan of Euro 105 million and a stand-by facility of Euro 50 million (unused as at 30 June 2016), both of which will expire in 2019.

The net financial position was characterised by significant volatility during the year, as a consequence of the payment by the Ministry of Economy and Finance of the users' license fees in four quarterly instalments. For the purpose of creating considerable cash margins, Rai has revolving bank facilities in place for an aggregate of Euro 170 million and expiring at the end of the financial year and uncommitted lines of approximately Euro 400 million, in addition to a factoring facility with recourse, out of the advertising receivables held by Rai Pubblicità for about Euro 50 million. It should be noted that a beauty contest procedure is being carried out with the banking system for the renewal and extension of the revolving facilities in terms of amounts and duration.

The cash position is monitored on an ongoing basis through a financial forecasting model that makes it possible to identify, well in advance, any possible financial problem so that the appropriate measures can be taken.

5) Capital risk management

The Group's capital management objectives are focused on the protection of the ability to continue to ensure an optimal financial soundness. The objective of the Group is to maintain an adequate level of capitalisation that would allow the achievement of an economic return and the access to external funding sources. The Group monitors the changes in the debt/equity ratio on an ongoing basis. Specifically, the ratio of net worth to total liabilities including equity is shown in the table below:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Equity	477.3	492.8
Total liabilities and equity	3,134.2	2,890.6
<i>Ratio</i>	15.2%	17.0%

In order to achieve the aforementioned objectives, the Group pursues the continuous improvement of its operational and financial efficiency. The Group's net financial position for the periods being analysed is reported in Note 16.2 "Appendix".

6) Fair value measurement

Financial instruments at fair value accounted for in the Consolidated Financial Statements are comprised of hedging financial derivatives, measured through a financial model that uses the most common and accepted market formulas (net present value for currency forwards and application of the Black&Scholes model for options), in addition to the following inputs provided by Reuters: ECB spot exchange rates, EU-RIBOR and IRS rate curves, volatility and credit spreads of the various banks and of the bonds issued by the Italian Government for Rai. The fair value of derivative instruments represents the net position between asset values and liability values. For more information on derivative assets and liabilities reference should be made to notes 8.3 "Current financial assets" and 11.2 "Current financial liabilities".

All the instruments outstanding as at 30 June 2016 and 31 December 2015 were measured according to the Level 2 method: use of inputs observable in the market (such as, for derivatives, the exchange rates quoted by the Bank of Italy, market rate curves, volatility provided by Reuters, credit spreads calculated based on credit default swaps, etc.) other than quoted prices included within Level 1.

Notes to the Consolidated Interim Financial Statements

7) Non-current assets

7.1 Property, plant and equipment

Property, plant and equipment, equal to Euro 1,085.0 million (Euro 1,115.5 million as at 31 December 2015), are broken down as follows:

(in millions of Euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Cost	957.0	2,056.9	92.2	119.1	48.2	3,273.4
Write-downs	-	(1.3)	-	-	-	(1.3)
Accumulated depreciation	(224.8)	(1,751.5)	(83.8)	(96.5)	-	(2,156.6)
Balance as at 31 December 2015	732.2	304.1	8.4	22.6	48.2	1,115.5
Increases and capitalisation	0.8	7.8	0.8	1.1	13.2	23.7
Disposals	(0.1)	-	-	-	-	(0.1)
Reclassifications	1.7	17.0	0.3	2.0	(21.0)	-
Depreciation	(8.8)	(41.2)	(1.3)	(2.8)	-	(54.1)
Balance as at 30 June 2016	725.8	287.7	8.2	22.9	40.4	1,085.0
<i>Broken down as follows:</i>						
Cost	959.3	2,075.4	93.0	121.8	40.4	3,289.9
Write-downs	-	(1.0)	-	-	-	(1.0)
Accumulated depreciation	(233.5)	(1,786.7)	(84.8)	(98.9)	-	(2,203.9)

Investments for the period, equal to Euro 23.7 million (Euro 93.2 million in 2015), fell within the scope of the projects for the technological upgrading and development implemented by the Group.

Write-downs related to plant and equipment and are aimed at adjusting the value of the asset as a result of technology obsolescence.

The amount of the existing contractual commitments for the acquisition of property, plant and equipment is stated in note 13.2 "Commitments".

7.2 Investment property

Investment property amounted to Euro 5.0 million (Euro 5.2 million as at 31 December 2015) and concerned some properties, which are owned by Rai Pubblicità and are leased to third parties, for which a periodical rental is received for a total amount of Euro 0.9 million during the first half of 2016 and Euro 0.9 million during the first half of 2015 and are broken down as follows:

(in millions of Euros)	Buildings
Cost	12.9
Accumulated depreciation	(7.7)
Balance as at 31 December 2015	5.2
Depreciation	(0.2)
Balance as at 30 June 2016	5.0
<i>broken down as follows:</i>	
Cost	12.9
Accumulated depreciation	(7.9)

No investments and disposals were made during the first half of 2016; therefore, the change for the period relates to depreciation rates only.

7.3 Intangible assets

Intangible assets, equal to Euro 931.4 million (Euro 900.5 million as at 31 December 2015) are broken down as follows:

(in millions of Euros)	Programmes	Software	Digital Terrestrial	Trademarks	Other rights	Assets under development and payments on account	Total
Cost	1,459.0	12.7	40.5	0.1	1.0	298.9	1,812.2
Write-downs	(33.6)	-	-	-	-	(23.0)	(56.6)
Amortisation	(809.0)	(5.7)	(39.4)	(0.1)	(0.9)	-	(855.1)
Balance as at 31 December 2015	616.4	7.0	1.1	-	0.1	275.9	900.5
Increases and capitalisation	155.3	1.5	-	-	-	66.5	223.3
Disposals	-	-	-	-	-	-	-
Reclassifications	101.1	3.8	-	-	-	(104.9)	-
Write-downs	(11.2)	-	-	-	-	(1.2)	(12.4)
Amortisation	(176.7)	(2.6)	(0.6)	-	(0.1)	-	(180.0)
Balance as at 30 June 2016	684.9	9.7	0.5	-	-	236.3	931.4
<i>broken down as follows:</i>							
Cost	1,715.4	18.1	40.5	0.1	1.0	259.3	2,034.4
Write-downs	(33.9)	-	-	-	-	(23.0)	(56.9)
Amortisation	(996.6)	(8.4)	(40.0)	(0.1)	(1.0)	-	(1,046.1)

Investments, equal to Euro 223.3 million (Euro 483.7 million as at 31 December 2015) mainly related to television drama and comedy programmes for Euro 178.6 million and films for Euro 33.1 million.

The amount of assets under development and payments on account related to programmes for Euro 226.4 million, software for Euro 5.1 million and other rights for Euro 4.8 million.

Write-downs recognised during the period amounted to Euro 12.4 million and were made in order to adjust the assets at their recoverable value.

The amount of the existing contractual commitments for the acquisition of intangible assets is stated in note 13.2 "Commitments".

7.4 Equity investments

Equity-accounted investments and other investments, equal to Euro 9.2 million (Euro 9.8 million as at 31 December 2015) and Euro 0.7 million (Euro 0.7 million as at 31 December 2015), respectively, are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Joint ventures	5.3	5.2
Associates	3.9	4.6
Total equity-accounted investments	9.2	9.8
Other equity investments	0.7	0.7
Total equity investments	9.9	10.5

Notes to the Consolidated Interim Financial Statements

Below is the breakdown of equity-accounted investments:

(in millions of Euros)	Financial year ended 31 December 2015	New entries	Adjustment from equity valuation	Decrease for dividends	Half-year ended 30 June 2016
Joint ventures:					
San Marino RTV SpA	2.1	-	(0.2)	-	1.9
Tivù Srl	3.1	-	1.0	(0.7)	3.4
Associates:					
Audiradio Srl in liquidation	-	-	-	-	-
Auditel Srl	0.7	-	-	-	0.7
Euronews Sa	3.9	-	(0.7)	-	3.2
Tavolo Editori Radio Srl	-	-	-	-	-
Total equity-accounted investments	9.8	-	0.1	(0.7)	9.2

Tavolo Editori Radio Srl: the company was incorporated on 1 April 2016, with a quota capital of Euro 0.1 million, divided between national Publishers (70%) and local Publishers (30%), in which Rai holds a share of 15.8%. The other quotaholders are: Elemedia Group, RB1 (Finelco), Il Sole 24 Ore, RadioKissKiss, Rtl 102.5, Radio Italia, RTI (Mediaset), Radio Dimensione Suono, and the associations Aeranti Corallo and FRT.

The priority purpose of the company is to design and implement a proprietary research system aimed at measuring the audience of the radio and of the radio broadcasting companies on all transmission platforms, in compliance with the guidelines issued by AGCOM, the Italian Communication Regulatory Authority, on this issue and in cooperation with the representatives of the advertising investors, in view of a new Joint Industry Committee of the Italian Radio Broadcasting.

The Company's activity carried out during the first half of 2016 only consisted of the legal compliance formalities connected with the start of corporate operations.

Below is the breakdown of changes in other equity investments:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Almaviva SpA	0.3	0.3
Istituto Enciclopedia Treccani SpA	0.5	0.5
Others [1]	0.1	0.1
Gross value	0.9	0.9
Provision for write-down of other equity investments	(0.2)	(0.2)
Total equity investments	0.7	0.7

[1] Banca di Credito Cooperativo di Roma S.c.p.a and International Multimedia University Umbria Srl.

7.5 Non-current financial assets

Non-current financial assets, equal to Euro 0.2 million (Euro 0.2 million as at 31 December 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Financial receivables from personnel	0.1	-
Other non-current financial assets	0.1	0.2
Total non-current financial assets	0.2	0.2

Non-current financial assets were stated net of a provision for write-down of Euro 0.2 million (Euro 0.2 million as at 31 December 2015).

Below is the breakdown of current and non-current financial assets by maturity:

(in millions of Euros)	Half-year ended 30 June 2016			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Financial receivables from personnel	0.1	0.1	-	0.2
Receivables from associates	0.6	-	-	0.6
Derivative instruments	1.6	-	-	1.6
Time current accounts	5.7	-	-	5.7
Other financial assets	0.1	0.1	-	0.2
Total	8.1	0.2	-	8.3

(in millions of Euros)	Financial year ended 31 December 2015			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Financial receivables from personnel	0.1	-	-	0.1
Securities	2.3	-	-	2.3
Derivative instruments	8.4	-	-	8.4
Time current accounts	3.1	-	-	3.1
Other financial assets	0.1	0.2	-	0.3
Total	14.0	0.2	-	14.2

The short-term portion of financial assets, equal to Euro 8.1 million, was entered under the current components of the balance sheet described in note 8.3 "Current financial assets".

The information on hedged risks and hedging policies is reported in note 4.1 "Market risk".

7.6 Deferred tax assets

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Deferred tax assets	125.7	154.6
Deferred tax liabilities that can be offset	(163.2)	(166.7)
Net deferred tax assets	-	-
Deferred tax liabilities that cannot be offset	(37.5)	(12.1)

As at 30 June 2016, and as at 31 December 2015, the net balance of deferred tax assets and liabilities showed a negative amount and was then recognised under liabilities in the statement of financial position. Therefore, reference should be made to note 10.4 "Deferred tax liabilities" for the related breakdown.

Income taxes are described in note 12.9 "Income taxes".

7.7 Other non-current assets

Other non-current assets, equal to Euro 20.0 million (Euro 20.2 million as at 31 December 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Advances on sports events	7.6	7.4
Advances on commercial activities	21.6	21.7
Non-current portion of trade receivables	2.2	2.0
Receivables from personnel	0.5	0.5
Collateral securities	2.7	2.6
Other non-current receivables	3.5	3.5
- Provision for other bad debts and non-current assets	(18.1)	(17.5)
Total other non-current assets	20.0	20.2

The items reported above substantially related to non-current portions of assets described in note 8.5 "Other receivables and current assets", to which reference should be made.

The provision for other bad debts and the write-down of non-current assets, equal to Euro 18.1 million (Euro 17.5 million as at 31 December 2015), is broken down as follows:

(in millions of Euros)	Financial year ended 31 December 2015	Provisions	Uses	Half-year ended 30 June 2016
Provision for write-down of advances on commercial activities	(11.5)	(0.4)	0.1	(11.8)
Provision for write-down of advances on sports events	(6.0)	(0.3)	-	(6.3)
Total provision for other bad debts and non-current assets	(17.5)	(0.7)	0.1	(18.1)

8) Current assets

8.1 Inventories

Inventories, net of the related provision for write-down, equal to Euro 2.7 million (Euro 2.7 million as at 31 December 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Technical materials	1.0	1.0
Contract work in progress	0.2	0.2
Inventories	1.5	1.5
Total inventories	2.7	2.7

Inventories of technical materials, equal to Euro 1 million (unchanged compared to 31 December 2015) related to supplies and spare parts for the maintenance and operation of equipment, considered as consumables since their useful life generally ends over a period of no more than 12 months.

Contract work in progress, equal to Euro 0.2 million (unchanged compared to 31 December 2015), related to costs incurred for the development of the Isoradio network, which were recognised in the accounts of subsidiary Rai Way.

Inventories, equal to Euro 1.5 million (unchanged compared to 31 December 2015), mainly concerned inventories connected with the publishing of journals and books, as well as home video distribution.

Inventories are stated net of a provision for write-down of Euro 12.3 million (Euro 12.3 million as at 31 December 2015).

8.2 Trade receivables

Trade receivables, equal to Euro 427.7 million (Euro 436.7 million as at 31 December 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
From customers:		
From the Government and other public entities for public broadcasting services	75.4	92.4
Other receivables	402.3	393.7
Provision for write-down of receivables from customers	(51.0)	(49.6)
From associates:		
San Marino RTV SpA	0.1	0.1
Tivù Srl	0.9	0.1
Total trade receivables	427.7	436.7

Receivables from the Government and other public entities for public broadcasting services, amounting to Euro 75.4 million (Euro 92.4 million as at 31 December 2015), related to

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Prime Minister's Office:		
Operating grant to be paid to San Marino RTV	4.6	3.3
Television, radio and multimedia offering for the foreign market	10.1	6.7
Broadcasting from Trieste in Slovenian	5.7	11.4
Radio and television broadcasts in French for the Autonomous Region of Valle D'Aosta	1.1	2.1
Ministries:		
Economy and Finance: management of TV licence fees	12.6	22.5
Regions and Provinces:		
Autonomous Province of Bolzano: radio and television broadcasts in German and Ladin in in the Autonomous Province of Bolzano	32.7	37.8
Autonomous Region of Valle d'Aosta: management of equipment for receiving programmes from the French-speaking area	8.6	8.6
Total	75.4	92.4

Receivables assigned for factoring transactions with recourse, equal to Euro 60.2 million (Euro 51.4 million as at 31 December 2015), which are entered under Receivables from customers – Other receivables, involve receivables from customers of Rai Pubblicità for advertising services.

Receivables from related parties are detailed in Note 13.4 "Related Parties".

Trade receivables are stated net of a provision for bad debts of Euro 51.0 million (Euro 49.6 million as at 31 December 2015), which is broken down as follows:

(in millions of Euros)	Financial year ended 31 December 2015	Provisions	Uses	Reversals	Half-year ended 30 June 2016
Provision for write-down of receivables from customers	(49.6)	(2.6)	1.1	0.1	(51.0)
Provision for write-down of trade receivables	(49.6)	(2.6)	1.1	0.1	(51.0)

8.3 Current financial assets

Current financial assets, equal to Euro 8.1 million (Euro 14.0 million as at 31 December 2015), showed a decrease of Euro 5.9 million. The breakdown of this item and the comparison with the previous year are detailed below:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
From subsidiaries	0.6	-
From personnel	0.1	0.1
Securities	-	2.3
Hedging derivatives	1.6	8.4
Time current accounts	5.7	3.1
Other current financial assets	0.1	0.1
Total current financial assets	8.1	14.0

Securities recognised as at 31 December 2015 were fully comprised of collateral securities, maturing during the first half of 2016, for the Service Contract and the Agreements with the Government. This security may be reinstated in the same form or as a bank guarantee on the basis of agreements being defined.

Time bank deposits, equal to Euro 5.7 million (Euro 3.1 million as at 31 December 2015), related to amounts confiscated on current accounts due to some pending disputes.

Derivative financial instruments, entered at fair value, are broken down below as regards their asset component, including current and non-current portions:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Currency contracts	1.6	8.4
Total derivative financial instruments – Current portion	1.6	8.4
Total derivative financial instruments – Non-current portion	-	-
Total derivative financial instruments	1.6	8.4

The fair value of derivative financial instruments was determined on the basis of valuation models used in the financial sector and market benchmarks as at the reporting date of the financial statements, as detailed in note 6 "Fair value measurement". Cash flow hedge transactions related to exchange risk hedging on agreements for the acquisition of rights to the broadcasting of sports events denominated in USD. The recognition of the effects through profit or loss and the realisation of cash flows from highly probable future transactions being hedged are planned over a period ending within 12 months.

During the first half of 2016 no significant events occurred in which, in consideration of transactions previously qualified as hedging, the realisation of the hedged item was no longer regarded as highly probable.

The fair value on derivative assets as at 30 June 2016, amounting to Euro 1.6 million (Euro 8.4 million as at 31 December 2015), fully related to the current portion, which was deferred to equity under the Cash-flow Hedge reserve for Euro 1.2 million and charged to consolidated profit or loss under financial income and expenses for Euro 0.4 million.

The information on hedged risks and hedging policies is reported in note 4.1 "Market risk".

8.4 Tax receivables

Tax receivables, equal to Euro 88.9 million (Euro 108.2 million as at 31 December 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Requests for VAT refund	24.5	24.3
Group VAT	43.9	62.2
Requests for IRES tax refund for deductibility of IRAP tax relating to personnel costs and similar costs	16.9	16.9
IRAP tax credit	2.1	3.7
IRES tax credit	0.2	-
Requests for other tax refunds	0.6	0.6
Other tax receivables	0.7	0.5
Total tax receivables	88.9	108.2

Taxes are described in note 12.9 "Income taxes".

8.5 Other receivables and current assets

Other receivables and current assets, equal to Euro 167.8 million (Euro 130.8 million as at 31 December 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Advances for sports events	101.8	53.6
Advances on commercial initiatives	-	0.1
Payments on account to suppliers, collaborators and agents	18.7	17.1
Receivables from welfare and social security institutions	2.2	9.3
Receivables from personnel	13.6	12.6
Advances on frequency usage fees	-	10.5
Receivables from entities, companies, bodies and others	13.8	10.5
Receivables from subsidies and grants from the Government, the EU and other public entities	0.5	0.8
Other receivables	21.3	20.6
- Provision for other bad debts and current assets	(4.1)	(4.3)
Total other receivables and current assets	167.8	130.8

Moreover:

- receivables from welfare and social security institutions related to advances paid against contributions due for artistic and other activities;
- receivables from personnel mostly related to receivables for labour disputes, advances for travel expenses and production costs. This item includes receivables arising from the application of Law 89/2014;

- advances on frequency usage fees related to the amount concerning the advance on the fee for the use of frequencies in terrestrial television bands for the year 2014, paid in compliance with the decree issued by the Ministry of Economic Development on 29 December 2014; as at 30 June 2016 this amount was entered as a reduction in the payable recognised following the Ministerial Decree that set out the criteria for calculation.

The provision for other bad debts and current assets, equal to Euro 4.1 million (Euro 4.3 million as at 31 December 2015), is broken down as follows:

(in millions of Euros)	Financial year ended 31 December 2015	Provisions	Uses	Reversals	Half-year ended 30 June 2016
Provision for other bad debts	(4.3)	-	-	0.2	(4.1)
Total provision for other bad debts and current assets	(4.3)	-	-	0.2	(4.1)

Considering the short period of time elapsing between the date when the receivable arises and its maturity, it is believed that there are no significant differences between the book value of trade receivables, other receivables and current financial assets and their respective fair values.

8.6 Cash and cash equivalents

Cash and cash equivalents, equal to Euro 387.5 million (Euro 146.1 million as at 31 December 2015), are broken down into the following items:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Bank and postal deposits	387.1	145.8
Cash and cash equivalents on hand	0.4	0.3
Total cash and cash equivalents	387.5	146.1

Bank and postal deposits amounted to Euro 387.1 million (Euro 145.8 million as at 31 December 2015) and included available balances at sight or in the short term, on deposits or current accounts held with banks, financial institutions and the Post Office.

Cash and cash equivalents on hand amounted to Euro 0.4 million (Euro 0.3 million as at 31 December 2015) and included liquid funds in the form of cash and equivalent instruments (revenue stamps, cashier's cheques or bank-guaranteed cheques, etc.) held with the Group as at 30 June 2016.

9) Shareholders' Equity

Below is the breakdown of equity into shares attributable to the Group and non-controlling interests:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Share Capital	242.5	242.5
Legal reserve	11.6	11.6
IFRS FTA reserve	(58.7)	146.3
Reserve for translation difference	0.7	0.8
Cash-flow hedge reserve	0.8	4.9
Other reserves	251.9	337.0
Total other reserves	194.7	489.0
Actuarial reserves for employee benefits	(46.6)	(16.1)
Reserve for share-based payments	-	0.1
Profits (losses) carried forward	-	(251.3)
Profit (losses) for the period	26.5	(39.3)
Total profits (losses) carried forward	(20.1)	(306.6)
Total Group equity	428.7	436.5
Non-controlling interests' capital and reserves	42.1	42.7
Actuarial reserves for employee benefits	(0.4)	(0.1)
Profits (losses) for the period attributable to non-controlling interests	6.9	13.7
Total profits (losses) carried forward attributable to non-controlling interests	6.5	13.6
Total equity attributable to non-controlling interests	48.6	56.3
Total equity	477.3	492.8

Non-controlling interests

The result for the half-year and the equity attributable to non-controlling interests related to subsidiary Rai Way.

The share held by Rai, as at 30 June 2016, amounted to 64.971%, down by 0.10253% compared to 31 December 2015 following the allocation of shares, free of charge, to non-controlling interests as provided for in at the time of the IPO.

Share Capital

As at 30 June 2016, the Parent Company's share capital was divided into 242,518,100 ordinary shares with a par value of Euro 1 each. The fully paid-up and subscribed share capital is held by:

- the Ministry of Economy and Finance (MEF) for 241,447,000 shares, equal to 99.55835% of the share capital; and
- Società Italiana Autori Editori (S.I.A.E.) for 1,071,100 shares, equal to 0.4417% of the share capital.

Legal reserve

The legal reserve amounted to Euro 11.6 million.

Other reserves and profits (losses) carried forward

Other reserves, equal to Euro 194.7 million (Euro 489.0 million as at 31 December 2015) and losses carried forward, equal to Euro 20.1 million (Euro 306.6 million as at 31 December 2015), including the result for the period, are broken down as shown above.

10) Non-current liabilities

10.1 Non-current financial liabilities and current portions of non-current financial liabilities

Non-current financial liabilities were equal to Euro 462.2 million (Euro 481.7 million as at 31 December 2015). Below is the breakdown, including their respective current portions of Euro 40.0 million for a total of Euro 502.2 million (Euro 516.7 million as at 31 December 2015):

(in millions of Euros)	Half-year ended 30 June 2016			Financial year ended 31 December 2015		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	346.5	-	346.5	346.1	-	346.1
Medium/long-term payables to banks	115.2	39.9	155.1	135.2	34.9	170.1
Hedging derivatives	0.1	-	0.1	-	-	-
Medium/long-term payables to other lenders	0.4	0.1	0.5	0.4	0.1	0.5
Total	462.2	40.0	502.2	481.7	35.0	516.7

Financial liabilities are measured at amortised cost, using the effective interest rate method.

As at 30 June 2016 the main medium/long-term payables to banks were made up of:

- an amortising loan of Euro 50.0 million, due 2021, granted to Rai by the European Investment Bank, for the development of the Digital Terrestrial infrastructure;
- an amortising Rai Way loan in a nominal amount of Euro 105.0 million, due 2019;
- medium/long-term credit facilities granted by Mediocredito Centrale and Cassa Depositi e Prestiti to Rai Way in a total amount of about Euro 1.0 million.

The EIB loan provides for compliance with the following parameters/financial ratios in relation to the consolidated annual and half-year financial statements, prepared according to the Italian GAAPs:

- Net Financial Debt (adjusted), net of receivables from the Government for license fees)/Equity \leq 1.5
- Net Financial Debt (adjusted), net of receivables from the Government for license fees)/EBITDA \leq 1.0.

These ratios, which had been fully complied with until 30 June 2015, i.e. the date of the last interim financial statements prepared according to the Italian GAAPs, are currently being renegotiated since, under the loan agreement, they must be redefined in the case of the adoption of different accounting principles.

The amortising loan held by Rai Way provides for compliance with the following parameters/financial ratios in relation to the Company's Financial Statements, as at 31 December and 30 June of each financial year:

- Net Financial Debt/Equity \leq 2.75
- Net Financial Debt/EBITDA \leq 2.75.

These ratios have been fully complied with.

The bond loan issued by Rai at the end of May 2015 is listed on the Irish Stock Exchange. This bond, which was fully subscribed by international institutional investors, pays a nominal interest rate of 1.5%, due May 2020; it is fully unsecured and contains the usual covenants for issues with a similar rating. These covenants include:

- Negative Pledge, i.e. the prohibition on providing guarantees on other bond issues launched by the Issuer or of its "relevant subsidiaries", unless the same guarantee is provided to the existing bondholders;
- Cross-default, i.e. the possibility for the bondholders to ask for the default to be declared on the bond in the case of default on the debt of the Issuer or its "relevant subsidiaries" in an amount exceeding Euro 50 million;
- Change of Control, i.e. the possibility for the bondholders to exercise a "Put" option at par if the Ministry of Economy and Finance ceases to hold the majority of the votes at the Ordinary and Extraordinary Shareholders' meetings of Rai.

In this regard, it should be noted that, during the first half of 2015, Rai obtained, for the purposes of the bond issue, the "Long-Term Issuer" rating of Baa3 (Investment Grade) from Moody's, which considers the solvency of Rai substantially equal to that of the Italian Government; in August 2016 a Credit Opinion was issued, which confirmed the rating stated above.

Below is the breakdown of financial liabilities (current and non-current) by maturity:

(in millions of Euros)	Half-year ended 30 June 2016			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	-	346.5	-	346.5
Short-term payables to banks	21.5	-	-	21.5
Medium/long-term payables to banks	39.9	115.1	0.1	155.1
Hedging derivatives	-	0.1	-	0.1
Medium/long-term payables to other lenders	0.1	0.3	0.1	0.5
Other current financial liabilities	0.4	-	-	0.4
Total	61.9	462.0	0.2	524.1

(in millions of Euros)	Financial year ended 31 December 2015			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	-	346.1	-	346.1
Short-term payables to banks	1.0	-	-	1.0
Medium/long-term payables to banks	34.9	130.1	5.1	170.1
Payables to associates	0.1	-	-	0.1
Short-term payables to other lenders	4.4	-	-	4.4
Medium/long-term payables to other lenders	0.1	0.3	0.1	0.5
Other current financial liabilities	0.3	-	-	0.3
Total	40.8	476.5	5.2	522.5

The Parent Company's medium/long-term debt is entirely at a fixed rate, as illustrated above, while it is at a variable rate for Rai Way. The variable-rate loan of Rai Way was 50% hedged by Interest Rate Swaps during the first-half-year.

Rai has also revolving bank facilities in place for an aggregate of Euro 170 million (expiring in the third quarter of 2016) and uncommitted facilities of approximately Euro 400 million, as well as a factoring facility of Euro 50 million out of the advertising receivables held by Rai Pubblicità. Furthermore, Rai Way has a stand-by line of Euro 50 million, due September 2019.

The bond issued by the Company in May 2015 showed a fair value that corresponded to a market price of 102.45 (100.08 as at 31 December 2015), including accrued interest, which reported, compared to 31 December 2015, an increase arising from a fall in market rates.

As regards the loan of Rai Way, the fair value as at 30 June 2016 amounted to Euro 109.3 million.

The fair value of non-current derivative liabilities, equal to Euro 0.1 million as at 30 June 2016, related to the Interest Rate Swap transactions carried out by Rai Way.

The fair value measurement of derivatives is stated in note 6 "Fair value measurement"; the amount of the recognition of changes in market value through consolidated profit or loss and under the consolidated equity reserve are stated in note 11.2 "Current financial liabilities".

Notes to the Consolidated Interim Financial Statements

10.2 Employee benefits

Employee benefits, equal to Euro 593.5 million (Euro 568.8 million as at 31 December 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Provision for Staff Severance Pay	299.8	289.7
Supplementary pension fund (*)	153.4	147.5
Provision for compensation in lieu of notice – journalists	122.2	113.7
Healthcare fund for RAI executives (FASDIR)	15.0	15.0
Seniority bonuses	2.3	2.1
Other employee benefits	0.8	0.8
Total employee benefits	593.5	568.8

(*) Net of FIPDRAI assets.

Provisions for employee benefits measured by applying actuarial techniques are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016				
	Provision for Staff Severance Pay	Pension funds	FASDIR	Compensation in lieu of notice- journalists	Other benefits
Present value of the obligation at the beginning of the period	289.7	147.5	15.0	113.7	2.9
Current cost of defined-benefit plans	-	-	-	3.9	0.3
Current cost of defined-contribution plans	22.0	-	0.5	-	-
Interest expense	1.8	1.0	0.1	0.9	-
Revaluations:					
- Actuarial gains/losses from changes in demographic assumptions					
- Actuarial gains/losses from changes in financial assumptions	14.4	9.9	-	6.9	-
- Effect of the past experience					
- Actuarial gains (losses) from returns on plan assets	-	-	-	-	-
Past service cost and gains/losses from settlement	-	-	-	(1.7)	-
Benefits paid	(4.7)	(5.0)	(0.6)	(1.5)	(0.1)
Transfers to external funds for defined-contribution plans	(21.7)	-	-	-	-
Other changes	(1.7)	-	-	-	-
Present value of the obligation at the end of the period	299.8	153.4	15.0	122.2	3.1

Costs of employee benefits, determined by using actuarial assumptions, recognised in Consolidated profit or loss are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016				
	Provision for Staff Severance Pay	Pension funds	FASDIR	Compensation in lieu of notice- journalists	Other benefits
Current cost of defined-benefit plans	-	-	-	3.9	0.3
Current cost of defined-contribution plans	22.0	-	0.5	-	-
Past service cost and gains/losses from settlement	-	-	-	(1.7)	-
Net interest expense (income):					
- Interest expense	1.8	1.0	0.1	0.9	-
- Interest income	-	-	-	-	-
Total	23.8	1.0	0.6	3.1	0.3

Costs of defined-benefit plans recognised under Other Comprehensive Income of the consolidated statement of comprehensive income are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016				
	Provision for Staff Severance Pay	Pension funds	FASDIR	Compensation in lieu of notice- journalists	Other benefits
Revaluations:					
- Actuarial gains/losses from changes in demographic assumptions					
- Actuarial gains/losses from changes in financial assumptions	14.4	9.9	-	6.9	-
- Effect of the past experience					
- Actuarial gains (losses) from returns on plan assets	-	-	-	-	-
Total	14.4	9.9	-	6.9	-

The main actuarial assumptions adopted are outlined below:

	Half-year ended 30 June 2016
Financial assumptions	
Discount rates	from 0.50% to 0.90%
Rate of inflation	1.50%
Expected rate of pay increase (*)	from 1.21% to 3%
Demographic assumptions	
Maximum retirement age	According to law
Life tables	SI 2013 Amended
Average annual percentage of staff exits	from 3.31% to 7.18%
Annual probability of request for early retirement	from 1.00% to 1.50%

(*) Inflation included.

The discount rate adopted was determined taking account of the returns on high quality corporate bonds, specifying the class of rating, or other references (such as government bonds in the absence of high quality corporate bonds). The demographic tables adopted are SI 2013, broken down by gender and appropriately amended according to a specific study on the mortality concerning the Group community. The annual percentage of shift to the higher category (by age and seniority) was set to zero.

For the purposes of the definition of actuarial assumptions and, specifically, of the discount rate, taking account of the definition of Investment grade securities, only securities of corporate issuers with a rating of "AA" were considered.

10.3 Non-current provisions for risks and charges

Non-current provisions for risks and charges, equal to Euro 172.8 million (Euro 194.9 million as at 31 December 2015), are broken down as follows:

(in millions of Euros)	Financial year ended 31 December 2015	Provisions	Uses	Reversals	Other movements	Half-year ended 30 June 2016
Provision for legal disputes	77.6	15.9	(6.8)	(0.3)	-	86.4
Provision for 2014-2016 licence fees – contribution for the usage of frequencies	35.8	1.0	-	(16.1)	(15.8)	4.9
Provision for reclamation and renovation of properties	15.1	-	(0.5)	-	-	14.6
Provision for decommissioning and restoration	12.1	0.3	-	-	-	12.4
Provision for costs of accrued commissions	12.3	0.7	(0.1)	-	-	12.9
Provision for litigation with social security institutions	10.0	-	(0.4)	(0.6)	-	9.0
Provision for tax litigation	2.6	-	-	-	-	2.6
Provision for ISC ICM Agents	2.5	0.2	(0.8)	-	-	1.9
Provision for reimbursement of licence fees	1.2	0.3	(0.5)	-	-	1.0
Provision for disputes on leases	1.3	0.4	-	-	-	1.7
Provision for risks on default interest	0.7	-	-	-	-	0.7
Provision for write-down of equity investments exceeding the book value	0.1	-	-	(0.1)	-	-
Other provisions	23.6	0.5	(0.6)	(0.7)	1.9	24.7
Total provision for risks and charges	194.9	19.3	(9.7)	(17.8)	(13.9)	172.8

The provision for legal disputes, equal to Euro 86.4 million, included the prudential and prognostic estimate of the charges arising from pending legal proceedings, in which the Group is involved for various reasons. More specifically, they related (amounts including legal fees) to civil, administrative and criminal proceedings for Euro 46.9 million and to labour-related disputes for Euro 39.5 million.

The provision for contribution for the usage of frequencies (formerly concession fee), equal to Euro 4.9 million, included the amounts subject to uncertain payment and connected with Ministerial Decree of 4 August 2016, which was published in the Official Gazette on 21 September 2016 and which sets out the methods to calculate the contribution. The amount of certain payment, which had been set aside as at 31 December 2015 and which is reported in the column of "Other movements", has been recognised under "Other current payables and liabilities" referred to in note 11.1. The excess amount of the provision was released.

The provision for reclamation and renovation of properties, equal to Euro 14.6 million, included the estimated costs that the Group expects to incur mainly with reference to the removal of facilities containing asbestos from within two of the properties owned. The constructive obligation to carry out the reclamation and subsequent renovation of the aforementioned properties results from the Group's intention expressed on more than one occasion to the Company's bargaining units.

The provision for decommissioning and restoration, equal to Euro 12.4 million, included the estimated costs for decommissioning, removal of installations and changes made, and the restoration of the areas and/or premises operated by the Group under operating leases, which place an obligation on the lessee to restore the leased areas and/or premises at the end of the lease term (i.e. when the area and/or premises are handed over absent any renewal of the lease).

The provision for costs of accrued commissions, equal to Euro 12.9 million, mainly related to the charges allocated for the renewal of employment contracts expired, as reported in note 12.4 "Personnel costs".

The provision for litigation with social security institutions, equal to Euro 9.0 million, included the estimated costs resulting from jurisdictional proceedings pending with a number of social security institutions.

The provision for tax litigation, equal to Euro 2.6 million, included the estimated costs resulting from contingent liabilities arising from potential unfavourable outcomes of the pending disputes.

The provision for agent's supplementary clientele indemnity (*Indennità suppletiva di clientela* or ISC) and the provision for agent's merit clientele indemnity (*Indennità di clientela meritocratica* or ICM), equal to Euro 1.9 million, included the amounts to be paid to the agents upon termination of their agency contracts

due to a cause not ascribable to the agent, determined also based on estimates that also take account of the Group's historical data, and with reference to the growth of the customer portfolio or the increase in business volumes with the customers already included in such portfolio.

10.4 Deferred tax liabilities

Deferred tax liabilities, equal to Euro 37.5 million, are stated net of deferred tax assets that can be offset, equal to Euro 125.7 million. The net balance as at 31 December 2015 showed deferred tax liabilities of Euro 12.1 million.

The nature of the temporary differences that determined deferred tax liabilities and offset deferred tax assets is as follows:

(in millions of Euros)	Half-year ended 31 December 2015	Changes			Half-year ended 30 June 2016
		Income statement	Other Comprehensive Income (expense)	Balance Sheet	
Statutory-tax differences on property, plant and equipment	(162.2)	1.4	-	-	(160.8)
Exchange and interest rate derivatives	(2.4)	-	2.0	-	(0.4)
Other equity investments	(1.7)	-	-	-	(1.7)
Deferred tax liabilities on consolidation adjustments	(0.1)	-	-	-	(0.1)
Other	(0.3)	0.1	-	-	(0.2)
Deferred tax liabilities	(166.7)	1.5	2.0	-	(163.2)
Negative taxable income	142.2	9.1	-	(38.1)	113.2
Write-down of programmes	3.7	-	-	-	3.7
Statutory-tax difference on programmes	1.1	-	-	-	1.1
Employee benefits	1.0	(0.4)	0.3	-	0.9
Estimated new accruals	4.2	0.4	-	-	4.6
Deferred tax assets from consolidation adjustments	1.8	(0.1)	-	-	1.7
Other	0.6	(0.1)	-	-	0.5
Deferred tax assets that can be offset	154.6	8.9	0.3	(38.1)	125.7
Net deferred tax liabilities	(12.1)	10.4	2.3	(38.1)	(37.5)

The calculation of deferred tax assets took account of the reasonable certainty of their future recovery.

The changes related to other comprehensive income (expense) essentially concerned deferred tax assets and liabilities recognised in equity and mainly related to the tax effect of the remeasurement of defined-benefit plans and of cash flow hedge instruments recognised based on hedge accounting.

Deferred tax assets on tax losses carried forward amounted to Euro 113.2 million and are likely to be used with reference to the possibility of them being offset with the taxable income contributed by the Group companies that participate in the Tax Consolidation and with the reversal of deferred tax liabilities to consolidated profit or loss.

10.5 Other non-current payables and liabilities

Other non-current payables and liabilities, which entirely reflect items expressed in Euros, were equal to Euro 5.0 million (Euro 6.3 million as at 31 December 2015) and related, for Euro 4.9 million (Euro 6.2 million as at 31 December 2015) to deferred income for the non-current portion of the grants disbursed by the Ministry for Communications in support of the initiatives for the switchover to Digital Terrestrial broadcasting. For additional information on such grants, reference should be made to note 11.1 "Trade payables and other current payables and liabilities".

Payables to related parties are described in note 13.4 "Related Parties".

11) Current liabilities

11.1 Trade payables and Other current payables and liabilities

Trade payables and Other current payables and liabilities, equal to Euro 1,272.6 million (Euro 1,014.1 million as at 31 December 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Payables to suppliers	613.0	662.4
Trade payables to associates	5.5	4.0
Total trade payables	618.5	666.4
Payables to social security institutions	66.2	76.1
Other payables to personnel	210.3	184.6
Payables due to tax assessments for the period	6.0	10.9
Payables for contribution for the usage of frequencies	9.1	-
Advances	54.4	59.6
Deferred income for licence fees and other deferrals	301.8	7.2
Other payables	6.3	9.3
Total other current payables and liabilities	654.1	347.7
Total trade payables and other current payables and liabilities	1,272.6	1,014.1

Trade payables, equal to Euro 618.5 million, showed a decrease of Euro 47.9 million compared to 31 December 2015.

The increase in Other current payables and liabilities, equal to Euro 306.4 million compared to 31 December 2015, was mainly due to the recognition of deferred income on licence fees as at 30 June 2016, arising from the difference between the amounts paid by the Ministry of Economy and Finance during the half-year compared to the accrued economic value, the repayment of which is largely expected to be made during the second half of the year.

The payable for contribution for the usage of digital frequencies was calculated in relation to the provisions laid down in Ministerial Decree of 4 August 2016 and, as specified in note 10.3 "Non-current provisions for risks and charges", was partially replenished as a transfer of the amount recognised as at 31 December 2015 under the appropriate provision, which had been set aside pending the issue of the rule specifying the relevant calculation methods and takes account of the recovery of the advance paid as referred to in note 8.5 "Other current receivables and assets".

The item of "Deferred income for licence fees and other deferrals" includes the current portion of grants disbursed by the then Ministry for Communications to the Parent Company from 2007 to 2011 in support of the initiatives to speed up the transition to Digital Terrestrial, equal to Euro 4.1 million.

Payables to personnel amounted to Euro 210.3 million (Euro 184.6 million as at 31 December 2015), showing an increase of Euro 25.7 million, mainly relating to the seasonality connected with the use of holidays that is mostly concentrated in the second half of the year, are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Untaken holidays	100.9	82.5
Untaken days off	52.5	52.1
Assessed remuneration	46.9	43.7
Early retirement incentives	8.1	4.1
Other	1.9	2.2
Total payables to personnel	210.3	184.6

Payables to social security institutions, equal to Euro 66.2 million (Euro 76.1 million as at 31 December 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Payables to INPS formerly ENPALS	20.7	19.8
Payables to INPGI	13.6	15.2
Payables to INPS	7.9	8.1
Payables to CASAGIT	1.1	1.5
Contributions on assessed remuneration	10.6	8.2
Other payables	12.3	23.3
Payables to social security institutions	66.2	76.1

Advances, equal to Euro 54.4 million (Euro 59.6 million as at 31 December 2015) mainly related to licence fees for private subscriptions for Euro 47.5 million.

Payables to related parties are described in note 13.4 "Related Parties".

11.2 Current financial liabilities

Current financial liabilities, equal to Euro 61.9 million (Euro 40.8 million as at 31 December 2015) are stated in the table below:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Medium/long-term payables to banks (current portion)	39.9	34.9
Medium/long-term payables to other lenders (current portion)	0.1	0.1
Short term payables to banks	21.5	1.0
Payables to other lenders – under current financial liabilities	-	4.4
Payables to associates – under current financial liabilities	-	0.1
Other current payables and financial liabilities	0.4	0.3
Total current financial liabilities	61.9	40.8

Current portions of non-current financial liabilities are already reported and commented in note 10.1 "Non-current financial liabilities".

Short-term payables to banks, equal to Euro 21.5 million (Euro 1.0 million as at 31 December 2015), were due to the negative balance of the current account held with some credit institutions.

The fair value of derivative liabilities, both current and non-current, is specified below:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Total derivative financial instruments – Current portion	-	-
Interest rate contracts	0.1	-
Total derivative financial instruments – Non-current portion	0.1	-
Total derivative financial instruments	0.1	-

Cash flow hedge transactions related to the activities to hedge interest rate risks carried out by Ray Way during the first half-year, through Interest Rate Swap transactions on 50% of its amortising loan of Euro 120 million.

The negative fair value of interest rate risk hedging derivatives, amounting to Euro 0.1 million (zero as at 31 December 2015), was entered under Non-current financial liabilities and was deferred to equity under the cash-flow hedge reserve.

The information related to hedged risks and hedging policies is reported in note 4.1 "Market risk".

11.3 Tax payables

Tax payables, equal to Euro 51.0 million (Euro 78.5 million as at 31 December 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
IRES tax payables from national tax consolidation	21.8	38.0
IRAP tax payables	0.7	0.3
Total payables for direct taxes	22.5	38.3
VAT payables	1.7	2.7
Total payables for indirect taxes	1.7	2.7
Withholding taxes on income from subordinate and self-employment	26.1	36.8
Other withholdings and substitute taxes	0.7	0.7
Total payables for withholdings applied as withholding agent	26.8	37.5
Total tax payables	51.0	78.5

As regards IRES tax payables to the Tax Office from Tax Consolidation, equal to Euro 21.8 million (Euro 38.0 million as at 31 December 2015), the Group companies opted for Group taxation, appointing the Parent Company, as the consolidating entity, to fulfil any formalities related to the settlement and payment of IRES tax for the companies included in the Tax Consolidation. The procedure for consolidating the Group's taxable income is regulated by a specific agreement between the Parent Company and its subsidiaries, as described in note 13.4 "Related Parties".

Income taxes are analysed in note 12.9 "Income Taxes".

12) Income statement

12.1 Revenues from sales and services

The main items that make up the "Revenues from sales and services" are broken down as follows.

(in millions of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Licence fees	930.7	816.0
Advertising	374.7	340.1
Other revenues	91.0	84.9
Total revenues from sales and services	1,396.4	1,241.0

The breakdown of revenues by geographical area shows the predominance of the domestic market.

Licence fees

Licence fees revenues, equal to Euro 930.7 million in the first half of 2016 (Euro 816.0 million in the first half of 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Fees for the period – ordinary subscribers	883.0	769.3
Fees for the period – special subscribers	40.0	38.9
Fees recovered through enforcement procedures	8.0	9.0
Reimbursement of fees	(0.3)	(1.2)
Total licence fees	930.7	816.0

As regards license fees revenues, it should be noted that the "separate accounting" mechanism, which is used, as required by the consolidated broadcasting law, to determine the annual per-unit licence fee and thereby ensure alignment between licence fee revenues and the independently audited costs sustained by Rai in carrying out its Public Service remit, has shown an under provision of licence fee revenues amounting to over Euro 2.6 billion for the period from 2005 to 2014. The annual separate accounts relating to 2015 are being prepared.

Law 89 of 23 June 2014 (Article 21, paragraph 4) provided, for year 2014, for a reduction of Euro 150 million in the sums to be paid to the Public radio and television Service broadcaster to cover for the cost of supplying the service. Subsequently, Law 190 of 23 December 2014 (Article 1, paragraph 293) provided that, for the year 2015, the amount of the license fee could not exceed that set for the year 2014. The same rule also established that, starting from year 2015, the amounts to be paid to Rai to cover for the cost of supplying the Public Service shall be reduced by 5%.

Under Article 1, paragraphs 152 and ff., the 2016 Stability Law (Law 208 of 28 December 2015) provides, as from 1 January 2016, for a new procedure for collecting the TV license fees for private use through a charge – under a separate item – on the electricity bills.

Additionally, in order to combat license fee avoidance, a mechanism was introduced according to which the possession of a TV set is assumed whenever a contract exists for the supply of electricity in the place where a person has his/her registered residence. The assumed possession of a TV set may be ignored only with a self-certification issued pursuant to the Consolidated Act referred to in Presidential Decree 445 dated 28 December 2000, which, in case of false declarations, may also entail criminal penalties.

The 2016 Stability Law also established that, for the years from 2016 to 2018, any higher receipts compared to the amounts reported in the Government's forecast-type 2016 budget are paid to Rai in a percentage of 67% for 2016 and 50% for each of the years 2017 and 2018.

The amount of licence fees for the period relating to ordinary subscribers was calculated on the basis of the results from the collection, which is still in progress, carried out according to the new methods set out in the abovementioned rules, relying on the most updated information and data made available as at the date of preparation of this half-year report.

Advertising revenues

Advertising revenues, which are usually more significant during the first half-year, amount to Euro 374.7 million (Euro 340.1 million in the first half of 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
TV advertising on general interest channels:		
- commercials	249.0	225.0
- promotions, sponsorships and special events	68.1	60.8
- product placement	3.2	3.1
TV advertising on specialist channels	33.2	32.0
Radio advertising	15.6	14.4
Cinema advertising	1.5	1.2
Web advertising	4.8	4.0
Other advertising	0.3	0.7
Non-controlling interests	(1.0)	(0.8)
Contingent assets	-	(0.3)
Total revenues from advertising	374.7	340.1

Advertising revenues showed an increase of Euro 34.6 million compared to the first half of 2015, which was substantially attributable to increased advertising revenues from the broadcasting of the Football World Cup matches in 2016.

Revenues from sales and services – other revenues

Other revenues from sales and services, equal to Euro 91.0 million in the first half of 2016 (Euro 84.9 million in the first half of 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Special services under agreement	22.3	26.2
Sale of rights and musical publications	40.0	27.7
Film and home video distribution	16.6	21.3
Systems and equipment hosting fees	16.1	16.0
Sundry services, mainly for public entities	2.8	5.7
Signal broadcasting, circuit hire, radio link and connections	2.8	2.8
Agreements with telephone companies	0.6	1.4
Revenues from sales	1.0	0.3
Other	1.2	1.2
Non-controlling interests	(15.2)	(20.0)
Contingent assets	2.8	2.3
Total other revenues	91.0	84.9

12.2 Other earnings and proceeds

Other earnings and proceeds, equal to Euro 8.8 million in the first half of 2016 (Euro 9.7 million in the first half of 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Operating grants	4.4	4.4
Income from investment property and hires	1.0	1.0
Income from production of programmes	0.5	0.3
Capital gains on disposals	-	0.5
Contingent assets	0.9	-
Other	2.0	3.5
Total other earnings and proceeds	8.8	9.7

12.3 Costs for purchases of consumables, for services and other costs

Costs for purchases of consumables, for services and other costs, equal to Euro 572.9 million (Euro 520.4 million thousand in the first half of 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Costs for purchases of consumables	7.9	9.4
Self-employment services	72.1	70.1
Services for acquisition and production of programmes	101.1	99.7
Daily allowances, travel expenses and additional personnel costs	24.5	22.3
Maintenance, repairs, transport and similar costs	22.9	22.7
Documentation and information services	23.5	22.1
Other external services (telephone, supply services, cleaning, post, insurance, etc.)	72.0	81.1
Leases and rentals (mainly Rai for production and Rai Way)	47.2	46.7
Filming rights	122.9	80.8
Rights of use	56.2	53.2
Contingent liabilities	0.4	(2.2)
Recoveries and reimbursements of expenses	(7.1)	(10.1)
Costs for services	535.7	486.4
Other costs	29.3	24.6
Total	572.9	520.4

Costs for services, the breakdown of which is stated in the table above, totalled Euro 535.7 million (Euro 486.4 million in the first half of 2015), net of discounts and allowances obtained. They also included fees, position allowances and reimbursements of expenses paid by the Parent Company to the Directors for Euro 0.3 million and to the Statutory Auditors for Euro 0.1 million. Furthermore, two Statutory Auditors of the Parent Company performed similar duties in other subsidiaries at the same time, receiving fees, for these positions, in an amount that is not significant.

Pursuant to Article 2427, no. 16-bis, of the Italian Civil Code, the fees accrued in the first half of 2016 reported an amount of Euro 0.2 million for the services rendered by the independent auditors for the statutory audit of annual accounts and an insignificant amount in millions of Euros for other services rendered.

Other costs, equal to Euro 29.3 million (Euro 24.6 million in the first half of 2015), mainly related to prizes and winnings on radio and television contests, indirect taxes and other duties, contributions for the Supervisory Authorities.

12.4 Personnel costs

Personnel costs, equal to Euro 531.1 million (Euro 500.6 million in the first half of 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Wages and salaries	385.8	374.8
Social security contributions	105.5	102.9
Provision for Staff Severance Pay	22.0	21.6
Pension and similar costs	7.8	7.4
Other	11.2	10.3
Personnel costs	532.3	517.0
Costs of early retirement incentives	6.7	2.6
Recovery of expenses	(0.8)	(0.6)
Capitalised personnel costs	(7.3)	(11.6)
Other personnel costs	(1.4)	(9.6)
Contingent liabilities and releases of provisions	0.2	(6.8)
Total personnel costs	531.1	500.6

This item includes charges for defined-contribution plans for Euro 22.5 million and charges for defined-benefit plans for Euro 2.4 million, net of past service.

Charges for defined-benefit plans are analysed in note 10.2 "Employee benefits".

The Group applies five Collective Labour Agreements, i.e. the Collective Labour Agreement for middle managers, office and manual workers of Rai, Rai Way, Rai Cinema and Rai Com, the Collective Labour Agreement for Orchestra Members of Rai, the National Labour Agreement for Journalists, as applied by Rai according to the procedures set out in a "Agreement for the extension of CNLG (National Labour Agreement for Journalists) to Rai" and the related Supplementary Agreement between Rai and Usigrai for journalists, the National Collective Labour Agreement for Executives of Companies that produce goods and services and the related Supplementary Agreement between Rai and ADRAI (Association of Rai Executives) and the National Collective Labour Agreement for employees of Rai Pubblicità.

The Company agreements for middle managers, office and manual workers and Orchestra Members, respectively, expired on 31 December 2013.

At present the National Labour Agreement in force for journalists (1/4/2013 – 31/3/2016, extended for 6 additional months) is not applied by the Company as it has not been possible to reach an understanding with Usigrai on the extension Agreement; the Supplementary Agreement expired on 31 December 2013.

The National Labour Agreement for executives is in force for the period from 1/1/2015 to 31/12/2018, while the supplementary Rai-ADRAI agreement for the period from 2014 to 2016 was renewed on 23 December 2015.

Below is the breakdown by category of the average number of the employees working for the consolidated companies:

	Half-year ended 30 June 2016			Half-year ended 30 June 2015		
	Personnel under permanent contracts (average number of units) ⁽¹⁾	Personnel under fixed-term contracts (average number of units)	Total	Personnel under permanent contracts (average number of units) ⁽¹⁾	Personnel under fixed-term contracts (average number of units)	Total
By company						
Rai	10,972	727	11,699	10,633	990	11,623
Rai Cinema	134	6	140	114	21	135
Rai Com	106	10	116	87	23	110
Rai Pubblicità	336	14	350	341	12	353
Rai Wway	618	17	635	615	16	631
Total	12,166	774	12,940	11,790	1,062	12,852
By category						
Executives	332	-	332	321	-	321
Journalists	1,709	96	1,805	1,578	254	1,832
Middle managers	1,359	1	1,360	1,303	3	1,306
Office workers	7,707	576	8,283	7,525	683	8,208
Manual workers	933	97	1,030	936	117	1,053
Orchestra members and choristers	118	4	122	119	5	124
Medical staff	8	-	8	8	-	8
Total	12,166	774	12,940	11,790	1,062	12,852
(1) of which apprenticeship contracts	193			197		

The average number of employees is calculated as the arithmetic mean of the daily number of employees in the period under consideration, as weighted in relation to part-time work of employees. The average number of employees includes employees under permanent and fixed term contracts.

12.5 Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs, equal to Euro 249.8 million (Euro 246.1 million in the first half of 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Property, plant and equipment:		
Buildings	8.8	8.9
Plant and machinery	41.2	42.4
Industrial and commercial equipment	1.3	1.3
Other assets	2.8	2.6
Total depreciation of property, plant and equipment	54.1	55.2
Intangible assets:		
Programmes	176.7	167.8
Software	2.6	2.6
Digital Terrestrial frequencies	0.6	1.7
Other rights	0.1	0.1
Total amortisation of intangible assets	180.0	172.2
Investment property	0.2	0.2
Total amortisation and depreciation	234.3	227.6
Programmes under amortisation	11.2	11.3
Other intangible assets	-	0.6
Programmes under development	1.2	3.1
Trade receivables	2.5	2.0
Other current receivables and assets	(0.1)	0.5
Other non-current receivables and assets	0.7	1.0
Total write-downs	15.5	18.5
Total amortisation, depreciation and write-downs	249.8	246.1

12.6 Provisions

This item showed a net positive balance of Euro 6.8 million resulting from provisions of Euro 10.1 million and reversals of Euro 16.9 million (against a positive balance of Euro 0.5 million in the first half of 2015, equal to a net amount including provisions of Euro 10.0 million and reversals of Euro 10.5 million).

The main provisions recognised during the first half of 2016 related to provisions for risks and charges for legal disputes, equal to Euro 8.1 million, and for the contribution for the usage of digital frequencies, equal to Euro 1.0 million. The reversal mainly related to the provision set aside in previous financial years for the contribution for the usage of digital frequencies for the period 2014–2015, which became redundant in light of Ministerial Decree of 4 August 2016.

12.7 Financial income and expenses

Net financial expenses, equal to Euro 9.2 million (Euro 12.2 million in the first half of 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Financial income		
Interest income from banks	-	0.1
Foreign exchange gains	0.2	0.8
Income from derivatives	0.7	0.8
Others	0.6	0.7
Total financial income	1.5	2.4
Financial expenses		
Interest payable to banks	(1.5)	(5.9)
Interest payable to other lenders	(0.4)	(0.5)
Interest payable on bond issues	(3.0)	(0.6)
Expenses from derivatives	(0.3)	(2.9)
Estimate foreign exchange losses	(0.5)	(1.0)
Interest on obligations for employee benefits	(3.8)	(2.6)
Other	(1.2)	(1.1)
Total financial expenses	(10.7)	(14.6)
Net financial expenses	(9.2)	(12.2)

12.8 Share of profits (losses) of equity-accounted investments

The Share of profits (losses) of equity-accounted investments, which was positive for Euro 0.1 million (Euro 0.6 million in the first half of 2015), is broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
Share of profits (losses) of equity-accounted investments		
Audiradio Srl in liquidation	0.1	-
Euronews Sa	(0.7)	-
San Marino RTV SpA	(0.2)	(0.1)
Tivù Srl	1.0	0.7
Total Share of profits (losses) of equity-accounted investments	0.1	0.6

The breakdown of changes in equity-accounted investments is stated in note 7.4 "Equity investments".

12.9 Income taxes

Income taxes are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Half-year ended 30 June 2015
IRES tax	(22.1)	(19.1)
IRAP tax	(4.3)	(3.6)
Total current taxes	(26.4)	(22.7)
Deferred tax liabilities	1.5	1.4
Deferred tax assets	8.9	22.8
Total deferred tax assets/liabilities	10.4	24.2
Direct taxes from previous years	0.3	0.8
Total income taxes	(15.7)	2.3

During the first half of 2016, the financial dynamics gave rise to taxable income for the period for all Group companies, except for the Parent Company that showed a tax loss for IRES tax purposes only, against which provisions for IRES and IRAP tax were set aside for Euro 22.1 million and Euro 4.3 million, respectively.

Deferred tax liabilities gave rise to a positive economic effect equal to Euro 1.5 million (Euro 1.4 million as at 30 June 2015), in relation to the repayment of temporary income differences recognised in previous financial years.

For IRES tax purposes, in the first half of 2016, as well as in the first half of 2015, additional tax losses arose for which deferred tax assets were allocated, with a positive effect through profit or loss.

13) Other information

13.1 Guarantees

Guarantees given, equal to Euro 19.1 million (Euro 41.8 million as at 31 December 2015), are broken down as follows:

(in millions of Euros)	Half-year ended 30 June 2016			
	Sureties	Other unsecured guarantees	Collaterals	Total
Joint ventures and associates	2.6	-	-	2.6
Other	14.2	-	2.3	16.5
Total	16.8	-	2.3	19.1

(in millions of Euros)	Financial year ended 31 December 2015			
	Sureties	Other unsecured guarantees	Collaterals	Total
Joint ventures and associates	2.6	-	-	2.6
Other	36.9	-	2.3	39.2
Total	39.5	-	2.3	41.8

Guarantees given included the surety in favour of the Tax Authorities, as security for the early repayment of VAT surplus of Euro 12.4 million as at 30 June 2016 (Euro 35.1 million as at 31 December 2015). The Group also reported guarantees provided by third parties against obligations in financial and commercial terms, equal to Euro 404.7 million (Euro 379.2 million as at 31 December 2015), which mainly related to:

- (i) guarantees received from:
 - banks and other insurance entities as security for the acquisition of goods and services;
 - banks and other insurance entities as security for proper performance of agreements for the realisation of radio and television productions;
- (ii) third-party guarantees provided for the Group's obligations:
 - against payables - for surety as security for medium/long-term loans;
 - against other obligations - for sureties connected to the Group's business.

13.2 Commitments

The main commitments, including multi-year commitments, linked to the product or to initiatives for technological upgrading and development, which had already been subscribed as at the reporting date, are listed below:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Future commitments for:		
- sports rights	192.3	265.5
- investments in audiovisual works	195.8	220.8
- rights and services for the realisation of other programmes	22.4	38.2
- technical investments and other commitments	49.2	19.6
Total commitments	459.7	544.1

13.3 Potential liabilities

The Group companies, and mainly Rai, are involved in civil, administrative, labour-related and social security proceedings connected to the ordinary course of their businesses. On the basis of the information that is currently available, and taking account of the existing provisions for risks, the Group considers that the outcomes of these proceedings may not reasonably entail any significant adverse impact on the Consolidated Financial Statements.

The disputes concerning civil law and administrative issues in which the Group is involved mainly relate to activities for the production and broadcasting of radio and television programmes. Almost all of the civil disputes concern claims for damages, mostly connected to defamation and infringement of personality rights, whereas within the context of the administrative proceedings concerning public contracts, the claim for compensation by way of equivalent measures is considered as an alternative only, given that the main claim regards the cancellation of the tender documents and, in some cases, the taking over of the contract.

Upon occurrence, based on the analyses conducted on these types of disputes, of the following conditions:

- the availability, at the moment of the preparation of the Consolidated Financial Statements, of information that would indicate that a liability is likely to be incurred;
- the possibility of reasonably estimating the amount of the charge, taking account of the requests submitted by the plaintiffs,

the related charge is allocated through accruals to the Provisions for legal disputes.

As regards labour-related and social security issues, the Group is involved in a considerable number of disputes mainly concerning requests for reinstatement, demands for establishing a fictitious interposition of third-party labour (*interposizione fittizia di manodopera*), demands for higher positions or levels, claims for damages due to asserted downgrading and the inferred non-compliance with social security requirements laid down in collective contracts or agreements. In order to determine the amount, if any, to be allocated to provisions, considering the number of pending disputes and the subsequent difficulty in carrying out a correct assessment for each one of them, three sub-categories have been identified with reference to the status of the proceedings and the possible interim outcome of the dispute (lawsuits not yet settled in first instance, adverse and positive outcome in the appeal), for each one of which the percentage of risk is estimated by identifying an average value expressed in percentage terms, in order to quantify the accrual to the provision for legal disputes.

Note 10.3 "Non-current provisions for risks and charges" provides details of the provisions set aside against these cases.

Furthermore, it should be noted that, after the end of the half-year, the tax audit was completed at Rai Pubblicità, which had concerned VAT and IRES tax issues for the 2007 – 2011 financial years, with the service of the PVC (*Processo Verbale di Costatazione*, Report on findings), which has not yet been fol-

lowed by a notice of tax assessment. Rai Pubblicità, together with the Parent Company, has established any appropriate contact with the Tax Authorities. On the basis of the information that is currently available, and given the initial stage of the proceedings, there are no such conditions as are sufficient to assess its developments and outcomes. The dispute in question is expected to be settled by the end of the 2016 financial year.

13.4 Related parties

The details of the relations maintained by the Parent Company with Related Parties, identified based on the criteria set out under IAS 24 "Related Party Disclosures", are provided below.

The Parent Company mainly maintains relations of a commercial and financial nature with the following related parties:

- Rai Cinema;
- Rai Com;
- Rai Corporation;
- Rai Pubblicità;
- Rai Way;
- key management personnel ("Top Management");
- other associates and joint ventures in which the Group holds an interest as specified in note 7.4 "Equity investments"; companies under the control or joint control of the Top Management and entities that manage post-employment benefit plans, reserved for the employees of the Rai Group ("Other related parties").

Although the transactions with Related Parties are carried out at arm's length, there is no guarantee that, had they been concluded between or with third parties, the latter would have negotiated and entered into the relevant agreements or carried out such transactions, at the same conditions and with the same procedures.

"Top Management" means the key management personnel who have authority and responsibility for planning, directing, and controlling the activities of the Group companies, directly or indirectly, and the term also includes the members of the Board of Directors of the Group companies. As regards the fees due to the Statutory Auditors, reference should be made to the provisions of note 12.3 "Costs for purchases of consumables, for services and other costs".

The table below reports the breakdown of the balance sheet balances as at 30 June 2016 and 31 December 2015 and the economic effects of the transactions concluded between the Group and the related parties during the first half of 2016 and the first half of 2015, obviously excluding those existing between the Parent Company and its subsidiaries, consolidated on a line-by-line basis.

(in millions of Euros)	Top Management	Other related parties	Total
Current trade receivables			
As at 30 June 2016	-	1.0	1.0
As at 31 December 2015	-	0.2	0.2
Current financial assets			
As at 30 June 2016	-	0.6	0.6
As at 31 December 2015	-	-	-
Other current receivables and assets			
As at 30 June 2016	0.3	-	0.3
As at 31 December 2015	0.5	-	0.5
Employee benefits			
As at 30 June 2016	(6.8)	(15.0)	(21.8)
As at 31 December 2015	(6.9)	(15.0)	(21.9)
Trade payables			
As at 30 June 2016	-	(5.5)	(5.5)
As at 31 December 2015	-	(4.0)	(4.0)
Other current payables and liabilities			
As at 30 June 2016	(7.5)	(7.0)	(14.5)
As at 31 December 2015	(7.2)	(13.6)	(20.8)
Current financial liabilities			
As at 30 June 2016	-	-	-
As at 31 December 2015	-	(0.1)	(0.1)

(in millions of Euros)	Top Management	Other related parties	Total
Revenues from sales and services			
As at 30 June 2016	-	0.3	0.3
As at 30 June 2015	-	0.3	0.3
Other earnings and proceeds			
As at 30 June 2016	-	0.1	0.1
As at 30 June 2015	-	0.1	0.1
Costs for services			
As at 30 June 2016	(0.3)	(4.4)	(4.7)
As at 30 June 2015	(0.6)	(4.0)	(4.6)
Personnel costs			
As at 30 June 2016	(12.5)	(7.1)	(19.6)
As at 30 June 2015	(10.7)	(6.5)	(17.2)

As to the description of the main agreements in place between the Parent Company and subsidiaries, associates and joint ventures as identified above, reference should be made to the specific paragraph in the Notes to the Consolidated Financial Statements in the Reports and Financial Statements as at 31 December 2015, except for:

Tax Consolidation

Based on the regulations provided for in the TUIR (Consolidation Act on Income Taxes, Presidential Decree 917/1986, Articles 117 and ff.) and by operation of the provisions laid down in Article 11, paragraph 4, of Ministerial Decree dated 9 June 2004, concerning "Provisions for the application of the national consolidation tax regime, referred to in Articles 117 to 128 of the Consolidation Act on Income Taxes", Rai applies the Group taxation regime for the National Tax Consolidation.

This option, valid for a three-year period, for the adoption of the National Tax Consolidation regime, was renewed as between Rai and Rai Way, Rai Cinema and Rai Com until the tax period that will end on 31 December 2018, whereas as regards Rai Pubblicità such renewal is valid until the tax period that will end on 31 December 2016.

The statutory and financial relationships between the participating companies are regulated by a specific agreement executed between the parties, updated with reference to the regulatory changes that might occur during the period when such agreement remains in force.

Group VAT Regime

The Group avails itself of the Group VAT netting procedure provided for in Ministerial Decree dated 13 December 1979, which contains the regulations implementing the provisions laid down in Article 73, last paragraph, of Presidential Decree 633 of 26 October 1972.

The option for carrying out the Group VAT procedure on an annual basis was exercised as regards Rai and all other national subsidiaries until 31 December 2016. The statutory and financial relationships are regulated by a specific agreement signed between the parties.

14) Significant events after the reporting date

Extension of the Concession Term

On 4 October 2016 the Chamber of Deputies approved a Bill in Parliament, which had already been approved by the Senate in the same terms, concerning, *inter alia*, the procedure for the concession relating to the public radio, television and multimedia service. Under Article 9, this Bill provides for an amendment to Article 49 of Legislative Decree no. 177 of 31 July 2005 (Consolidation Act on audiovisual and radio media services), thus actually providing for an extension of the concession term for Rai; this was because the concession and the related agreement already in place shall continue to apply until the date of entry into force of the Decree that will provide for the new award of public radio, television and multimedia service, and in any case for a period of no more than ninety days from the date of expiry of the concession term.

Maximum remuneration

The Chambers have approved the Bill in Parliament governing the "Establishment of the Fund for pluralism and innovation of information and powers delegated to the Government for the reform of regulations governing public support to the sector of publishing and local radio and television broadcasters, the regulations governing pension schemes for journalists and the composition and competence of the National Council of the Association of Journalists. Procedure for awarding public radio, television and multimedia services". Paragraph 1-ter of Article 9, governing the Procedure for awarding public radio, television and multimedia services, provides that: "The maximum annual remuneration of Euro 240,000, referred to in Article 13, paragraph 1, of Decree Law no. 66 of 24 April 2014, as amended and converted by Law no. 89 of 23 June 2014, shall apply to directors, subordinate employees, collaborators and consultants, respectively, who work for the entity that has been awarded the public radio, television and multimedia service and who provide professional services for fees that are not set out by regulated tariffs."

Inclusion of Rai in the List of public authorities included in the Consolidated income statement

On the basis of the European System of Accounts (ESA 2010, as defined by Regulation (EU) no. 549/2013 of the European Parliament and of the Council) and of the interpretations provided by the ESA itself in the "Manual on Government Deficit and Debt" published by Eurostat (2016 Edition), the ISTAT (National Institute of Statistics) has prepared the list of institutional units belonging to the General Government sector (Sector S13 in the ESA). Within the scope of the national accounts statistics, the rules require the consolidated income statement to be prepared for this sector, which constitutes the reference for the aggregates transmitted to the European Commission in the application of the Protocol on the Excessive Deficit Procedure attached to the Maastricht Treaty.

For the first time Rai is included in the list of public authorities included in the Consolidated income statement published in Official Gazette no. 229 of 30 September 2016, as identified pursuant to Article 1, paragraph 3, of Law no. 196 of 31 December 2009, as amended (Public Finance and Accounting Act).

2017 licence fees

At the meeting held on 15 October 2016, the Council of Ministers approved the Government Budget Bill for the 2017 financial year and for the three-year period from 2017 to 2019. As regards Rai, the unit licence fee set out for 2016, equal to Euro 100, was reduced to Euro 90.

15) Reconciliation of Rai and Consolidated Financial Statements

Below is the breakdown of the items of reconciliation of the Income Statement and Equity results in the Rai Financial Statements and the respective results in the Consolidated Financial Statements:

(in millions of Euros)	Result for the period		Equity	
	Half-year ended 30 June 2016	Half-year ended 30 June 2015	Half-year ended 30 June 2016	Financial year ended 31 December 2015
Rai Financial Statements	66.2	7.2	847.0	811.8
Elimination of the value of equity investments against respective equity and of dividends distributed against profits for the period	(32.5)	(33.2)	(367.7)	(318.2)
Adjusted deferred tax liabilities on revaluation of Rai Way investment	-	-	5.0	5.0
Other consolidation adjustments	(0.3)	0.8	(7.0)	(5.8)
Consolidated Financial Statements	33.4	(25.2)	477.3	492.8
of which non-controlling interests	6.9	7.0	48.6	56.3

16) Appendix **16.1 Rai's equity investments in subsidiaries**

The table below reports the details of the equity investments held by Rai in joint-stock companies, including foreign companies.

As at 30 June 2016 the abovementioned equity investments had remained unchanged compared to the position as at 31 December 2015.

	Registered Office	Number of Shares owned	Par value (in Euros)	Share Capital (in thousands of Euros)	Ownership %
Subsidiaries:					
Rai Cinema SpA	Rome	38,759,690	5.16	200,000	100.00%
Rai Com SpA	Rome	2,000,000	5.16	10,320	100.00%
Rai Corporation in liquidazione	New York (USA)	50,000	10.00 (1)	500 (2)	100.00%
Rai Pubblicità SpA	Turin	100,000	100.00	10,000	100.00%
Rai Way SpA	Rome	176,721,110	- (3)	70,176	64.971% (4)

(1) Values in USD.

(2) Values in USD/th.

(3) Ordinary shares with no par value.

(4) The shareholding held by Rai decreased from 65.07353% to 64.971% following the granting, free of charge, of shares envisaged at the time of the IPO.

The market value of the shares of Rai Way S.p.A. as at 30 June 2016 was equal to Euro 4.05.

16.2 Consolidated net financial position

The net financial position, determined in accordance with paragraph 127 of the recommendations reported in the document no. 319 prepared by ESMA (European Securities and Markets Authority) in 2013, which implement Regulation (EC) no. 809/2004, is as follows:

(in millions of Euros)	Half-year ended 30 June 2016	Financial year ended 31 December 2015
A. Cash	0.4	0.3
B. Other cash and cash equivalents	387.1	145.8
C. Securities held for trading	-	-
D. Liquidity (A+B+C)	387.5	146.1
Securities	-	2.3
Hedging derivatives	1.6	8.4
Time bank deposits	5.7	3.1
Receivables from associates (San Marino)	0.6	-
Loans to employees	0.1	0.1
Other (accruals, deferrals, issue discounts)	0.1	0.1
E. Current financial receivables	8.1	14.0
F. Current bank debt	(21.5)	(1.0)
G. Current portion of non-current debt	(40.0)	(35.0)
H. Other current financial debt	(0.4)	(4.8)
I. Current financial debt (F+G+H)	(61.9)	(40.8)
J. Current net financial position (D+E-I)	333.7	119.3
K. Non-current bank debt	(115.2)	(135.2)
L. Bonds issued	(346.5)	(346.1)
M. Other non-current debt	(0.5)	(0.4)
N. Non-current financial debt (K+L+M)	(462.2)	(481.7)
O. Net financial position (J+N)	(128.5)	(362.4)

Statement pursuant to art. 154-bis of Legislative Decree 58/98

Statement pursuant to art. 154-bis of Legislative Decree 58/98

The undersigned Antonio Campo Dall'Orto as General Manager and Massimo Cappelli as the Officer in charge of Financial Reporting for RAI Radiotelevisione italiana SpA, certify, in accordance with Article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:

- the appropriateness of the financial statements with regard to the nature of the business and
- the effective application

of administrative and accounting procedures in preparing the Consolidated Interim Financial Statements during the first half of 2016.

The administrative and accounting procedures and the well-established operating practices in place with the Group have supported, on the whole, the administrative and accounting system of internal control in an adequate manner so as to ensure the compliance with the objectives provided for by Law 262/05, also in consideration of the applicable regulatory framework.

It is also certified that:

- The Consolidated Interim Financial Statements as at 30 June 2016 of RAI Radiotelevisione Italiana Spa:
 - a) were prepared in accordance with International Financial Reporting Standards endorsed by the European Union pursuant to EC regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) correspond to the entries in the books and accounting records;
 - c) provide a true and fair view of the financial position and results of operations of the issuer and of the consolidated companies.
- The Report on Operations includes a reliable analysis of the performance and the operating result, as well as the position of the issuer and of the group of consolidated companies, together with a description of the main risks and uncertainties it is exposed to.

Rome, 19 October 2016

Antonio Campo Dall'Orto
General Manager

Massimo Cappelli
Officer in charge of Financial Reporting

Independent Auditors' Report



REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of
RAI – Radiotelevisione italiana SpA

Foreword

We have reviewed the accompanying consolidated interim financial statements of Rai – Radiotelevisione italiana SpA and its subsidiaries (the RAI Group) as of 30 June 2016, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity and related notes. The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of the consolidated interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of review

We conducted our work in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the RAI Group as of 30 June 2016, are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, 7 November 2016

PricewaterhouseCoopers SpA

Signed by

Pier Luigi Vitelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

PricewaterhouseCoopers SpA

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Rai - Radiotelevisione Italiana SpA

Parent Company

Company name: Rai - Radiotelevisione italiana SpA
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