



REPLY
HALF-YEAR
FINANCIAL
REPORT 2015

REPLY

**HALF YEAR FINANCIAL
REPORT AT
JUNE 30 2015**

CONTENTS

Board of directors	3
Reply Living Network	6
Financial review of the Group	12
Other information	17
Outlook on operations	19
Consolidated statement of income (*)	21
Consolidated statement of comprehensive income	22
Consolidated statement of financial position (*)	23
Statement of changes in consolidated equity	24
Consolidated statement of cash flows	25
Annexed tables	61
Attestation of the half-year condensed financial statements pursuant to 154 bis of legislative decree no. 58/98	66
Independent auditors' report	67

BOARD OF DIRECTORS AND CONTROLLING BODIES

BOARD OF DIRECTORS

Chairman and Chief Executive Officer

Mario Rizzante

Chief Executive Officer

Tatiana Rizzante

Executive Directors

Daniele Angelucci

Claudio Bombonato

Oscar Pepino

Filippo Rizzante

Fausto Forti (1) (2) (3)

Maria Letizia Jaccheri (1) (2)

Enrico Macii (1) (2)

Board of Statutory Auditors

President

Cristiano Antonelli

Statutory Auditors

Paolo Claretta Assandri

Ada Alessandra Garzino Demo

Independent Auditors

Reconta Ernst & Young S.p.A.

(1) Directors not invested with operational proxies

(2) Independent Directors according to the Corporate Governance code drawn up by the Committee for Corporate Governance

(3) Lead Independent Director

This half year report has been translated into English from the original Italian version, in case of doubt the Italian version prevails.

THE GROUP'S FINANCIAL HIGHLIGHTS

YE 2014	%	Economic figures (Euros/000)	1st half 2015	%	1st half 2014	%
632,184	100.0	Revenue	345,483	100.0	308,499	100.0
85,119	13.5	Gross operating income	47,265	13.7	41,554	13.5
80,663	12.8	Operating income	42,850	12.4	37,924	12.3
79,267	12.5	Income before taxes	43,859	12.7	37,346	12.1
47,909	7.6	Group net income	28,200	8.2	22,067	7.2

YE 2014	Financial figures (Euros/000)	1st half 2015	1st half 2014
251,908	Group shareholders' equity	274,257	227,358
936	Non controlling interest	353	519
616,712	Total assets	607,216	530,094
134,341	Net working capital	137,150	119,446
236,531	Net invested capital	251,758	218,802
49,578	Cash flow	27,260	30,036
16,313	Net financial position	22,851	9,075

YE 2014	Data per single share (in Euros)	1st half 2015	1st half 2014
9,352,857	Number of shares	9,352,857	9,352,857
8.62	Operating result per share	4.58	4.05
5.12	Net result per share	3.02	2.36
5.30	Cash flow per share	2.91	3.21
26.93	Shareholders' equity per share	29.32	24.31

YE 2014	Other information	1st half 2015	1st half 2014
4,689	Number of employees	4,957	4,477

REPLY LIVING NETWORK

Reply Living Network

Reply is a company that specializes in consulting, systems integration and digital services with a focus on the conception, design and implementation of solutions based on the new communication channels and digital media.

Composed of a network of companies, Reply partners with key industrial groups in defining and developing business models made possible by the new technological and communication paradigms such as big data, cloud computing, digital communication, the Internet of Things and mobile and social networking. In so doing, it aims to optimize and integrate processes, applications and devices.

ORGANIZATIONAL MODEL

Reply operates through a network of companies that specialize in processes, applications and technologies and that represent centers of excellence in their respective fields of expertise.

Processes – For Reply, the understanding and use of technology involves the introduction of a new enabling factor for business processes, based on an in-depth knowledge of both the market and the specific industrial contexts of implementation.

Applications – Reply designs and develops application solutions aimed at meeting core business needs.

Technologies – Reply optimizes the use of innovative technologies, creating solutions that are capable of guaranteeing maximum operational efficiency and flexibility for its clients.

Reply's services include:

Consulting – on strategy, communications, processes and technologies;

System integration – to use the full potential of technology by combining business consulting services with innovative technical solutions and high levels of added value;

Application management – the management, monitoring and continuous development of software assets.

MARKET FOCUS

In every market segment in which it operates, Reply combines specific sector expertise with wide experience in the provision of services and a wealth of advanced technological capabilities.

Telecoms and Media

Reply now ranks as a leading technological partner for the telecoms and media market, a sector characterised by the continuous transformation of the operators involved, which are increasingly positioning themselves as providers of innovative services and content. Reply has a particular focus on redefining omni-channel engagement models for its clients both at the touchpoint (physical and digital) level and through the development of innovative customer experience solutions that increasingly often are integrated with social models.

Banks, insurance companies and financial operators

Reply is increasingly active in the digital transformation of Europe's financial institutions. In this area Reply is focused on working with some of the leading players in the sector to define comprehensive multi-channel customer journey and customer engagement strategies. These range from digital branding to the implementation of strategy apps and from the development of a new generation of multi-channel portals and touchpoints to the complete redefinition of the underlying technological architectures.

Manufacturing and Retail

Reply supports companies with the transformation and management of their information systems. Services provided range from strategic design and the understanding and redefinition of core business processes to the creation of solutions for application integration in support of the extended enterprise.

Reply has also defined a specific service offering for the retail sector that combines e-commerce and multi-channel consulting with the design and development of solutions that integrate web, mobile, call centre and in-store services and in which digital devices, innovation and physical places are brought together to create an engaging and consistent customer experience.

Energy and Utility

The energy and utilities sector is currently undergoing a profound transformation with regard to the models used for generating, distributing and selling energy. The increasingly widespread presence of renewable energy generation facilities, the regulatory implications and the market opportunities, together with a desire on the part of customers to utilise new instrumentation for the control, analysis and management of consumption, are leading to substantial changes in the operational, organisational and technological models used. The requirements in terms of both real-time activity monitoring and the evolutionary and predictive analysis of the phenomena involved, combined with the need for constant communication with customers, are resulting in the introduction of digital devices throughout the chain, from power plants down to households.

Reply combines a deep understanding of the market and its specific processes with a distinctive capability in the design, implementation and management of application and technological solutions in support of

core business. Its ability to support the transformation of management models used by operators in the sector and the verticalisation of skills and specific solutions (IoT, big data, cloud, mobile, etc.) allow Reply to assist companies that generate, sell and distribute energy in defining and developing new operational models. Aspects covered include smart metering, smart grid management, real-time pricing and demand response.

Government and Defence

In the health and public administration sectors, there has been an increasingly strong focus over recent years on cutting costs while still maintaining quality and improving service opportunities for consumers. There are two contributing factors involved here. Firstly, by defining “standard costs”, legislation has identified an element of balance between the various territorial differences associated with the cost of the service. Secondly, in the operational context there is an increasing use of online technologies, of big data and of cloud computing, which are all contributing to a reduction in overall costs. In this scenario, Reply benefits from the experience it has built up in the most advanced online services, creating vertical applications and expertise that enable it to implement specific solutions for managing relationships with the public and with businesses.

TECHNOLOGICAL INNOVATION

Technological innovation has formed the basis for the development of Reply, a company that has always pursued the objective of providing its clients with the tools necessary to increase flexibility and efficiency. Reply is involved in a continuous process of research, selection and marketing of innovative solutions for sustaining the creation of value within organisations.

Big data and analytics

In recent years, every sector of industry has seen a clear growth in the awareness of the different possibilities available from the exploitation of “big data”, by means of analytical models capable of exploiting the potential of the new NoSql technologies. This increased awareness does not appear to be a logical consequence of the transformation of the datasets associated with the now outdated “3Vs” (velocity, variety and volume) paradigm, which originally characterised the field of big data. Rather, it is the result of the strong pressure on development times and on the TCO of data analysis solutions, which is requiring different choices to be made compared to traditional business intelligence models.

Cloud computing

In recent years cloud computing has established itself as one of the most important areas of transformation that companies have had to face. In fact the provision of virtual environments and services by major global vendors has modified, or even revolutionised, the concept of IT as it was traditionally interpreted. From being seen as a simple commodity, IT has become one of the fundamental elements underlying the true digital transformation of an organisation.

Customer experience

The increasing degree of integration with new communication technologies especially in terms of mobile services, the social aspect of participation and collaboration, and the spread of multi-channel services have all taken on vital importance for the implementation of CRM solutions that create actual value, by redefining traditional models in favour of a customer-centric approach.

Digital services

The communications sector has seen a clear growth over recent years in the importance attributed to the presence of a single brand, product or service across various digital platforms, for both its end users and its employees. This multi-channel and multi-recipient presence is increasingly dialectical and interactive, far removed from the traditional promotional model.

E-commerce

In recent years e-commerce has taken on an increasingly central role in the relationship between businesses and consumers. More and more frequently, companies are extending their business models by defining new multi-channel strategies capable of providing consumers with different touchpoints, both digital and physical, to use when purchasing products.

Enterprise architecture

In order to cope with a future characterized by a convergence between the physical and digital space, a future in which the boundary between business and IT becomes increasingly blurred, IT must be capable of operating at “two speeds”. In other words, businesses need to take swift action to exploit the new innovations available to them, while at the same time taking care to avoid harm to existing systems. This new approach to IT requires agile delivery models, in which small, highly qualified, multi-disciplinary teams implement a process of end-to-end change in very short time-scales, working directly with the managers of the various business areas involved. Reply, in particular, supports its clients in the field of enterprise architecture, helping them to extend their internal capabilities by using a wide portfolio of frameworks, methods and architectural models and by making available highly specialized teams.

The Internet of things

The drive for convergence between the telecoms, media and consumer electronics sectors is making it necessary to treat items that currently lack any form of connectivity as “networked devices” (such as household appliances and home automation control systems). The Internet of Things (IoT) is a market that, according to the estimates of leading analysts, will grow in Europe by over 46% per year during the 2015-2020 period. At a global level, they predict that sales from products and services will be worth more than 7,100 billion Euros, with more than 50 billion machines connected in networks by 2020.

Mobile

Grazie alle consolidate competenze su device, user experience, protocolli di comunicazione e alla conoscenza dei principali processi telco e media, Reply affianca i propri clienti nel definire scenari e modelli d’interazione multidevice, creando nuovi ambienti collaborativi.

Mobile payments

The widespread use of mobile devices by consumers and the development of new payment tools, enabled by the mobile elements of technology, make the mobile payment sector one of the fastest-growing fields. Reply has defined a dedicated product offering – based around consulting services and technological platforms – to support banks, financial institutions, telecoms providers, utilities and retailers in the creation and supply of innovative remote and proximity mobile payment services.

Risk management, privacy & security

Reply is now one of the leading players in this sector, with a comprehensive portfolio of services for risk management, privacy and information security management. In particular, Reply has developed an integrated approach for measuring and managing risk that is capable of assessing, concurrently, both the risk involved and the potential loss of value and sales associated with that risk. Using this method, Reply enables its clients to implement a set of tools and activities aimed at cutting the operating costs associated with risk management, thereby ensuring that capital and resources can be allocated in the best possible ways.

Social media

Public social media are remarkable for the way in which they have been adopted for everyday use by all age brackets, with people becoming more aware and more frequent users of the networks involved. Thanks to the value they provide, social media have therefore transformed the Internet, turning it from simply a source of information to a vast space for dialogue and conversation. This has created new opportunities for interaction between people and between brands and the consumers of those brands.. Along with specific social engagement and social listening solutions, Reply bases its own social enterprise networking services (business community, social Intranet and consumer community) on its proprietary TamTamy™ platform. This is available both in on-premises mode and “as a service” via a cloud computing architecture.

Video & gaming generation

The disruptive impact of mobile devices and apps that has been seen over recent years has brought with it new kinds of social behaviour and habits. One especially obvious phenomenon involves the use of video games. Smartphones and tablets have dramatically enlarged gaming communities, which used to be limited to owners of consoles or to the community of players on PCs. As a result, gaming has been transformed into a mass-market phenomenon (with more than 50% of mobile consumers using their device for games and one-quarter of them playing on their device on a daily basis).

Reply has developed a service offering capable of fulfilling the needs of the brand in a comprehensive way, from the use of virtual reality and augmented reality to the creation of games that educate (“edutainment”) and games that promote a product or a message (“advergaming”). Reply is constantly investing in this area, so that by using the technologies involved it can offer increasingly innovative and involving game experiences. Creating games is a highly professional and specialist activity. Reply’s credibility in this sector is guaranteed by the quality of the B2C products it has developed over recent years and by the success they have enjoyed in the global market. The games produced by Reply involve all of the group’s technological and distribution platforms, while the portfolio includes titles of varying complexity aimed at a variety of target audiences.

INTERIM FINANCIAL REPORT 2015

FINANCIAL REVIEW OF THE GROUP

INTRODUCTION

The Half-Year report for the period ended June 30, 2015 has been prepared in accordance with the Legislative Decree. 58/1998, as amended, and the "Regolamento Emittenti" issued by Consob.

The Report also conforms with the requirements of the International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB") adopted by the European Union and has been prepared in accordance with IAS 34 – Interim Financial Reporting.

The accounting principles applied are consistent with those used for preparation of the Consolidated Financial Statements at December 31, 2014.

TREND OF THE FIRST HALF

The Group's consolidated revenues since the start of the year are 345.5 million Euros, an increase of 12% compared to 2014.

The first half of 2015 has also registered an increase in margins, with a consolidated EBITDA of 47.3 million Euros (+13.7%) and an EBIT for the six months of 42.9 million Euros (+13%). Pre-tax profits, at 43.9 million Euros, have grown by 17.4% as compared with 2014.

In the second quarter, the group's progress has been equally positive, with consolidated revenues for the quarter of 176.3 million Euros, an increase of 13.8% on the corresponding figure for 2014.

The EBITDA from April to June 2015 was 25.9 million Euros (+14.5% compared with 2014), with an EBIT of 23.4 million Euros (+12.8%) and pre-tax profits of 23.3 million Euros (+12.9%).

As at 30 June 2015, the Group's net financial position was positive for 22.9 million Euros, compared with 26.6 million Euros as at 31 March 2015 and 16.3 million Euros at 31 December 2014.

The first six months of the year have been very positive for the group, with considerable growth in all active market segments. The most significant aspect is the solidity of this growth, based on a consolidation of relations with main customers, who value Reply's ability to offer extremely innovative paradigms in terms of technology, processes and business models.

Reply aims , in a market becoming ever more globalized and multi-national, to be seen as a benchmark for all businesses using technology as their main engine for competitive growth.

Reply has the skills, size and stability to be a leader in this new world. Investments will therefore be targeted towards further development of Big Data, Cloud Computing, Digital Services and the Internet of Things.

RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

Reply's performance is shown below in the following reclassified consolidated income statement and is compared to corresponding figures of the previous year:

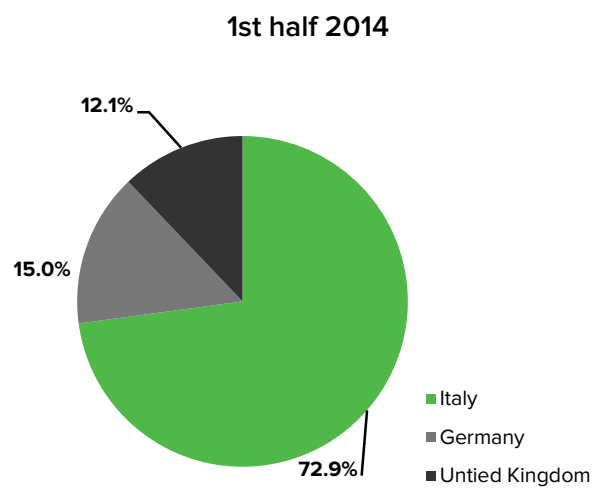
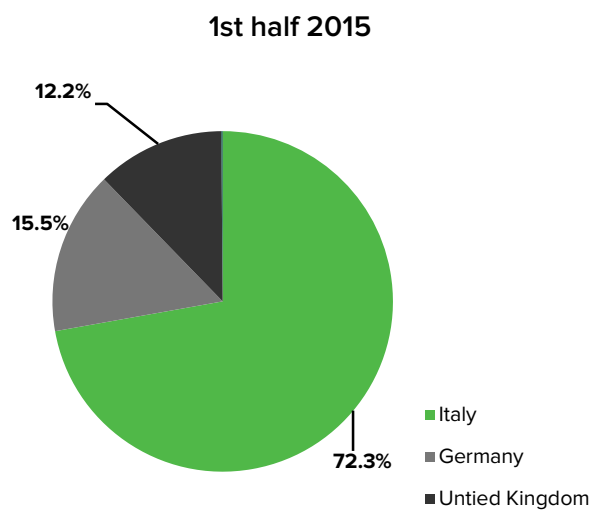
(thousand Euros)	1st half 2015	%	1st half 2014	%
Revenues	345,483	100	308,499	100
Purchases	(6,632)	(1.9)	(5,910)	(1.9)
Personnel	(175,246)	(50.7)	(154,393)	(50.0)
Services and other costs	(116,340)	(33.7)	(106,642)	(34.6)
Operating costs	(298,217)	(86.3)	(266,945)	(86.5)
Gross operating income (EBITDA)	47,265	13.7	41,554	13.5
Amortization, depreciation and write-downs	(4,415)	(1.3)	(3,583)	(1.2)
Other unusual (costs)/income	-	-	(47)	-
Operating income (EBIT)	42,850	12.4	37,924	12.3
Financial income/(expenses)	1,009	0.3	(578)	(0.2)
Income before taxes	43,859	12.7	37,346	12.1
Income taxes	(15,192)	(4.4)	(14,885)	(4.8)
Net income	28,667	8.3	22,461	7.3
Non controlling interests	(467)	(0.1)	(393)	(0.1)
Group net income	28,200	8.2	22,067	7.2

RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME OF THE SECOND QUARTER

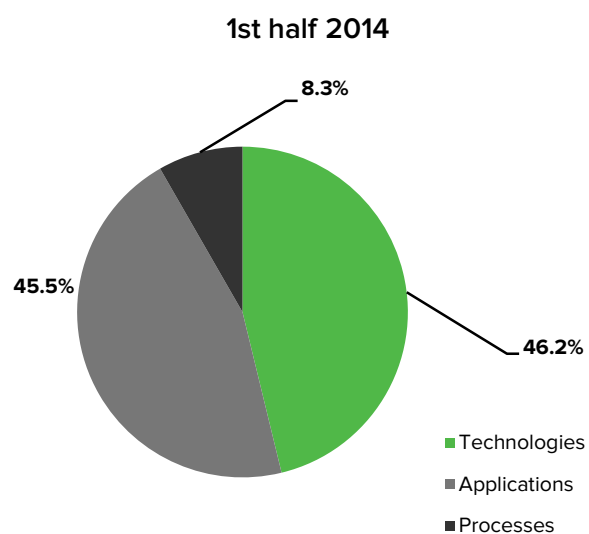
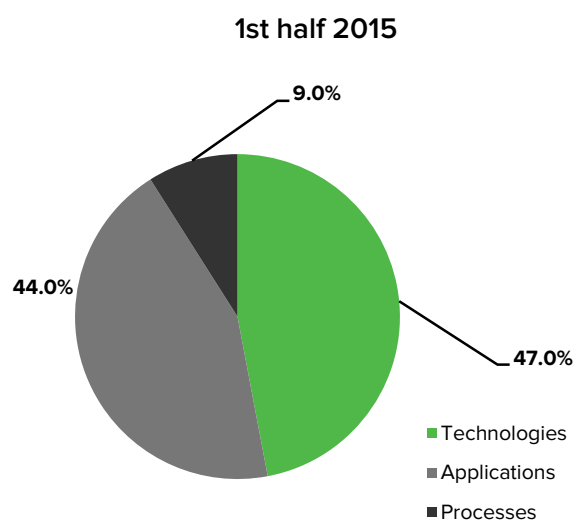
Reply's second quarter performance is shown below in the following reclassified consolidated income statement and is compared to corresponding figures of the previous second quarter:

(thousand Euros)	Q2 2015	%	Q2 2014	%
Revenues	176,291	100.0	154,902	100.0
Purchases	(3,183)	(1.8)	(2,780)	(1.8)
Personnel	(88,510)	(50.2)	(77,882)	(50.3)
Services and other costs	(58,682)	(33.3)	(51,612)	(33.3)
Operating costs	(150,375)	(85.3)	(132,274)	(85.4)
Gross operating income (EBITDA)	25,916	14.7	22,628	14.6
Amortization, depreciation and write-downs	(2,480)	(1.4)	(1,802)	(1.2)
Other unusual (costs)/income	-	-	(47)	-
Operating income (EBIT)	23,436	13.3	20,780	13.4
Financial income/(expenses)	(106)	(0.1)	(117)	(0.1)
Income before taxes	23,330	13.2	20,663	13.3

REVENUE BY GEOGRAPHIC AREA



REVENUE BY BUSINESS LINES



ANALYSIS OF THE FINANCIAL STRUCTURE

The table below illustrates the Group's financial structure as at June 30, 2015, compared to December 31, 2014:

(thousand Euros)	30/06/2015	%	31/12/2014	%	Change
Current operating assets	345,691		353,927		(8,236)
Current operating liabilities	(208,541)		(219,586)		11,045
Working capital, net (A)	137,150		134,341		2,809
Non current assets	182,211		170,351		11,860
Non current liabilities	(67,602)		(68,161)		559
Fixed capital (B)	114,609		102,190		12,419
Invested capital, net (A+B)	251,758	100.0	236,531	100.0	15,227
Shareholders' equity (C)	274,610	109.1	252,843	106.9	21,767
NET FINANCIAL POSITION (A+B-C)	(22,851)	(9.1)	(16,313)	(6.9)	(6,538)

Net invested capital as at June 30, 2015, amounted to 251,758 thousand Euros, and was financed by Shareholders' equity for 274,610 thousand Euros, with a remaining positive net financial position of 22,851 thousand Euros.

The following table provides a breakdown of net working capital:

(thousand Euros)	30/06/2015	31/12/2014	Change
Work in progress	42,084	40,801	1,283
Trade receivables	270,442	285,465	(15,022)
Other current assets	33,165	27,661	5,504
Current operating assets (A)	345,691	353,927	(8,236)
Trade payables	78,180	83,360	(5,180)
Other current liabilities	130,361	136,225	(5,864)
Current operating liabilities (B)	208,541	219,586	(11,045)
Working capital, net (A-B)	137,150	134,341	2,809
% return on investments	19.8%	21.3%	

NET FINANCIAL POSITION AND CASH FLOWS STATEMENT

(thousand Euros)	30/06/2015	30/06/2014	Change
Cash and cash equivalents, net	61,420	50,745	10,675
Current financial assets	603	2,245	(1,642)
Due to banks	(6,056)	(6,348)	292
Due to other providers of finance	(357)	(671)	314
Short-term financial position	55,610	45,972	9,639
Non current financial assets	1,177	1,371	(194)
Due to banks	(33,287)	(29,994)	(3,293)
Due to other providers of finance	(649)	(1,036)	387
M/L term financial position	(32,759)	(29,659)	(3,100)
Total net financial position	22,851	16,313	6,539

Change in the item cash and cash equivalents is summarized in the table below:

(thousand Euros)	1st half 2015
Cash flows from operating activities (A)	27,260
Cash flows from investment activities (B)	(12,452)
Cash flows from financial activities (C)	(4,133)
Change in cash and cash equivalents (D) = (A+B+C)	(10,675)
Cash and cash equivalents at beginning of period (*)	50,745
Cash and cash equivalents at year end (*)	61,420
Total change in cash and cash equivalents (D)	(10,675)

(*) Liquid assets and cash equivalents net are net of current account overdrafts

The complete consolidated cash flow statement and the details of cash and other cash equivalents net are set forth below in the financial statements.

OTHER INFORMATION

RESEARCH AND DEVELOPMENT ACTIVITIES

Reply offers high technology services and solutions in a market where innovation is of primary importance. Reply considers research and continuous innovation a fundamental asset in supporting clients with the adoption of new technology.

Reply dedicates resources to Research and Development activities and concentrates on the following sectors:

- Development and evolution of its own platforms:
- Click Reply™
- Definio Reply™
- Discovery Reply™
- Gaia Reply™
- Hi Reply™
- Sideup Reply™
- Starbytes™
- TamTamy™

Reply has important partnerships with major global vendors so as to offer the most suitable solutions to different company needs. Specifically, Reply boasts the highest level of certification amongst the technology leaders in the Enterprise sector, among which:

- Microsoft
- Oracle
- SAP
- Amazon
- Google
- Hybris
- Salesforce

INTERGROUP TRANSACTIONS AND WITH RELATED PARTIES

During the period, there were no transactions with related parties, including intergroup transactions, which qualified as unusual or atypical. Any related party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered.

The company in the notes to the financial statements and consolidated financial statements provides the information required pursuant to Art. 154-ter of the TUF [Consolidated Financial Act] as indicated by Consob Reg. no. 17221 of 12 March 2010, indicating that there were no significant transactions concluded during the period.

Information on transactions with related parties as per Consob communication of 28 July 2006 is disclosed at the annexed tables herein.

HUMAN RESOURCES

At June 30, 2015 the number of employees of the Group was 4,957 with an increase of 268 compared to December 31, 2014 and an increase of 480 resources compared to June 30, 2014.

OUTLOOK ON OPERATIONS

In the first six months of 2015 Reply achieved extremely positive results, both in terms of turnover and profitability. The second quarter, in particular, was characterized by substantial growth, and this allows looking forward to the coming months with optimism, continuing on the path of development of our Group.

Turin, July 31, 2015

/s/ Mario Rizzante

For the Board of Directors
The Chairman
Mario Rizzante

HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30 2015

CONSOLIDATED STATEMENT OF INCOME (*)

(thousand Euros)	Note	1st half 2015	1st half 2014	Year 2014
Revenues	5	345,483	308,499	632,184
Other income		4,557	5,633	17,085
Purchases	6	(6,632)	(5,910)	(12,227)
Personnel	7	(175,246)	(154,393)	(308,452)
Services and other costs	8	(120,897)	(112,275)	(239,220)
Amortization, depreciation and write-downs	9	(4,415)	(3,583)	(8,021)
Other unusual (cost)/income	10	-	(47)	(686)
Operating income		42,850	37,924	80,663
Financial income/(expenses)	11	1,009	(578)	(1,396)
Income before taxes		43,859	37,346	79,267
Income taxes	12	(15,192)	(14,885)	(30,646)
Net income		28,667	22,461	48,621
Non controlling interest		(467)	(393)	(712)
Group net result		28,200	22,067	47,909
Earnings per share	13	3.02	2.36	5.12
Diluted earnings per share	13	3.02	2.36	5.12

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Consolidated statement of income are reported in the Annexed tables herein and fully described in Note 33.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousand Euros)	Note	1st half 2015	1st half 2014
Profit of the period (A)		28,667	22,461
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) from employee benefit plans		755	(973)
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	25	755	(973)
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Gains/(losses) on cash flow hedges	25	2	113
Gains/(losses) on exchange differences on translating foreign operations	25	1,435	48
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2)		1,437	161
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B) = (B1) +(B2)		2,193	(812)
Total comprehensive income (A)+(B)		30,859	21,649
Total comprehensive income attributable to:			
Owners of the parent		30,392	21,256
Non-controlling interest		467	393

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

(thousand Euros)	Note	30/06/2015	31/12/2014	30/06/2014
Tangible assets	14	15,148	14,976	13,132
Goodwill	15	134,481	126,763	126,731
Other intangible assets	16	7,222	6,549	6,405
Equity investments available for sale	17	6,011	3,911	-
Other financial assets	18	4,289	4,471	4,350
Deferred tax assets	19	16,237	15,052	13,117
Non current assets		183,387	171,722	163,735
Inventories	20	42,084	40,801	44,710
Trade receivables	21	270,442	285,465	234,037
Other receivables and current assets	22	33,165	27,661	22,499
Financial assets	18	603	2,245	1,458
Cash and cash equivalents	23	77,535	88,819	63,655
Current assets		423,829	444,990	366,359
TOTAL ASSETS		607,216	616,712	530,094
Share Capital		4,863	4,863	4,863
Other reserves		241,194	199,135	200,427
Net result of the period		28,200	47,909	22,067
Group shareholders' equity	24	274,257	251,908	227,358
Non controlling interest	24	353	936	519
NET EQUITY		274,610	252,843	227,877
Due to minority shareholders	25	14,405	13,306	18,131
Financial liabilities	26	33,935	31,030	29,817
Employee benefits	27	24,661	24,454	22,190
Deferred tax liabilities	28	14,399	15,630	10,785
Provisions	29	14,137	14,772	11,957
Non current liabilities		101,537	99,191	92,880
Financial liabilities	26	22,528	45,092	27,537
Trade payables	30	78,180	83,360	66,995
Other current liabilities	31	129,557	135,202	114,039
Provisions	29	804	1,024	766
Current liabilities		231,069	264,678	209,337
TOTAL LIABILITIES		332,606	363,869	302,217
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		607,216	616,712	530,094

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Consolidated statement of financial position are reported in the Annexed tables herein and fully described in Note 33.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(thousand Euros)	Share capital	Treasury shares	Capital reserve	Earning reserve	Cash flow hedge reserve	Cumulative translation adjustment reserve	Reserve for actuarial gains/(losses)	Non controlling interest	Total
At January 1, 2014	4,840	(9)	51,899	155,849	(124)	313	(960)	799	212,608
Increase of share capital	23	-	937	-	-	-	-	-	960
Dividends distributed	-	-	-	(6,546)	-	-	-	(694)	(7,240)
Total comprehensive income/(loss)	-	-	-	22,067	113	48	(973)	393	21,649
Other changes	-	-	-	(119)	-	-	-	21	(98)
At June 30, 2014	4,863	(9)	52,836	171,251	(11)	361	(1,933)	519	227,877

(thousand Euros)	Share capital	Treasury shares	Capital reserve	Earning reserve	Cash flow hedge reserve	Cumulative translation adjustment reserve	Reserve for actuarial gains/(losses)	Non controlling interest	Total
At January 1, 2014	4,863	(9)	52,836	196,878	(4)	652	(3,309)	936	252,843
Increase of share capital	-	-	-	-	-	-	-	-	-
Dividends distributed	-	-	-	(7,950)	-	-	-	(1,012)	(8,962)
Change in treasury shares	-	(15)	-	-	-	-	-	-	(15)
Total comprehensive income/(loss)	-	-	-	28,200	2	1,435	755	467	30,859
Other changes	-	-	-	(77)	-	-	-	(38)	(115)
At June 30, 2014	4,863	(25)	52,836	217,051	(2)	2,087	(2,554)	353	274,610

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousand Euros)	1st half 2015	1st half 2014
Net result of the period	28,200	22,067
Income taxes	15,192	14,885
Depreciation and amortization	4,415	3,583
Other non monetary expenses/(income)	(1,932)	(2,369)
Change in work in progress	(1,283)	(22,800)
Change in trade receivables	15,022	37,129
Change in trade payables	(5,180)	(1,129)
Change in other assets and liabilities	(24,507)	(19,140)
Income taxes paid	(2,667)	(2,190)
Net cash flows from operating activities (A)	27,260	30,036
Payments for tangible and intangible assets	(5,260)	(3,204)
Payments for financial assets	1,824	(517)
Payments for the acquisition of subsidiaries net of cash acquired	(9,016)	(16,752)
Net cash flows from investment activities (B)	(12,452)	(20,474)
Shares issued	-	960
Dividends paid	(8,962)	(7,240)
In payments from loans	22,419	11,173
Repayment of loans	(19,361)	(6,811)
Other changes	1,771	138
Net cash flows from financing activities (C)	(4,133)	(1,779)
Net cash flows (D) = (A+B+C)	10,675	7,784
Cash and cash equivalents at beginning of period	50,745	38,861
Cash and cash equivalents at period end	61,420	46,645
Total change in cash and cash equivalents (D)	10,675	7,784

Detail of cash and cash equivalents

(thousand Euros)	1st half 2015	1st half 2014
Cash and cash equivalents at beginning of period	50,745	38,861
Cash and cash equivalents	88,819	66,145
Bank overdrafts	(38,073)	(27,284)
Cash and cash equivalents at period end	61,420	46,645
Cash and cash equivalents	77,535	63,655
Bank overdrafts	(16,115)	(17,010)

Notes

General information	Note 1	- General information
	Note 2	- Accounting principles and basis of consolidation
	Note 3	- Risk management
	Note 4	- Consolidation
Income statement	Note 5	- Revenue
	Note 6	- Purchases
	Note 7	- Personnel
	Note 8	- Services and other costs
	Note 9	- Amortization, depreciation and write-downs
	Note 10	- Other unusual operating income/(expenses)
	Note 11	- Financial income/(expenses)
	Note 12	- Income taxes
Statement of financial position - Assets	Note 13	- Earnings per share
	Note 14	- Tangible assets
	Note 15	- Goodwill
	Note 16	- Other intangible assets
	Note 17	- Equity Investments
	Note 18	- Financial assets
	Note 19	- Deferred tax assets
	Note 20	- Work-in-progress
	Note 21	- Trade receivables
	Note 22	- Other receivables and current assets
Statement of financial position - Liabilities and equity	Note 23	- Cash and cash equivalents
	Note 24	- Shareholders' equity
	Note 25	- Payables to minority shareholders and corporate transactions
	Note 26	- Financial liabilities
	Note 27	- Employee benefits
	Note 28	- Deferred tax liabilities
	Note 29	- Provisions
	Note 30	- Trade payables
	Note 31	- Other current liabilities
Other information	Note 32	- Segment Reporting
	Note 33	- Transactions with related parties
	Note 34	- Guarantees, commitments and contingent liabilities
	Note 35	- Fair value assessment hierarchy levels
	Note 36	- Events subsequent to 30 June 2015

NOTE 1 – GENERAL INFORMATION

Reply [MTA, STAR: REY] specializes in the implementation of solutions based on new communication channels and digital media. Reply, consisting of a network of specialist companies, supports important European industries belonging to the Telco & Media, Manufacturing & Retail, Bank & Insurances and Public Administration segments, in defining and developing new business models utilizing Big Data, Cloud Computing, CRM, Mobile, Social Media and Internet of Things paradigms. Reply offers consultancy, system integration and application management and business process outsourcing (www.reply.eu).

NOTE 2 - ACCOUNTING PRINCIPLES AND BASIS OF CONSOLIDATION

Compliance with International accounting principles

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union. The designation “IFRS” also includes all valid International Accounting Standards (“IAS”), as well as all interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), formerly the Standing Interpretations Committee (“SIC”). Following the coming into force of European Regulation No. 1606 of July 2002, starting from 1 January, 2005, the Reply Group adopted International Financial Reporting Standards (IFRS).

The Half-Year financial report has been prepared in accordance with Consob regulations regarding the format of financial statements, in application of art. 9 of Legislative Decree 38/2005 and other Consob regulations and instructions concerning financial statements.

In particular, this Half-year financial report has been prepared in accordance with IAS 34- Interim Financial Reporting applying the same accounting principles and policies used in the preparation of the Consolidated financial statements at December 31, 2014 other those discussed in the following paragraph “Accounting principles, amendments and interpretations adopted January 1, 2015.

This Half-year financial report is expressed in thousands of Euros.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management’s best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. Reference should be made to the section

“Use of estimates” in the consolidated financial statements for the year ended December 31, 2014 for a detailed description of the more significant valuation procedures used by the Group.

Moreover, these valuation procedures, in particular those of a more complex nature regarding matters such as any impairment of non-current assets, are only carried out in full during the preparation of the annual financial statements, when all the information required is available, other than in the event that there are indications of impairment, when an immediate assessment is necessary.

Income taxes are recognized based on the best estimate of the expected average rates of the entire fiscal year.

General principles

The consolidated financial statements are prepared on the basis of the historic cost principle, modified as requested for the appraisal of some financial instruments for which the fair value criterion is adopted in accordance with IAS 39.

The consolidated financial statements have been prepared on the going concern assumption. In this respect, despite operating in a difficult economic and financial environment, the Group’s assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist with regards its ability to continue as a going concern.

These consolidated financial statements are expressed in thousands of Euros and are compared to the consolidated financial statements of the previous year prepared in accordance with the same principles.

Further indication related to the format of the financial statements respect to IAS 1 is disclosed here within as well as information related to significant accounting principles and evaluation criteria used in the preparation of the following consolidated report.

Financial statements

The consolidated financial statements includes, statement of income, statement of comprehensive income, statement of financial position, statement of changes in shareholders’ equity, statement of cash flows and the explanatory notes.

The income statement format adopted by the Group classifies costs according to their nature, which is deemed to properly represent the Group’s business.

The Statement of financial position is prepared according to the distinction between current and non-current assets and liabilities. The statement of cash flows is presented using the indirect method.

The most significant items are disclosed in a specific note in which details related to the composition and changes compared to the previous year are provided.

It should be noted that in order to comply with the indications contained in Consob Resolution no. 15519 of 27 July 2006 “as to the format of the financial statements”, additional statements: income statement and statement of financial position have been disclosed showing the amounts of related party transactions.

OTHER ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS COMMENCING JANUARY 1, 2015

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

IFRIC 21 Levies

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements.

This amendment is effective for annual periods beginning on or after 1 July 2014, and it is not relevant to the Group.

Annual improvements to IFRS- cycle 2010-2012

These improvements have been in force since July 1, 2014 and the Group has applied them for the first time in these interim consolidated financial statements. The improvements are related to a series of amendments to IFRS, in response to eight topics discussed during the cycle from 2010 to 2012. They relate largely to clarification, and their adoption had no material impact on the interim consolidated financial statements.

Annual improvements to IFRS- cycle 2011-2013

These improvements have been in force since July 1, 2014 and the Group has applied them for the first time in these interim consolidated financial statements. The improvements are related to a series of amendments to IFRS, in response to four topics discussed during the cycle from 2011 to 2013. They relate

largely to clarification, and their adoption had no material impact on the interim consolidated financial statements.

NOTE 3 - RISK MANAGEMENT

Credit risk

For business purposes, specific policies are adopted to assure its clients' solvency.

With regards to financial counterparty risk, the Group does not present significant risk in credit-worthiness or solvency.

Liquidity risk

The group is exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.

The cash flows, funding requirements and liquidity of the Group companies are monitored and centrally managed under the control of the Group Treasury. The aim is to guarantee the efficiency and effectiveness of the management of current and perspective capital resources (maintaining an adequate level of reserves of liquidity and availability of funds via a suitable amount of committed credit lines).

The difficult economic situation of the markets and of financial markets necessitates special attention being given to the management of the liquidity risk, and in that sense particular emphasis is being placed on measures taken to generate financial resources through operations and maintaining an adequate level of liquid assets. The Group therefore plans to meet its requirements to settle financial liabilities as they fall due and to cover expected capital expenditures by using cash flows from operations and available liquidity, renewing or refinancing bank loans.

Exchange rate and interest rate risk

As the Group operates mainly in a "Euros area" the exposure to currency risks is limited.

The exposure to interest rate risk arises from the need to fund operating activities and M&A investments, as well as the necessity to deploy available liquidity. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

The interest rate risk to which the Group is exposed derives from bank loans; to mitigate such risks, the Group has used derivative financial instruments designated as "cash flow hedges".

The use of such instruments is disciplined by written procedures in line with the Group's risk management strategies that do not contemplate derivative financial instruments for trading purposes.

NOTE 4 – CONSOLIDATION

Companies included in the consolidation are included on a line-by-line basis.

Change in consolidation compared to 30 June 2014 is related to Leadvise, a company incorporated under German law acquired in the month of March 2015 by the subsidiary Reply GmbH & Co. KG. The company offers services in Management Consulting mainly in the areas of Innovation Management, Risk Management and Digital Optimization.

Change in the consolidation does not significantly affect the Group's revenues and profits before tax on 30 June 2015 (approximately 0.8% on consolidated revenue and 0.9% on EBT).

NOTE 5 - REVENUE

Revenues from sales and services, including change in work in progress, amounted to 345,483 thousand Euros (308,499 thousand Euros at 30 June 2014).

This item includes consulting services, fixed price projects, assistance and maintenance services and other minor revenues.

The following table shows the percentage breakdown of revenues by geographic area, the allocation approximates the localization of services provided:

Country	1 st half 2015	1 st half 2014
Italy	72.3%	72.9%
Germany	15.5%	15.0%
United Kingdom	12.2%	12.1%
Total	100.0%	100.0%

Disclosure required by IFRS 8 ("Operating segment") is provided in Note 32 herein.

NOTE 6 - PURCHASES

Detail is as follows:

(thousand Euros)	1 st half 2015	1 st half 2014	Change
Software licenses for resale	3,769	3,337	432
Hardware for resale	273	209	64
Other	2,591	2,364	227
Total	6,632	5,910	722

Purchases of Software licenses and Hardware licenses for resale are recognized net of any change in inventory.

The item Other includes the purchase of fuel for 1,120 thousand Euros and the purchase of consumption material for 985 thousand Euros.

NOTE 7 - PERSONNEL

Detail is as follows:

(thousand Euros)	1 st half 2015	1 st half 2014	Change
Payroll employees	157,966	138,690	19,276
Executive Directors	13,722	12,409	1,313
Project collaborators	3,558	3,294	264
Total	175,246	154,393	20,853

The increase in the cost of employees, amounting to 20,853 thousand Euros, is attributable to the total registered increase in the Group's business and in the increase in employees.

Detail of personnel by category is provided below:

(number)	1 st half 2015	1 st half 2014	Change
Directors	291	293	(2)
Managers	757	655	102
Staff	3,909	3,529	380
Total	4,957	4,477	480

On 30 June 2015 the Group had 4,957, employees compared with 4,477 of the first half 2014.

Change in consolidation brought an increase to the workforce equal to 26 employees.

Payroll employees comprise mainly electronic engineers and economic, computer science, and business graduates from the best Universities.

NOTE 8 – SERVICES AND OTHER COSTS

Services and other costs comprised the following:

(thousand Euros)	1 st half 2015	1 st half 2014	Change
Commercial and technical consulting	72,638	69,850	2,788
Travelling and professional training expenses	13,512	12,441	1,071
Other services costs	20,102	17,662	2,440
Office expenses	8,305	6,639	1,666
Lease and rentals	3,788	3,444	344
Other	2,552	2,238	314
Total	120,897	112,275	8,622

Change in Services and other costs, amounting to 8,622 thousand Euros, is attributable to an overall increase in the Group's business.

The item Other mainly includes marketing services, administrative and legal services, telephone and canteen.

Office expenses include services rendered by related parties referred to service contracts for the use of premises, domiciliation and provision of secretarial services for 591 thousand Euros.

NOTE 9 – AMORTIZATION, DEPRECIATION AND WRITE-DOWNS

Depreciation of tangible assets, calculated on the basis of economic-technical rates determined in relation to the residual useful lives of the assets, resulted in an overall charge as at 30 June 2015 of 2,365 thousand Euros. Details of depreciation are provided in the notes to tangible assets.

Amortization of intangible assets for the first half 2015 amounted to 2,045 thousand Euros. Details of depreciation are provided in the notes to intangible assets.

NOTE 10 – OTHER UNUSUAL OPERATING INCOME/(EXPENSES)

The Group did not register any other unusual operating income/expenses in the first half of 2015 (47 thousand Euros in the first half of 2014 were related to the fair value adjustment of the deferred consideration liabilities for the acquisition of shareholdings in subsidiary companies).

NOTE 11 – FINANCIAL INCOME/(EXPENSES)

Detail is as follows:

(thousand Euros)	1 st half 2015	1 st half 2014	Change
Financial income	131	37	94
Interest expenses	(697)	(878)	181
Other	1,575	263	1,312
Total	1,009	(578)	1,587

Financial gains are related to interest on bank accounts.

Interest expenses mainly include expenses related to loans for M&A operations.

The item Other includes the Exchange rate differences from the translation of balance sheet items not stated in Euros, as well as changes in fair value of financial liabilities pursuant to IAS 39.

NOTE 12 – INCOME TAXES

At June 30, 2015 income taxes amounted to 15,192 thousand Euros and were recognized in accordance to the expected annual average income tax rates.

NOTE 13 – EARNINGS PER SHARE

Basic earnings and diluted earnings per share

The basic and diluted earnings per share as at 30 June 2015 were calculated on the basis of the Group's net result amounting to 28,200 thousand Euros (22,067 thousand Euros as at 30 June 2014) divided by the weighted average number of shares as at 30 June 2015 which amounted to 9,352,447 (9,349,712 as at 30 June 2014).

(in Euros)	1 st half 2015	1 st half 2014
Group net result	28,200,000	22,067,000
No. of shares	9,352,447	9,349,712
Basic and diluted earnings per share	3.02	2.36

NOTE 14 - TANGIBLE ASSETS

Tangible assets as at 30 June 2015 amounted to 15,148 thousand Euros and are detailed as follows:

(thousand Euros)	30/06/2015	31/12/2014	Change
Buildings	1,977	2,048	(71)
Plant and machinery	2,017	2,209	(192)
Hardware	3,366	3,586	(220)
Other	7,788	7,134	654
Total	15,148	14,976	172

Change in tangible assets in the first half of 2015 is summarized in the table below:

(thousand Euros)	Buildings	Plant and machinery	Hardware	Other	Total
Historical Cost	4,023	6,147	25,844	16,113	52,127
Accumulated depreciation	(1,975)	(3,938)	(22,259)	(8,979)	(37,151)
31/12/2014	2,048	2,209	3,586	7,134	14,976
Historical cost					
Increases	-	155	991	1,188	2,334
Disposals	-	(70)	(388)	(370)	(828)
Other changes	-	17	173	558	747
Accumulated depreciation					
Depreciation	(71)	(337)	(1,222)	(735)	(2,365)
Utilized	-	44	361	128	533
Other changes	-	-	(134)	(114)	(249)
Historical Cost	4,023	6,248	26,620	17,489	54,380
Accumulated depreciation	(2,046)	(4,231)	(23,254)	(9,701)	(39,233)
30/06/2015	1,977	2,017	3,366	7,788	15,148

The item Buildings mainly includes the net value of a building owned by the group amounting to 1,974 thousand Euros located in Gutersloh, Germany.

Change in the item Hardware is due to investments made by the Italian subsidiaries for 447 thousand Euros, 375 thousand Euros for purchases made by German companies, and 149 thousand Euros for purchases made by the English companies. Furthermore this item includes financial leases for 362 thousand Euros (248 at 31 December 2014).

The item Other assets as at 30 June 2015 mainly includes improvements to third party assets and office furniture. The increase of 1.188 Euros mainly refers to improvements made to the offices where the Group's companies operate. Such item also includes a financial leasing for furniture for a net value amounting to 831 thousand Euros (294 thousand Euros at 31 December 2014).

As at 30 June 2015 tangible assets were depreciated by 72.1% of their value, compared to 71.3% at the end of 2014.

NOTE 15 - GOODWILL

This item includes goodwill arising from consolidation of subsidiaries and the value of business branches purchased against payment made by some Group companies.

Goodwill in the first half of 2015 developed as follows:

(thousand Euros)	
Beginning balance	126,763
Increases	5,435
Exchange rate differences	2,283
Ending balance	134,481

The increase is related to Leadvise, a company incorporated under German law acquired in the month of March 2015 by the subsidiary Reply GmbH & Co. KG. for an initial cash consideration of 3,500 thousand Euros.

The following table summarizes the calculation of goodwill and the aggregate book value of the companies as at the acquisition date.

(thousand Euros)	Fair value (*)
Tangible and intangible assets	33
Trade receivables and other assets	415
Cash and cash equivalents	741
Financial liabilities	(673)
Trade payables and other liabilities	(105)
Deferred taxes	(4)
Net assets acquired	408
Consideration	5,842
Goodwill	5,435

(*) book value is equal to fair value

Goodwill was allocated to the cash generating units ("CGU"), identified in the countries in which the Group operates, and are summarized as follows:

(thousand Euros)	Value at 31/21/2014	Increases	Exchange rate differences	Value at 30/06/2015
Italia	38,548	-	-	38,548
Germania	34,152	5,435	-	39,587
UK	54,063	-	2,283	56,346
Total	126,763	5,435	2,283	134,481

In the first half of 2015 the Group did not detect any impairment indicators.

NOTE 16 - OTHER INTANGIBLE ASSETS

Net intangible assets as at 30 June 2015 amounted to 7,222 thousand Euros (6,549 thousand Euros on 31 December 2014) and are detailed as follows:

(thousand Euros)	Historical cost	Cumulative amortization	Net book value at 30/06/2015
Development costs	18,993	(14,923)	4,070
Software	17,413	(14,799)	2,614
Trademarks	538	-	538
Other intangible assets	3,150	(3,150)	-
Total	40,094	(32,872)	7,222

Intangible assets in the first half of 2015 developed as follows:

(thousand Euros)	Net book value at 31/12/2014	Increase	Cumulative amortization	Other changes	Net book value at 30/06/2015
Development costs	3,599	1,500	(1,031)	2	4,070
Software	2,414	1,210	(1,014)	4	2,614
Trademark	538	-	-	-	538
Total	6,551	2,710	(2,045)	6	7,222

Development costs refer to software products and are accounted for in accordance with provisions of IAS 38.

The item Software mainly refers to software licenses purchased and used internally by the Group companies. This item includes 102 thousand Euros related to software development for internal use.

The item Trademark mainly refers to the value of the "Reply" trademark granted on 9 June 2000 to the Parent Company Reply S.p.A. (at the time Reply Europe Sàrl), in connection with the share capital increase that was resolved and subscribed to by the Parent Company. Such amount is not subject to systematic amortization.

Other intangible assets mainly includes the know-how of the Security Operation Centre (SOC), which offers a range of Managed Security Services (MSS) aimed at avoiding and identifying real or potential threats to which the complex IT infrastructures are exposed, in addition to proposing and implementing adequate counter-measures to limit or remove such dangers.

NOTE 17 - EQUITY INVESTMENTS AVAILABLE FOR SALE

The item Equity investments available for sale amounts to 6,011 thousand Euros and refers to investments in start-up companies in the IoT field across Europe and USA, detail is as follows.

Company name	Country	% acquired	Value at 31/12/2014	Increase/decrease	Value at 30/06/2015
Cocoon Alarm Limited	England	15.83%	-	820	820
Xmetrics Sports Limited	England	22.22%	-	656	656
Greeniant BV	Holland	35.76%	-	647	647
Sensoria	USA	19.99%	3,888		3,888
Total			3,888	2,123	6,011

Cocoon

A UK based start-up that has created a smart home security system that senses unusual activity throughout the house in real time, without the need for any additional sensors or professional installation. It avoids false alarms by learning what's normal for home, only sending alerts and high quality video straight to your smartphone via the mobile app. Cocoon received a London Design Award and has been listed in Forbes as one of the top new businesses to keep an eye on in 2015.

Xmetrics

A company that offers innovative devices for swimmers Xmetrics uses sensors, electronic components and software via mobile devices, to enhance the training sessions of professional and amateur swimmers, analyzing their main biometric parameters and their real time performance.

Greeniant

A Dutch start-up whose solution analyses energy consumption by using the data from smart meters. Greeniant provides energy providers and end users, a device which is able to analyze consumption and use of electrical appliances resulting in a reduction of energy, cost savings and CO2 emission.

Sensoria

Headquartered in Redmond, Washington – Sensoria is a leading developer of wearable platforms and devices. The company was founded on the vision that clothing would become the fulcrum between Internet of Things and People as a seamless, naturally wearable body-sensing computer.

In compliance with IAS 39, these investments are recognized at fair value, which normally equals the cost of purchase . Subsequently, gains and losses arising from changes in fair value are recognized directly in equity until the assets are sold or suffer an impairment loss; when the asset is sold, the gains and losses previously recognized in equity are recognized in the income statement of the period .

NOTE 18 - FINANCIAL ASSETS

Current and non-current financial assets amounted to a total of 4,892 thousand Euros compared to 6,716 thousand Euros as at 31 December 2014.

Detail is as follows:

(thousand Euros)	30/06/2015	31/12/2014	Change
Receivables from insurance companies	3,095	3,082	13
Guarantee deposits	1,048	1,013	34
Loans to non-consolidated companies	-	20	(20)
Long term securities	129	358	(229)
Other financial assets	17	18	(1)
Receivables from factor	550	960	(410)
Short term securities	53	1,265	(1,212)
Total	4,892	6,716	(1,824)

The item Receivables from insurance companies mainly refers to the insurance premiums paid against pension plans of some German companies and to directors' severance indemnities.

Receivables from factoring companies refer to receivables for the assignment of invoices without recourse, net of advance payments received for 2,199 thousand Euros.

Short term securities mainly refer to Time Deposit investments made by a Brazilian subsidiary.

The items Receivables from insurance companies other financial assets are not included in the net financial position.

NOTE 19 - DEFERRED TAX ASSETS

Such item, which amounted to 16,237 thousand Euros as at 30 June 2015 (15,052 thousand Euros as at 31 December 2014), includes the fiscal charge corresponding to the temporary differences deriving from income before taxes and taxable income in relation to deferred deductibility items.

The decision to recognize deferred tax assets is taken by assessing critically whether the conditions exist for the future recoverability of such assets on the basis of expected future results.

NOTE 20 – WORK IN PROGRESS

Work in progress, amounting to 42,084 thousand Euros, is detailed as follows:

(thousand Euros)	30/06/2015	31/12/2014	Change
Contract work in progress	94,903	112,045	(17,141)
Advance payments from customers	(52,819)	(71,244)	18,425
Total	42,084	40,801	1,283

Any advance payments made by the customers are deducted from the value of the inventories, within the limits of the accrued consideration; the exceeding amounts are accounted as liabilities.

NOTE 21 - TRADE RECEIVABLES

Trade receivables as at 30 June 2015 amounted to 270,442 thousand Euros with a net decrease of 15,023 thousand Euros.

(thousand Euros)	30/06/2015	31/12/2014	Change
Domestic clients	210,829	227,900	(17,071)
Foreign trade receivables	61,311	59,368	1,943
Credit notes to be issued	-	(42)	42
Total	272,140	287,226	(15,086)
Allowance for doubtful accounts	(1,698)	(1,761)	63
Total trade receivables	270,442	285,465	(15,023)

Trade receivables are shown net of allowances for doubtful accounts amounting to 1,698 thousand Euros at 30 June 2015 (1,761 thousand Euros at 31 December 2014).

The Allowance for doubtful accounts developed in the first half of 2015 as follows:

(thousand Euros)	31/12/2014	Provision	Other changes	Utilized	30/06/2015
Allowance for doubtful accounts	1,761	56	23	(142)	1,698

Over-due trade receivables and the corresponding allowance for doubtful accounts, compared to 31 December 2014, are summarized in the tables below:

**Aging at
30/06/2015**

(thousand Euros)	Trade receivables	Current	0 - 90 days	91 - 180 days	181 - 360 days	Over 360 days	Total overdue
Trade receivables	272,140	238,179	25,977	4,320	1,609	2,055	33,961
Allowance for doubtful accounts	(1,698)	(8)	(183)	(68)	(135)	(1,305)	(1,690)
Total trade receivables	27,442	238,171	25,794	4,252	1,474	750	32,271

**Aging at
31/12/2014**

(thousand Euros)	Trade receivables	Current	0 - 90 days	91 - 180 days	181 - 360 days	Over 360 days	Total overdue
Trade receivables	287,226	243,922	37,374	3,346	856	1,728	43,304
Allowance for doubtful accounts	(1,761)	(11)	(313)	(78)	(129)	(1,230)	(1,750)
Total trade receivables	285,465	243,911	37,061	3,268	726	498	41,554

Assignment of receivables

The Group assigns part of its trade receivables through factoring operations.

The assignments of receivables can be with or without recourse; some assignments without recourse can include deferred payment clauses (for example, payment by the factor of a minor part of the purchase price is subordinated on the collection of the total amount of the receivables), require a deductible from the assignor, or require maintaining significant exposure to the cash flow trend deriving from the assigned receivables. This type of operation does not comply with the requirements of IAS 39 for the elimination of the assets from the financial statements, since the risks and benefits related to their collection have not been substantially transferred.

Consequently, all receivables assigned through factoring operations that do not satisfy the requirements for elimination provided by IAS 39 continue to be recognized in the Group's financial statements, even though they have been legally assigned and a financial liability for the same amount is recognized in the consolidated financial statements as Liabilities for advance payments on assignments of receivables. Gains and losses related to the assignment of these assets are only recognized when the assets are derecognized from the Group's financial-economic position.

As at 30 June 2015 the receivables transferred via Factoring operations with recourse amounted to 16,274 thousand Euros.

The book value of the assets assigned without recourse as at 30 June 2015 amounted to 2,749 thousand Euros, with an increase of available liquidity of 2,199 thousand Euros.

The carrying amount of Trade receivables is in line with its fair value.

Trade receivables are all collectible within one year.

NOTE 22 - OTHER RECEIVABLES AND CURRENT ASSETS

Detail is as follows:

(thousand Euros)	30/06/2015	31/12/2014	Change
Tax receivables	13,383	8,339	5,044
Advances to employees	116	116	-
Accrued income and prepaid expenses	5,295	5,120	175
Other receivables	14,371	14,086	285
Total	33,165	27,661	5,504

The item Tax receivables mainly includes:

- VAT tax receivables (4,674 thousand Euros);
- Receivables and advance payments for income tax net of the allocated liability (4,326 thousand Euros);
- Receivables for withholding tax (496 thousand Euros).

The item Other receivables includes the contribution to research in relation to financed projects in the amount of 12,484 thousand Euros.

NOTE 23 - CASH AND CASH EQUIVALENTS

The balance of 77,535 thousand Euros, with a decrease of 11,284 thousand Euros compared with 31 December 2014, represents cash and cash equivalents and the existence of cash on hand and valuables as at the end of the year.

Changes in cash and cash equivalents are fully detailed in the Consolidated statement of cash flow.

NOTE 24 - SHAREHOLDERS' EQUITY

Share capital

As at 30 June 2015 the share capital of Reply S.p.A., fully subscribed and paid, amounted to 4,863,486 Euros and comprises 9,352,856 ordinary shares of a nominal value of 0.52 Euros each.

Treasury shares

The value of the Treasury shares, amounting to 25 thousand Euros, refers to the shares of Reply S.p.A. held by the parent company, that at 30 June 2015 were equal to n. 1,007. In the first half of 2015 the item increased by 15 thousand Euros.

Capital reserves

On 30 June 2015 Capital reserves, amounting to 52,836 thousand Euros, were mainly comprised as follows:

- Share premium reserve amounting to 23,303 thousand Euros;
- Treasury share reserve amounting to 25 thousand Euros, relating to the shares of Reply S.p.A held by the Parent Company;
- Reserve for the purchase of treasury shares amounting to 29,976 thousand Euros, formed via initial withdrawal from the share premium reserve. By means of a resolution of the Shareholders' Meeting of 23 April 2015 Reply S.p.A re-authorized it, in accordance with and for the purposes of Article 2357 of the Italian Civil Code, the purchase of a maximum of 50 million Euros of ordinary shares, corresponding to 20% of the share capital, in a lump sum solution or in several solutions within 18 months of the resolution.

Earning reserves

Earnings reserves amounted to 217,051 thousand Euros and were comprised as follows:

- Reply S.p.A.'s Legal reserve amounted to 973 thousand Euros;
- Retained earnings amounted to 144,793 thousand Euros (retained earnings amounted to 147,996 thousand Euros on 31 December 2014);
- Profits attributable to shareholders of the Parent Company amounted to 28,200 thousand Euros (47,909 thousand Euros as on 31 December 2014).

Other comprehensive income

Other comprehensive income can be analyzed as follows:

(thousand Euros)	Note	30/06/2015	30/06/2014
Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax:			
Actuarial gains/(losses) from employee benefit plans		755	(973)
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	24	755	(973)
Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax:			
Gains/(losses) on cash flow hedges		2	113
Gains/(losses) from the translation of financial statements		1,435	48
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):	24	1,437	161
Total other comprehensive income, net of tax (B) = (B1) +(B2)	24	2,193	(812)

Non controlling interest

Non controlling interest amounted to 353 thousand Euros on 30 June 2015 (936 thousand Euros on 31 December 2014).

Share based payment plans

There are no stock option plans resolved by the General Shareholders' meetings.

NOTE 25 - PAYABLES TO MINORITY SHAREHOLDERS AND FOR CORPORATE TRANSACTIONS

Payables to minority shareholders and for company operations (earn out) owed on 30 June 2015 amount to 14,405 thousand Euros (13,306 thousand Euros on 31 December 2014) and are detailed as follows:

(thousand Euros)	31/12/2014	Increases	Fair value adjustments	Payments	Exchange differences	30/06/2015
Payables to minority shareholders	5,878	-	-	(832)	(84)	4,962
Payables for Earn out	7,427	2,229	-	(650)	436	9,442
Total payables to minority shareholders and earn out	13,306	2,229	-	(1,482)	352	14,405

The increase is related to Leadvise, a company incorporated under German law, acquired in the month of March 2015 by the subsidiary Reply GmbH & Co. KG.. The increase reflects the best estimate of the consideration in relation to the original contract signed.

No fair value adjustments occurred in the first half of 2015; the amount outstanding reflects the best estimate in relation to the deferred consideration originally posted at the time of acquisition.

Total payments made amounted to 1,482 thousand Euros and refer to the consideration paid in relation to the original contracts signed at the time of acquisition.

NOTE 26 - FINANCIAL LIABILITIES

Detail is as follows:

(thousand Euros)	30/06/2015			31/12/2014		
	Current	Non current	Total	Current	Non current	Total
Bank overdrafts	16,115	-	16,115	38,073	-	38,073
Bank loans	6,056	33,287	39,343	6,348	29,994	36,342
Total due to banks	22,171	33,287	55,458	44,421	29,994	74,415
Other financial borrowings	357	649	1,006	671	1,036	1,707
Total financial liabilities	22,528	33,935	56,463	45,092	31,030	76,122

The following table illustrates the distribution of financial liabilities by due date:

(thousand Euros)	30/06/2015				31/12/2014			
	Due in 12 months	From 1 to 5 years	Over 5 years	Total	Due in 12 months	From 1 to 5 years	Over 5 years	Total
Bank overdrafts	16,115	-	-	16,115	38,073	-	-	38,073
M&A loans	5,693	-	33,132	38,825	5,967	-	29,801	35,768
Mortgage loans	115	460	-	575	115	460	58	633
Other financial borrowings	357	649	-	1,006	671	-	-	1,706
Other	248	(306)	-	(58)	266	(325)	-	(59)
Total	22,528	803	33,132	56,463	45,092	1,172	29,859	76,122

M&A loans refer to credit lines to be used for acquisition operations carried out directly by Reply S.p.A. or via companies controlled directly or indirectly by the same.

Summarized below are the existing contracts entered into for such a purpose:

- On 15 September 2012 Reply S.p.A signed a line of credit with Unicredit S.p.A for a total amount of 15,000,000 Euros. The loan was fully reimbursed in advance in the first half of 2015.
- On 25 September 2012 Reply S.p.A. signed a contract with Intesa Sanpaolo S.p.A. for 2,500,000 Euros. Instalments are paid on a half-year basis and expire on 25 September 2015. As at 30 June 2015 the amount outstanding was 417 thousand Euros.
- On 24 December 2012 Reply S.p.A. signed a contract with Intesa Sanpaolo S.p.A. for 1,500,000 Euros. The loan is reimbursed on a half-year basis commencing 30 June 2014 and expiring 31 December 2015. As at 30 June 2015 the amount outstanding was 250 thousand Euros.
- On 13 November 2013 Reply S.p.A undersigned a line of credit with Intesa Sanpaolo S.p.A for a total amount of 20,000,000 Euros to be used by 31 December 2015. The loan will be reimbursed on a half-year basis deferred to commence on 30 June 2016 and will expire on 31 December 2018. The loan was fully reimbursed in advance in the first half of 2015.
- On 25 November 2013 Reply S.p.A entered into a line of credit with Unicredit S.p.A for a total amount amounting to 25,000,000 Euros to be used by 31 December 2015. The loan will be reimbursed on a half-year basis deferred to commence on 31 May 2016 and will expire on 30 November 2018. Such credit line was used for 18,159 thousand Euros at 30 June 2015.
- On 31 March 2015 Reply S.p.A. entered into a line of credit with Intesa Sanpaolo S.p.A. for a total amount of 30,000,000 Euros detailed as follows:
 - Tranche A, amounting to 10,000,000 Euros, entirely used for the reimbursement of the credit line dated 12 September 2012. The loan will be reimbursed on a half-year basis deferred to commence on 30 June 2015.
 - Tranche B, amounting to 20,000,000 Euros, to be used by 31 December 2016. The loan will be reimbursed on a half-year basis deferred to commence on 31 March 2017.
- On 8 April 2015 Reply S.p.A. entered into a line of credit with Unicredit S.p.A. for a total amount of 10,000,000 Euros entirely used for the reimbursement of the credit line dated 25 November 2013. The loan will be reimbursed on a half-year basis deferred to commence on 31 October 2016.

Interest rates are also applied according to certain predetermined ratios (Covenants) of economic and financial nature calculated on the consolidated financial statements as at 30 June of each year and/or the consolidated interim report.

As contractually defined, such ratios are as follows:

- Net financial indebtedness/Equity
- Net financial indebtedness/EBITDA

At 30 June 2015, Reply fulfilled the Covenants under the various contracts.

Mortgage loans refers to a loan undersigned by Tool Reply GmbH, for the acquisition of the building in which the company has its registered office.

Reimbursement takes place via six monthly instalments (4.28%) with expiry on 30 September 2019.

Other financial borrowings are related to financial leases determined according to IAS 17.

The item Other refers mainly to the evaluation of derivative hedging instruments as at 30 June 2015.

The carrying amount of Financial liabilities is deemed to be in line with its fair value.

Net financial position

In compliance with Consob regulation issued on 28 July 2006 and in accordance with CESR's Recommendations for the consistent implementation of the European's regulation on Prospectuses issued on 10 February 2005, the Net financial position of the Reply Group at 30 June 2015 was as follows:

(thousand Euros)	30/06/2015	31/12/2014	Change
Cash and cash equivalents	77,535	88,819	(11,284)
Current financial assets	603	2,245	(1,642)
Non current financial assets	1,177	1,371	(194)
Total financial assets	79,315	92,434	(13,119)
Current financial liabilities	(22,528)	(45,092)	22,564
Non current financial liabilities	(33,935)	(31,030)	(2,905)
Total financial liabilities	(56,463)	(76,122)	19,659
Total net financial position	22,851	16,313	6,538

For further details with regards to the above table see Notes 18 and 23 as well as Note 26.

NOTE 27 - EMPLOYEE BENEFITS

Employee benefits are detailed as follows:

(thousand Euros)	30/06/2015	31/12/2014	Change
Employee severance indemnities	17,305	17,091	214
Employee pension funds	5,893	5,928	(35)
Directors severance indemnities	1,447	1,419	28
Other	16	16	-
Total	24,661	24,454	207

Employee severance indemnities

The Employee severance indemnity represents the obligation to employees under Italian law (amended by Law 296/06) that has accrued up to 31 December 2006 and that will be settled when the employee leaves the company. In certain circumstances, a portion of the accrued liability may be given to an employee during his working life as an advance. This is an unfunded defined benefit plan, under which the benefits are almost fully accrued, with the sole exception of future revaluations.

The procedure for the determination of the Company's obligation with respect to employees was carried out by an independent actuary according to the following stages:

- Projection of the Employee severance indemnity already accrued at the assessment date and of the portions that will be accrued until when the work relationship is terminated or when the accrued amounts are partially paid as an advance on the Employee severance indemnities;
- Discounting, at the valuation date, of the expected cash flows that the company will pay in the future to its own employees;
- Re-proportioning of the discounted performances based on the seniority accrued at the valuation date with respect to the expected seniority at the time the company must fulfil its obligations. In order to allow for the changes introduced by Law 296/06, the re-proportioning was only carried out for employees of companies with fewer than 50 employees that do not pay Employee severance indemnities into supplementary pension schemes.

Reassessment of Employee severance indemnities in accordance with IAS 19 was carried out "ad personam" and on the existing employees, that is analytical calculations were made on each employee in force in the company at the assessment date without considering future work force.

The actuarial valuation model is based on the so called technical bases which represent the demographic, economic and financial assumptions underlying the parameters included in the calculation.

In accordance with IAS 19, Employment severance indemnities at 30 June 2015 are summarized in the table below:

(thousand Euros)

Balance at 31/12/2014	17,092
Cost relating to current work (<i>service cost</i>)	1,488
Actuarial gain/loss	(755)
Interest cost	128
Indemnities paid during the year	(648)
Balance at 30/06/2015	17,305

Employee pension funds

The Pension fund item relates to liability as regards the defined benefit pensions of some German companies.

Director's severance indemnities

This amount is related to Directors severance indemnities paid during the year.

Change amounting to 28 thousand Euros refers to the resolution made by the Shareholders Meeting of several subsidiary companies to pay an additional indemnity to some Members of the Board in 2015.

NOTE 28 - DEFERRED TAX LIABILITIES

Deferred tax liabilities at 30 June 2015 amount to 14,399 thousand Euros and are referred mainly to the fiscal effects arising from temporary differences deriving from statutory income and taxable income related to deferred deductibility.

Deferred tax liabilities have not been recognized on retained earnings of the subsidiary companies as the Group is able to control the timing of distribution of said earnings and in the near future does not seem likely.

NOTE 29 - PROVISIONS

Provisions amount to 14,941 thousand Euros (of which 14,136 thousand Euros are non current).

Change in the first half of 2015 is summarized in the table below:

(thousand Euros)	Balance at 31/12/2014	Other	Accruals	Utilization	Write-offs	Balance at 30/06/2015
Fidelity fund	492	-	112	(194)	(25)	385
Provision for risk	8,347	(132)	223	(809)	(30)	7,598
Motorola research center fund	6,957	-	-	-	-	6,957
Total	15,796	(132)	334	(1,003)	(54)	14,941

Employee fidelity provisions refer mainly to provisions made for the employees of some German companies in relation to anniversary bonuses. The liability is determined through actuarial calculations applying a 5.5% rate.

The provision for other risks amounting to 7,599 represents the amounts set aside by the individual companies of the Group principally in connection with contractual commercial risks and disputes. The accrual of the year is referred to the update of this estimate and to new legal ongoing controversies, lawsuits with former employees and other liabilities, as also described at Note 36.

“Other” refers to exchange differences arising from the translation of values different from Euros.

The Provision for Motorola Research Centre originates from the acquisition of the business branch Motorola Electronics S.p.A. in 2009 and reflects the best estimate of the residual costs to incur in relation to the agreements reached with the parties involved in the transaction to implement research and development projects, in accordance with IAS 37. This provision is used on the basis of the progression of the abovementioned research activities.

Acquisition of the Motorola Research Centre was carried out as a consequence of agreements reached with Motorola Electronics S.p.A, Trade Unions and the region of Piedmont and the commitment to carry out research activities on agreed upon themes.

The residual provision will be written off to profit and loss on the basis of the progress of the research activities, in part financed by the public administrations, for which the Group has committed to carry out to several parties in view of the undersigning of the aforesaid agreements.

In the first half of 2015 the provision remained unchanged as the parties involved are discussing how to go forward with the operating methods of the initial agreements.

NOTA 30 – TRADE PAYABLES

Trade payables at 30 June 2015 amount to 78,180 thousand Euros and are detailed as follows:

(thousand Euros)	30/06/2015	31/12/2014	Change
Domestic suppliers	66,574	71,476	(4,902)
Foreign suppliers	12,406	12,786	(380)
Advances to suppliers	(800)	(901)	101
Total	78,180	83,360	(5,180)

NOTE 31 - OTHER CURRENT LIABILITIES

Other current liabilities at 30 June 2015 amounted to 129,557 thousand Euros with a decrease of (5,645) thousand Euros with respect to the previous financial year.

Detail is as follows:

(thousand Euros)	30/06/2015	31/12/2014	Change
Income tax payable	21,797	5,465	16,332
VAT payable	1,460	7,675	(6,215)
Withholding tax and other	3,542	5,442	(1,900)
Total due to tax authorities	26,799	18,582	8,217
National social insurance payable	16,191	18,634	(2,443)
Other	1,309	1,347	(38)
Total due to social securities	17,500	19,981	(2,481)
Employee accruals	42,575	38,381	4,194
Other payables	29,785	48,048	(18,263)
Accrued expenses and deferred income	12,899	10,210	2,689
Total other payables	85,258	96,638	(11,380)
Other current liabilities	129,557	135,202	(5,645)

Due to tax authorities amounting to 26,799 thousand Euros, mainly refers to payables due to tax authorities for withholding tax on employees and professionals' compensation.

Due to social security authorities amounting to 17,500 thousand Euros, is related to both Company and employees contribution payables.

Other payables at 30 June 2015 amount to 85,258 thousand Euros and mainly include:

- Amounts due to employees that at the balance sheet date had not yet been paid;
- Remuneration of directors recognized as participation in the profits of the subsidiary companies;
- Liabilities related to share based payment transactions to be settled in cash to some Group companies. Following agreements signed in 2014 with some Directors of subsidiary companies, the liability at June 30 amounted to 425 thousand Euros with a balancing entry in Profit and loss amounting to 282 thousand Euros. Such options can be exercised in financial year 2018 upon achievement of some economic-financial parameters.
- Advances received from customers exceeding the value of the work in progress amounting to 12,455 thousand Euros.

Accrued Expenses and Deferred Income mainly relate to advance invoicing in relation to T&M consultancy activities to be delivered in the subsequent financial period.

NOTE 32 – SEGMENT REPORTING

Segment reporting has been prepared in accordance with IFRS 8, determined as the area in which the services are executed.

Economic data (thousand Euros)	Italy	%	Germany	%	United Kingdom	%	Other Investments	%	Intraseg	Total 1st half 2015	%
Revenues	256,244	100	55,103	100	43,105	100	462	100	(9,432)	345,483	100
Operating costs	(215,354)	(84)	(50,977)	(92.5)	(39,689)	(92.1)	(1,630)	(352.7)	9,432	(298,218)	(86.3)
Gross operating income	40,890	16	4,126	7.5	3,417	7.9	(1,168)	(252.7)		47,265	13.7
Amortization/depreciation	(3,472)	(1.4)	(646)	(1.2)	(291)	(0.6)	(8)	(1.6)		(4,415)	(1.3)
Other unusual income/(expenses)	-	-	-	-	-	-	-	-		-	-
EBIT	37,419	14.6	3,481	6.3	3,126	7.3	(1,175)	(254.3)		42,850	12.4

(thousand Euros)	Italia	%	Germany	%	United Kingdom	%	Other investments	%	Intraseg	Total 1st half 2014	%
Revenues	232,991	100	47,975	100	38,780	100	-	-	(11,247)	308,499	100
Operating costs	(195,606)	(84)	(45,135)	(94.1)	(37,407)	(96.5)	(43)	-	11,247	(266,943)	(86.5)
Gross operating income	37,385	16	2,840	5.9	1,373	3.5	(43)	-		41,556	13.5
Amortization/depreciation	(2,646)	(1.1)	(638)	(1.3)	(300)	(0.8)	-	-		(3,583)	(1.2)
Other unusual income/(expenses)	(1,147)	(0.5)	-	-	1,100	2.8	-	-		(47)	-
EBIT	33,592	14.4	2,203	4.6	2,173	5.6	(43)	-		37,924	12.3

Financial data (thousand Euros)	Italy	Germany	United Kingdom	Other investments	Intraseg	Total 30/06/2015
Current operating assets	288,962	38,502	34,068	533	(16,374)	345,691
Current operating liabilities	(180,095)	(24,096)	(18,219)	(2,504)	16,374	(208,541)
Net working capital (A)	108,866	14,406	15,849	(1,972)	-	137,150
Non current assets	120,353	23,012	32,765	6,080		182,211
Non current liabilities	(49,306)	(13,269)	(5,028)	-		(67,602)
Fixed capital (B)	71,047	9,744	27,738	6,080	-	114,609
Net invested capital (A+B)	179,914	24,150	43,587	4,108	-	251,758

(thousand Euros)	Italy	Germany	United Kingdom	Other investments	Intraseg	Total 31/12/2014
Current operating assets	310,817	31,196	31,685	22	(19,794)	353,927
Current operating liabilities	(196,728)	(25,365)	(16,671)	(614)	19,794	(219,586)
Net working capital (A)	114,088	5,831	15,014	(592)	-	134,341
Non current assets	119,230	17,593	29,622	3,906		170,351
Non current liabilities	(52,292)	(11,271)	(4,598)	-		(68,161)
Fixed capital (B)	66,938	6,323	25,023	3,906	-	102,190
Net invested capital (A+B)	181,026	12,154	40,037	3,314	-	236,531

Breakdown of employees by country is as follows:

Country	30/06/2015	30/06/2014	Change
Italy	3,833	3,476	357
Germany	734	645	89
United Kingdom	383	355	28
Other Investments	7	1	6
Total	4,957	4,477	480

NOTE 33 – TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24 Related parties are Group companies and persons that are able to exercise control, joint control or have significant influence on the Group and on its subsidiaries.

Transactions carried out by the group companies with related parties that as of the reporting date are considered ordinary business and are carried out at normal market conditions.

The main economic and financial transactions with related parties are summarized below.

(thousand Euros)

Financial transactions	30/06/2015	31/12/2014	Nature of transactions
Trade receivables	2	48	Receivables from professional services
Trade payables	3	218	Payables for professional services and office rentals offices
Other payables	2,174	4,348	Payables for emoluments to Directors and Managers with strategic responsibilities and Board of Statutory Auditors
Economic transactions	1 st half 2015	1 st half 2014	Nature of transactions
Revenues from professional services	43	19	Professional services executed
Services from Parent company and related parties	493	444	Service contracts relating to office rental , and administration office
Personnel	4,232	4,212	Emoluments to Directors and Key Management with strategic responsibilities
Services and other costs	74	71	Emoluments to Statutory Auditors

Reply Group Main economic and financial transactions

In accordance with IAS 24, emoluments to Directors, Statutory Auditors and Key Management are also included in transactions with related parties.

In accordance with Consob Resolution no. 15519 of 27 July 2006 and Consob communication no. DEM/6064293 of 28 July 2006 the financial statements annexed herein present the Consolidated Income statement and Balance Sheet showing transactions with related parties separately, together with the percentage incidence with respect to each account caption.

Pursuant to Art. 150, paragraph 1 of the Italian Legislative Decree n. 58 of 24 February 1998, no transactions have been carried out by the members of the Board of Directors that might be in potential conflict of interests with the Company.

NOTE 34 - GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees

Guarantees and commitments where existing, have been disclosed at the item to which they refer.

Commitments

Following is a summary of the commitments to which the Group is exposed at 30 June:

- The Domination Agreement contract undersigned in 2010 between Reply Deutschland AG, dominated company, and Reply S.p.A, dominating company, ceased to exist from the date of legal efficacy of the merger for incorporation of Reply Deutschland AG in Reply S.p.A and with this, the obligations taken on by Reply. It is reported that the judgment of the qualified German Court is still pending for deciding on the suitability of the strike value of the acquisition option of shares on request of the minority shareholders of Reply Deutschland AG at a pre-determined price (8.19 euro). Currently it is not possible to foresee the outcome of the said judgment but Management believes that any future economic-financial effects on the Group are not significant.
- with regards the merger operation for the incorporation of Reply Deutschland AG in Reply S.p.A. the assessment procedures foreseen in the measures of Article 122 of Umwandlungsgesetz find application – German law on extraordinary operations – with reference to the exchange ratio and the corresponding amount in cash.

Within three months from the registration of the merger in the Turin Companies Register, each minority shareholder was able to present a petition for the purpose of commencing, in compliance with German law, before a Judge qualified in Germany – who shall have exclusive jurisdiction – the assessment inherent in the Share Swap ratio and the corresponding amount in cash. All shareholders of Reply Deutschland will have the right to benefit from a possible increase in the exchange ratio determined by the Judge or on the basis of an agreement between the parties, and that is to say independently of their participation in the evaluation procedure.

On the contrary, from the possible increase of the corresponding amount in cash determined by the Judge or on the basis of an agreement between the parties only the shareholders who verbally annotated their disagreement in the general meeting in respect of conditions of the law can benefit.

In the case where evaluation procedures include a modification of the exchange ratio, every single difference shall be regulated in cash.

At present, some minority shareholders have commenced the aforementioned procedures.

With specific reference to the request to obtain the corresponding amount in cash, the time limit for exerting such an authority shall expire starting from the shortest time limit between the day following it expiring from the two months subsequent to the final ruling of the qualified court or the publication of a binding agreement between the parties. During the said period, the former Reply Deutschland shareholders can freely decide on whether to obtain the corresponding amount in cash or whether to remain shareholders of Reply.

Contingent liabilities

As an international company, the Group is exposed to numerous legal risks, particularly in the area of product liability, environmental risks and tax matters. The outcome of any current or future proceedings cannot be predicted with certainty. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Group financial position and results.

Instead, when it is probable that an overflow of resources embodying economic benefits will be required to settle obligations and this amount can be reliably estimated, the Group recognizes specific provision for this purpose.

NOTA 35 – FAIR VALUE ASSESSMENT HIERARCHY LEVELS

The IFRS 13 establishes a fair value hierarchy which classifies the input of evaluation techniques on three levels adopted for the measurement of fair value. Fair value hierarchy attributes maximum priority to prices quoted (not rectified) in active markets for identical assets and liabilities (Level 1 data) and the non observable minimum input priority (Level 3 data). In some cases, the data used to assess the fair value of assets or liabilities could be classified on three different levels of the fair value hierarchy. In such cases, the evaluation of fair value is wholly classified on the same level of the hierarchy in which input on the lowest level is classified, taking account its importance for the assessment.

The levels used in the hierarchy are:

- Level 1 inputs are prices quoted (not rectified) in markets active for identical assets and liabilities which the entity can access on the date of assessment;
- Level 2 inputs are variable and different from the prices quoted included in Level 1 observable directly or indirectly for assets or liabilities;
- Level 3 inputs are variable and not observable for assets or liabilities.

The following table presents the assets and liabilities which were assessed at fair value on 30 June 2015, according to the fair value hierarchical assessment level.

(thousand Euros)	Note	Level 1	Level 2	Level 3
Financial securities	18	182	-	-
Equity investments available for sale	17	-	-	6,011
Other assets		-	-	-
Total assets		182	-	6,011
Derivative financial liabilities (IRS)	26	-	2	-
Liabilities to minority shareholders and earn out	25	-	-	14,405
Total liabilities		-	2	14,405

NOTA 36 – EVENTS SUBSEQUENT TO 30 JUNE 2015

No significant events have occurred subsequent to 30 June 2015.

ANNEXED TABLES

ANNEXED TABLES

CONSOLIDATED STATEMENT OF INCOME PREPARED PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(thousand Euros)	1st half 2015	Of which related parties	%	1st half 2014	Of which related parties	%
Revenues	345,483	43	-	308,499	19	-
Other income	4,557			5,633		
Purchases	(6,632)			(5,910)		
Personnel	(175,246)	(4,232)	2.4%	(154,393)	(4,212)	2.7 %
Services and other costs	(120,897)	(567)	0.5%	(112,275)	(515)	0.5%
Amortization, depreciation and write-downs	(4,415)			(3,583)		
Other unusual (cost)/income	-			(47)		
Operating income	42,850			37,924		
Financial income/(expenses)	1,009			(578)		
Income before taxes	43,859			37,346		
Income taxes	(15,192)			(14,885)		
Net income	28,667			22,461		
Non controlling interest	(467)			(393)		
Group net result	28,200			22,067		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION PREPARED PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(thousand Euros)	30/06/2015	Of which related parties	%	31/12/2014	Of which related parties	%
Tangible assets	15,148	-	-	14,976	-	-
Goodwill	134,481	-	-	126,763	-	-
Other intangible assets	7,222	-	-	6,549	-	-
Equity investments	3,911	-	-	3,911	-	-
Financial assets	4,289	-	-	4,471	-	-
Deferred tax assets	16,237	-	-	15,052	-	-
Non current assets	181,287	-	-	171,722	-	-
Work in progress	42,084	-	-	40,801	-	-
Trade receivables	270,442	2	-	285,465	48	-
Other current assets	33,165	-	-	27,661	-	-
Equity investments held for sale	2,100	-	-	-	-	-
Financial assets	603	-	-	2,245	-	-
Cash and cash equivalents	77,535	-	-	88,819	-	-
Current assets	425,929	-	-	444,990	-	-
TOTAL ASSETS	607,216	-	-	616,712	-	-
Share capital	4,863	-	-	4,863	-	-
Other reserves	241,194	-	-	199,135	-	-
Group net income	28,200	-	-	47,909	-	-
Group shareholders' equity	274,257	-	-	251,908	-	-
Non controlling interest	353	-	-	936	-	-
SHAREHOLDERS' EQUITY	274,610	-	-	252,843	-	-
Payables to minority shareholders and corporate transactions	14,405	-	-	13,306	-	-
Financial liabilities	33,935	-	-	31,030	-	-
Employee benefits	24,661	-	-	24,454	-	-
Deferred tax liabilities	14,399	-	-	15,630	-	-
Provisions	14,137	-	-	14,772	-	-
Non current liabilities	101,537	-	-	99,191	-	-
Financial liabilities	22,528	-	-	45,092	-	-
Trade payables	78,180	3	-	83,360	218	0.3%
Other current liabilities	129,557	2,174	1.7%	135,202	4,348	3.2%
Provisions	804	-	-	1,024	-	-
Current liabilities	231,069	-	-	264,678	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	332,606	-	-	363,869	-	-
Payables to minority shareholders and corporate transactions	607,216	-	-	616,712	-	-

LIST OF COMPANIES AT 30 JUNE 2015

Company name	Headquarter	Group interest
Parent company		
Reply S.p.A.	Turin – Corso Francia, 110 - Italy	
Subsidiaries consolidated on a line-by-line basis		
@logistics Reply S.r.l.	Turin, Italy	100.00%
@logistics Reply GmbH	Monaco, Germany	100.00%
4brands Reply GmbH & CO. KG.	Minden, Germany	51.00%
Air Reply S.r.l. (*)	Turin, Italy	85.00%
Arlanis Reply S.r.l.	Turin, Italy	100.00%
Arlanis Reply GmbH	Monaco, Germany	100.00%
Arlanis Reply AG	Potsdam, Germany	100.00%
Aktive Reply S.r.l.	Turin, Italy	100.00%
Atlas Reply S.r.l.	Turin, Italy	100.00%
Avantage Reply Ltd.	London, United Kingdom	100.00%
Avantage Reply (Belgium) Sarl	Brussels, Belgium	100.00%
Avantage Reply (Luxembourg) Sarl	Itzig, Luxemburg	100.00%
Avantage Reply (Netherlands) BV	Amsterdam, Netherland	100.00%
Avvio Reply Ltd	London, United Kingdom	100.00%
Bitmama S.r.l.	Turin, Italy	51.00%
Blue Reply S.r.l.	Turin, Italy	100.00%
Bridge Reply S.r.l.	Turin, Italy	60.00%
Business Reply S.r.l.	Turin, Italy	100.00%
Breed Reply Ltd	London, United Kingdom	100.00%
Breed Reply Investment Ltd	London, United Kingdom	80.00%
Cluster Reply S.r.l.	Turin, Italy	100.00%
Cluster Reply GmbH & CO. KG	Monaco, Germany	100.00%
Concept Reply GmbH	Monaco, Germany	90.00%
Consorzio Reply Energy	Turin, Italy	100.00%
Consorzio Reply Public Sector	Turin, Italy	100.00%
Discovery Reply S.r.l.	Turin, Italy	100.00%
e*finance consulting Reply S.r.l.	Turin, Italy	100.00%
Ekip Reply S.r.l.	Turin, Italy	100.00%
EOS Reply S.r.l.	Turin, Italy	100.00%
Forge Reply S.r.l.	Turin, Italy	100.00%
France Reply Ltd	London, United Kingdom	100.00%

Hermes Reply S.r.l.	Turin, Italy	100.00%
Hermes Reply Polska zo.o	Katowice, Poland	100.00%
InEssence Reply GmbH	Düsseldorf, Germany	70.00%
IrisCube Reply S.p.A.	Turin, Italy	100.00%
Iriscube Reply SA	Savosa, Switzerland	100.00%
Juice Reply S.r.l.	Turin, Italy	100.00%
Leadwise Reply GmbH	Darmstadt, Germany	100.00%
Lem Reply S.r.l.	Turin, Italy	100.00%
Like Reply S.r.l.	Turin, Italy	100.00%
Live Reply GmbH	Düsseldorf, Germany	100.00%
Macros Reply GmbH	Monaco, Germany	100.00%
Cluster Reply Informatica LTDA. (*)	San Paolo, Brazil	76.00%
Open Reply S.r.l.	Turin, Italy	100.00%
Pay Reply S.r.l.	Turin, Italy	100.00%
Portaltech Reply Ltd.	London, United Kingdom	100.00%
Portaltech Reply S.r.l. (*)	Turin, Italy	85.00%
Portaltech Reply GmbH	Gutersloh, Germany	68.00%
Power Reply S.r.l.	Turin, Italy	100.00%
Power Reply GmbH & CO. KG	Monaco, Germany	100.00%
Profondo Reply GmbH	Gutersloh, Germany	100.00%
Reply Consulting S.r.l.	Turin, Italy	100.00%
Reply GmbH & CO. KG.	Gutersloh, Germany	100.00%
Reply do Brasil Sistemas de Informatica Ltda	Belo Horizonte, Brazil	100.00%
Reply Inc.	Michigan, USA	100.00%
Reply Ltd.	London, United Kingdom	100.00%
Reply Belgium SA	Mont Saint Guibert, Netherland	100.00%
Reply France Sarl	Paris, France	100.00%
Reply Luxembourg Sarl	Sandweiler, Luxemburg	100.00%
Reply Services S.r.l.	Turin, Italy	100.00%
Ringmaster S.r.l.	Turin, Italy	50.00%
Risk Reply Ltd	London, United Kingdom	100.00%
Riverland Reply GmbH	Monaco, Germany	100.00%
Santer Reply S.p.A.	Milan, Italy	100.00%
Security Reply S.r.l.	Turin, Italy	100.00%
Solidsoft Reply S.r.l. (*)	Turin, Italy	85.00%
Solidsoft Reply Ltd.	London, United Kingdom	100.00%
Square Reply S.r.l.	Turin, Italy	100.00%
Storm Reply S.r.l. (*)	Turin, Italy	80.00%

Storm Reply GmbH	Gutersloh, Germany	80.00%
Syskoplan Reply S.r.l.	Turin, Italy	100.00%
Syskoplan Reply GmbH	Zurich, Switzerland	100.00%
Sytel Reply Roma S.r.l.	Turin, Italy	100.00%
Sytel Reply S.r.l.	Turin, Italy	100.00%
Target Reply S.r.l.	Turin, Italy	100.00%
TamTamy Reply S.r.l.	Turin, Italy	100.00%
Technology Reply S.r.l.	Turin, Italy	100.00%
Tool Reply GmbH	Gutersloh, Germany	100.00%
Triplense Reply GmbH	Frankfurt, Germany	100.00%
Twice Reply S.r.l.	Turin, Italy	98.00%
Twice Reply GmbH	Monaco, Germany	100.00%
Whitehall Reply S.r.l.	Turin, Italy	100.00%
Xpress Reply GmbH & CO. KG	Gutersloh, Germany	100.00%
Xuccess Reply GmbH	Monaco, Germany	100.00%

Companies at fair value

Xmentrics	United Kingdom	22.22%
Cocoon	United Kingdom	15.83%
Greeniant	Holland	35.76%
Sensoria Inc.	USA	19.99%

(*) For these companies an option exists for the acquisition of their minority shares; the exercise of such option in future reporting periods is subject to the achievement of profitability parameters. The accounting reflects Management's best estimate as at the closing date of the half year report.

Attestation of the Half-year condensed financial statements pursuant to 154 bis of Legislative Decree No. 58/98

1. The undersigned, Mario Rizzante, in his capacity as Chief Executive Officer and Giuseppe Veneziano, director responsible of drawing up the Company's financial statements pursuant to the provisions of article 154-bis, paragraph 3 and 4 of legislative decree no. 58 of February 24, 1998, hereby attest:
 - the adequacy with respect to the Company's structure and
 - the effective application,of the administrative and accounting procedures applied in the preparation of the Company's Half-year condensed financial statements at June 30, 2015.
2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the condensed financial statements as of and for the period ended June 30, 2015 was based on a process defined by Reply in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.
3. The undersigned moreover attest that:
 - 3.1 the Half-year condensed financial statements at June 30, 2015:
 - have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002;
 - correspond to the amounts shown in the Company's accounts, books and records; and
 - provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries;
 - 3.2 the related interim management report includes a reliable analysis of the significant events affecting the Company in the first six months of the current fiscal year and the impact of such events on the Company's condensed financial statements as well as a description of the main risks and uncertainties for the second half of the year.

Turin, July 31, 2015

/s/ Mario Rizzante

Chairman and Chief Executive Officer

Mario Rizzante

/s/ Giuseppe Veneziano

Director responsible of drawing up the accounting documents

Giuseppe Veneziano

INDEPENDENT AUDITORS' REPORT

Review report on the half year condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Reply S.p.A.

Introduction

We have reviewed the half year condensed consolidated financial statements, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the statement of changes in consolidated equity, the consolidated statement of cash flows and the related notes of Reply S.p.A. and its subsidiaries (the "Reply Group") as of June 30, 2015. Directors of Reply S.p.A. are responsible for the preparation of the half year condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these half year condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half year condensed consolidated financial statements of Reply Group as of June 30, 2015 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, July 31, 2015

Reconta Ernst & Young S.p.A.
Signed by: Luigi Conti, Partner

This report has been translated into the English language solely for the convenience of international readers

CORPORATE INFORMATION

HEADQUARTERS

Reply S.p.A.
Corso Francia, 110
10143 TURIN – ITALY
Tel. +39-011-7711594
Fax +39-011-7495416
www.reply.eu

CORPORATE DATA

Share capital: Euro 4,863,485.64 i.v.
Fiscal code and Company register of Turin no. 97579210010
VAT no. 08013390011
REA of Turin 938289

MARKETING AND COMMUNICATION

E-mail: marketing@reply.it
Tel. +39-011-7711594
Fax +39-011-7495416

INVESTOR RELATIONS

E-mail: investor@reply.it
Tel. +39-02-535761
Fax +39-02-53576444

Reply S.p.A.

Corso Francia, 110,

10143 Turin – Italy

Tel. +39-011-7711594

Fax. +39-011-7495416

info@reply.it

www.reply.eu