



REPLY
INTERIM
MANAGEMENT REPORT
AT 31 MARCH 2016

REPLY

INTERIM MANAGEMENT

REPORT AT

31 MARCH 2016

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BOARD OF DIRECTORS AND CONTROLLING BODIES

BOARD OF DIRECTORS AND CONTROLLING BODIES

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 in accordance to the Corporate Governance Code drawn up by the Committee for Corporate Governance

(3) Lead Independent Director

This report has been translated into English from the original Italian version, in case of doubt the Italian version shall prevail.

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

(thousand Euros)

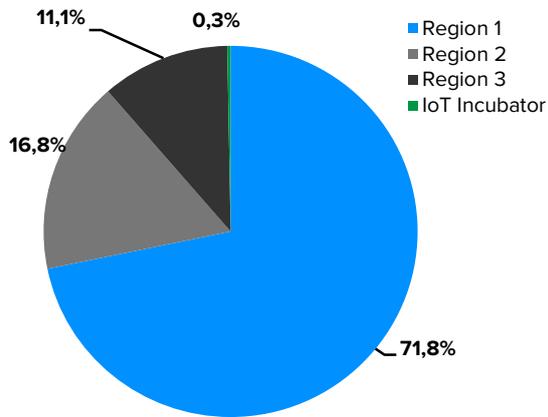
Economic figures	Q1 2016	%	Q1 2015	%
Revenue	186,344	100.0	169,192	100.0
EBITDA	24,948	13.4	21,349	12.6
EBIT	22,476	12.1	19,414	11.5
EBT	22,493	12.1	20,530	12.1

	31/03/2016	31/03/2015
Investments	2,814	2,191

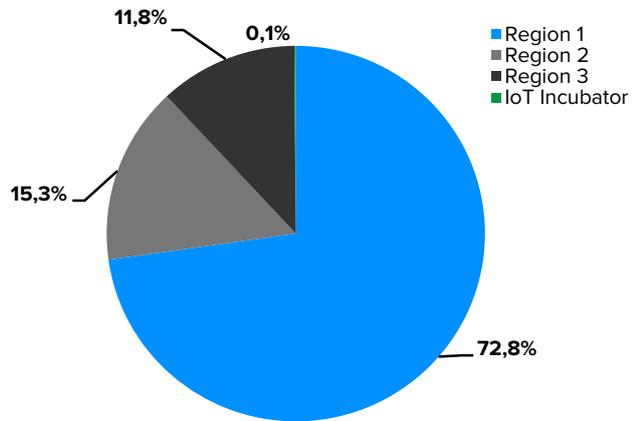
	31/03/2016	31/12/2015
Net financial position	72,018	28,186

	31/03/2016	31/03/2015
Employees	5,389	4,770

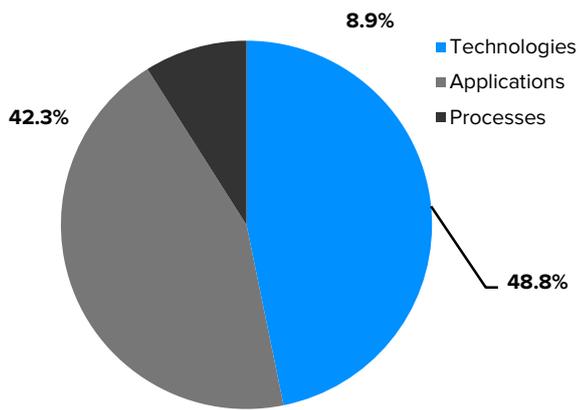
REVENUE BY REGION (*)
31 March 2016



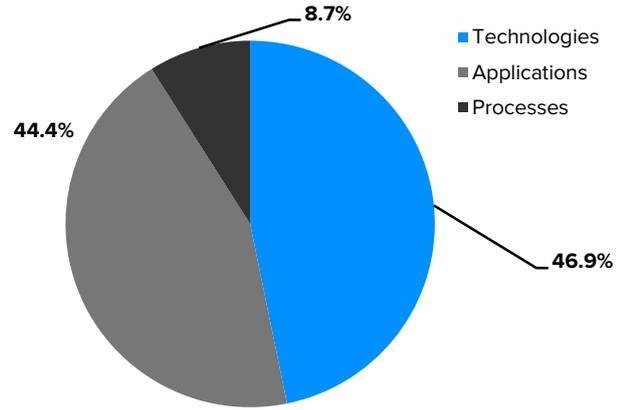
REVENUE BY REGION (*)
31 March 2015



REVENUE BY BUSINESS LINES
31 March 2016

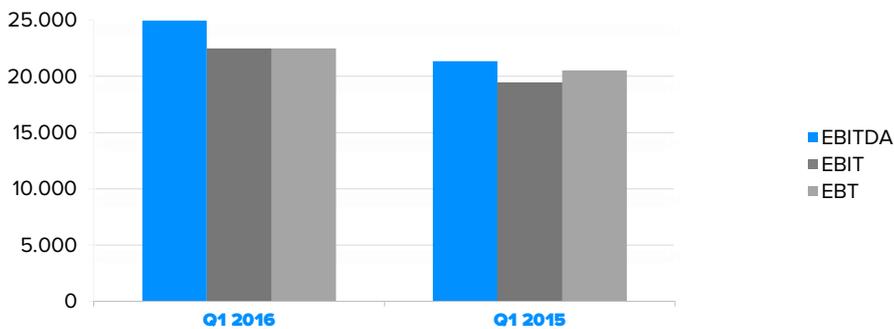


REVENUE BY BUSINESS LINES
31 March 2015



(*)
Region 1: ITA, USA, BRA, POL, ROU
Region 2: DEU, CHE
Region 3: GBR, LUX, BEL, NLD, FRA

TREND IN MARGINS



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.

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, more specifically Reply has defined an integrated offering of strategic and technological consultancy to support the design, definition and management of the new-generation networks, based on SDN (Software Defining Network) paradigms, capable of integrating and managing virtual networks (network virtualization) through network engineering services and network operations. In the field of network security, Reply has provided an innovative solution, based on the paradigms of Ethereum Blockchain, in order to enable the identification, preemption and removal of attacks by hackers on SDN networks, typically more flexible and adaptable to the requirements of the service, but, at the same time, more vulnerable to external attacks.

Lastly, Reply assists its clients in the design and implementation of services and applications designed for latest generation devices and the design of omni-channel engagement models, both at the touchpoint level (physical and digital) and as the development of innovative solutions of customer experience, increasingly integrated with social logics.

Banks, insurance companies and financial operators

Reply is increasingly active in the digital transformation of financial institutions. In this field, Reply is working with some of the major European players in the sector on many key issues, such as the definition of complete multi-channel digital experience and customer engagement strategies: from digital branding to the implementation of apps strategy, from the development of a new generation of portals and multi-channel touchpoints to the complete redefinition of the underlying technological architecture, and the analysis of new customer journeys.

Another subject in which Reply is strongly present and highly specialised is mobile payments and related m-commerce services. Reply offers both consultancy services and a verticalised proprietary platform for various industrial sectors (banks, insurance companies, payment service providers, telecoms, retailers, media and internet companies).

Lastly, in the most advanced frontiers of innovation, Reply is present with numerous projects, such as, for example, in the area of the most recent biometric recognition technologies and digital identity, in IoT applied to specific insurance sectors (auto, home and health), in crypto currencies and in related solutions within the blockchain, in experimentation and assessment of "fintech" models of peer to peer lending, crowd funding and in the definition of specific e-marketplaces for financial institutions.

Manufacturing and Retail

Reply accompanies companies in the phases of transformation and management of information systems: from strategic design to the understanding and redefinition of core processes, and the implementation of solutions that integrate the core applications in the production and distribution sectors.

The areas of focus and development of skills concern: support for supply and purchase management (SPM) processes; the design of production chain control systems (MES); distribution and movement of products on complex logistics networks (SCM).

In particular, Industry 4.0 and Logistics 4.0 are elements of particular focus for the strategic development of companies in the sector.

Reply has also defined a specific offering for the retail sector that combines e-commerce consulting with the design and development of multi-channel platforms (web, mobile, call centres and instore) in which digital devices, innovations and physical venues meet to create a unique and integrated customer experience.

Energy and Utility

Reply combines in-depth knowledge of the market and its typical processes with a distinctive ability in the design, implementation and management of application and technological solutions in support of core business in the areas of monitoring and optimisation of generation from renewable sources, trading & risk management, pricing & forecasting, metering, billing, CRM, etc. The ability to support and transform managerial models of operators in the sector and the verticalisation of specific skills and solutions (IoT, big data, cloud, mobile, etc.) will enable Reply to assist energy generation, sales, transportation and distribution companies in defining and developing new operating models and raise cost efficiency, in situations of operational excellence, based on skills in fields such as smart metering, smart grid, asset & work management. Reply also assists its customers in the adoption of new energy management paradigms aimed at raising energy efficiency, a field in which a complete offering is provided, aimed at both energy sales companies and final consumers.

Government and Defence

The need for "cost saving" as well as the reorganisation of important sectors of the public administration, including health, have determined in Italy, in 2015, an initial legislative consolidation in central government, with the contextual redefinition of spending centres and, in various regions, the redefinition of organisational models that establish the centrality of citizens with regard to services supplied, be they health or of another kind. The slogan for this transformation is: Digital PA

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.

Moreover, another important field of specialisation for Reply is telemedicine, or digital healthcare, which will increasingly move therapies and patient monitoring out of the hospital environment.

TECHNOLOGICAL INNOVATION

Technological innovation has formed the basis for the development of Reply, a company that has always pursued the objective of providing its customers 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

Big data technologies has moved on from being a strictly technological field to become one of the levers in the digital transformation of companies. Indeed, significant projects were initiated on data for the purpose of defining programmes aimed at improving business performance (e.g. the subject of risk management in financial institutions), innovating service models (e.g. passenger car policies in the insurance sector) or at understanding and serving its customers better (e.g. loyalty programs in the retail sector).

By combining technological skills in data analysis, data modelling and process re-engineering, Reply made it easier for its clients to approach the issue of big data, by favouring the activation of a real and concrete pathway of cultural change and by introducing a new approach to data management. In particular, in 2015, Reply assisted companies in the application of big data technology, creating architectures based on the new data lake concept and transforming models applied to data analysis through the insertion of specialised data scientists in projects to redefine core company processes.

Reply has also begun to develop a specific proposal in the field of machine learning for the management of the enormous body of data produced by the world of the Internet of Things and for their use in the creation of added value by companies.

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. The offering of virtual environments and services by leading vendors worldwide has in fact modified if not revolutionised the concept of IT as it had been traditionally interpreted, leading it to go from being a simple commodity to one of the basic elements on which to configure one's digital transformation.

In order to fulfil the requirements for strategic and technological transformation and change management required for the implementation of the most suitable cloud model for specific situations, Reply has defined a service offering structured along the following lines:

- consulting support (from the business process to operational management) capable of helping clients to understand, select and develop the most appropriate technological and application solutions;
- an end to end provider service that, supported by the partnership with the major vendors worldwide including Amazon, Google, Microsoft, Oracle and Salesforce, allows customers to benefit from the most suitable solutions for their needs, both in terms of model and the technology chosen;
- SaaS services and solutions, based on Reply's proprietary application platforms.

Customer engagement

The new communication models and the ubiquity of connectivity, through a wide range of means (that support mobile phones and tablets, smart TV, beacons and devices for virtual reality), have demanded the implementation of CRM solutions that create value by helping to construct a pervasive, immersive and customer-centred experience.

The creation of an optimal customer experience is achieved by building a one-to-one relationship model that focuses on the distinctive aspects of company organisation, on an approach that places the customer and its interaction with the company at the centre of the processes, be they marketing, sales or support and services.

To this end, over the years Reply has built and developed a strategic CRM framework which enables the creation of a unique customer experience for the client, defining an approach coherent with all possible customer journeys, maximising the attraction towards the prospects and the engagement of existing customers.

Digital experience

The digital marketing transformation process that has been redesigning the business world and company functions over the last few years is now also profoundly permeating the market of brand communications. This phenomenon has no geographical or product boundaries, where processes and branding strategy are radically imposing new paradigms and new economies, in a panorama of users who are now channel agnostic, moving freely between new technologies and constantly evolving platforms.

In addition to creating and managing every aspect of the brand image in an interactive digital environment, Reply's skills include creativity and technology, applied to important sectors such as mobile telephony, e-commerce, gaming and the Internet of Things, present and, in particular, future targets of brand names, as can already be seen in the most important international communications markets.

Another important sector that Reply supports its clients in is communication on social networks, a fast developing mainstream phenomenon in recent years that is today, more than ever, being hailed as the global arena of brand-user relations.

Digital payments

The wide diffusion of mobile devices with consumers and the creation of new payment instruments that see in the mobile component a supporting factor, make the payment sector one of the areas with the highest growth rate. Reply has defined a dedicated offer - based on consultancy services and technological platforms - to assist banks, financial institutions, telecom companies, utilities and retailers in the processes to create and supply innovative services of remote and proximity digital payments.

The technological asset is HI Credits™, the Reply platform that, by using the available smartphone technologies, enables personalised and contextualised payment services.

E-commerce

Increasingly more demanding, mobile consumers are now requesting a completely integrated experience from companies, personalised and unified as much as possible through various physical and digital channels. In a similar purchasing scenario, the success of this sector lies in the ability to invest in services aimed at promoting relations and interaction between sellers and customers, constantly innovating and extending sales models with new multi-channel strategies capable of offering consumers different touchpoints, both digital and physical, used to purchase products. One example is the increasingly widespread success of purchasing processes based in click and collect models, very useful in order to avoid additional delivery costs or unexpected events such as delays: purchases are made online and the product is collected free of charge at the shop.

The increasingly widespread use of social media to compare prices and products has further enriched and modified purchasing processes which are increasingly based on an exchange of information and multi-channel interactions in which the transaction is begun and completed without a solution of continuity between chat, social media, online store and physical shop.

An evolution of this dimension in the traditional purchasing scenario has led Reply to define an omni-channel strategy centred on customer needs capable of enabling companies to provide the final consumer with a completely unified and integrated experience through online, mobile and physical channels.

Enterprise architecture

Nowadays, digital transformation is the predominant issue in the agenda of companies. All the organizations have created or are creating systems and processes that require a bi-modal approach to information and development and management systems.

In order to excel in the digital economy, characterized by the convergence between the physical and the digital, the organizations must remove the boundaries between IT and business. This will allow companies to operate rapidly to exploit the new developments available to them, proceeding however with caution to avoid damaging existing systems and processes.

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 timescales, working directly with the managers of the various business areas involved. Reply supports its customers in enterprise architecture, through the use of a vast catalogue of architectural frameworks, methods and models consolidated in many projects completed for large industrial, media and service groups.

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). Consequently, one of the major revolutions underway consists of the progressive connection not only of computers and devices but of a range of material objects. This will result in an increasingly more pervasive network integrated with the daily activities of people. There are various fields of application: from industrial applications (production processes) to logistics and info-mobility, energy efficiency, remote assistance and environmental protection.

Reply has designed and developed HI Reply™, a platform of services, devices and middleware, on which to base specific vertical applications such as advanced logistics, environmental security, contactless payment and product traceability. HI Reply™ was designed and produced at the Reply research and development centre on the Internet of Things.

Mobile

Thanks to its many years of activity in the sector, Reply has gained extensive experience in the mobile segment, developing skills that range from strategy to the development of mobile applications, from user experience to testing, from payments in mobility to the most recent technologies and devices (beacons, wearables) introduced onto the market.

In order to meet the ever-increasing requests for the supply of services with a high degree of interaction with the user on all mobile platforms, channels and devices, Reply has also set up its own application factory dedicated to the development of mobile applications in both the business and consumer sectors.

Augmented reality, virtual reality

Augmented reality (the vision of the real world increased by digital information) and virtual reality (the exploration and interaction of virtual environments) are technologies that have continued to develop over the years, but are experiencing, in this particular period of history, a surprising expansion that involves important investments by the big names in digital technology.

By combining experience in the 3D sector deriving from the gaming world with mobile skills and new technologies in the world of wearable devices, Reply has developed an offering specifically orientated towards the development of solutions devised to increase user involvement. This offering includes the development of augmented reality applications (aimed at visualising a virtual product in a real environment) and immersive reality applications specifically designed to give the user an unforgettable experience, transporting him/her into a navigable virtual environment.

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

Social media has changed the way people find information and how they interact and communicate. People of all ages use this communication model in an increasingly pervasive and natural way in their daily lives. It has now been embraced on a massive scale by businesses, too, which have seized new opportunities for using these paradigms, seeking innovative ways to connect their organisation/ brand/service with their customers and stakeholders.

Along with market solutions for social engagement and social listening, Reply bases its enterprise social networking offering ((business community, social intranet and consumer community) on the TamTamy™ proprietary platform, available in on-premises mode and as a service on cloud computing architecture.

Video & gaming generation

The explosive phenomenon of mobile and apps that we have seen in recent years brings with it new social behaviour patterns and new habits. One especially obvious phenomenon involves the use of video games. Smartphones and tablets have seen the disproportionate growth of the gaming community, previously confined to owners of consoles or to the PC gaming community, transforming gaming into a mass phenomenon.

Reply has developed an offer capable of satisfying the requirements of the brand from the use of virtual reality and augmented reality to the realization of games to teach (edutainment) or to promote a product or a message (advergames).

Reply constantly invests to provide, through the use of technology, gaming experiences ever more innovative and captivating. 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.

SUMMARY REPORT OF THE FIRST QUARTER 2016 AND EXPECTED BUSINESS DEVELOPMENTS

SUMMARY REPORT OF THE FIRST QUARTER 2016

Since the beginning of the year, the Group has recorded a consolidated turnover amounting to 186.3 million Euros, an increase of 10.1% compared to the corresponding data for 2015.

All indicators are positive for the period. In the first quarter of 2016, the consolidated EBITDA was 24.9 million Euros (21.3 million Euro in 2015), equal to 13.4% of the turnover, with an EBIT of 22.5 million Euros (19.4 million Euros in 2015), equal to 12.1% of the turnover.

Lastly, the profit before tax from January to March 2016 was 22.5 million Euros (20.5 million Euros in 2015), equal to 12.1% of the turnover.

The net financial position of the Group on 31 March 2016 is also positive by 72.0 million Euros, a sharp increase compared to the 28.2 million Euros recorded on 31 December 2015.

Reply is recognized on the market for its distinctive and comprehensive know how on the entire area of digital transformation. This outcome has been obtained thanks to continuous investments in research and development and a constant process of engineering and evolution of our offerings.

Reply's objective is to increasingly become a point of reference for companies that consider technology as the strategic leverage to compete on the market. For this purpose, Reply is investing in Immersive Reality, Industry 4.0 and Machine Learning, which are crucial themes in the definition of service and products in the near future."

**CONSOLIDATED
FINANCIAL STATEMENTS AND
NOTES**

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Reply's performance is summarized in the following reclassified consolidated statement of income.

CONSOLIDATED FINANCIAL STATEMENT AT 31 MARCH 2016

(thousand Euros)	Note	Q1 2016	%	Q1 2015	%
Revenues	4	186,344	100.0	169,192	100.0
Purchases	5	(4,690)	(2.5)	(3,449)	(2.0)
Personnel	6	(91,345)	(49.0)	(86,735)	(51.3)
Services and other costs	7	(64,995)	(34.9)	(57,913)	(34.2)
Other operating (costs)/income		(365)	(0.2)	255	0.2
Operating costs		(161,529)	(86.7)	(147,843)	(87.4)
Gross operating margin		24,948	13.4	21,349	12.6
Amortization and depreciation	8	(2,339)	(1.3)	(1,935)	(1.1)
Other non recurring (costs)/income		(133)	(0.1)	-	-
Operating margin		22,476	12.1	19,414	11.5
Financial income/(losses)	9	17	-	1,115	0.7
Result before taxes		22,493	12.1	20,530	12.1

NET FINANCIAL POSITION

The Group's net financial position as at 31 March 2016, analyzed by due date and with comparative figures as at 31 December 2015 is shown in the following statement:

(thousand Euros)	31/03/2016	31/12/2015
Cash and cash equivalents, net	113,576	70,109
Current financial assets	1,250	2,289
Due to banks	(11,196)	(10,786)
Due to other providers of finance	(390)	(466)
Net financial position, short term	103,240	61,147
Non current financial assets	1,093	909
Due to banks	(31,366)	(33,008)
Due to other providers of finance	(949)	(860)
Net financial position M/L term	(31,222)	(32,960)
Total net financial position	72,018	28,186

NOTE 1 – ACCOUNTING PRINCIPLES

Notwithstanding that Legislative Decree no. 25 of 15 February 2016 has removed the obligation to prepare Interim Management Statements, these as at 31 March 2016 in relation to the first quarter of financial year 2016, have been prepared, in capacity of STAR segment issuer, as required by Borsa Italiana S.p.A. under communication no. 7587 of 21 April 2016; the contents herein are pursuant to Art. 154-ter, paragraph 5 of Legislative Decree 24 February 1998, no. 58.

The interim report herein has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”) 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”).

The accounting policies applied in these financial statements are consistent with those adopted in preparing the annual report.

The preparation of the interim report requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities the financial statements reported herein. 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.

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

The values indicated in the accounting statements are expressed in thousands of Euros.

The Interim Management report as at 31 March 2016 was not subject to audit by Reply’s Independent auditors, as allowed by existing laws.

NOTE 2 – GROUP ACTIVITIES

Reply [MTA, STAR: REY] is specialized in the implementation of solutions based on new communication and digital media.

Reply, consisting of a network of specialized companies, assists important European industries belonging to Telco & Media, Manufacturing & Retail, Bank & Insurances and Public Administration sectors, in defining and developing new business models utilizing Big Data, Cloud Computing, CRM, Mobile, Social Media and Internet of Things paradigms. Reply offers consulting, system integration, application management and business process outsourcing www.reply.eu.

NOTE 3 - CONSOLIDATION

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

Change in consolidation compared to 31 March 2015 is related to:

- Spark Reply S.r.l., company constituted in December 2015 in which Reply S.p.A. holds 85% of the share capital.
- Go Reply S.r.l., company acquired in the month of December 2015 in which Reply S.p.A. holds 100% of the share capital.
- Triplesense Reply S.r.l., company constituted in the month of October 2015 in which Reply S.p.A. holds 100% of the share capital.
- Technology Reply S.r.l. (Romania), company constituted in the month of July 2015 in which Reply S.p.A. holds 100% of the share capital.

Change in consolidation does not significantly affect the Group's revenues and profits before tax on 31 March 2016.

NOTE 4 - REVENUES

Revenues from sales and services, including change in work in progress, amounted to 186,344 thousand Euros (169,192 thousand Euros in the first quarter of 2014) with an increase of 10.1%.

This item includes revenues generated from consulting activities, turnkey projects and assistance and maintenance services and other minor amounts.

The following table shows the percentage breakdown of revenues by Region. Moreover, the breakdown reflects the business management of the Group by Top Management and the allocation approximates the localization of services provided:

Region (*)	Q1 2016	Q1 2015
Region 1	71.0%	72.8%
Region 2	16.80%	15.3%
Region 3	11.1%	11.8%
IoT Incubator	0.3%	0.1%
Total	100.0%	100.0%

(*)

Region 1: ITA, USA, BRA, POL, ROU

Region 2: DEU, CHE

Region 3: GBR, LUX, BEL, NLD, FRA

The following table shows the percentage breakdown of revenues by business line:

	Q1 2016	Q1 2015
Technologies	48.8%	46.9%
Applications	42.3%	44.4%
Processes	8.9%	8.7%
Total	100.0%	100.0%

NOTE 5 - PURCHASES

Detail is as follows:

(thousand Euros)	Q1 2016	Q1 2015	Change
Software licenses for resale	2,844	1,883	961
Hardware for resale	475	242	232
Other	1,371	1,324	48
Total	4,690	3,449	1,241

The items Software licenses for resale and Hardware licenses for resale include change in inventory of software and hardware products for resale.

The item Other mainly includes costs incurred for fuel expenses and the purchase of office material.

NOTE 6 - PERSONNEL

Increase in personnel expenses amounting to 4,610 thousand Euros owes to the overall increase of the Group's business and to the increase of the number of employees.

Detail of personnel by category is provided below:

(number)	Q1 2016	Q1 2015	Change
Directors	303	284	19
Managers	805	726	79
Staff	4,281	3,760	521
Total	5,389	4,770	619

NOTE 7 – SERVICES AND OTHER COSTS

Services and other costs amounting to 64,995 thousand Euros (57,913 in the first quarter of 2015) comprised the following:

(thousand Euros)	Q1 2016	Q1 2015	Change
Consulting and commercial	41,513	36,872	4,641
Travelling and professional training expenses	6,880	6,740	140
Other services	8,638	6,571	2,067
Office charges	4,245	3,927	318
Rental and leasing	2,047	1,865	182
Other	1,672	1,938	(266)
Total	64,995	57,913	7,082

Change in Services and other costs, amounting to 7,082 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 expenses.

Office expenses include rent and all related charges.

NOTE 8 - AMORTIZATION, DEPRECIATION AND WRITE-DOWNS

Depreciation of tangible assets, amounting to 1,382 thousand Euros at 31 March 2016 has been determined on a straight-line basis at economic-technical rates that reflect the useful lives of the asset.

Amortization of intangible assets at 31 March 2016 amounted to 957 thousand Euros and is mainly related to:

- development charges capitalized according to IAS 38;
- software licenses used internally by the Group.

NOTE 9 – FINANCIAL INCOME/(EXPENSES)

Detail is as follows:

(thousand Euros)	Q1 2016	Q1 2015	Change
Financial income	57	94	(36)
Financial losses	(273)	(286)	14
Other	232	1,308	(1,076)
Total	17	1,115	(1,098)

The item Financial income mainly includes interest on bank accounts.

Financial losses mainly include the interest costs related to bank advances and to the use of the credit lines 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 10 – NET FINANCIAL POSITION

The net financial position as at 31 March 2016 was positive for 72,018 thousand Euros with an improvement of 40,832 thousand Euros compared to 31 December 2015 owing to the cash flows generated by operating activities.

Due to banks, amounting to 42,562 thousand Euros is referred mainly to credit lines for M&A operations

NOTE 11 – EVENTS SUBSEQUENT TO 31 MARCH 2016

No significant events have occurred subsequent to 31 March 2016.

NOTE 12 – OTHER INFORMATION

The following is to be noted:

- Transactions among group companies are carried out at market prices and are eliminated during the consolidation process.
- Transactions carried out by the group companies with related parties that in accordance to IAS 24 are Group companies and persons able to exercise control, joint control or have significant influence on the Group and its subsidiaries, are considered ordinary business and are carried out at normal market conditions.
- Pursuant to art. 150, 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.

For the Board of Directors

/s/ Mario Rizzante

Chairman

Mario Rizzante

**DECLARATION PURSUANT TO
ARTICLE 154-BIS,
PARAGRAPH 2 OF
LEGISLATIVE DECREE NO. 58
OF 24 FEBRUARY 1998,
“SINGLE TEXT IN MATTER OF
REGULATION OF FINANCIAL
INTERMEDIATION” AND
SUBSEQUENT CHANGES**

DECLARATION PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2 OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, "SINGLE TEXT IN MATTER OF REGULATION OF FINANCIAL INTERMEDIATION" AND SUBSEQUENT CHANGES

The director responsible for preparing the Company's financial reports, Dott. Giuseppe Veneziano, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this interim management report at 31 March 2016 corresponds to the results documented in the books, accounting and other records of the company.

Turin, 12 May 2016

/s/ Giuseppe Veneziano
(Director responsible of drafting
financial statements)

Giuseppe Veneziano

ANNEXED TABLES

ANNEXED TABLES

REPLY

Companies included in consolidation at 31 March 2016

Company name	Headquarters	Group interest
Parent company		
Reply S.p.A.	Turin – Corso Francia, 110 - Italy	
Companies consolidated on a line-by-line basis		
@logistics Reply S.r.l.	Turin, Italy	100.00%
@logistics Reply GmbH	Munich, Germany	100.00%
4brands Reply GmbH & CO. KG. (**)	Minden, Germania	51.00%
Air Reply S.r.l. (*)	Turin, Italy	85.00%
Arlanis Reply S.r.l.	Turin, Italy	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, Luxembourg	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 Roma S.r.l.	Turin, Italy	100.00%
Cluster Reply GmbH & CO. KG (**)	Munich, Germany	100.00%
Cluster Reply Informatica LTDA. (*)	San Paolo, Brazil	76.00%
Concept Reply GmbH	Munich, Germany	90.00%
Consorzio Reply Energy	Turin, Italy	100.00%
Consorzio Reply Public Sector	Turin, Italy	100.00%
Data Reply S.r.l.	Turin, Italy	100.00%
Data Reply GmbH (*)	Munich, Germany	70.00%
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	80.00%
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%
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	Munich, Germany	100.00%
Open Reply S.r.l.	Turin, Italy	100.00%
Open Reply GmbH	Gutersloh, Germany	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 (**)	Munich, Germany	100.00%
Profondo Reply GmbH	Gutersloh, Germany	100.00%
Reply Consulting S.r.l.	Turin, Italy	100.00%
Reply AG	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, Luxembourg	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	80.00%
Riverland Reply GmbH	Munich, Germany	100.00%
Santer Reply S.p.A.	Milano, Italy	100.00%
Security Reply S.r.l.	Turin, Italy	100.00%
Solidsoft Reply Ltd.	London, United Kingdom	100.00%
Spark Reply S.r.l.	Turin, Italy	85.0%
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%
Syskoplan Reply GmbH & CO. KG (**)	Gutersloh, Germany	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%
Technology Reply S.r.l.	Bucharest, Romania	100.00%
Tool Reply GmbH	Gutersloh, Germany	100.00%
Triplesense Reply S.r.l.	Turin, Italy	100.0%
Triplesense Reply GmbH	Frankfurt, Germany	100.00%
Twice Reply S.r.l.	Turin, Italy	98.00%
Twice Reply GmbH	Munich, Germany	100.00%
Whitehall Reply S.r.l.	Turin, Italy	100.00%
Xuccess Reply GmbH	Munich, Germany	100.00%

Companies carried at fair value

Cocoon Alarm Ltd.	England	22.09%
inova Design Ltd.	England	22.2%
Sensoria Inc.	USA	21.37%
Xmetrics Sport Ltd.	England	30.0%
Zeeta Networks Ltd.	England	15.83%

Companies carried at cost

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

DATI SOCIETARI E INFORMAZIONI PER GLI AZIONISTI

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CORPORATE DATA

Share capital: Euro 4,863,485.64 i.v.
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