FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

INCOME STATEMENT (*)

(EUROS)	NOTE	2015	2014
Revenue	**5**	**326,911,581**	**291,648,905**
Other income	6	6,120,821	6,659,301
Purchases	7	(8,741,850)	(4,982,858)
Personnel	8	(17,994,188)	(17,702,836)
Services and other costs	9	(304,748,471)	(276,839,606)
Amortization, depreciation and write-downs	10	(471,681)	(671,513)
Other unusual operating income/(expenses)	11	(3,750,000)	(2,988,997)
Operating income		**(2,673,788)**	**(4,877,604)**
Gain/(loss) on equity investments	12	37,937,457	27,491,426
Financial income/(expenses)	13	3,407,322	2,526,409
Income before taxes		**38,670,992**	**25,140,231**
Income taxes	14	(1,756,577)	(1,208,521)
Net income		**36,914,414**	**23,931,709**
Net income per share	*15*	*3,95*	*2,56*
Diluted net income per share	*15*	*3,95*	*2,56*

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Income Statement are reported in the annexed Tables and further described in Note 34.

STATEMENT OF COMPREHENSIVE INCOME

(EUROS)	NOTE	31/12/2015	31/12/2014
Profit of the period (A)		**36,914,414**	**23,931,709**
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) from employee benefit plans	26	17,617	(33,636)
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):		**17,617**	**(33,636)**
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Gains/(losses) on cash flow hedges	26	3,612	119,974
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):		**3,612**	**119,974**
Total other comprehensive income, net of tax (B) = (B1) + (B2):		**21,229**	**86,338**
Total comprehensive income (A)+(B)		**36,935,643**	**24,018,047**

STATEMENT OF FINANCIAL POSITION (*)

(EUROS)	NOTE	31/12/2015	31/12/2014
Tangible assets	16	764,619	1,095,038
Goodwill	17	86,765	86,765
Other intangible assets	18	1,498,954	866,734
Equity investments available for sale	19	133,595,730	130,081,311
Other financial assets	20	52,112,144	42,486,824
Deferred tax assets	21	1,234,807	1,521,880
Non-current assets		**189,293,019**	**176,138,552**
Trade receivables	22	259,856,229	221,291,693
Other receivables and current assets	23	33,158,420	31,666,601
Financial assets	24	58,522,084	50,808,755
Cash and cash equivalents	25	55,745,286	40,913,939
Current assets		**407,282,018**	**344,680,988**
TOTAL ASSETS		**596,575,038**	**520,819,540**
Share Capital		4,863,486	4,863,486
Other reserves		151,128,813	135,140,323
Net income		36,914,414	23,931,709
SHAREHOLDERS' EQUITY	**26**	**192,906,713**	**163,935,517**
Due to minority shareholders	27	4,468,788	3,686,707
Financial liabilities	28	32,605,828	29,668,015
Employee benefits	29	416,302	435,868
Deferred tax liabilities	30	1,105,248	911,232
Provisions	33	7,398,000	3,921,700
Non-current liabilities		45,994,165	38,623,522
Financial liabilities	28	86,803,962	69,873,787
Trade payables	31	252,342,479	222,959,775
Other current liabilities	32	16,501,719	23,360,939
Provisions	33	2,026,000	2,066,000
Current liabilities		**357,674,160**	**318,260,501**
TOTAL LIABILITIES		**403,668,324**	**356,884,023**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**596,575,038**	**520,819,540**

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Statement of Financial Position are reported in the annexed Tables and further described in Note 34.

STATEMENT OF CHANGES IN EQUITY

(EUROS)	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	EARNING RESERVES	CASH FLOW HEDGE RESERVE	RESERVE FOR ACTUARIAL GAINS/(LOSSES)	TOTAL
Balance at 1 January 2014	**4,840,086**	**(9,127)**	**58,246,746**	**82,527,838**	**(123,586)**	**21,555**	**145,503,511**
Share capital increase	23,400	-	936,855	-	-	-	960,255
Dividends distributed	-	-	-	(6,546,295)	-	-	(6,546,295)
Total profit	-	-	-	23,931,709	119,974	(33,636)	24,018,047
Balance at 31 December 2014	**4,863,486**	**(9,127)**	**59,183,600**	**99,913,252**	**(3,612)**	**(12,081)**	**163,935,518**

(EUROS)	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	EARNING RESERVES	CASH FLOW HEDGE RESERVE	RESERVE FOR ACTUARIAL GAINS/(LOSSES)	TOTAL
Balance at 1 January 2015	**4,863,486**	**(9,127)**	**59,183,600**	**99,913,252**	**(3,612)**	**(12,081)**	**163,935,518**
Dividends distributed	-	-	-	(7,949,073)	-	-	(7,949,073)
Change in treasury shares	-	(15,375)	20,000,000	(20,000,000)	-	-	(15,375)
Total profit	-	-	-	36,914,414	3,612	17,617	36,935,643
Balance at 31 December 2015	**4,863,486**	**(24,502)**	**79,183,600**	**108,878,593**	**-**	**5,536**	**192,906,714**

STATEMENT OF CASH FLOWS

(EUROS)	31/12/2015	31/12/2014
Result	36,914,414	23,931,709
Income taxes	1,756,577	(1,208,521)
Amortization and depreciation	471,681	671,513
Other non-monetary expenses/(income)	(747,557)	7,059,460
Change in trade receivables	(38,564,536)	(24,387,545)
Change in trade payables	29,382,704	27,857,564
Change in other assets and liabilities	(4,034,321)	4,039,635
Income tax paid	(1,208,521)	624,358
Interest paid	(966,951)	(1,476,674)
Net cash flows from operating activities (A)	**23,003,490**	**37,111,500**
Payments for tangible and intangible assets	(773,483)	(1,132,961)
Payments for financial assets	(9,625,320)	(10,123,234)
Payments for the acquisition of subsidiaries net of cash acquired	(1,984,781)	(11,922,922)
Net cash flows from investment activities (B)	**(12,383,583)**	**(23,179,117)**
Shares issued	-	960,255
Dividends paid	(7,949,073)	(6,546,295)
In payments from treasury shares	28,418,972	15,540,266
Payment of instalments	(21,291,041)	(16,206,083)
Other changes	5,854	86,337
Net cash flows from financing activities (C)	**(815,287)**	**(6,165,520)**
Net cash flows (D) = (A+B+C)	**9,804,619**	**7,766,862**
Cash and cash equivalents at the beginning of period	28,133,468	20,366,606
Cash and cash equivalents at period end	37,938,088	28,133,468
Total change in cash and cash equivalents (D)	**9,804,619**	**7,766,862**

DETAIL OF CASH AND CASH EQUIVALENTS

(EUROS)	31/12/2015	31/12/2014
Cash and cash equivalents at beginning of period:	**28,133,468**	**20,366,606**
Cash and cash equivalents	40,913,939	28,321,938
Other	959,512	669,342
Transaction accounts - surplus	49,849,243	42,873,980
Transaction accounts - overdraft	(26,868,340)	(19,562,205)
Bank overdrafts	(36,720,886)	(31,936,449)
Cash and cash equivalents at the end of the year:	**37,938,088**	**28,133,468**
Cash and cash equivalents	55,745,286	40,913,939
Other	743,560	959,512
Transaction accounts - surplus	57,778,523	49,849,243
Transaction accounts - overdraft	(41,140,870)	(26,868,340)
Bank overdrafts	(35,188,412)	(36,720,886)

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NOTE 1 - GENERAL INFORMATION

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's services include: consulting, system integration, application management and Business Process Outsourcing. (www.reply.eu).

The company mainly carries out the operational coordination and technical management of the group and also the administration, financial assistance and some purchase and marketing activities. Reply also manages business relations for some of its main clients.

NOTE 2 - ACCOUNTING PRINCIPLES AND BASIS OF CONSOLIDATION

COMPLIANCE WITH INTERNATIONAL ACCOUNTING PRINCIPLES

The 2015 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and with the provisions implementing Article 9 of Legislative Decree No. 38/2005.
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").

In compliance with European Regulation No. 1606 of 19 July 2002, beginning in 2005, the Reply Group adopted the International Financial Reporting Standards ("IFRS") for the preparation of its Consolidated Financial Statements. On the basis of national legislation implementing the aforementioned Regulation, those accounting standards were also used to prepare the separate Financial Statements of the Parent Company, Reply S.p.A., for the first time for the year ended 31 December 2006.
It is hereby specified that the accounting standards applied conform to those adopted for the preparation of the initial Statement of Assets and Liabilities as at 1 January 2005 according to the IFRS, as well as for the 2005 Income Statement and the Statement of Assets and Liabilities

as at 31 December 2005, as re-presented according to the IFRS and published in the special section of these Financial Statements.

GENERAL PRINCIPLES

The Financial Statements were prepared under the historical cost convention, modified as required for the measurement of certain financial instruments. The criterion of fair value was adopted as defined by 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 relative to its ability to continue as a going concern.
These Financial Statements are expressed in Euros and are compared to the Financial Statements of the previous year prepared in accordance with the same principles.
These Financial Statements have been drawn up under the general principles of continuity, accrual based accounting, coherent presentation, relevancy and aggregation, prohibition of compensation and comparability of information.
The fiscal year consists of a twelve (12) month period and closes on the 31 December each year.

FINANCIAL STATEMENTS

The Financial Statements include 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 company classifies costs according to their nature, which is deemed to properly represent the company'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 is further noted that, to comply with the indications provided by Consob Resolution No. 15519 of 27 July 2006 "Provisions as to the format of Financial Statements", in addition to mandatory tables, specific supplementary Income Statement and Balance Sheet formats have been added that report significant amounts of positions or transactions with related parties indicated separately from their respective items of reference.

TANGIBLE ASSETS

Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses. Goods made up of components, of significant value, that have different useful lives are considered separately when determining depreciation.
In compliance with IAS 36 – Impairment of assets, the carrying value is immediately remeasured to the recoverable value, if lower.
Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Equipment	30%
Plant and machinery	40%
Hardware	40%
Furniture and fittings	24%

Ordinary maintenance costs are fully expensed as incurred. Incremental maintenance costs are allocated to the asset to which they refer and depreciated over their residual useful lives. Improvement expenditures on rented property are allocated to the related assets and depreciated over the shorter between the duration of the rent contract or the residual useful lives of the relevant assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

GOODWILL

Goodwill is an intangible asset with an indefinite life, deriving from business combinations recognized using the purchase method, and is recorded to reflect the positive difference between purchase cost and the Company's interest at the time of acquisition of the fair value of the assets, liabilities and identifiable contingent liabilities attributable to the subsidiary.
Goodwill is not amortized, but is tested for impairment annually or more frequently if specific events or changes in circumstances indicate that it might be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.
Impairment losses are recognized immediately as expenses that cannot be recovered in the future. Goodwill deriving from acquisitions made prior to the transition date to IFRS are maintained at amounts recognized under Italian GAAP at the time of application of such standards and are subject to impairment tests at such date.

OTHER INTANGIBLE ASSETS

Intangible fixed assets are those lacking an identifiable physical aspect, are controlled by the company and are capable of generating future economic benefits.

Other purchased and internally-generated intangible assets are recognized as assets in accordance with IAS 38 – Intangible Assets, where it is probable that the use of the asset will generate future economic benefits and where the costs of the asset can be determined reliably. Such assets are measured at purchase or manufacturing cost and amortized on a straight-line basis over their estimated useful lives, if these assets have finite useful lives.

Other intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill if their fair value can be measured reliably.

In case of intangible fixed assets purchased for which availability for use and relevant payments are deferred beyond normal terms, the purchase value and the relevant liabilities are discounted by recording the implicit financial charges in their original price.

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Development costs can be capitalized on condition that they can be measured reliably and that evidence is provided that the asset will generate future economic benefits.

An internally-generated intangible asset arising from the company's e-business development (such as informatics solutions) is recognized only if all of the following conditions are met:

- An asset is created that can be identified (such as software and new processes);
- It is probable that the asset created will generate future economic benefits;
- The development cost of the asset can be measured reliably.

These assets are amortized when launched or when available for use. Until then, and on condition that the above terms are respected, such assets are recognized as construction in progress. Amortization is determined on a straight line basis over the relevant useful lives.

When an internally-generated intangible asset cannot be recorded at balance sheet, development costs are recognized to the statement of income in the period in which they are incurred.

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

Intangible assets with indefinite useful lives consist principally of acquired trademarks which have no legal, contractual, competitive, economic, or other factors that limit their useful lives. Intangible assets with indefinite useful lives are not amortized, as provided by IAS 36, but are tested for impairment annually or more frequently whenever there is an indication that the asset may be impaired. Any impairment losses are not subject to subsequent reversals.

IMPAIRMENT

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.
An intangible asset with an indefinite useful life is tested for impairment annually or more frequently, whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset is the higher of fair value less disposal costs and its value in use. In assessing its value in use, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Its value in use is determined net of tax in that this method produces values largely equivalent to those obtained by discounting cash flows net of tax at a pre-tax discount rate derived, through an iteration, from the result of the post-tax assessment. The assessment is carried out for the individual asset or for the smallest identifiable group of cash generating assets deriving from ongoing use, (the so-called Cash generating unit). With reference to goodwill, Management assesses return on investment with reference to the smallest cash generating unit including goodwill.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. When the recognition value of the Cash generating unit, inclusive of goodwill, is higher than the recoverable value, the difference is subject to impairment and attributable firstly to goodwill; any exceeding difference is attributed on a pro-quota basis to the assets of the Cash generating unit.
Where an impairment loss subsequently reverses, the carrying amount of the asset, (or cash-generating unit), with the exception of goodwill, is increased to the revised estimate

of its recoverable amount, but so that the increased carrying amount that would have been determined had no impairment loss been recognized for the asset. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

EQUITY INVESTMENTS

Investments in subsidiaries and associated companies are valued using the cost method.
As implementation of such method, they are subject to an impairment test if there is any objective evidence that these investments have been impaired, due to one or more events that occurred after the initial measurement if such events have had an impact on future cash flows, thus inhibiting the distribution of dividends. Such evidence exists when the subsidiary's and associate's operating margins are repetitively and significantly negative. If such is the case, impairment is recognized as the difference between the carrying value and the recoverable value, normally determined on the basis of fair value less disposal costs.
At each reporting period, the Company assesses whether there is objective evidence that a write-down due to impairment of an equity investment recognized in previous periods may be reduced or derecognized. Such evidence exists when the subsidiary's and associate's operating margins are repetitively and significantly positive. In this case, the recoverable value is re-measured and eventually the investment is restated at initial cost.

Equity investments in other companies, comprising non-current financial assets not held for trading, are measured at fair value, if it can be determined. Any subsequent gains and losses resulting from changes in fair value are recognized directly in Shareholders' equity until the investment is sold or impaired; the total recognized in equity up to that date are recognized in the Income Statement for the period.

Minor investments in other companies for which fair value is not available are measured at cost, and adjusted for any impairment losses.

Dividends are recognized as financial income from investments when the right to collect them is established, which generally coincides with the shareholders' resolution. If such dividends arise from the distribution of reserves prior to the acquisition, these dividends reduce the initial acquisition cost.

CURRENT AND NON-CURRENT FINANCIAL ASSETS

Financial assets are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.
Investments are recognized and written-off the balance sheet on a trade-date basis and are initially measured at cost, including transaction costs.

At subsequent reporting dates, financial assets that the Company has the expressed intention and ability to hold to maturity (held-to-maturity securities) are measured at amortized cost according to the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts, and are classified among non-current financial assets.

Investments other than held-to maturity securities are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value. Where financial assets are held for trading purposes, gains and losses arising from changes in fair value are included in the net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the net profit or loss for the period. This item is stated in the current financial assets.

TRANSFER OF FINANCIAL ASSETS

The Company derecognizes financial assets from its Financial Statements when, and only when, the contractual rights to the cash flows deriving from the assets expire or the Company transfers the financial asset. In the case of transfer of the financial asset:

- If the entity substantially transfers all of the risks and benefits of ownership associated with the financial asset, the Company derecognizes the financial asset from the Financial Statements and recognizes separately as assets or liabilities any rights or obligations originated or maintained through the transfer;
- If the Company maintains substantially all of the risks and benefits of ownership associated with the financial assets, it continues to recognize it;
- If the Company does not transfer or maintain substantially all of the risks and benefits of ownership associated with the financial asset, it determines whether or not it has maintained control of the financial asset. In this case:
  - If the Company has not maintained control, it derecognizes the financial asset from its Financial Statements and recognizes separately as assets or liabilities any rights or

obligations originated or maintained through the transfer;

› If the Company has maintained control, it continues to recognize the financial asset to the extent of its residual involvement with such financial asset.

At the time of removal of financial assets from the balance sheet, the difference between the carrying value of assets and the fees received or receivable for the transfer of the asset is recognized in the income statement.

TRADE PAYABLES AND RECEIVABLES AND OTHER CURRENT ASSETS AND LIABILITIES

Trade payables and receivables and other current assets and liabilities are measured at nominal value and eventually written down to reflect their recoverable amount.
Write-downs are determined to the extent of the difference of the carrying value of the receivables and the present value of the estimated future cash flows.
Receivables and payables denominated in non EMU currencies are stated at the exchange rate at period end provided by the European Central Bank.

CASH AND CASH EQUIVALENTS

The item cash and cash equivalents includes cash, banks and reimbursable deposits on demand and other short term financial investments readily convertible in cash and are not subject to significant risks in terms of change in value.

TREASURY SHARES

Treasury shares are presented as a deduction from equity. All gains and losses from the sale of treasury shares are recorded in a special Shareholders' equity reserve.

FINANCIAL LIABILITIES AND EQUITY INVESTMENTS

Financial liabilities and equity instruments issued by the Company are presented according to their substance arising from their contractual obligations and in accordance with the definitions of financial liabilities and equity instruments. The latter are defined as those contractual obligations that give the right to benefit in the residual interests of the Company's assets after having deducted its liabilities.
The accounting standards adopted for specific financial liabilities or equity instruments are outlined below:

- Bank borrowings
  Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs and subsequently stated at its amortized cost, using the prevailing market

interest rate method.

- Equity instruments
  Equity instruments issued by the Group are stated at the proceeds received, net of direct issuance costs.
- Non current financial liabilities
  Liabilities are stated according to the amortization cost.

DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER HEDGING TRANSACTIONS

The Company's activities are primarily subject to financial risks associated with fluctuations in interest rates. Such interest rate risks arise from bank borrowings; In order to hedge such risks the Company's policy consists of converting fluctuating rate liabilities in constant rate liabilities and treating them as cash flow hedges. The use of such instruments is disciplined by written procedures in line with the Company risk strategies that do not contemplate derivative financial instruments for trading purposes.

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and sufficient documentation that the hedge is highly effective and that its effectiveness can be reliably measured. The hedge must be highly effective throughout the different financial reporting periods for which it was designated.

All derivative financial instruments are measured in accordance with IAS 39 at fair value. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows relating to Company commitments and forecasted transactions are recognized directly in Shareholder's equity, while the ineffective portion is immediately recorded in the Income Statement. If the hedged company commitment or forecasted transaction results in the recognition of an asset or liability, then, at the time the asset or liability is recognized, associated gains or losses on the derivative that had previously been recognized in equity are included in the initial measurement of the asset or liability.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognized in the income statement in the same period in which the hedge commitment or forecasted transaction affects net profit or loss, for example, when the future sale actually occurs.

For effective hedging against a change in fair value, the hedged item is adjusted by the changes in fair value attributable to the risk hedged with a balancing entry in the Income

Statement. Gains and losses arising from the measurement of the derivative are also recognized at the income statement.
Changes in the fair value of derivative financial instruments that no longer qualify as hedge accounting are recognized in the Income Statement of the period in which they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction is no longer expected to occur; the net cumulative gain or loss recognized in equity is transferred to the net profit or loss for the period.

Embedded derivatives included in other financial instruments or in other contractual obligations are treated as separate derivatives, when their risks and characteristics are not closely related to those of the financial instrument that houses them and the latter are not measured at fair value with recognition of the relative gains and losses in the Income Statement.

EMPLOYEE BENEFITS

The scheme underlying the employee severance indemnity of the Italian Group companies (the TFR) was classified as a defined benefit plan up until 31 December 2006. The legislation regarding this scheme was amended by Law No. 296 of 27 December 2006 (the “2007 Finance Law”) and subsequent decrees and regulations issued in the first part of 2007. In view of these changes, and with specific reference to those regarding companies with at least 50 employees, this scheme only continues to be classified as a defined benefit plan in the Financial Statements for those benefits accruing up to 31 December 2006 (and not yet settled by the balance sheet date), while after that date the scheme is classified as a defined contribution plan.

Employee termination indemnities (“TFR”) are classified as a “post-employment benefit”, falling under the category of a “defined benefit plan”; the amount already accrued must be projected in order to estimate the payable amount at the time of employee termination and subsequently be discounted through the “projected unit credit method”, an actuarial method based on demographic and finance data that allows the reasonable estimate of the extent of benefits that each employee has matured in relation to the time worked. Through actuarial measurement, interest cost is recognized as financial gains or losses and represents the figurative expenditure that the Company would bear by securing a market loan for an amount corresponding to the Employee Termination Indemnities (“TFR”).

Actuarial income and losses that reflect the effects resulting from changes in the actuarial assumptions used are directly recognized in Shareholders' equity.

SHARE-BASED PAYMENT PLANS

The Company has applied the standard set out by IFRS 2 "Share-based payment".
Share-based payments are measured at fair value at granting date. Such amount is recognized in the Income Statement, with a balancing entry in Shareholders' equity, on a straight-line basis and over the (vesting period). The fair value of the option, measured at the granting date, is assessed through actuarial calculations, taking into account the terms and conditions of the options granted.
The stock options resolved in the previous financial years have been exercised and therefore the Company does not have existing stock option plans.

PROVISIONS AND RESERVES FOR RISKS

Provisions for risks and liabilities are costs and liabilities having an established nature and the existence of which is certain or probable that at the reporting date the amount cannot be determined or the occurrence of which is uncertain. Such provisions are recognized when a commitment actually exists arising from past events of legal or contractual nature or arising from statements or company conduct that determine valid expectations from the persons involved (implicit obligations).
Provisions are recognized when the Company has a present commitment arising from a past event and it is probable that it will be required to fulfil the commitment. Provisions are accrued at the best estimate of the expenditure required to settle the liability at the balance sheet date, and are discounted when the effect is significant.

REVENUE RECOGNITION

Revenue is recognized if it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be measured reliably.

Revenue from sales and services is recognized when the transfer of all the risks and benefits arising from the passage of title takes place or upon execution of a service.
Revenues from services include the activities the Company carries out directly with respect to some of its major clients in relation to their businesses. These activities are also carried out in exchange for services provided by other Group companies, and the costs for such services are recognized as Services and other costs. Revenues from sales of products are recognized when the risks and rewards of ownership of goods are transferred to the customer. Revenues are recorded net of discounts, allowances, settlement discounts and rebates and charged against profit for the period in which the corresponding sales are recognized.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable that represents the discounted interest rate of the future estimated proceeds estimated over the expected life of the financial asset in order to bring them to the accounting value of the same asset.
Dividends from investments is recognized when the shareholders' rights to receive payment has been established.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses are recognized and measured in the income statement on an accrual basis.

TAXATION

Income tax represents the sum of the tax currently payable and deferred tax.
The tax currently payable is based on taxable profit for the year. Taxable profit defers from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current income tax is entered for each individual company based on an estimate of taxable income in compliance with existing legislation and tax rates or as substantially approved at the period closing date in each country, considering applicable exemptions and tax credit.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates and interests arising in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

In the event of changes to the accounting value of deferred tax assets and liabilities deriving from a change in the applicable tax rates and relevant legislation, the resulting deferred tax amount is entered in income statement, unless it refers to debited or credited amounts previously recognized to Shareholders' equity.

EARNINGS PER SHARE

Basic earnings per share is calculated with reference to the profit for the period of the Group

and the weighted average number of shares outstanding during the year. Treasury shares are excluded from this calculation.
Diluted earnings per share is determined by adjusting the basic earnings per share to take account of the theoretical conversion of all potential shares, being all financial instruments that are potentially convertible into ordinary shares, with diluting effect.

USE OF ESTIMATIONS

The preparation of the Financial Statements and relative notes under IFRS requires that management makes estimates and assumptions that have effect on the measurement of assets and liabilities and on disclosures related to contingent assets and liabilities at the reporting date. The actual results could differ from such estimates. Estimates are used to accrue provisions for risks on receivables, to measure development costs, to measure contract work in progress, employee benefits, income taxes and other provisions. The estimations and assumptions are reviewed periodically and the effects of any changes are recognized immediately in income.

CHANGES IN ESTIMATIONS AND RECLASSIFICATIONS

There were no changes of estimates or reclassifications during the 2015 reporting period.

ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS ADOPTED FROM 1 JANUARY 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 Company, since hasn’t 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 Company.

Annual improvements to IFRS- cycle 2010-2012

These improvements have been in force since July 1, 2014 and the Company 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 Company 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.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Reply’s financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Company plans to adopt the new standard on the required effective date. Overall, the Company expects no significant impact on its balance sheet and equity. The Company will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date using the full retrospective method. Preliminary evaluation of the effects of IFRS 15 is currently in progress.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 mainly require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting.

The amendments prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that Reply has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Company's financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016, and. no impact on the Company is expected.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements are effective for annual periods beginning on or after 1 January 2016, and no impact is expected on the Company.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

NOTE 3 - RISK MANAGEMENT

Reply S.p.A. operates at a world-wide level and for this reason its activities are exposed to various types of financial risks: market risk (broken down in exchange risk, interest rate risk on financial flows and on “fair value”, price risk), credit risk and liquidity risk.

To minimize risks Reply utilizes derivative financial instruments. At a central level it manages the hedging of principle operations. Reply S.p.A. does not detain derivate financial instruments for negotiating purposes.

CREDIT RISK

For business purposes, specific policies are adopted in order to guarantee that clients honor payments.
With regards to financial counterparty risk, the company does not present significant risk in credit-worthiness or solvency. For newly acquired clients, the Company accurately verifies their capability in terms of facing financial commitments. Transactions of a financial nature are undersigned only with primary financial institutions.

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 Group companies are monitored and managed on a centralized basis through the Group Treasury. The aim of this centralized system is to optimize the efficiency and effectiveness of the management of the Group’s current and future capital resources (maintaining an adequate level of cash and cash equivalents and the availability of reserves of liquidity that are readily convertible to cash and committed credit).
The difficulties both in the markets and in the financial markets require special attention to the management of liquidity risk, and in that sense particular emphasis is being placed on measures taken to generate financial resources through operations and on maintaining an adequate level of available liquidity. The Company 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.

RISKS ASSOCIATED WITH FLUCTUATIONS IN CURRENCY AND INTEREST RATES

As the company 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 Company's net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.
The interest rate risk to which the Company is exposed derives from bank loans; to mitigate such risks, Reply S.p.A. uses derivative financial instruments designated as "cash flow hedges". The use of such instruments is disciplined by written procedures in line with the Company's risk management strategies that do not contemplate derivative financial instruments for trading purposes.

NOTE 4 - OTHER INFORMATION

EXCEPTION ALLOWED UNDER PARAGRAPH 4 OF ARTICLE 2423 OF THE ITALIAN CIVIL CODE

No exceptions allowed under Article 2423, paragraph 4, of the Italian Civil Code were used in drawing up the annexed Financial Statements.

FISCAL CONSOLIDATION

The Company has decided to enter into the National Fiscal Consolidation pursuant to articles 117/129 of the TUIR.
Reply S.p.A., Parent Company, acts as the consolidating company and determines just one taxable income for the Group companies that adhere to the Fiscal Consolidation, and will benefit from the possibility of compensating taxable income having fiscal losses in just one tax return.
Each company adhering to the Fiscal Consolidation transfers to Reply S.p.A. its entire taxable income, recognizing a liability with respect to the Company corresponding to the payable IRES; The companies that transfer fiscal losses can register a receivable with Reply, corresponding to IRES on the part of the loss off-set at a Group level and remunerated according to the terms established in the consolidation agreement stipulated among the Group companies.

NOTE 5 - REVENUE

Revenues amounted to 326,911,581 Euros and are detailed as follows:

(EUROS)	2015	2014	CHANGE
Revenues from services	279,688,517	250,782,488	28,906,029
Royalties on "Reply" trademark	19,540,814	14,751,519	4,789,294
Intercompany services	18,815,682	17,837,146	978,535
Other intercompany revenues	8,866,569	8,277,751	588,818
Total	**326,911,581**	**291,648,905**	**35,262,676**

Reply manages business relationships on behalf of some of its major clients. Such activities were recorded in the item Revenues from services to third parties which increased by 28,906,029 Euros.

Revenues from Royalties on the “Reply” trademark refer to charges to subsidiaries, corresponding to 3% of the subsidiaries’ turnover with respect to third parties.

Revenues from Intercompany services and Other intercompany charges refer to activities that Reply S.p.A. carries out for the subsidiaries, and more specifically:

- operational, co-ordination, technical and quality management;
- administration, personnel and marketing activities;
- strategic management services.

NOTE 6 - OTHER INCOME

Other revenues that as at 31 December 2015 amounted to 6,120,821 Euros (6,659,301 Euros at 31 December 2014) mainly refer to expenses incurred by Reply S.p.A. and recharged to the Group companies, and include expenses for social events, telephone and training courses.

NOTE 7 - PURCHASES

Detail is as follows:

(EUROS)	2015	2014	CHANGE
Software licenses for resale	5,838,205	2,357,017	3,481,189
Hardware for resale	2,477,880	2,164,421	313,459
Other	425,765	461,421	(35,656)
Total	**8,741,850**	**4,982,858**	**3,758,992**

The items software and hardware licenses for resale refer to the costs incurred for software licenses for resale to third parties carried out for the Group companies.

The item Other includes the purchase of supplies, e-commerce material, stationary and printed materials (155,442 thousand Euros) and fuel (213,354 thousand Euros).

NOTE 8 - PERSONNEL EXPENSES

Personnel costs amounted to 17,994,188 Euros, with an increase of 291,352 Euros and are detailed in the following table:

(EUROS)	2015	2014	CHANGE
Payroll employees	13,699,901	13,215,794	484,107
Directors	4,294,287	4,487,042	(192,755)
Total	**17,994,188**	**17,702,836**	**291,352**

Detail of personnel by category is provided below:

(NUMBER)	2015	2014	CHANGE
Directors	56	52	4
Managers	8	10	(2)
Staff	23	34	(11)
Total	**87**	**96**	**(9)**

The average number of employees in 2015 was 91 (in 2014 93).

NOTE 9 - SERVICES AND OTHER COSTS

Service and other costs comprised the following:

(EUROS)	2015	2014	CHANGE
Commercial and technical consulting	2,488,978	2,623,211	(134,233)
Travelling and training expenses	1,718,375	1,625,197	93,178
Professional services from group companies	275,855,541	247,981,003	27,874,538
Marketing expenses	2,466,410	1,555,958	910,452
Administrative and legal services	1,321,899	987,618	334,281
Statutory auditors and Independent auditors fees	144,140	148,012	(3,872)
Leases and rentals	889,648	875,337	14,312
Office expenses	2,851,088	3,497,085	(645,998)
Other services from group companies	7,616,783	8,251,160	(634,377)
Expenses incurred on behalf of group companies	4,682,000	4,640,689	41,312
Other	4,713,609	4,654,336	59,273
Total	**304,748,471**	**276,839,606**	**27,908,865**

Professional Services from Group companies, which changed during the year by 27,874,538 Euros, relate to revenues from services to third parties.

Reply S.p.A. carries out commercial fronting activities for some of its major clients, whereas delivery is carried out by the operational companies.

Office expenses include services rendered by related parties in connection with service contracts for the use of premises, legal domicile and secretarial services, as well as utility costs.

NOTE 10 - AMORTIZATION, DEPRECIATION AND WRITE-DOWNS

Depreciation of tangible assets was calculated on the basis of technical-economic rates determined in relation to the residual useful lives of the assets, and which amounted in 2015 to an overall cost of 320,772 Euros. Details of depreciation are provided at the notes to tangible assets.

Amortization of intangible assets amounted in 2015 to an overall cost of 150,908 Euros. Details of depreciation are provided at the notes to intangible assets.

NOTE 11 - OTHER UNUSUAL OPERATING INCOME/(EXPENSES)

Other unusual operating income/(expenses) amounted to 3,750,000 Euros and refer to accruals to risk and expense provisions (4,000,000 Euros) and to the fair value adjustment of liabilities to minority shareholders (250,000 Euros).

NOTE 12 - GAIN/(LOSSES) ON EQUITY INVESTMENTS

Detail is a follows:

(EUROS)	2015	2014	CHANGE
Dividends	39,577,457	34,951,226	4,626,232
Loss on equity investments	(1,640,000)	(7,459,800)	5,819,800
Total	**37,937,457**	**27,491,426**	**10,446,032**

Dividends include proceeds from dividends received by Reply S.p.A. from subsidiary companies during the year.

Detail is as follows:

(EUROS)	31/12/2015
@logistics Reply S.r.l.	80,000
Arlanis Reply S.r.l.	230,000
Aktive Reply S.r.l.	1,325,000
Bitmama S.r.l.	322,830
Blue Reply S.r.l.	4,455,000
Bridge Reply S.r.l.	78,000
Business Reply S.r.l.	680,000
Cluster Reply S.r.l.	3,930,000
Reply Consulting S.r.l.	380,000
Discovery Reply S.r.l.	145,000
Eos Reply S.r.l.	213,882
E*finance Consulting S.r.l.	1,180,000
Hermes Reply S.r.l.	1,635,000
Juice Reply S.r.l.	90,000
Iriscube Reply S.p.A.	1,870,000
Pay Reply S.r.l.	440,000
Power Reply S.r.l.	2,385,000
Ringmaster S.r.l.	650,000
Santer Reply S.p.A.	4,200,000
Security Reply S.r.l.	285,000
Syskoplan Reply S.r.l.	220,000
Sytel Reply Roma S.r.l.	4,600,000
Sytel Reply S.r.l	2,885,000
Target Reply S.r.l.	1,440,000
Technology Reply S.r.l.	3,815,000
Whitehall Reply S.r.l.	540,000
Reply AG	1,502,745
Total	**39,577,457**

Losses on equity investments refer to write-downs and the year-end losses of several subsidiary companies that were prudentially deemed as non-recoverable with respect to the value of the investment.
For further details see Note 19 herein.

NOTE 13 - FINANCIAL INCOME/(EXPENSES)

Detail is as follows:

(EUROS)	2015	2014	CHANGE
Interest income from subsidiaries	3,183,172	2,673,846	509,325
Interest income on bank accounts	6,672	15,288	(8,616)
Interest expenses	(966,951)	(1,538,137)	571,186
Other	1,184,430	1,375,412	(190,983)
Total	**3,407,322**	**2,526,409**	**880,913**

Interest income from subsidiaries refers to the interest yielding cash pooling accounts of the Group companies included in the centralized pooling system.

Interest expenses refer to the interest expenses on the use of credit facilities with Intesa Sanpaolo and Unicredit.

The item Other includes a loss on exchange rate differences amounting to 402 thousand Euros and a gain on exchange rate differences amounting to 1,718 thousand Euros arising from the translation of balance sheet items not recorded in Euros.

NOTE 14 - INCOME TAXES

The details are provided below:

(EUROS)	2015	2014	CHANGE
IRES	1,011,488	231,541	779,948
IRAP	264,000	520,000	(256,000)
Current taxes	**1,275,488**	**751,541**	**523,948**
Deferred tax liabilities	194,016	442,079	(248,063)
Deferred tax assets	287,073	14,902	272,171
Deferred taxes	**481,089**	**456,981**	**24,108**
Total income taxes	**1,756,577**	**1,208,521**	**548,056**

IRES THEORETICAL RATE

The following table provides the reconciliation between the IRES theoretical rate and the fiscal theoretical rate:

(EUROS)	AMOUNT	TAXATION
Result before taxes	**38,670,991**	
Theoretical tax rate	**27.5 %**	**10,634,523**
Temporary differences, net	(34,906,473)	
Taxable income	**3,764,519**	**1,035,244**
Total IRES		**1,040,000**
Benefit arising from the National Fiscal Consolidation	28,512	
Total current IRES		**1,011,488**

Temporary differences, net refer to:

- Deductible differences amounting to 45,018 thousand Euros arising mainly from the non-taxable share of the dividends received in the financial year (37,599 thousand Euros);
- Non deductible differences amounting to 10,112 thousand Euros owing mainly to the write-down of equity investments (1,640 thousand Euros), Directors' fees to be paid (2,400 thousand Euros) and non deductible provision for risks (4,000 thousand Euros).

CALCULATION OF TAXABLE IRAP

(EUROS)	AMOUNT	TAXATION
Difference between value and cost of production	**(2,673,788)**	
IRAP net	8,907,663	
Taxable IRAP	**6,233,875**	
Total IRAP		**264,000**

Temporary differences, net refer to:

- Non deductible differences amounting to 9,568 thousand Euros mainly due to personnel expenses;
- Deductible differences amounting to 660 thousand Euros due to income components not relevant for tax purposes.

NOTE 15 - EARNINGS PER SHARE

Basic earnings and diluted earnings per share as at 31 December 2015 was calculated with reference to the net profit which amounted to 36,914,414 Euros (23,931,709 Euros at 31 December 2014) divided by the weighted average number of shares outstanding as at 31 December 2015, net of treasury shares, which amounted to 9,351,850 (9,351,380 at 31 December 2014).

(EUROS)	2015	2014
Net profit of the year	36,914,414	23,931,709
Weighted number of shares	9,351,380	9,351,380
Basic earnings per share	3.95	2.56

NOTE 16 - TANGIBLE ASSETS

Tangible assets as at 31 December 2015 amounted to 764,619 Euros are detailed as follows:

(EUROS)	31/12/2015	31/12/2014	CHANGE
Plant and machinery	299,310	378,995	(79,685)
Hardware	140,995	110,165	30,830
Other tangible assets	324,315	605,878	(281,564)
Total	**764,619**	**1,095,038**	**(330,418)**

The item Other mainly includes office equipment, furniture and costs for improvements to leased assets.

Change in Tangible assets during 2015 is summarized below:

(EUROS)	PLANT AND MACHINERY	HARDWARE	OTHER	TOTAL
Historical cost	1,629,947	1,463,161	2,393,030	5,486,137
Accumulated depreciation	(1,250,952)	(1,352,996)	(1,787,151)	(4,391,100)
31/12/2014	**378,995**	**110,165**	**605,878**	**1,095,038**
Historical cost				
Increases	24,913	108,133	138,570	271,616
Disposals	-	(7,521)	(548,650)	(556,171)
Accumulated depreciation				
Depreciation	(104,598)	(77,304)	(138,870)	(320,772)
Disposals	-	7,521	267,386	274,908
Historical cost	1,654,860	1,563,774	1,982,950	5,201,583
Accumulated depreciation	(1,355,550)	(1,422,779)	(1,658,635)	(4,436,964)
31/12/2015	**299,310**	**140,995**	**324,315**	**764,619**

During the year under review the Company made investments amounting to 271,616 Euros, which mainly refer to hardware (108 thousands Euros), improvements to third party assets for the new office located in Via del Giorgione 59 in Rome (67 thousands Euros).

The disposals amounting to 556,171 Euros mainly refer to the transfer of lease contracts to Reply Services (501 thousands Euros) and to the disposal of the assets of the office in Rome (Via Regina Margherita 8) no longer in activity.

NOTE 17 - GOODWILL

Goodwill as at 31 December 2015 amounted to 86,765 Euros and refers to the value of business branches (consulting activities related to Information Technology and management support acquired in July 2000.

Goodwill recognized is deemed adequately supported in terms of expected financial results and related cash flows.

NOTE 18 - OTHER INTANGIBLE ASSETS

Intangible assets as at 31 December 2015 amounted to 1,498,954 Euros (866,734 Euros at 31 December 2014) and are detailed as follows:

(EUROS)	HISTORICAL COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE AT 31/12/2015
Software	5,455,135	(4,492,245)	962,890
Trademark	536,064	-	536,064
Total	**5,991,199**	**(4,492,245)**	**1,498,954**

Change in intangible assets in 2015 is summarized in the table below:

(EUROS)	NET BOOK VALUE AT 31/12/14	INCREASES	DISPOSALS	DEPRECIATION	NET BOOK VALUE AT 31/12/2015
Software	330,670	847,039	(63,910)	(150,908)	962,890
Trademark	536,064	-	-	-	536,064
Total	**866,734**	**847,039**	**(63,910)**	**(150,908)**	**1,498,954**

The item Software is related mainly to software licenses purchased and used internally by the company (amounting to 751 thousands Euro).

The item Trademark expresses the value of the "Reply" trademark granted to the Parent Company Reply S.p.A. (before Reply Europe Sàrl) on 9 June, 2000, in connection to the Company's share capital increase that was resolved and undersigned by the Parent Company Alister Holding SA. Such amount is not subject to systematic amortization, and the expected future cash flows are deemed adequate.

NOTE 19 - EQUITY INVESTMENTS

The item Equity investments at 31 December 2015 amounted to 133,595,730 Euros, with an increase of 3,514,420 Euros compared to 31 December 2014.

(EUROS)	BALANCE AT 31/12/2014	ACQUISITIONS AND SUBSCRIPTIONS	DISPOSALS	WRITE DOWNS	OTHER	BALANCE AT 31/12/2015	INTEREST
@logistics Reply S.r.l.	1,049,167					1,049,167	100.0 %
Air Reply S.r.l.	98,500		280,000			378,500	85.0 %
Aktive Reply S.r.l.	512,696					512,696	100.0 %
Arlanis Reply GmbH	25,000				(25,000)	-	100.0 %
Arlanis Reply AG	1,005,000					1,005,000	100.0 %
Arlanis Reply S.r.l.	588,000					588,000	100.0 %
Atlas Reply S.r.l.	356,575					356,575	100.0 %
Avantage Ltd.	9,483,484					9,483,484	100.0 %
Bitmama S.r.l.	217,019					217,019	51.0 %
Blue Reply S.r.l.	527,892					527,892	100.0 %
Breed Reply Ltd.	12,477					12,477	100.0 %
Breed Reply Investments Ltd.	103					103	80.0 %
Bridge Reply S.r.l.	6,000					6,000	60.0 %
Business Reply S.r.l.	268,602					268,602	100.0 %
Centro Sviluppo Realtà Virtuale	-	200,000				200,000	100.0 %
Cluster Reply S.r.l.	2,610,032					2,610,032	100.0 %
Concept Reply GMBH	25,000					25,000	100.0 %
Consorzio Reply Public Sector	32,500					32,500	37.6 %
Consorzio Reply Energy	1,000					1,000	25.0 %
Discovery Reply S.r.l.	1,311,669					1,311,669	100.0 %
e*finance Consulting Reply S.r.l.	3,076,385					3,076,385	100.0 %
Tamtamy Reply S.r.l. (ex Engage Reply S.r.l.)	249,500	1,500				251,000	100.0 %
Ekip Reply S.r.l.	30,000					30,000	100.0 %
EOS Reply S.r.l.	155,369					155,369	80.7 %
Forge Reply S.r.l.	12,000		1,220,000	(1,220,000)		12,000	100.0 %
Hermes Reply Polska zoo	10,217					10,217	100.0 %
Hermes Reply S.r.l.	199,500					199,500	100.0 %
InEssence Reply GmbH	17,500					17,500	70.0 %
IrisCube Reply S.p.A.	6,724,952					6,724,952	100.0 %
Juice Reply S.r.l	140,000					140,000	100.0 %
Lem Reply S.r.l.	400,012		70,000	(70,000)		400,012	100.0 %
Like Reply S.r.l.	-	10,000	120,000			130,000	100.0 %
Live Reply GmbH	27,500				25,000	52,500	100.0 %
Open Reply S.r.l.	1,417,750					1,417,750	92.5 %
Pay Reply S.r.l	10,000					10,000	100.0 %

(EUROS)	BALANCE AT 31/12/2014	ACQUISITIONS AND SUBSCRIPTIONS	DISPOSALS	WRITE DOWNS	OTHER	BALANCE AT 31/12/2015	INTEREST
Portaltech Reply S.r.l.	104,500		195,000	(195,000)		104,500	85.0 %
Portaltech Reply GmbH (*)	17,000				2,000,000	2,017,000	68.0 %
Power Reply S.r.l.	2,500,850					2,500,850	100.0 %
Reply Consulting S.r.l.	3,518,434					3,518,434	100.0 %
Reply AG	41,302,722	(25,000)				41,277,722	100.0 %
Reply do Brasil Sistemas de Informatica Ltda	206,816					206,816	98.5 %
Reply Inc	40,596					40,596	100.0 %
Reply Ltd.	11,657,767					11,657,767	100.0 %
Reply Services S.r.l.	10,000		100,000			110,000	100.0 %
Ringmaster S.r.l.	5,000					5,000	50.0 %
Riverland Reply GmbH	10,269,989					10,269,989	100.0 %
Santer Reply S.p.A.	11,386,966					11,386,966	100.0 %
Security Reply S.r.l.	392,866					392,866	100.0 %
Sensoria Inc.	3,887,432					3,887,432	21.4 %
Solidsoft Reply S.r.l.	225,500	1,500	195,000	(195,000)		227,000	100.0 %
Spark Reply S.r.l.	-	8,500				8,500	85.0 %
Square Reply S.r.l.	100,000					100,000	100.0 %
Storm Reply S.r.l. (*)	188,000				798,000	986,000	80.0 %
Syskoplan Reply S.r.l.	949,571					949,571	100.0 %
Sytel Reply Roma S.r.l.	894,931					894,931	100.0 %
Sytel Reply S.r.l.	4,991,829					4,991,829	100.0 %
Target Reply S.r.l.	778,000					778,000	100.0 %
Technology Reply S.r.l.	216,658					216,658	100.0 %
Technology Reply S.r.l. (Romania)	-	9,919				9,919	100.0 %
Triplesense Reply S.r.l.	-	10,000				10,000	100.0 %
Triplesense Reply GmbH	5,153,070					5,153,070	100.0 %
Twice Reply S.r.l.	521,202					521,202	98.0 %
Whitehall Reply S.r.l.	160,211					160,211	100.0 %
Total	**130,081,310**	**216,419**	**2,180,000**	**(1,680,000)**	**2,798,000**	**133,595,730**	

(*) 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 of such options reflect management's best estimate at the closing date.

ACQUISITIONS AND SUBSCRIPTIONS

Centro Sviluppo Realtà Virtuale S.r.l.

In December 2015 Centro Sviluppo Realtà Virtuale S.r.l. was acquired by Reply S.p.A. that holds 100% of the share capital. The company specializes in developing interactive simulations of virtual reality and 3D multimedia content (video and rendering) and rental of virtual reality display media.

Tamtamy Reply S.r.l. (ex Engage Reply S.r.l.)

In the month of February 2015 Reply acquired the remaining 15% of the share capital at nominal value.

Like Reply S.r.l.

In June 2015 Like Reply S.r.l. was constituted, a company in which Reply S.p.A. holds 100% of the share capital. Like Reply is the social media consulting services company of Reply and provide Consulting, Creative, System Integration and Analytics services. The mission is to invent, build and implement Internet services helping brands to engage people in new and disruptive ways.

Solidsoft Reply S.r.l.

In the month of December 2015 Reply acquired the remaining 15% of the share capital at nominal value.

Spark Reply S.r.l.

In December 2015 Spark Reply S.r.l. was constituted, a company in which Reply S.p.A. holds 85% of the share capital. The company specializes in corporate innovation and strategic design and provides rapid prototyping capabilities for validation and acceleration of innovative solutions and processes.

Technology Reply S.r.l. (Romania)

In July 2015 Technology Reply S.r.l., incorporated under Romanian law was constituted, company in which Reply S.p.A. holds 100% of the share capital.

Triplesense Reply S.r.l.

In October 2015 Triplesense Reply S.r.l. was constituted, a company in which Reply S.p.A. holds 100% of the share capital. The company specializes in Digital Marketing services.

Financial loan remission

The amounts are referred to the waiver of financial loan receivables from some subsidiaries in order to increase their equity position.

Write-downs

The amounts recorded reflect losses on some equity investments that are deemed not to be recoverable.

Other

Portaltech Reply GmbH and Storm Reply S.r.l.

The amounts represent the best estimate for the purchase of the remaining minority shares.

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The list of equity investments in accordance with Consob communication no. 6064293 of 28 July 2006 is included in the attachments.

The negative differences arising between the carrying value of the investments and the corresponding portion of their shareholders' equity are not related to permanent impairment of value, as the carrying value is supported by positive economic and financial forecasts that guarantee the recoverable amount of the investment.

NOTE 20 - NON CURRENT FINANCIAL ASSETS

Detail is as follows:

(EUROS)	31/12/2015	31/12/2014	CHANGE
Guarantee deposits	162,066	188,066	(26,000)
Loans to subsidiaries	51,950,078	42,298,758	9,651,320
Total	**52,112,144**	**42,486,824**	**9,625,320**

Guarantee deposits are mainly related to deposits on lease contracts.

Financial receivables from subsidiaries are referred to loans granted to the following companies:

COMPANY	AMOUNT
Air Reply S.r.l.	300,000
Arlanis Reply AG	800,000
Breed Reply Investments Ltd	6,837,009
Breed Reply Ltd	1,634,989
Concept Reply GmbH	450,000
Hermes Reply Polska Sp Zoo	520,716
InEssence Reply Gmbh	2,100,000
InEssence Reply Gmbh - Italia	350,000
Cluster do Brasil (ex Mind Services Informàtica LTDA)	1,215,000
Portaltech Reply Gmbh	650,000
Reply do Brazil Sist. De Inf Ltda	1,724,156
Reply Inc.	229,632
Reply Ltd	34,218,577
Solidsoft Reply S.r.l.	300,000
Storm Reply S.r.l	120,000
Technology Reply Romania	100,000
Triplesense Reply Gmbh	400,000
Total	**51,950,078**

NOTE 21 - DEFERRED TAX ASSETS

This item amounted to 1,234,807 Euros at 31 December 2015 (1,521,880 Euros at 31 December 2014), and included the fiscal charge corresponding to the temporary differences on statutory income and taxable income related to deferred deductible items.

TEMPORARY DEDUCTIBLE DIFFERENCES	TAXABLE	TAX
Total deferred tax assets at 31/12/2014	**5,402,215**	**1,521,880**
Accrued	2,744,935	667,850
Utilization	(3,240,748)	(954,923)
Total deferred assets at 31/12/2015	**4,906,402**	**1,234,807**
Of which:		
- Directors fees and employee bonuses accrued but not yet paid	3,000,000	741,000
- unrealized foreign exchange losses	1,724,000	450,030
- depreciation and amortization deductible in future years	182,402	43,777
Total	**4,906,402**	**1,234,807**

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.

There are no deferred tax assets on losses carried forward.

NOTE 22 - TRADE RECEIVABLES

Trade receivables at 31 December 2015 amounted to 259,856,229 Euros and are all collectible within 12 months.

Detail is as follows:

(EUROS)	31/12/2015	31/12/2014	CHANGE
Third party trade receivables	166,995,031	148,040,319	18,954,712
Credit notes to be issued	-	(31,660)	31,660
Allowance for doubtful accounts	(251,285)	(262,030)	10,745
Third party trade receivables	**166,743,745**	**147,746,629**	**18,997,117**
Receivables from subsidiaries	93,111,017	73,543,421	19,567,596
Receivables from Parent Company	1,467	1,644	(177)
Trade receivables from subsidiaries and Parent Company	**93,112,484**	**73,545,065**	**19,567,419**
Total trade receivables	**259,856,229**	**221,291,693**	**38,564,536**

Reply manages business relationships on behalf of some of its major clients. This activity is reflected in the item Third Party Receivables which increased by 18,997,117 Euros.

Receivables from subsidiaries are related to services that the Parent Company Reply S.p.A. carries out in favor of the subsidiary companies at normal market conditions.

Trade receivables are all due within 12 months and do not include significant overdue balances.

In 2015 the provision for doubtful accounts was written off by 10,745 Euros following a specific risk analysis of all the trade receivables.

ASSIGNMENT OF RECEIVABLES

The Company 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 Company'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 Company's financial-economic position.

As at 31 December 2015 the assignment of receivables through factoring operations with recourse amounted to 15,884 thousand Euros.
The book value of the assets assigned without recourse as at 31 December 2015 amounted to 7,100 thousand Euros, with an increase of available liquidity of 6,356 thousand Euros net of

advances received amounting to 2,974 thousand Euros.

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

NOTE 23 - OTHER RECEIVABLES AND CURRENT ASSETS

Detail is as follows:

(EUROS)	31/12/2015	31/12/2014	CHANGE
Tax receivables	5,359,875	3,848,614	1,511,260
Other receivables from subsidiaries	20,914,569	20,643,219	271,350
Other receivables	1,078,809	74,144	1,004,665
Accrued income and prepaid expenses	5,805,168	7,100,624	(1,295,457)
Total	**33,158,420**	**31,666,601**	**1,491,818**

The item Tax receivables includes VAT receivables net (3,693,942 Euros) and IRAP and IRES tax prepayments (440,194 Euros).

Other receivables from subsidiary companies refer to IRES receivables which are calculated on taxable income, and transferred by the Italian subsidiaries under national fiscal consolidation.

Accrued income and prepaid expenses refer to prepaid expenses arising from the execution of services, lease contracts, insurance contracts and other utility expenses, which are accounted for on an accrual basis.
The carrying value of Other receivables and current assets is deemed to be in line with its fair value.

NOTE 24 - CURRENT FINANCIAL ASSETS

This item amounted to 58,522,084 Euros (50,808,755 Euros at 31 December 2014) and refers to:

- The total of interest yielding cash pooling accounts of subsidiaries included in the centralized pooling system of the Parent Company Reply S.p.A for 57,778,523 Euros; the interest yield on these accounts is in line with current market conditions;
- Receivables from factoring companies for 743,560 Euros, referring to credit for the sale of invoices without recourse net of advances received.

NOTE 25 - CASH AND CASH EQUIVALENTS

This item amounted to 55,745,286 Euros, with an increase of 14,831,347 Euros compared to 31 December 2014 and is referred to cash at banks and on hand at year-end.

NOTE 26 - SHAREHOLDERS' EQUITY

SHARE CAPITAL

As at 31 December 2015 the fully subscribed paid-in share capital of Reply S.p.A., amounted to 4,863,486 Euros and is made up of no. 9,352,857 ordinary shares having a nominal value of euro 0.52 each.

TREASURY SHARES

The value of the Treasury shares, amounting to 24,502 Euros, refers to the shares of Reply S.p.A. that at 31 December 2015 were equal to no. 1,007.

CAPITAL RESERVES

At 31 December 2015 amounted to 79,183,600 Euros, and included the following:

- Share premium reserve amounting to 23,302,692 Euros.
- Treasury share reserve amounting to 24,502 Euros, relating to the shares of Reply S.p.A which at 31 December 2015 were equal to no. 1,007.
- Reserve for the purchase of treasury shares amounting to 49,975,498 Euros that was constituted through withdrawal from the Reserve for treasury shares on hand, following the resolution made by the General Shareholders' meeting of Reply S.p.A. on 27 April 2015

which re-authorized, pursuant to 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.

- Reserves arising from the merger operation of Reply Deutschland AG. in Reply S.p.A, and include:
  - Share swap surplus reserve amounting to 3,445,485 Euros;
  - Surplus annulment reserve amounting to 2,902,479 Euros.

EARNINGS RESERVE

Earning reserves amounted to 108,873,593 Euros and were comprised as follows:

- The Legal reserve amounting to 972,697 Euros (972,697 Euros at 31 December 2014);
- Extraordinary reserve amounting to 68,168,781 Euros (72,186,144 Euros at 31 December 2014);
- Retained earnings amounting to 2,822,701 Euros (2,882,701 Euros at 31 December 2014);
- Net result totaling 36,914,414 Euros (23,931,709 Euros at 31 December 2014).

OTHER COMPREHENSIVE INCOME

Other comprehensive income can be analyzed as follows:

(EUROS)	31/12/2015	31/12/2014
Other comprehensive income that will not be reclassified s ubsequently to profit or loss:		
Actuarial gains/(losses) from employee benefit plans	17,617	(33,636)
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	**17,617**	**(33,636)**
Other comprehensive income that may be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedges	3,612	119,974
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):	**3,612**	**119,974**
Total Other comprehensive income, net of tax (B) = (B1) + (B2)	**21,229**	**86,338**

NOTE 27 - PAYABLES TO MINORITY SHAREHOLDERS

Payables to minority shareholders and for operations (earn-out) at 31 December 2015 amounted to 4,468,788 Euros (3,686,707 Euros at 31 December 2014) and are detailed as follows:

(EUROS)	31/12/2014	INCREASES	FAIR VALUE ADJUSTMENTS	PAYMENTS	31/12/2015
Payables to minority shareholders	828,758	2,798,000	2,443	(831,201)	2,798,000
Payables for Earn-out	2,857,949	-	(250,000)	(937,161)	1,670,788
Total payables to minority shareholders and earn-out	**3,686,707**	**2,798,000**	**(247,557)**	**(1,768,362)**	**4,468,788**

The increase of the item Payables to minority shareholders amounting to 2,798,000 Euros reflects the best estimate in relation to the acquisition of the remaining minority shares that expire in future financial years.

The item Fair value adjustments in 2015 amounted to 247,557 Euros with a balancing entry in Profit and loss, reflects the best estimate in relation to the deferred consideration originally posted at the time of acquisition.

Total payments made amounted to 1,768,362 Euros and refer to the consideration paid in relation to the original contracts signed at the time of acquisition.

NOTE 28 - FINANCIAL LIABILITIES

Detail is as follows:

	31/12/2015			31/12/2014		
(EUROS)	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Bank overdrafts	35,188,412	-	35,188,412	36,720,886	-	36,720,886
Bank loans	10,552,913	32,605,828	43,158,741	5,966,666	29,801,215	35,767,881
Loans from third parties	-	-	-	67,872	191,445	259,317
Transaction accounts	41,140,870	-	41,140,870	26,868,340	-	26,868,340
Other	(78,233)	-	(78,233)	250,023	(324,644)	(74,621)
Total financial liabilities	**86,803,962**	**32,605,828**	**119,409,790**	**69,873,787**	**29,668,015**	**99,541,802**

The future out payments of the financial liabilities are detailed as follows:

	31/12/2015			31/12/2014		
(EUROS)	**DUE IN 12 MONTHS**	**FROM 1 TO 5 YEARS**	**TOTAL**	**DUE IN 12 MONTHS**	**FROM 1 TO 5 YEARS**	**TOTAL**
Bank overdrafts	35,188,412	-	35,188,412	36,720,886	-	36,720,886
Bank loan	10,552,913	32,605,828	43,158,741	5,966,666	29,801,215	35,767,881
Transaction accounts	41,140,870	-	41,140,870	26,868,340	-	26,868,340
Other	(78,233)	-	(78,233)	317,895	(133,199)	184,696
Total	**86,803,962**	**32,605,828**	**119,409,790**	**69,873,787**	**29,668,015**	**99,541,802**

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

Following and summarized by main features the ongoing contracts entered into for such a purpose:

- On 19 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 were paid on a half-year basis and expired on 25 September 2015, so as at 31 December 2015 the loan was fully reimbursed.
- On 24 December 2012 Reply S.p.A. signed a contract with Intesa Sanpaolo S.p.A. for 1,500,000 Euros. The loan was reimbursed on a half-year basis commencing 30 June 2013 and was fully reimbursed as at 31 December 2015.
- 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 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 31 December 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 13 November 2013. The residual loan amounted to 9,000 thousands Euros at 31 December 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. Such credit line was used for 4,500 thousands Euros at 31 December 2015.
- 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 19 September 2012. The loan will be reimbursed on a half-year basis deferred to commence on 31 October 2016. The residual loan amounted to 10,000 thousand Euros at 31 December 2015.
- On 30 September 2015 Reply S.p.A. entered into a line of credit with Unicredit S.p.A. for a total amount of 25,000,000 Euros to be used by 30 September 2018. The loan will be reimbursed on a half basis deferred to commence on 31 May 2019 and will expire on 30 November 2021. Such credit line was used for 1,500 thousands Euros at 31 December 2015.

As contractually defined, such ratios are as follows:
- Net financial indebtedness/Equity
- Net financial indebtedness/EBITDA

At the balance sheet date, Reply fulfilled the Covenants under the various contracts.

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 at 31 December 2015 was as follows:

(EUROS)	31/12/2015	31/12/2014	CHANGE
Cash and cash equivalents	55,745,286	40,913,939	14,831,348
Transaction accounts, asset	57,778,523	49,849,243	7,929,280
Receivables from factor	743,560	959,512	(215,952)
Total current financial assets	**114,267,370**	**91,722,694**	**22,544,676**
Guarantee deposits	162,066	188,066	(26,000)
Loans to subsidiaries	51,950,078	42,298,758	9,651,320
Total non-current financial assets	**52,112,144**	**42,486,824**	**9,625,320**
Total financial assets	**166,379,514**	**134,209,518**	**32,169,996**
Due to banks	(45,663,092)	(43,005,447)	(2,657,645)
Transaction accounts	(41,140,870)	(26,868,340)	(14,272,530)
Current financial liabilities	**(86,803,962)**	**(69,873,787)**	**(16,930,175)**
Due to banks	(32,605,828)	(29,668,015)	(2,937,812)
Non current financial liabilities	**(32,605,828)**	**(29,668,015)**	**(2,937,812)**
Total financial liabilities	**(119,409,790)**	**(99,541,802)**	**(19,867,988)**
Total net financial position	**46,969,724**	**34,667,716**	**12,302,008**
of which related parties	68,587,731	65,279,661	(3,308,070)

For further details with regards to the above table see Notes 20, 24 and 25 as well as Note 28.

NOTE 29 - EMPLOYEE BENEFITS

The Employee severance indemnity represents the obligation to employees under Italian law (amended by Law no. 296/06) accrued by employees up to 31 December 2006 which will be paid 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.

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.

The assumptions adopted can be summarized as follows:

DEMOGRAPHIC ASSUMPTIONS

Mortality	RG 48 survival tables of the Italian population
Inability	INPS tables divided by age and gender
Retirement age	Fulfilment of the minimum requisites provided by the General Mandatory Insurance
Advances on Employee severance indemnities	Annual frequency of advances and employee turnover were assumed from historical data of the company: frequency of advances in 2015: 2.50% frequency of turnover in 2015: 10%

ECONOMIC AND FINANCIAL ASSUMPTIONS

Annual discount rate	Constant average annual rate equal to 1.50%
Annual growth rate of the Employee severance indemnities	Calculated with reference to the valuation date of primary shares on the stock market in which the company belongs and with reference to the market yield of Federal bonds. The annual discount used for 2015 was 2.03%
Annual increase in salaries	The employee severance indemnities (TFR) are revalued on an annual basis equal to 75% of the inflation rate plus a spread of one and a half percentage point.
Annual inflation rate	The annual increase of salaries used was calculated in function of the employee qualifications and the Company's market segment, net of inflation, from 1.0% to 1.50%

In accordance with IAS 19, Employment severance indemnities at 31 December 2015 is summarized in the table below:

31/12/2014	**435,868**
Actuarial gains/(losses)	(17,617)
Interest cost	7,522
Indemnities paid	(30,763)
Transfers	21,293
31/12/2015	**416,302**

NOTE 30 - DEFERRED TAX LIABILITIES

Deferred tax liabilities at 31 December 2015 amounted to 1,105,248 Euros and are referred mainly to the fiscal effects arising from temporary differences between the statutory income and taxable income.

TEMPORARY TAXABLE DIFFERENCES	TAXABLE	TAX
Balance at 31/12/2015	**3,225,237**	**911,232**
Accruals	1,478,354	354,805
Utilization	(199,607)	(160,789)
Total at 31/12/2015	**4,503,984**	**1,105,248**
-deductions allowance for doubtful accounts	718,805	172,513
- different goodwill measurements	622,828	173,769
- gains on unrecognized differences	3,162,351	758,965
Total at 31/12/2015	**4,503,984**	**1,105,248**

NOTE 31 - TRADE PAYABLES

Trade payables at 31 December 2015 amounted to 252,342,479 Euros with an increase of 29,382,704 Euros.

Detail is as follows:

(EUROS)	31/12/2015	31/12/2014	CHANGE
Due to suppliers	16,959,933	15,253,895	1,706,037
Due to subsidiaries	166,034,822	157,589,662	8,445,160
Advance payments from customers - asset	69,347,724	50,116,218	19,231,506
Total	**252,342,479**	**222,959,775**	**29,382,704**

Due to suppliers mainly refers to services from domestic suppliers (15,797,914 Euros).

Due to subsidiary companies recorded a change of 8,445,160 Euros, and refers to professional services in connection to third party agreements with Reply S.p.A. Reply S.p.A. carries out commercial fronting activities for some of its major clients, whereas delivery is carried out by the operational companies.

Advance payments from customers include advances received from customers for contracts subcontracted to subsidiary companies, which at the balance sheet date were not yet completed.
The carrying amount of trade payables is deemed to be in line with its fair value.

NOTE 32 - OTHER CURRENT LIABILITIES

Detail is as follows:

(EUROS)	31/12/2015	31/12/2014	CHANGE
Income tax payable	871,779	3,026,992	(2,155,213)
Withholding tax and other	785,709	1,922,328	(1,136,619)
Total payable to tax authorities	**1,657,488**	**4,949,320**	**(3,291,832)**
INPS (National Italian insurance payable)	812,927	844,069	(31,142)
Other	274,390	256,206	18,183
Total social security payable	**1,087,316**	**1,100,275**	**(12,959)**
Employee accruals	1,442,349	1,359,345	83,004
Payable to subsidiary companies	3,754,469	6,301,517	(2,547,048)
Miscellaneous payables	3,280,323	3,451,517	(171,194)
Accrued expenses and deferred income	5,279,774	6,198,965	(919,191)
Total other payables	**13,756,914**	**17,311,344**	**(3,554,429)**
Total other current liabilities	**16,501,719**	**23,360,939**	**(6,859,220)**

Due to tax authorities mainly refers to payables due for withholding tax on employees and free lancers' compensation.

Due to social security authorities is related to both Company and employees contribution payables.

Employee accruals mainly include payables to employees for remunerations due but not yet paid at year-end.

Due to subsidiary companies represents the liability on tax losses recorded by subsidiaries under national tax consolidation for 2015 and for the tax credits that subsidiaries transferred to Reply S.p.A as part of the tax consolidation.

The carrying amount of the item Other current liabilities is deemed to be in line with its fair value.

NOTE 33 - PROVISIONS

The item Provisions amounting to 9,424,000 Euros is summarized as follows:

(EUROS)	31/12/2014	ACCRUALS	UTILIZED	REVERSALS	31/12/2015
Provision for risks	3,921,700	4,000,000	(523,700)	-	7,398,000
Provision for losses on equity investments	2,066,000	924,000	-	(964,000)	2,026,000
Total	**5,987,700**	**4,924,000**	**(523,700)**	**(964,000)**	**9,424,000**

The item Provision for risks reflects the best estimate of contingent liabilities deriving from ongoing legal litigations and contractual risks and at 31 December 2015 was accrued for 4,000,000 Euros.

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES

With reference to CONSOB communications no. DAC/RM 97001574 of 20 February 1997 and no. DAC/RM 98015375 of 27 February 1998 concerning relations with related parties, the economic and financial effects on Reply S.p.A.'s year ended 2015 Financial Statements related to such transactions are summarized below.

Transactions carried out by Reply S.p.A. with related parties are considered ordinary business and are carried out at normal market conditions.
Financial and business transactions among the Parent Company Reply S.p.A. and its subsidiaries and associate companies are carried out at normal market conditions.

REPLY S.P.A. MAIN ECONOMIC AND FINANCIAL TRANSACTIONS

(THOUSAND EUROS)	WITH SUBSIDIARY AND ASSOCIATE COMPANIES	WITH RELATED PARTIES	WITH SUBSIDIARY AND ASSOCIATE COMPANIES	WITH RELATED PARTIES	NATURE OF TRANSACTION
FINANCIAL TRANSACTIONS	**31/12/2015**		**31/12/2014**		
Financial receivables	51,950	-	42,299	-	Financial loans
Guarantee deposits	-	80	-	80	Guarantee deposits
Transaction accounts, net	16,638	-	22,981	-	Transaction accounts held by the Parent company
Trade receivables and other	114,026	1	94,187	2	Royalties, administration services, marketing, quality management services and office rental
Trade payables and other	169,687	-	162,689	-	Services carried out in relation to contracts signed by the Parent company and subsequently committed to subsidiary companies
Other payables	-	2,400	-	2,600	Compensation paid to Directors and Key Management
ECONOMIC TRANSACTIONS	**2015**		**2014**		
Revenues from Royalties	19,541	-	14,752	-	Licensing of the "Reply" trademark consisting in a 3% fee on third party revenues
Revenues from services	26,854	7	29,544	13	Administrations services, marketing, quality management and office rental
Revenues from management services	7,129	-	5,872	-	Strategic management services
Costs for professional services	292,140	-	261,162	9	Services carried out in relation to contracts signed by the Parent company and subsequently committed to subsidiary companies
Other services	1,214	420	1.010	350	Services related to office rental and office of the secretary
Personnel	-	5,276	-	5,461	Emoluments to Directors and Key Management
Interest income, net	3,183	-	2,674	-	Interest on financial loans: 3 month Euribor + spread of 3 percentage points

In accordance with Consob Resolution no. 15519 of 27 July 2006 and Consob communication no. DEM/6064293 of 28 July 2006, in the annexed tables herein, the Statement of income and the Statement of financial position reporting transactions with related parties separately, together with the percentage incidence with respect to each account caption has been provided.

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.

NOTA 35 - ADDITIONAL DISCLOSURE TO FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

TYPES OF FINANCIAL RISKS AND CORRESPONDING HEDGING ACTIVITIES

Reply S.p.A. has determined the guide lines in managing financial risks. In order to maximize costs and the resources Reply S.p.A. has centralized all of the groups risk management. Reply S.p.A. has the task of gathering all information concerning possible risk situations and define the corresponding hedge.

As described in the section “Risk management”, Reply S.p.A. constantly monitors the financial risks to which it is exposed, in order to detect those risks in advance and take the necessary action to mitigate them.

The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the company.

The quantitative data reported in the following do not have any value of a prospective nature, in particular the sensitivity analysis on market risks, is unable to reflect the complexity of the market and its related reaction which may result from every change which may occur.

CREDIT RISK

The maximum credit risk to which the company is theoretically exposed at 31 December 2015 is represented by the carrying amounts stated for financial assets in the balance sheet.

Balances which are objectively uncollectible either in part or for the whole amount are written down on a specific basis if they are individually significant. The amount of the write-down takes into account an estimate of the recoverable cash flows and the date of receipt, the costs of recovery and the fair value of any guarantees received. General provisions are made for receivables which are not written down on a specific basis, determined on the basis of historical experience. Refer to the note on trade receivables for a quantative analysis.

LIQUIDITY RISK

Reply S.p.A. is exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.

The two main factors that determine the company's liquidity situation are on one side the funds generated by or used in operating and investing activities and on the other the debt lending period and its renewal features or the liquidity of the funds employed and market terms and conditions.

As described in the Risk management section, Reply S.p.A has adopted a series of policies and procedures whose purpose is to optimize the management of funds and to reduce the liquidity risk, as follows:

- Centralizing the management of receipts and payments, where it may be economical in the context of the local civil, currency and fiscal regulations of the countries in which the company is present;
- Maintaining an adequate level of available liquidity;
- Monitoring future liquidity on the basis of business planning.

Management believes that the funds and credit lines currently available, in addition to those funds that will be generated from operating and funding activities, will enable the Group to satisfy its requirements resulting from its investing activities and its working capital needs and to fulfil its obligations to repay its debts at their natural due date.

CURRENCY RISK

Reply S.p.A. has a limited exposure to exchange rate risk; therefore the company does not deem necessary hedging exchange rates.

INTEREST RATE RISK

Reply S.p.A. makes use of external funds obtained in the form of financing and invest in monetary and financial market instruments. Changes in market interest rates can affect the cost of the various forms of financing, including the sale of receivables, or the return on investments, and the employment of funds, causing an impact on the level of net financial expenses incurred by the company.

In order to manage these risks, the Reply S.p.A uses interest rate derivative financial instruments, mainly interest rate swaps, with the object of mitigating, under economically acceptable conditions, the potential variability of interest rates on the net result.

SENSITIVITY ANALYSIS

In assessing the potential impact of changes in interest rates, the company separates fixed rate financial instruments (for which the impact is assessed in terms of fair value) from floating rate financial instruments (for which the impact is assessed in terms of cash flows).

Floating rate financial instruments include principally cash and cash equivalents and part of debt. A hypothetical, unfavorable and instantaneous change of 50 basis points in short-term interest rates at 31 December 2015 applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivatives financial instruments, would have caused increased net expenses before taxes, on an annual basis, of approximately 314 thousand Euros. This analysis is based on the assumption that there is a general and instantaneous change of 50 basis points in interest rates across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated.

FAIR VALUE HIERARCHY LEVELS

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 31 December 2015, according to the fair value hierarchical assessment level.

(THOUSANDS EUROS)	NOTE	LEVEL 1	LEVEL 2	LEVEL 3
Financial securities		-	-	-
Total Assets		**-**	**-**	**-**
Liabilities to minority shareholders and earn out	27	-	-	4,469
Total Liabilities		**-**	**-**	**4,469**

The fair value of Liabilities to minority shareholders and earn out was determined by Group management on the basis of the sales purchase agreements for the acquisition of the company's shares and on economic parameters based on budgets and plans of the purchased company. As the parameters are not observable on stock markets (directly or indirectly) these liabilities fall under the hierarchy profile in level 3.
As at 31 December 2015, there have not been any transfers within the hierarchy levels.

NOTE 36 - SIGNIFICANT NON-RECURRING TRANSACTIONS

Pursuant to Consob communication no. 6064293 of 28 July 2006, there were no significant non-recurring transaction during 2015.

NOTE 37 - TRANSACTIONS RESULTING FROM UNUSUAL AND/OR ABNORMAL OPERATIONS

Pursuant to Consob communication no. 6064293 of 28 July 2006, in 2015 Reply S.p.A. has not taken part in any unusual and/or abnormal operations as defined in that Communication, under which unusual and abnormal transactions are those which because of their significance or importance, the nature of the parties involved, the object of the transaction, the means of determining the transfer price or of the timing of the event (close of the year end) may give rise to doubts regarding the accuracy/completeness of the information in the Financial Statements, conflicts of interest, the safeguarding of the entity's assets or the protection of minority interests.

NOTE 38 - GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

GUARANTEES

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

COMMITMENTS

It is reported that:

- 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 Company 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, Reply 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 Company 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 Company recognizes specific provision for this purpose.

NOTE 39 - EMOLUMENTS TO DIRECTORS, STATUTORY AUDITORS AND KEY MANAGEMENT

The fees of the Directors and Statutory Auditors of Reply S.p.A. for carrying out their respective functions, including those in other consolidated companies, are fully explained in the Annual Report on Remuneration annexed herein.

NOTE 40 - EVENTS SUBSEQUENT TO 31 DECEMBER 2015

No significant events have occurred subsequent to 31 December 2015.

NOTE 41 - APPROVAL OF THE FINANCIAL STATEMENTS AND AUTHORIZATION TO PUBLISH

The financial statements for the year-ended 31 December 2015 were approved by the Board of Directors on March 15, 2016 which approved their publication.

ANNEXED TABLES

REPLY S.P.A.
STATEMENT OF INCOME PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(EUROS)	2015	OF WHICH WITH RELATED PARTIES	%	2014	OF WHICH WITH RELATED PARTIES	%
Revenue	326,911,581	49,399,565	15.1 %	291,648,905	45,353,699	15.6 %
Other income	6,120,821	4,871,450	79.6 %	6,659,301	4,827,392	72.5 %
Purchases	(8,741,850)	(8,158,152)	93.3 %	(4,982,858)	(4,521,438)	90.7 %
Personnel	(17,994,188)	(5,276,000)	29.3 %	(17,702,836)	(5,461,000)	30.8 %
Services and other costs	(304,748,471)	(289,788,209)	95.1%	(276,839,606)	(258,009,583)	93.2%
Amortization and depreciation	(471,681)	-	-	(671,513)	-	-
Non recurring income/(expenses)	(3,750,000)	-	-	(2,988,997)	-	-
Operating income (EBIT)	**(2,673,788)**	**-**	**-**	**(4,877,604)**	**-**	**-**
Gain/(loss) on equity investments	37,937,457	-	-	27,491,426	-	-
Financial income/(loss)	3,407,322	3,183,172	93.4 %	2,526,409	2,673,846	105.8%
Income before taxes	**38,670,992**	**-**	**-**	**25,140,231**	**-**	**-**
Income taxes	(1,756,577)	-	-	(1,208,521)	-	-
Net income	**36,914,414**	**-**	**-**	**23,931,709**	**-**	**-**
Earnings per share	*3.95*	-	-	*2.56*	-	-
Diluted earnings per share	*3.95*	-	-	*2.56*	-	-

REPLY S.P.A.
STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(EUROS)	31/12/2015	OF WHICH WITH RELATED PARTIES	%	31/12/2014	OF WHICH WITH RELATED PARTIES	%
Tangible assets	764,619	-	-	1,095,038	-	-
Goodwill	86,765	-	-	86,765	-	-
Other intangible assets	1,498,954	-	-	866,734	-	-
Equity investments	133,595,730	-	-	130,081,311	-	-
Other financial assets	52,112,144	51,950,078	99.7%	42,486,824	42,298,458	99.6%
Deferred tax assets	1,234,807	-	-	1,521,880	-	-
Non-current assets	**189,293,019**	**-**	**-**	**176,138,552**	**-**	**-**
Trade receivables	259,856,229	92,942,484	35.8%	221,291,693	73,545,065	33.2%
Other receivables and current assets	33,158,420	20,914,569	63.1%	31,666,601	20,643,219	65.2%
Financial assets	58,522,084	57,778,523	98.7%	50,808,755	49,849,243	98.1%
Cash and cash equivalents	55,745,286	-	-	40,913,939	-	-
Current assets	**407,282,018**	**-**	**-**	**344,680,988**	**-**	**-**
TOTAL ASSETS	**596,575,038**	**-**	**-**	**520,819,540**	**-**	**-**
Share Capital	4,863,486	-	-	4,863,486	-	-
Other reserves	151,128,813	-	-	135,140,323	-	-
Net income	36,914,414	-	-	23,931,709	-	-
SHAREHOLDERS' EQUITY	**192,906,713**	**-**	**-**	**163,935,517**	**-**	**-**
Due to minority shareholders	4,468,788	-	-	3,686,707	-	-
Financial liabilities	32,605,828	-	-	29,668,015	-	-
Employee benefits	416,302	-	-	435,868	-	-
Deferred tax liabilities	1,105,248	-	-	911,232	-	-
Provisions	7,398,000	-	-	3,921,700	-	-
Non-current liabilities	**45,994,165**	**-**	**-**	**38,623,522**	**-**	**-**
Financial liabilities	86,803,962	41,140,870	47.4%	69,873,787	26,868,340	38.5%
Trade payables	252,342,479	166,034,822	65.8%	222,959,775	157,098,852	70.7%
Other current liabilities	16,501,719	3,857,513	23.4%	23,360,939	8,189,652	35.1%
Provisions	2,026,000	-	-	2,066,000	-	-
Current liabilities	**357,674,160**	**-**	**-**	**318,260,501**	**-**	**-**
TOTAL LIABILITIES	**403,668,324**	**-**	**-**	**356,884,023**	**-**	**-**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**596,575,038**	**-**	**-**	**520,819,540**	**-**	**-**

REPLY S.P.A.
EQUITY INVESTMENTS IN SUBSIDIARIES WITH ADDITIONAL INFORMATION REQUIRED BY CONSOB (COMMUNICATION NO. 6064293 OF 28 JULY 2006)

COMPANY	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	TOTAL SHAREHOLDERS' EQUITY	NET RESULT	INTEREST	CARRYING VALUE AT 31/12/2015
@logistics Reply S.r.l.	Turin	€	78,000	1,612,410	1,033,235	100.0 %	1,049,167
Air Reply S.r.l.	Turin	€	10,000	15,842	(275,019)	85.0 %	378,500
Arlanis Reply S.r.l.	Turin	€	10,000	372,385	232,868	100.0 %	588,000
Arlanis Reply AG	Potsdam	€	70,000	300,151	240,874	100.0 %	1,005,000
Aktive Reply S.r.l.	Turin	€	10,000	2,539,548	1,779,456	100.0 %	512,696
Atlas Reply S.r.l.	Turin	€	10,000	893,250	360,362	100.0 %	356,575
Avantage Reply Ltd.	London	GBP	5,086	5,733,587	(344,333)	100.0 %	9,483,484
Bitmama S.r.l.	Turin	€	29,407	542,891	345,926	51.0 %	217,019
Blue Reply S.r.l.	Turin	€	10,000	6,952,240	5,806,923	100.0 %	527,892
Breed Reply Ltd	London	GBP	10,000	(1,278,576)	(833,037)	100.0 %	12,477
Breed Reply Investments Ltd.	London	GBP	100	(151,888)	(151,988)	80.0 %	103
Bridge Reply S.r.l.	Turin	€	10,000	191,985	169,527	60.0 %	6,000
Business Reply S.r.l.	Turin	€	78,000	1,913,764	1,328,226	100.0 %	268,602
Centro Sviluppo Realtà Virtuale	Turin	€	50,000	(245,530)	-	100.0 %	200,000
Cluster Reply S.r.l.	Turin	€	139,116	8,320,091	7,243,194	100.0 %	2,610,032
Concept Reply GmbH	Germany	€	25,000	(332,275)	(331,139)	100.0 %	25,000
Consorzio Reply Public Sector	Turin	€	86,500	19,069	749	37.6 %	32,500
Consorzio Reply Energy	Turin	€	4,000	3,951	(49)	25.0 %	1,000
Discovery Reply S.r.l.	Turin	€	10,000	652,834	631,350	100.0 %	1,311,669
e*finance Consulting Reply S.r.l.	Turin	€	34,000	3,870,489	3,173,154	100.0 %	3,076,385
Ekip Reply S.r.l.	Turin	€	10,400	36,833	26,779	100.0 %	30,000
Tamtamy Reply S.r.l. (ex Engage Reply S.r.l.)	Turin	€	10,000	15,655	(2,392)	100.0 %	251,000
Eos Reply S.r.l.	Turin	€	14,000	773,463	369,972	80.7 %	155,369
Forge Reply S.r.l.	Turin	€	10,000	15,655	(1,216,273)	100.0 %	12,000
Hermes Reply Polska zoo	Katowice	ZLT	40,000	3,646,103	1,812,428	100.0 %	10,217
Hermes Reply S.r.l.	Turin	€	10,000	2,946,749	2,200,659	100.0 %	199,500
InEssence Reply GmbH	Düsseldorf	€	25,000	(2,244,462)	(798,156)	70.0 %	17,500
IrisCube Reply S.p.A.	Turin	€	651,735	4,426,812	3,513,382	100.0 %	6,724,952
Juice Reply S.r.l.	Turin	€	10,000	64,141	50,182	100.0 %	140,000

COMPANY	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	TOTAL SHAREHOLDERS' EQUITY	NET RESULT	INTEREST	CARRYING VALUE AT 31/12/2015
Lem Reply S.r.l.	Turin	€	47,370	17,778	(103,629)	100.0 %	400,012
Like Reply S.r.l.	Turin	€	10,000	15,364	(119,530)	100.0 %	130,000
Live Reply GmbH	Düsseldorf	€	25,000	4,198,561	2,226,591	100.0 %	52,500
Open Reply S.r.l.	Turin	€	10,000	7,832,334	2,873,891	92.5 %	1,417,750
Pay Reply S.r.l.	Turin	€	10,000	1,344,695	1,330,864	100.0 %	10,000
Portaltech Reply GmbH	Gutersloh	€	25,000	(75,647)	407,116	68.0 %	2,017,000
Portaltech Reply S.r.l.	Turin	€	10,000	16,108	(190,171)	85.0 %	104,500
Power Reply S.r.l.	Turin	€	10,000	5,617,840	3,100,265	100.0 %	2,500,850
Reply Consulting S.r.l.	Turin	€	10,000	2,145,784	1,321,360	100.0 %	3,518,434
Reply AG	Gutersloh	€	100.000	25,414,591	(1,024,124)	100.0 %	41,277,722
Reply Services S.r.l.	Turin	€	10,000	228,738	8,773	100.0 %	110,000
Reply Inc.	Michigan	$	50,000	453,442	195,889	100.0 %	40,596
Reply Ltd.	London	GBP	54,175	2,196,294	2,088,311	100.0 %	11,657,767
Reply do Brasil Sistemas de Informatica Ltda	Belo Horizonte	R$	650,000	4,494,082	(650,926)	98.5 %	206,816
Ringmaster S.r.l.	Turin	€	10,000	1,590,756	1,504,591	50.0 %	5,000
Riverland Reply GmbH	Munich	€	25,000	7,846,287	1,587,081	100.0 %	10,269,989
Santer Reply S.p.A.	Milan	€	2,209,500	13,765,973	3,171,016	100.0 %	11,386,966
Security Reply S.r.l.	Turin	€	50,000	2,359,694	2,297,647	100.0 %	392,866
Sensoria Inc.	Washington	$	-	-	-	20.0 %	3,887,432
Square Reply S.r.l.	Turin	€	10,000	204,639	194,832	100.0 %	100,000
Spark Reply S.r.l.	Turin	€	10,000	-	-	85.0 %	8,500
Solidsoft Reply S.r.l.	Turin	€	10,000	11,841	(193,285)	100.0 %	227,000
Storm Reply S.r.l.	Turin	€	10,000	1,708,138	1,030,569	80.0 %	986,000
Syskoplan Reply S.r.l.	Turin	€	32,942	739,868	628,373	100.0 %	949,571
Sytel Reply S.r.l.	Turin	€	115,046	8,533,180	6,195,498	100.0 %	4,991,829
Sytel Reply Roma S.r.l.	Turin	€	10,000	6,881,530	5,082,390	100.0 %	894,931
Target Reply S.r.l.	Turin	€	10,000	2,620,485	1,800,672	100.0 %	778,000
Technology Reply S.r.l.	Turin	€	79,743	6,344,192	5,455,481	100.0 %	216,658
Technology Reply S.r.l. (Romania)	Romania	RON	44,000	(1,067,812)	(1,111,812)	100.0 %	9,919
Triplesense Reply S.r.l.	Turin	€	10,000	-	-	100.0 %	10,000
Triplesense Reply GmbH	Frankfurt	€	51,000	1,101,789	33,712	100.0%	5,153,070
Twice Reply S.r.l.	Turin	€	10,000	3,847,636	(2,946)	98.0%	521,202
Whitehall Reply S.r.l.	Turin	€	21,224	1,714,326	1,604,825	100.0%	160,211

DETAILS OF SHAREHOLDERS' EQUITY STATED ACCORDING TO ORIGIN, POSSIBILITY OF UTILIZATION, POSSIBILITY OF DISTRIBUTION, AVAILABILITY AND THE UTILIZATION IN THE PREVIOUS THREE FISCAL YEARS.

				SUMMARY OF THE AMOUNTS USED IN THE PRIOR THREE FISCAL YEARS	
NATURE/DESCRIPTION	**AMOUNT**	**POSSIBILITY OF UTILIZATION**	**AVAILABLE**	**FOR COVERAGE OF LOSSES**	**OTHER**
Capital	4,863,486				
Capital reserve					
Reserve for treasury shares	24,502				
Share premium	23,302,692	A,B,C	23,302,692		
Reserve for purchases of treasury shares	29,990,873	A,B,C	29,990,873		
Income reserves					
Legal reserve	972,697	B			
Extraordinary reserve	68,168,781	A,B,C	68,168,781		
Surplus merger reserve	6,347,963	A,B,C	6,347,963		
Retained earnings	674,740	A,B,C	674,740		
Reserve for purchases of treasury shares	19,984,625	A,B,C	19,984,625		
Total			**148,469,674**		
Non available amount			**-**		
Residual available amount			**148,469,674**		
Reserves from transition to IAS/IFRS					
FTA reserve	303,393				
Retained earnings	2,147,961				
Reserve for cash flow hedge	-				
IAS reserve	(12,080)				
Accounting expenses according to IAS 32	(770,448)				
	1,668,826				

Legend
A: for share capital increase
B: for coverage of losses
C: distribution to shareholders

DISCLOSURES PURSUANT TO ARTICLE 149-DUODECIES BY CONSOB

The following table, prepared in accordance with Art. 149-duodecies of the Regolamento Emittenti issued by Consob, reports the amount of fees charged in 2015 for the audit and audit related services provided by the Audit Firm and by entities that are part of the Audit Firm network. There were no services provided by entities belonging to its network.

(EUROS)	SERVICE PROVIDER	2015 FEES
Audit	Reconta Ernst & Young S.p.A.	28,000
Audit related services	Reconta Ernst & Young S.p.A. ([1])	1,400
Total		**29,400**

([1]) Attestation of tax forms (tax return, IRAP and Form 770)

ATTESTATION OF THE FINANCIAL STATEMENTS IN ACCORDANCE

with Article 154-bis of Legislative Decree 58/98

The undersigned, Mario Rizzante, in his capacity as Chairman and Chief Executive Officer, and Giuseppe Veneziano, Director responsible for drawing up Reply S.p.A.'s financial statements, hereby attest, pursuant to the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- suitability with respect to the Company's structure and
- the effective application

of the administration and accounting procedures applied in the preparation of the financial statements for the year ended 2015.

The assessment of the adequacy of administrative and accounting procedures used for the preparation of the statutory financial statements at 31 December 2015 was carried out on the basis of regulations and methodologies defined by Reply prevalently coherent with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, an internationally-accepted reference framework.

The undersigned also certify that:

3.1 the Financial Statements

- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council, dated 19 July 2002 as well as the measures issued to implement Article 9 of Legislative Decree no. 38/2005;
- 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.

3.2 the report on operations includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks and uncertainties to which they are exposed.

Turin, 15 March 2016

Chairman and Chief
Executive Officer
Mario Rizzante

Director in charge of signing t
he financial statements
Giuseppe Veneziano

REPORT ON THE STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING

pursuant to Article 153 of the Legislative Decree 58/1998 on the financial statements as at 31 december 2015

Dear Shareholders,
pursuant to Article 153 of Legislative Decree No. 58/1998, as well as in compliance with outstanding laws and regulations, the Board of Statutory Auditors is reporting to the Shareholders' meeting on the supervisory activity performed, and any omissions or censurable acts that emerged and can make proposals with respect to the approval of the Financial Statements.
During the course of the financial year ended 31 December 2015, we complied with the duties set forth in Article 149 of Legislative Decree No. 58/1998 and we are providing the following information with reference to the recommendations contained in the Consob communications issued up to the present day concerning the Regulations for Issuers:

1. THE MOST SIGNIFICANT OPERATIONS FROM AN ECONOMIC, FINANCIAL AND EARNINGS STANDPOINT.

We obtained timely and adequate information from the Directors with respect to the most significant operations from an economic, financial and earnings standpoint carried out by the Company and/or by its subsidiaries in 2014 or subsequent to the end of the financial year, among which we note:

- In March 2015, Reply GmbH & Co. KG (now Reply AG) acquired, at 3.5 million Euros, 100% of the share capital of the German company Leadvise Reply GmbH (ex Leadvise Region Mitte GmbH;
- The acquisition in April 2015 of the 7.5% of the share capital of Open Reply S.r.l. at 831 thousand euros, Reply S.p.A. now holds 100% of the share capital;
- In the month of July 2015, the company reorganization plan concerning the merger of Live Reply GmbH in Arlanis Reply GmbH, which subsequently changed its name to Live Reply was concluded;
- In the month of September 2015, the company reorganization project concerning the partial spin-off of the company Reply Services S.r.l in favor of the companies TamTamy Reply S.r.l. (formerly Engage Reply S.r.l.) and Like Reply S.r.l, was concluded. Both companies are wholly owned by Reply S.p.A.;

- The completion, in the month of October 2015, of the transformation of Reply GmbH & Co.KG (limited partnership) in Reply AG (public limited company);
- In the month of December 2015 Reply S.p.A. acquired 100 % of the share capital of the company Centro Sviluppo Realtà Virtuale S.r.l. at the price of 200 thousand Euros;
- The launch in the month of December 2015 of the company reorganization project concerning the partial spin-off of the company Cluster Reply S.r.l. in favor or Cluster Reply Roma S.r.l. (formerly Solidsoft Reply S.r.l.) both wholly owed by Reply S.p.A.;
- The investment made on several occasions over the 2015 by the English company Breed Investments Ltd, in start -ups operating within the " IOT " - "Internet of Things " (Cocoon Alarm Ltd, Xmetrics Sports Ltd, Greeniant BV, Inova Design Ltd, Zeetta Networks Ltd, EnModus Ltd, Gymcraft SL), through the acquisition of minority shareholdings or the granting of convertible loans, for a total of 6,241 thousand Euros;
- In the month of January 2016 Reply S.p.A. sold, to its German subsidiary Reply AG, the equity investments in Arlanis Reply AG, Live Reply GmbH, Riverland Reply GmbH and Triplesense Reply GmbH;
- In the month of March 2016, the company reorganization project concerning the partial spin-off of Target Reply S.r.l. in favor of Data Reply S.r.l. was launched; both companies are wholly owned by Reply S.p.A.

During 2015 Reply S.p.A. also signed three loans / lines of credit with the followings banks and for the following amounts:

- 30,000,000 Euros with Intesa Sanpaolo S.p.A. of which
  - Tranche A, amounting to 10,000,000 Euros, entirely used for the reimbursement of the 2013 credit line. The residual loan amounted to 9,000,000 Euros at 31 December 2015.
  - Tranche B, amounting to 20,000,000 Euros, to be used by 31 December 2016. Such credit line was used for 4,500,000 Euro at 31 December 2015.
- 10,000,000 Euros with Unicredit S.p.A. entirely used for the reimbursement of the 2012 credit line. At 31 December the residual loan amounted to 10,000,000 Euros.
- 25,000,000 Euros to be used by 30 September 2018. At 31 December the credit line was used for 1,500,000 Euros.

2. ANY UNUSUAL AND/OR ATYPICAL TRANSACTIONS, INCLUDING INTRA-GROUP OR WITH RELATED PARTIES.

On the basis of meetings with the Directors and with representatives of the Independent Auditor, it did not appear that any atypical or unusual transactions occurred during the financial year, nor after it ended.

With reference to intra-group transactions, we advise that:

- Reply S.p.A. obtained professional services from Group companies related to revenues connected to contracts stipulated with major clients;
- Reply S.p.A. gave bank guarantees, payable on first request, to subsidiaries;
- Reply S.p.A. granted the following subsidiaries loans without restrictions on use, aimed at supporting their activity:
  - Open Reply S.r.l., Storm Reply S.r.l., Air Reply S.r.l. and Solidsoft S.r.l. – non-interest bearing loan;
  - Reply Ltd., Hermes Reply Polska Sp Zoo, Reply do Brasil Sistemas de Informatica Ltda, Live Reply Gmbh, Arlanis Reply GmbH, Concept Reply GmbH, Arlanis Reply AG, Portaltech Reply GmbH, InEssence Reply Gmbh, InEssence GmbH Italian branch, Reply Inc., Cluster Brasile Ltda (formerly Mind Services Informatica Ltda), Triplesense Reply GmbH, Breed Investments Ltd, Breed Reply Ltd and Technology Reply S.r.l. (Romania)– interest bearing loans;
- Reply S.p.A. provided subsidiaries with management, administrative, commercial and marketing services, the lease of premises, as well as services to manage the corporate internet network, electronic mail and web;
- Reply S.p.A. centrally managed the Group's treasury by means of correspondence bank accounts held by the individual subsidiaries;
- Reply S.p.A. granted Group companies the use of the "REPLY" trademark that it owns;
- Reply S.p.A. acquired "office services" (general services and the availability of office space) from Reply Services S.r.l. and from Santer Reply S.p.A..

Transactions with related parties in 2015, which took place in accordance with market conditions, are related to Emoluments to Directors and Key Management and to "office services, in particular to the office situated in Corso Francia, 110 Turin, provided by Alika S.r.l., Reply S.p.A.,'s direct parent company. For these operations the Procedure for Related party transactions was not applied as these transactions are exempt as defined by art. 4.1 and 4.4. of the Procedure.

Such situation also exist as at the date of this report.

It is to be noted that as of May 2015, the Group's consolidated revenues in 2013 and 2014 exceeded Euro 500 million, the Committee for transactions with related parties, identified in the control and risk committee, has taken steps to drafting the amendments deemed necessary to update the "procedure for transactions with related parties " adopted by the Group so as to comply with the provisions of Consob Regulation adopted by resolution no. 17221 of March 12, 2010.

The Procedure for transactions with related parties, as integrated above, has been subject to approval by the Board of Directors at its meeting held on 14/05/2015.

3. INFORMATION PROVIDED IN THE REPORT ON THE OPERATION ON ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING INTRA-GROUP TRANSACTIONS AND THOSE WITH RELATED PARTIES.

The information provided by the Directors in the Report on Operations accompanying the Financial Statements as at 31 December 2015 and in the Notes to the Consolidated Financial Statements of the Reply Group and to the Financial Statements as at 31 December 2015 regarding the most significant transactions from an economic, financial and earnings standpoint, as well as transactions with subsidiaries, associated companies and related parties, are adequate.
The Report does not reveal that any atypical and/or unusual transactions occurred during the year or after it ended.

4. COMMENTS AND PROPOSALS ON THE NOTES AND REQUESTS FOR INFORMATION CONTAINED IN THE REPORT OF THE INDEPENDENT AUDITOR.

Reconta Ernst & Young S.p.A., the company entrusted with the audit of the Financial Statements and Consolidated Financial Statements as at 31 December 2015, issued its Report on today's date, in which it confirms that the Financial Statements as at 31 December 2015 of Reply S.p.A. conform to the International Financial Reporting Standards endorsed by the European Union, as well as to the measures issued in implementation of Article 9 of Legislative Decree 38/2005, and were therefore prepared with clarity and represent in a true and fair manner the economic and financial situation, economic result and cash flows of Reply S.p.A. for the financial year ended on such date, and further the Report on Operations and the information set forth in Article 123-bis, paragraph 4, of Legislative Decree 58/1998 presented in the Report on Corporate Governance and the Ownership Structure are consistent with the Financial Statements as at 31 December 2015.

5. COMPLAINTS PURSUANT TO ARTICLE 2408 OF THE ITALIAN CIVIL CODE.

No complaints have been acknowledged pursuant to Article 2408 of the Italian Civil Code in 2014 and at present.

6. FILED COMPLAINTS/LAWSUITS.

The Company's Directors did not advise us of any complaints filed against them in the financial year, nor subsequent to the date it ended.

7. THE GRANTING OF ANY FURTHER APPOINTMENTS TO THE INDEPENDENT AUDITOR AND RELATIVE COSTS.

During 2015, in addition to the appointment to audit the Financial Statements as at 31 December 2015, Reconta Ernst & Young S.p.A. received the following appointments:

- The signing of Reply S.p.A.'s various tax forms (Modelli Unico, IRAP, 770)

The consideration for such appointment was 1 thousand Euros;

- The signing of various tax forms of Reply S.p.A.'s Italian subsidiaries (Modelli Unico, IRAP, 770)

The consideration for such appointment was 15 thousand Euros.

8. ANY APPOINTMENTS OF PARTIES CONNECTED TO THE INDEPENDENT AUDITOR BY ONGOING RELATIONSHIPS, AND THE RELATIVE COSTS.

No further professional appointments were granted to parties connected to Reconta Ernst & Young S.p.A. by ongoing relationships and/or by parties belonging to its network.

9. INDICATION OF WHETHER OPINIONS WERE ISSUED IN ACCORDANCE WITH LAW DURING THE FINANCIAL YEAR.

During the financial year the opinions requested by the Board of Statutory Auditors were issued as provided by law.

10. INDICATION OF THE FREQUENCY AND NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND BOARD OF STATUTORY AUDITORS.

During the financial year, the Board of Directors met 4 times, and the Board of Statutory Auditors 6 times.
The Internal Control and Risk Management Committee met 4 times, the Remuneration Committee met twice, and the Committee for Related Party Transactions met once.
The Board of Statutory Auditors attended the meetings of the Board of Directors, and through its Chairman, those of the Internal Control and Risk Management Committee and the Remuneration Committee.

11. INSTRUCTIONS GIVEN BY THE COMPANY TO SUBSIDIARIES PURSUANT TO ARTICLE 114(2) OF LEGISLATIVE DECREE 58/1998.

The instructions given by Reply S.p.A. to subsidiaries, pursuant to the second paragraph of Article 114 of Legislative Decree 58/1998 appear to be adequate; similarly, the subsidiaries

provided the Parent Company with the necessary information for its timely knowledge of the business situation.
We advise you that in order to guarantee the timely communication of the information requested, Mr. Daniele Angelucci, Executive Director and Finance and Control Manager of Reply S.p.A., also acted as advisor within all of the administrative bodies of the Italian subsidiaries, with the exclusion of the company Ringmaster S.r.l., as well as Director in numerous foreign subsidiaries.
We further advise you that the Chairman of Reply S.p.A.'s Board of Directors, Mr. Mario Rizzante, is the Director of the English subsidiaries Reply Ltd., Portaltech Reply Ltd., Avantage Reply Ltd, Breed Reply Ltd, Breed Reply Investments Ltd.. Tatiana Rizzante, Chief Executive Officer is Director of the English subsidiaries Avantage Reply Ltd and Reply Ltd and is the Managing Director of the German subsidiaries, InEssence Reply GmbH, Portaltech Reply GmbH and Reply AG. Filippo Rizzante, Executive Director holds office as Vice President of Ringmaster S.r.l.

12. SIGNIFICANT ISSUES THAT EMERGED DURING THE MEETINGS HELD WITH THE INDEPENDENT AUDITOR PURSUANT TO ARTICLE 150(3) OF LEGISLATIVE DECREE 58/1998.

During the meetings held with representatives of the Independent Auditors, no significant issues emerged that are worthy of mention.

13. THE COMPANY'S COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTED COMPANIES' CORPORATE GOVERNANCE COMMITTEE.

Commencing from 2000, the Company adheres to the Corporate Governance Code promoted by Borsa Italiana S.p.A., and revised in July 2015.
On 15 March 2016 the Board of Directors approved the annual Report on Corporate Governance and Ownership Structure prepared pursuant to Article 123 bis of Legislative Decree 58/1998.

14. FINAL CONSIDERATIONS ON THE SUPERVISORY ACTIVITY CARRIED OUT, AS WELL AS WITH RESPECT TO ANY OMISSIONS, CENSURABLE EVENTS OR IRREGULARITIES DISCOVERED DURING SUCH ACTIVITY.

The Board's supervisory activity was carried out through:

- Activities aimed at controlling compliance with laws and the by-laws;
- Participation at the meetings of the Company's governing bodies;

- Acquiring information during periodic meetings with the Independent Auditor concerning both the activity it performed as well as any risks related to its independence;
- Acquiring information during meetings with members of the Board of Statutory Auditors of the subsidiaries to exchange information on the Group's activities and coordinate control and supervisory activities;
- Gathering additional information during meetings with the Chairman of the Company, the Director responsible for drawing up the Company's Financial Statements, the Person in charge of internal control and the Supervisory Body;
- Participation at the meetings of the Internal Control and Risk Management Committee and the Remuneration and Nominating Committee;
- The analysis of any new provisions of law or Consob communications of interest to the Company.

The Board confirmed that the organizational requirements were met to comply with the relevant Company by-laws, laws and regulations, in the constant evolution and search for improvement. In particular, we advise the Shareholders that:

- We have monitored the conformity of the Procedure for Transactions with Related Parties, approved by Reply S.p.A.'s Board of Directors on 11 November 2010 and subsequently approved on 4 May 2015, according to the standards indicated in the Regulations approved by Consob by means of Resolution No. 17221 of 12 March 2010 and subsequent modifications, as well as compliance with it;
- We controlled the correct application of the criteria adopted by the Board of Directors in evaluating the existence of the conditions of independence of the "independent Directors";
- We monitored, when requested, compatibility with legal restrictions on services other than the audit of the annual and consolidated accounting records provided by the Independent Auditor to Reply S.p.A. and to its subsidiaries;
- We controlled compliance with the limit on the accumulation of appointments pursuant to Article 144-terdecies of the Consob Issuers' Regulation No. 11971 as well as whether the members of the Board of Statutory Auditors possess the same pre-requisites of independence required for Directors;
- We did not receive any reports of the Supervisory Body's violation of the Organizational and Management Model pursuant to Legislative Decree 231/01;
- We verified compliance with the laws on "Market abuse" and "Protection of savings" in matters of corporate disclosures of information and "Internal Dealings".

On the basis of the principles mentioned and the information acquired during the audits and participation at meetings with the persons responsible for administration and the internal control, we reached the following conclusions:

1) ADMINISTRATION

The Board of Statutory Auditors, having participated at the meetings of the Board of Directors, on the basis of the information obtained at such time, acknowledges that it has verified, with the exclusion of control of the merits of the opportunity and economic convenience of the choices made by such body, that the transactions performed and being carried out by the Company are based on principles of proper administration, conform to law and the By-laws, do not conflict with the resolutions of the Shareholders' meetings or compromise the integrity of the Company's assets.

2) ORGANISATIONAL STRUCTURE

Within the scope of the responsibilities bestowed on us by the rules set forth in Legislative Decree 58/1998 and in compliance with the Governance Rules of the Board of Statutory Auditors, we met periodically with the Directors of the Independent Auditor and the organizational department, to gather the necessary information.

This allowed the Board of Statutory Auditors to thoroughly supervise the Company's organizational structure and to arrive at a judgment of overall adequacy with respect to its size.

3) INTERNAL CONTROL SYSTEM

Within the Board of Directors there is a Committee for Internal Control and Risk Management, a Remuneration and Nominating Committee, and a Committee for Transactions with Related Parties, whose activities are carried out according to a program in line with the needs of the Company.

The participation of the Director in charge of the Internal Control, as well as our participation at the meetings of the Internal Control and Risk Management Committee, allowed us to coordinate our functions as the Internal Control and Audit Committee, assumed pursuant to Article 19 of Legislative Decree 39/2010, with the activities of the Internal Control and Risk Management Committee, and, in particular, to carry out the supervisory activities provided by Article 19 of Legislative Decree No. 39/2010.

On the basis of our analysis and the audits conducted, the overall system appears to be substantially fair and reliable.

We received from Reconta Ernst & Young S.p.A. the notice issued pursuant to Article 17(9)a) of Legislative Decree 39/2010, as well as the report set forth in Article 19(3) of Legislative Decree No. 39/2010 which states that no fundamental issues emerged during the audit, nor significant gaps in the Internal Control System in relation to the financial reporting process.

On the basis of our analysis and the audits conducted, the overall system appears to be substantially fair and reliable.

4) ADMINISTRATIVE- ACCOUNTING SYSTEM

Our assessment of the administrative-accounting procedures is positive, and they also appear to be imposed on the companies belonging to the Group.

We therefore deem that the administrative-accounting system is suitable to represent and monitor management, the presentation of the data for the reporting period, the identification, prevention and management of financial and operational risks, and any fraud that could damage the Company.

The Chairman and the Director in charge of drawing up the Company's Financial Statements have issued, pursuant to Article 81-ter of Consob Regulation No. 11971/1999 and subsequent modifications and supplements, the attestation required by Article 154-bis(5) of TUF (Legislative Decree 58/1998).

15. ANY PROPOSALS TO MAKE TO THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE 58/1998.

In relation both to the provision of the second paragraph of Article 153 of Legislative Decree 58/1998 and the general supervisory obligation pursuant to Article 149(1) of such Decree, as well as the agenda of the Shareholders' meeting which includes discussion of the Financial Statements for the reporting period, the Board of Statutory Auditors states that it has supervised compliance with the procedural rules and law with respect to their preparation.

We note that the Financial Statements as at 31 December 2012 were prepared in compliance with European Regulation No. 1606/2002 of 19 July 2002, in compliance with International Financial Reporting Standards (IAS/IFRS).

On the basis of the controls made directly and the information exchanged with the Independent Auditor, and also in view of the latter's report pursuant to Article 14 of Legislative Decree 39/2010 which expresses a judgment without reservations, the Board of Statutory Auditors has no comments or proposals with respect to the Financial Statements or Report on Operations and the proposals set forth therein, which it consequently considers, to the extent of its specific expertise, should meet your approval.

Similarly, with specific reference to the provision of the second paragraph of Article 153 of Legislative Decree 58/1998, the Board does not have any proposals to make with respect to the other matters within its scope of expertise.

With reference to the point on the agenda concerning the purchase and disposal of treasury shares, recalling disclosures made by the Directors, the Board states that the resolution proposed is in accordance with articles 2357, 2357-ter of the Italian Civil Code, in accordance with Article 132 of Legislative Decree 58/1998, as well as those of Art. 144-bis of Consob's Issuers Regulation no. 11971 of 14 May 1999.

With reference to the point on the agenda related to the resolution to revoke the delegation granted to the Board of Directors dated 28/04/2011 pursuant to art. 2443 of the Civil Code and the simultaneous allocation of delegates to the current Board of Directors to increase the paid-in share capital by a maximum nominal amount of € 312,000 for a maximum period of five years by way of contribution of shares in capital companies subject similar or akin to that of Reply S.p.A, with share premium and the exclusion of option rights pursuant to art. 2441, c. 4 of the Civil Code, amending art. 5 of the Bylaws, considering disclosures made by the Directors, the Board acknowledges that the proposed resolution is in conformity with the provisions of the Civil Code, the Legislative Decree no. 58/1998 and the contents of which the Consob Regulation adopted with resolution no. 11971/1999.

Turin, 30 March, 2016

THE STATUTORY AUDITORS

(Prof. Cristiano Antonelli)

(Dott.ssa Ada Alessandra Garzino Demo)

(Dott. Paolo Claretta Assandri)

Building a better working world

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Independent auditor's report
in accordance with art. 14 and 16 of Legislative Decree n. 39, dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders of Reply S.p.A

Report on the financial statements

We have audited the accompanying financial statements of Reply S.p.A., which comprise the statement of financial position as at December 31, 2015, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors of Reply S.p.A. are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated February 28, 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with art. 11, paragraph 3 of Legislative Decree n. 39, dated January 27, 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Reply S.p.A as at December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38, dated February 28, 2005.

Report on other legal and regulatory requirements

Opinion on the consistency with the financial statements of the Report on Operations and of specific information of the Report on Corporate Governance and Ownership Structure

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and Ownership Structure as provided for by art. 123-bis, paragraph 4 of Legislative Decree n. 58, dated February 24, 1998, with the financial statements, as required by the law. The Directors of Reply S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Reply S.p.A as at December 31, 2015.

Turin, March 30, 2016

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.