TECHNOGYM GROUP

HALF-YEARLY FINANCIAL REPORT AS OF JUNE 30, 2016

The Wellness Company

INDEX

1. CORPORATE DATA

Registered office

Technogym SpA

Via Calcinaro, 2861

47521 Cesena (FC) - Italy

Legal data

Share capital resolved and subscribed Euro 10,000,000

VAT number, Tax Code and CCIAA (Chamber of Commerce, Industry, Craft Trade and Agriculture) no.: 06250230965

Registered in the R.E.A. (Economic and Administrative Index) of Forlì Cesena at no. 315187

Technogym stores

Cesena, Via Calcinaro 2861

Milan, Via Durini 1

New York, Greene Street, 70

Moscow, Red Square 3, GUM, 3rd floor/3rd line

Moscow, Crocus City Mall, km 66 MKAD, Showroom 163

Moscow, Rublevo-Uspenskoe sh. 85/1

London, c/o Harrods, Brompton Road 87-135

2. CORPORATE OFFICERS

Board of Directors	
President and Chief Executive Officer	Nerio Alessandri
Vice President	Pierluigi Alessandri
Directors	Erica Alessandri
	Francesca Bellettini [(a) (c)]
	Carlo Capelli
	Maurizio Cereda
	Riccardo Pinza [(b)]
	Vincenzo Giannelli [(a) (b) (c)]
	Maria Cecilia La Manna [(a) (b) (c)]

Board of Statutory Auditors	
Chairman	Claudia Costanza
Standing Auditors	Gianluigi Rossi
	Ciro Piero Cornelli
Alternate Auditors	Laura Acquadro
	Roberto Moro

Supervisory Body	
Chairman	Andrea Russo
	Emanuele Scorsonetto
	Filippo Fonzi

Officer in charge	Stefano Zanelli

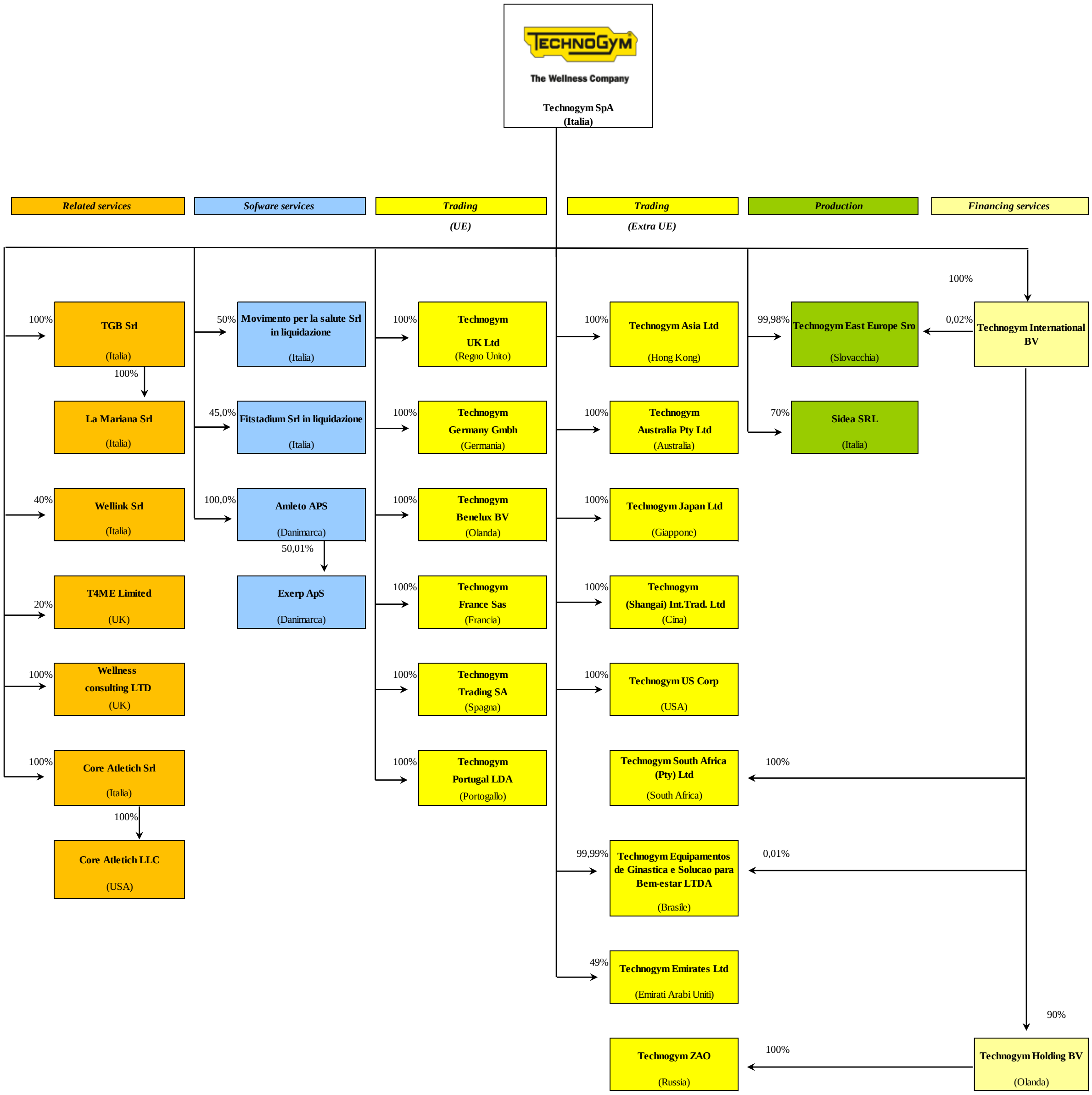
Independent Auditors	PricewaterhouseCoopers S.p.A.

[(a)] *Member of the Control and Risks Committee*

[(b)] *Member of the Appointments and Remuneration Committee*

[(c)] *Member of the Related Party Transactions Committee*

3. GROUP ORGANIZATIONAL CHART AS OF JUNE 30, 2016



4. INTERIM BOARD OF DIRECTORS' REPORT

Operating performance and comments on the economic and financial results

Macroeconomic scenario

The first half of 2016 confirmed the weakness of the global economy. Advanced economies saw a continuation of modest growth, while the economies in emerging countries remained weak.

Forecasts over the trend in global trade prepared by the main international organizations were again revised downwards, especially following the result of the referendum on June 23, 2016 which sanctioned the UK's exit from the European Union ("**Brexit**"). The repercussions on the currency and financial markets were immediate, although they were partially re-absorbed in subsequent days thanks to the actions taken by the monetary authorities. Although the real medium/long-term consequences are difficult to predict, Brexit has raised uncertainties over global growth prospects, that are already feeling the effects of weak emerging economies.

At the meeting on June 2, 2016 the Governing Council of the ECB confirmed its intention to keep the official rates at the current levels or lower for a period that will extend well beyond the time horizon of the bond-buying program (set currently for at least March 2017). Furthermore, following Brexit, the ECB announced its willingness to closely monitor the financial markets, to maintain close contacts with the other central banks and, if necessary, to disburse additional liquidity.

In the first quarter of 2016, GDP in the Euro area accelerated (0.6% over the previous period) to above the level recorded before the onset of the financial crisis. Domestic demand was confirmed as the main driving force behind the recovery: additional strengthening in household spending was linked to a further boost in investments. Foreign trade instead slowed growth for the third quarter in a row: the small increase in exports reflected solely the expansion in sales of goods in Euro area countries, against a decrease to countries in the rest of the world; imports rose markedly, encouraged by the increase in domestic demand.

At the start of 2016, GDP accelerated in all the major Euro area countries: it went up by 0.7% in **Germany**, 0.6% in **France** and 0.3% in **Italy**. German economic activity, which rose to the highest level in the last two-year period, was sustained in particular by investment expenditure. The French economy was boosted by the recovery in household consumption, and further acceleration in investments net of construction.

In the **United Kingdom**, GDP rose by 1.8% despite the weakness of the manufacturing sector; consumer prices rose slightly (0.3%). There is huge uncertainty over the possible negative effects of the EU exit on economic activity in the UK, clearly evident from the significant disparities in the estimates circulated in recent months by international organizations, government authorities and private observers. In the short-term, the trend in the UK GDP could be impacted by considerable uncertainty over the country's economic and financial prospects, greater market volatility as well as the expectations of less receptiveness to trade and investments from overseas.

In the first quarter of 2016, economic activity in the **United States** slowed to 1.1% per annum, due to the deceleration in consumption and the fall in productive investments; while in the second quarter, consumption rose at sustained rates in the spring months and employment accelerated in June.

In **Japan**, GDP recorded an increase above expectations (1.9%) in the first quarter of 2016, benefitting from the positive contribution of consumption, net exports and public spending; while in the second quarter, the data point to a gradual weakening of the manufacturing sector, which felt the effects of the earthquake which struck last April and the fall in foreign orders; household spending also declined.

In **China**, the stimulus measures adopted by the Government and Central Bank counteracted the slowdown in economic activity; in the first quarter, GDP rose by 6.7%, driven by public investments and the abundant supply of credit triggered a recovery in the real estate sector.

The recession continued in **Brazil** (-5.4%), while it eased in **Russia** (-1.2%), thanks also to the increase in oil production; at the same time, inflation remained at high levels (8.8% and 7.5% respectively).

Currency market

On the whole, during the first quarter, the Euro exchange rate appreciated against the dollar (3%) and in effective nominal terms (1%), while it fell against the yen (6%). The appreciation against the dollar was more accentuated in the middle of March, as a result of the expectations of a more gradual normalization of monetary conditions in the United States.

From the end of the first quarter, the Euro rose against the sterling (7.4%), but fell against the dollar (3.2%), and to a larger degree, against the yen; the effective nominal euro exchange rate remained almost unchanged. The British pound sterling was hit hard by the result of the referendum, falling to a thirty-year low against the dollar.

Industry scenario

In the first half of 2016, technology was confirmed as the main industry trend: in particular, connectivity between personal devices and exercise machines, able to provide individual end-users with a unique and integrated fitness experience, was the element that combined product innovation, solutions and services throughout the industry. The other main industry trend relates to physical activity in preventing illness. In fact, the high level of political and institutional attention paid by governments throughout the world to the prevention of illness and recognition of physical activity as a necessary ingredient for achieving the correct lifestyle and staying healthy has continued into 2016.

Global business for all fitness equipment manufacturers is expected to grow by 3.9% in the year and this trend will presumably continue in the first half of 2016. We are talking about an industry in which the bulk of business is concentrated in a few large industry operators, operating in both the B2B (business to business) and B2C (business to client) segments. In geographical terms, North America and Europe are confirmed as the primary markets.

Comments on the economic and financial results

The economic data recorded by the Group in the first half of 2016 are summarized below, and compared with the first half of the previous year:

(In thousand of Euro and ratios)	**Half ended June 30**		**Changes**	
	2016	**2015**	**2016 vs 2015**	**%**
Revenue	249,952	226,154	23,798	11%
EBITDA [(1)]	35,175	28,616	6,559	23%
EBITDA *Margin* [(1)]	14.1%	12.7%	1.4%	
Net operating income	17,875	19,289	(1,414)	-7%
Adjusted net operating income [(2)]	22,867	20,195	2,672	13%
Profit for the period	9,198	12,103	(2,905)	-24%

(1) he Group defines:

- EBITDA as the net operating income, adjusted by the following income statement items: (i) provisions; (ii) depreciation, amortization and impairment losses and (iii) non-recurring income/(expenses);
- The EBITDA margin as the ratio between EBITDA and total revenue.

(2) The Group defines the adjusted net operating income as the net operating income adjusted for non-recurring income/(expenses).

The following table summarizes the main economic indicators used by the Group:

(In ratios)	For the half ended June 30	
	2016	**2015**
ROS	7%	9%
ROS Adjusted	9%	9%
EBITDA/financial expenses ratio [3]	(31.72)	(35.07)

[3] Financial expenses refer exclusively to: *(i)* Bank interest on loans and *(ii)* Bank interest and fees.

Total revenue came to Euro 249,952 thousand, up by Euro 23,798 thousand (+10.5%) compared to Euro 226,154 thousand in the first half of 2015. The increase is due to both the growth in sales volumes, and the net effect of the change in prices, also thanks to the sale of products with a higher value-added. In the assumption of constant exchange rates, total revenue would increase by Euro 28,058 thousand (+12.4%).

EBITDA came to Euro 35,175 thousand, up by Euro 6,559 thousand (+22.9%) compared to Euro 28,616 thousand in the first half of 2015, growing more than proportionate to the revenues increase. Consistently with the change in revenue, this increase is primarily attributable: *(i)* to the increase in profit margins in relation to the rise in sales volumes; *(ii)* to the rationalization of industrial activities which had a positive impact on direct production costs; *(iii)* to the acquisition of TGB, whose EBITDA was incorporated in the scope of consolidation and as a result of which a) assets were recorded, b) the associated amortization/depreciation was registered, c) rent costs accounted for in the Parent Company were eliminated as they became intercompany.

In the half ended June 30, 2016, non-recurring expenses rose from Euro 906 thousand in the half ended June 30, 2015 to Euro 4,992 thousand in the half ended June 30, 2016 (an increase of Euro 4,086 thousand). Non-recurring expenses relating to the half ended June 30, 2016 are mainly due to the costs concerning the listing process, as well as to a prudential allocation for indirect taxes relating to previous years. On the whole, the incidence of EBITDA on Revenue (**EBITDA Margin**) rose from 12.7% as of June 30, 2015 to 14.1% as of June 30, 2016.

Net operating income came to Euro 17,875 thousand, down by Euro 1,414 thousand (-7.3%) compared to Euro 19,289 thousand in the first half of 2015. The reduction is primarily due to the increase in the balance of the items "Provisions" (Euro 2,935 thousand) and "Depreciation, amortization and impairment losses" (Euro 952 thousand) which fully absorbed the increase in the recurring components of EBITDA.

ROS for the half ended June 30, 2016 was affected by the typical seasonal nature of the fitness equipment market. In this regard, it should be noted that the increase in revenue in the different quarters of the year is linked primarily to customers' tendency to make their purchases in the second half, following the most important industry trade fairs that are traditionally held in the first half. Unlike revenue, Group operating costs are more uniformly distributed over the year. The cost items that have less elasticity than revenue include the costs of personnel (involved in the various phases of the operating model), general overheads and administrative expenses, as well the costs of research and development and advertising and marketing.

Adjusted Net operating income amounted to Euro 22,867 thousand, up by Euro 2,672 thousand (+13.2%) compared to Euro 20,195 thousand in the first half of 2015, also due to the greater contribution of non-recurring expenses for the half ended June 30, 2016.

Profit for the period came to Euro 9,198 thousand, down by Euro 2,905 thousand (-24.0%) compared to Euro 12,103 thousand in the first half of 2015. This decrease relates mainly: *(i)* to the above-mentioned drop in net operating income (Euro 1,414 thousand); *(ii)* the increase in "income taxes" (Euro 1,520 thousand).

The table below shows the consolidated statement of financial position in condensed and reclassified form, which reports the structure of invested capital and sources of financing as of June 30, 2016 and as of December 31, 2015:

(In thousand of Euro)	**As of June 30**	**As of December 31**
	2016	**2015**
Loans		
Net fixed capital (4)	190,475	81,462
Net operating capital (5)	8,364	(3)
Net invested capital	**198,839**	**81,459**
Sources		
Equity	53,455	43,400
Net financial indebtedness (6)	145,384	38,059
Total sources of financing	**198,839**	**81,459**

(4) Net fixed capital is composed of: *(i)* property, plant and equipment; *(ii)* Intangible assets; *(iii)* Investments in joint ventures and associates; *(iv)* Deferred tax assets, *(v)* Non-current financial assets, *(vi)* Other non-current assets, *(vii)* Deferred tax liabilities, *(viii)* Employee benefit obligations, *(ix)* Non-current provisions and *(x)* Other non-current liabilities.

(5) Net operating capital is composed of: *(i)* Inventory; *(ii)* Trade Receivables; *(iii)* Other current assets; *(iv)* Trade payables; *(v)* Current tax liabilities; *(vi)* Current provisions and *(vii)* Other current liabilities.

(6) Net financial indebtedness is made up of: *(i)* Current financial assets, *(ii)* Assets for derivative financial instruments, *(iii)* Cash and cash equivalents, *(iv)* Non-current financial liabilities, *(v)* Current financial liabilities and *(vi)* Liabilities for derivative financial instruments.

The following table summarizes the main financial indicators used by the Group:

(In ratios)	**As of and for the 12-month period ended June 30** [1]	**As of and for the year ended December 31**
	2016	**2015**
ROE	48%	65%
ROI	29%	72%
ROI Adjusted	34%	79%
Net Indebtedness /EBITDA ratio	(1.56)	(0.44)

Net fixed capital came to Euro 190,475 thousand, up by Euro 109,013 thousand compared to Euro 81,462 thousand in the year ended December 31, 2015. This increase is mostly due: *(i)* to the acquisition of 100% of the shares in TGB S.r.l., holder of the right of ownership of the property complex known as Technogym Village, valued at a total of Euro 85,000 thousand; *(ii)* to the purchase of a 50.01% stake in Exerp ApS, whose price paid at closing came to Euro 17,696 thousand, plus Euro 220 thousand in interest accrued from December 31, 2015 until the closing date. These acquisitions are detailed extensively in the section “Investments and acquisitions” of this Interim Board of Directors’ Report to which reference should be made.

Net operating capital came to Euro 8,364 thousand, up by Euro 8,367 thousand compared to a negative Euro 3 thousand in the year ended December 31, 2015, mainly due to the net effect of the increase in the balances of the items “Inventory” (Euro 7,663 thousand), “Trade receivables” (Euro 4,460 thousand) and “Trade payables”(Euro 6,853 thousand). To this end, it should be noted that: *(i)* the average days of inventories in stock rose from 58 for the year ended December 31, 2015 to 60 for the half ended June 30, 2016 (the inventory turnover ratio fell from 5.4 to 6.0); *(ii)* the average days of collection of trade receivables fell from 52 for the year ended December 31, 2015 to 51 for the half ended June 30, 2016 (the trade receivables turnover ratio went from 7.0 to 7.1); *(iii)* the dpo went from 98 for the year ended December 31, 2015 to 110 for the half ended June 30, 2016 (the trade payables turnover ratio went from 3.7 to 3.3)[1].

The ROI and ROI Adjusted for the half ended June 30, 2016, were affected by the significant investments made by the Group in the first half of 2016, which could increase the return on invested capital in the long-term. These investments are described in the section “Investments and acquisitions” of this Interim Board of Directors’ Report.

[1]In order to make the ratios for the first half of 2016 comparable with those in the consolidated financial statements as of December 31, 2015, the income statement balances relating to the one-year period ended June 30, 2016 were taken as a reference.

Net financial indebtedness came to Euro 145,384 thousand, up by Euro 107,325 thousand compared to Euro 38,059 thousand in the year ended December 31, 2015. This increase is mainly due to the new loans obtained for the purposes of the above-mentioned acquisitions of 100% of TGB S.r.l. and 50.01% of Exerp ApS. Also see note 5.5 in the condensed interim consolidated financial statements.

Group equity totaled Euro 53,455 thousand, up by Euro 10,055 thousand (+23%) compared to Euro 43,400 thousand in the year ended December 31, 2015. This increase is primarily due to the recognition of profit for the period of Euro 9,198 thousand.

Segment information

The operating segment information was prepared in accordance with IFRS 8 “Operating Segments”, which requires the information to be reported consistently with the method adopted by the management when making operational decisions.

The approach to the market through a unique business model that offers an integrated range of “Wellness solution”, together with the pursuit of higher levels of operational efficiency achieved by the cross-production.

At an operational level, the Group’s organization is based upon a matrix structure in relation to the different functions/activities of the value chain, alternatively by distribution channel and geographic area, an organization that also identifies a strategic vision of the business.

The type of organization described above reflects the way the Company management monitors and strategically directs the activities of the Group.

A breakdown of the Group’s revenue by geographic area and distribution channel is provided below:

(In thousand of Euro)	Half ended June 30		Changes	
	2016	**2015**	**2016 vs 2015**	**%**
Europe (without Italy)	130,096	117,570	12,526	10.7%
MEIA	24,014	25,467	(1,453)	-5.7%
APAC	37,018	35,163	1,855	5.3%
Italy	23,047	19,322	3,725	19.3%
North America	25,296	20,189	5,107	25.3%
LATAM	10,481	8,443	2,038	24.1%
Total revenue	**249,952**	**226,154**	**23,798**	**10.5%**

In line with the performance in the last few years, significant growth was recorded in North America in the first half of 2016 (+25.3%), and in Italy (+19.3%), thanks to the rejuvenation of the domestic market and in Europe (without Italy) (+10.7%).
Following an uncertain first quarter, APAC recorded a 5.3% increase in the half, thanks to the contribution from Japan (+22.6%) and third-party distributors in the area (+12.6%).
LATAM (+24.1%) also recorded a strong performance, albeit still with low volumes.
With reference to the MEIA area served exclusively via third-party distributors, we expect to see a recovery in the second half of the year.

(In thousand of Euro)	Half ended June 30		Changes	
	2016	**2015**	**2016 vs 2015**	**%**
Field sales	172,015	153,159	18,856	12.3%
Wholesale	55,481	52,056	3,425	6.6%
Inside sales	19,526	18,572	954	5.1%
Retail	2,930	2,367	563	23.8%
Total revenue	**249,952**	**226,154**	**23,798**	**10.5%**

Consistent with the “all-channel distribution strategy”, the growth rates in the different distribution channels are in line with those already registered in the first quarter and thanks to the contribution from the Field Sales (+12.3%) and Inside Sales (+5.1%) channels in which the company is investing. Despite recording a high growth rate of 23.8%, the retail channel still makes a small contribution in absolute terms.

Risk factors

Financial risks
Financial markets continued to be volatile during the first half of 2016. In this scenario, the Group implemented policies to monitor and mitigate potential risks, while avoiding the adoption of speculative financial positions.

Credit risk
The Group has an international customer base and a network of known and trusted distributors. The Group makes use of an internally developed Risk Score Rating system integrated with data from known external data banks and these help the Group to manage requests for non-standard payment terms and take out credit insurance policies as necessary. Close credit control allowed the Group to record natural levels of past due amounts. The increase in receivables between June 30, 2016 and December 31, 2015 is attributable to changes in the timing of sales and deliveries.

Interest rate risks
Interest rate risk is related to the use of short and medium/long-term credit lines. Variable rate loans expose the Group to the risk of fluctuations of cash flows due to interest. The Company does not use derivative instruments to hedge the risk of interest rate.

Exchange rate risk
The Group operates internationally and is therefore exposed to exchange rate risk with regard to business and financial transactions entered into in USD, GBP, AUD, BRL, RBL and Yen.

The Group enters into exchange rate hedges based on constant evaluations of market conditions and the level of net exposure to the risk, by combining the use of:

- "natural hedge", i.e. a risk management strategy that pursues the objective of combining both economic-financial flows (revenue-costs, collections-payments) and balance sheet assets and liabilities that are denominated in the same foreign currency, and that have a consistent timeframe as such to realize net exposures to exchange rate risk which may be hedged more effectively and efficiently;

- derivative financial instruments, where deemed appropriate.

Liquidity risk and change in cash flows
The liquidity risk of the Group is closely monitored by the parent company. In order to minimize the risk, the Group has implemented centralized treasury management with specific procedures that aim to optimize the management of financial resources and the needs of the companies of the Group.

Price risk
The Group purchases materials in international markets and is therefore exposed to the risk of movements in prices. Such risk is partially hedged by foreign currency forward purchase agreements with settlement dates consistent with the purchase obligations.

Non-financial risks
Internal risks - effectiveness of processes
The processes that characterize the different areas of Group business are accurately incorporated in a well-structured system of responsibilities and procedures.
The application of these procedures ensures the correct and homogeneous development of processes over time, irrespective of personal interpretations, also making provision for mechanisms of gradual improvement.
The collection of procedures for the regulation of company processes is incorporated in the Quality Assurance System and subject to certification by third parties (ISO 9001).
Within the system of processes, the procedures for the management of privileged information and for human resources selection and management are regulated.

External risks - markets, country risk
Market risk is mitigated by the Group's geographically diverse operations and product diversification across market segments.
As the Group operates at an international level, it is exposed to local economic and political conditions, potential restrictions on imports and/or exports and controls over cash flows and exchange rates.

Research, innovation and development

Product innovation has always been the Technogym Group's driver of growth. The capacity to innovate is based primarily on the expertise acquired over time by the division dedicated to product research and development, activities traditionally considered an essential tool for reaching and consolidating a leading position in the international fitness equipment market owing to the quality, innovation and design of its products.

The first half of 2016 saw the successful continuation of the circulation of **Technogym Ecosystem** on the market, the first and only cloud based platform in the wellness sector; it allows individual users to access their personal data and training programs and provides a complete range of (consumer and professional) apps to access their individual wellness programs, including via mobile devices. The platform makes it possible to connect final users, professional operators and Technogym products ("Wellness on the Go") in real-time and in any environment, by aiming to offer, on the one hand, greater personalization and general improvement in the wellness experience for users and, on the other, new opportunities for professional operators to widen their customer base and retain customers.

After the preview to the Italian market at the end of 2015, during the half just ended Technogym presented **Group Cycle Connect** to the international market, the complete solution for Group Cycling which is fully integrated with the Technogym Ecosystem. The first and only bike in the world for indoor cycling that tracks training data, allowing users to improve their performances thanks to an engaging riding experience and cutting edge connectivity, which offers users the possibility of comparing their performances with other participants in training sessions and saving their performances. The product also includes a full range of video content to provide users with an absorbing and motivating experience.

The start of the first half of 2016 was also characterized by the launch of **Skillmill**, the only piece of non-motorized equipment that allows users to work on their main physical skills (power, speed, stamina and agility), thus representing the ideal solution for professional athletes and fitness fanatics who want to improve their sporting performances. Industry operators worldwide got a sneak preview of Skillmill at IHRSA, the global convention held in Orlando (Florida, US) this year, and will be one of the key products available to athletes at the Rio 2016 Olympics, in which Technogym will be an official supplier.

Medical and scientific research

In terms of scientific research, Technogym is involved in numerous ongoing projects in collaboration with Italian and international universities and research centers. Of particular note are the Company's involvement with the University of Greenwich (UK) where the head of Technogym's science group is part of the teaching staff, the Company's scientific publications together with the University of Memphis (USA) and its joint research and development activities with the University of Bologna and the IUSM in Rome. Also of note are Technogym's numerous scientific publications in the "Exercise in Medicine" field.

Investments and acquisitions

During the first half of 2016, the Group made investments in property, plant and equipment and intangible assets totaling Euro 95,764 thousand, including the acquisition of Technogym Village (see the note below "Acquisition of TGB S.r.l."), targeted primarily at: *(i)* constantly updating and extending the Group's range of products and services; *(ii)* adapting production infrastructure; *(iii)* optimizing the Group's main production processes; and *(iv)* creating new showrooms and updating existing showrooms, both in Italy and overseas.

Management believes that such investment contributed positively to the growth in revenue and margins during the six-month period ended June 30, 2016 and, at the same time, strengthened the Group's market position both in Italy and overseas.

The amounts of investments made by the Group in the half ended June 30, 2016 and in the year ended December 31, 2015 are shown below, broken down by type:

(In thousand of Euro)	**Half ended June 30**	**Year ended December 31**
	2016	**2015**
Property, plant and equipment	91,621	12,902
Intangible assets	4,143	3,399
Total investments	**95,764**	**16,301**

The table below shows the amounts of investments made by the Group in the half ended June 30, 2016 and in the year ended December 31, 2015, relating to the item "Property, plant and equipment", broken down by category:

(In thousand of Euro)	**Half ended June 30**	**Year ended December 31**
	2016	**2015**
Land	7,949	2,845
Buildings and leasehold improvements	80,540	7,330
Plant and machinery	398	140
Production and commercial equipment	237	430
Other assets	322	838
Assets under construction and advances	2,175	1,319
Total investments in property, plant and equipment	**91,621**	**12,902**

The table below shows the amounts of investments made by the Group in the half ended June 30, 2016 and in the year ended December 31, 2015, relating to the item "Intangible assets", broken down by category:

(In thousand of Euro)	**Half ended June 30**	**Year ended December 31**
	2016	**2015**
Development costs	832	891
Patents and intellectual property rights	390	801
Concessions, licenses, trademarks and similar rights	157	24
Intangibles under development and advances	2,728	1,625
Other intangible assets	36	58
Total investments in intangible assets	**4,143**	**3,399**

Acquisition of TGB S.r.l.

On February 16, 2016, Technogym S.p.A. signed a sale agreement, on an arm's length basis, with the companies Oiren S.r.l. ("**Oiren**") and Apil S.r.l. ("**Apil**") as the sellers, regarding 100% of the shares in TGB S.r.l. ("**TGB**"). Oiren and Apil are related parties of the Issuer since Oiren is directly and fully owned by Nerio Alessandri, President and CEO of Technogym S.p.A., while Apil is directly and fully owned by Pierluigi Alessandri, Vice President of Technogym S.p.A..

TGB is the holder of ownership of the property complex called Technogym Village, situated in Via Calcinaro 2861, Cesena (FC) and is composed of industrial facilities, offices and green areas. The Technogym Village has been the operating headquarters of the Group since September 2012 and, prior to the closing date of the acquisition, was used by the Group on the basis of some lease agreements. TGB also holds, directly or via a subsidiary, certain properties not relating to Technogym Village ("**Non-Strategic Properties**", jointly with Technogym Village the "**Properties**").

In consideration of the nature of the transaction with related parties and the strategic relevance of the acquisition of TGB for the Group, on December 16, 2015, Technogym S.p.A.'s Board of Directors, with the abstention of the President and Chief Executive Officer Nerio Alessandri and Vice President Pierluigi Alessandri, resolved to attribute the directors with the powers, inter alia, to request an updated appraisal in relation to Technogym Village and Non-Strategic Properties from a property valuation company of prime international standing, as well as to oversee due diligence activities and conduct negotiations with the sellers on behalf of Technogym S.p.A..

Following these activities, the directors, on the basis of:

- an independent appraisal obtained in January 2016 from a property valuation company of prime international standing appointed previously which attributes: i) Technogym Village with an investment value (meaning the value of an asset, for the owner or for a potential owner, related to a given investment purpose or operating objective) of Euro 94 million and a market value (meaning the estimated amount at which an asset or liability should be transferred and acquired, at the valuation date, by a seller and by a purchaser with no particular links, both interested in completing the sale, under competitive conditions, following the necessary marketing in which both parties have acted in an informed and fully-aware manner with no coercion) of Euro 52 million, and ii) an investment value of Euro 1.9 million to Non-Strategic Properties;

- other independent appraisals already examined previously by the Board of Directors,

as well as on the basis of negotiations with the counterparty, deemed the valuation of Technogym Village at Euro 85,000 thousand, plus a valuation of Non-Strategic Properties at roughly Euro 1,900 thousand to be consistent. Based on these valuations and a review of the due diligence activities relating to TGB, as well as a reference financial position of said TGB as of December 31, 2015, the directors estimated the enterprise value of TGB at roughly Euro 86,000 thousand, and TGB's equity value at around Euro 41,900 thousand.

Technogym S.p.A.'s Board of Directors, on February 12, 2016, again with the abstention of President and Chief Executive Officer Nerio Alessandri and Vice President Pierluigi Alessandri, therefore resolved to approve the purchase of 100% of TGB's share capital, based on the values described above.

The provisional price agreed between the parties for the acquisition was set at Euro 41,902 thousand (the "**Provisional Price**"). More specifically, the provisional price was determined on the basis of the financial position of TGB and of the company wholly-owned by the latter La Mariana S.r.l. as of December 31, 2015, prepared by the selling parties (the "**reference statement of financial position**"), in which the book values attributed to the properties are replaced, by mutual consent, with those negotiated between the parties, starting from the values reported in the appraisals.

The sellers subsequently prepared a reference financial position at the closing date of the acquisition - which occurred on February 29, 2016 - verified by the independent auditors PricewaterhouseCoopers S.p.A. based on the audit procedures defined and agreed between the sellers, the company and PricewaterhouseCoopers S.p.A. itself, according to the market practice for similar transactions (the "**statement of financial position at the closing date**"). Following the drafting of the statement of financial position at the closing date, the definitive price was set at Euro 42,354 thousand (the "**definitive price**").

The definitive price for the transfer is paid as follows:

- Euro 20,951 thousand, equal to 50% of the provisional price, at the closing date of the acquisition, which took place on February 29, 2016;

- the outstanding balance of the definitive price no later than September 30, 2016.

The contract contains declarations and guarantees from Oiren and Apil and the associated indemnity obligations for any liabilities that should arise in relation to the period prior to the acquisition date, in line with the market price for transactions of this nature.

For accounting purposes and in accordance with IFRS, the acquisition is considered as an acquisition of fixed assets and financial liabilities, and not as a "business combination". TGB in fact, does not meet the "business" requirements but, rather, it is a group of assets with the associated financial liabilities. Due to the above, the properties involved in the acquisition are accounted for in the company's financial statements at the value negotiated between the parties, starting from the values reported in the appraisals. It should also be noted that the transaction was carried out in compliance with the provisions already described in the listing Registration Document.

Acquisition of Exerp ApS

On April 8, 2016, through the newly formed company Amleto ApS, the Group acquired a 50.01% stake in Exerp ApS ("**Exerp**"), a Danish company that operates at international level, specialized in the development and marketing of management software for fitness clubs.

The partnership between Technogym and Exerp confirms the strengthening of the digital ecosystem and increases the capacity to offer a complete solution to industry operators for improving end users' wellness experience.

The price paid on closing by the Group to purchase the equity investment in Exerp was Euro 17,696 thousand, plus Euro 220 thousand in interest accrued from December 31, 2015 to the closing date, of which Euro 2,000 thousand paid to an escrow account, regulated on the basis of a separate escrow agreement stipulated on closing, based on a guarantee in the event of liabilities incurred by the Group due to a violation of the declarations and guarantees issued. This consideration was not adjusted.

Amleto ApS also stipulated, on the closing date, a loan agreement with each holding company headed up by Exerp managers, pursuant to which, said Amleto ApS granted a sum of Euro 850 thousand in the form of a loan to each holding, against a guarantee pledged by said companies on Exerp's shares held by the latter companies, to finance the purchase of Exerp shares, held by the managers (natural persons), by the respective holding companies. The agreements envisage that these loans will be repaid on the transfer of Exerp shares held by the managers.

With reference to the shareholders' agreement relating to Exerp, the following main provisions regarding governance should be noted:

- Shareholders' meeting: all decisions of the shareholders' meeting will be taken by a simple majority, except for some "important decisions" (by way of a non-exhaustive example, modification to Exerp's articles of association, other extraordinary transactions) that will require the consent of at least 70% of the share capital and for share capital increases (except where necessary to recover losses or prevent Exerp's insolvency) that require the favorable vote of at least 90% of the share capital.

- Board of Directors: the Board of Directors (responsible for the company's strategic management) will be composed of 5 members, 3 appointed by the Group (including the President), 1 appointed by Exerp's managers (as long as they hold a total of at least 10% of Exerp's share capital) and 1 appointed by Exerp's founders (as long as they hold a total of at least 10% of Exerp's share capital). Furthermore, the managers can no longer exercise the right to appoint 1 director in the event 2/3 of said managers end their relationship with Exerp or said relationship is terminated by Exerp with just cause. All decisions will be taken by simple majority, except for some "important decisions" (by way of a non-exhaustive example, investments, loans, guarantees and transfer of intellectual property rights that exceed given value thresholds, agreements with related parties, substantial changes to the company's business plan, termination of relations with managers except when carried out with just cause) which will require the favorable vote of 4/5 of members of the Board of Directors. These provisions for the quorum for passing resolutions will be in force when (i) after March 31, 2021, a shareholder has acquired at least 70% of Exerp's share capital or (ii) 2/3 of managers have ended their relationship with Exerp or this relationship has been terminated by Exerp with just cause. However, if the founders, through the associated holding companies lose their right to appoint a director before March 31, 2021, the director appointed by the managers would retain a right to veto the "important decisions" until said date; and should the managers, through the associated holding companies lose their right to appoint a director before March 31, 2021, the director appointed by the managers would retain a right to veto the "important decisions" until said date.

Exerp's ordinary management is entrusted to an executive committee composed of 3 company managers.

With reference to the regulation of the transfer of Exerp's shares, the shareholders' agreement makes provision for: (i) a lock-up period of 5 years for the managers and 2 years for the founders and for Technogym, starting from the closing date and excluding a series of permitted transfers (essentially transfers within the Group of each third party to the agreement); (ii) on expiry of the respective lock-up periods, a right of pre-emption for all other shareholders in the event of sale to third parties, in proportion to the shareholding held by each one (always with the exception of a series of permitted transfers); (iii) a tag-along right in favor of other shareholders in the case in which an Exerp shareholder decides to sell all or part of its shares in the company to a third party which ends up holding more than 50% of Exerp; (iv) a drag-along right of other shareholders in favor, before the expiry of window 1, window 2 and window 3 (as defined below) of a shareholder (or several shareholders together) that holds more than 70% of Exerp's shares, or after the expiry of window 1, window 2 and window 3 of Technogym, in the event in which the latter decides to sell all or part of its shares in Exerp to third parties.

The shareholders' agreement also makes provision for a mechanism of put & call options. In particular, each non-Group shareholder will have a put option to sell to the Group all or part of its shares, in the period included between January 1 and March 31, 2021 ("**Window 1**"). Holders of the above put options will have the right to postpone the exercising of this option in relation to no more than half of their residual shares in the period included between January 1 and March 31, 2022 ("**Window 2**"), or the period included between January 1 and March 31, 2024 ("**Window 3**").

The Group will instead have a call option for the purchase, from other shareholders, of all or part of their residual Exerp shares, during the first, second and third windows.

The exercise price of the put & call options set out above will be calculated on the basis of the fair market value of Exerp, to be determined on the basis of a multiple of 11x applied to the average of the normalized EBITDA of Exerp for the last two years prior to the exercise of the option with the adjustment, inter alia, based on Exerp's net financial position on expiry of Windows 1, 2 or 3, depending on the window in which the option is exercised.

The shareholders' agreement also envisages that each shareholder (with the exception of the Group and another two natural persons who are former Exerp employees), will be bound by a non-competition obligation for the entire period in which he continues to hold Exerp shares and for a further period of 24 months starting from the transfer of his shares.

For accounting purposes and, therefore, in compliance with IFRS, the acquisition of Exerp is considered an acquisition of interests in a joint venture. Based on the agreements stipulated between the parties, Technogym controls company management jointly with minority shareholders.
It should be noted that, based on the reference accounting standards, the methods for presenting and accounting for the equity investment in Exerp may change in the future if the circumstances and scenarios considered for the purposes of the current recognition change.

Related party transactions

Pursuant to art. 5, paragraph 8, of Consob Regulation no. 17221/2010 concerning “Related party transactions” and subsequent Consob Resolution no. 17389/2010, in the first half of 2016, as regards transactions of major importance, as defined by art. 4, paragraph 1, letter a) of the aforementioned regulation, note should be taken of the sale agreement stipulated by the Group regarding 100% of the shares of TGB, holder of the right of ownership on the property complex known as Technogym Village, the Group’s operating headquarters from September 2012.

This acquisition is detailed extensively in the section “Investments and acquisitions” of this Interim Board of Directors’ Report to which reference should be made.

With the exception of those detailed previously, there were no other related party transactions that had a significant impact on the financial position or results of the Group as of and for the half ended June 30, 2016.

Related party transactions were settled on an arm’s length basis, and were performed, where applicable, in respect of the appropriate internal procedure (which can be consulted on the website http://corporate.technogym.com/it, Governance section), which defines their terms and methods of verification and monitoring.

Information on relations with related parties required by Consob Communication no. DEM/6064293 of July 28, 2006 are presented in the financial statements and in the note “related party transactions” of the condensed interim consolidated financial statements as of June 30, 2016.

Information on shares

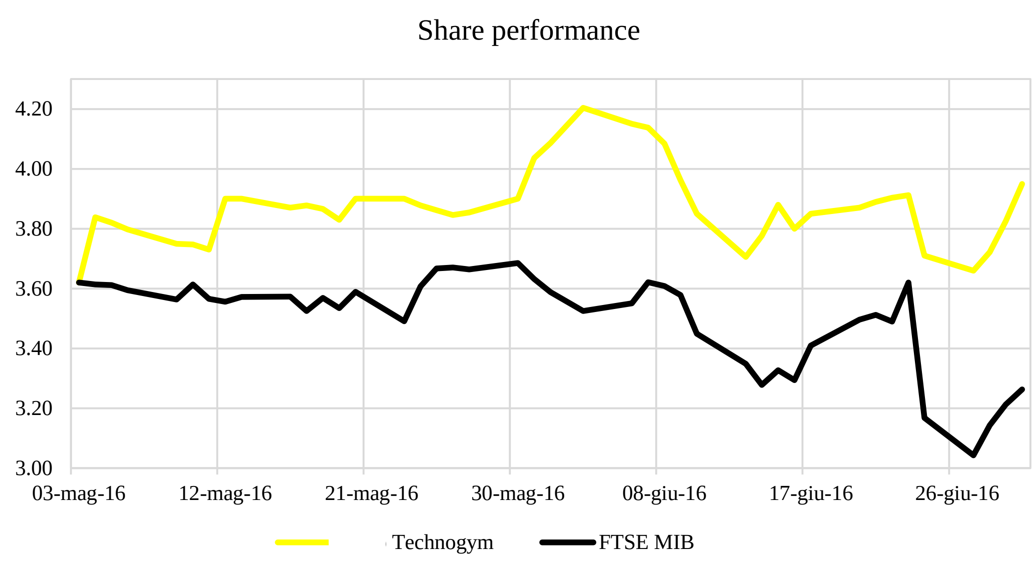
The company does not own nor has it held, during the period, neither through third parties nor trust companies, treasury shares or shares or holdings in parent companies.

April 28, 2016 saw the successful completion of the Offer of the placement of the ordinary shares of Technogym S.p.A., targeted exclusively at institutional investors and aimed at establishing the free float required by the Stock Market Regulation for the admission of shares on the MTA (screen-based stock exchange). The start of trading on the MTA (screen-based stock exchange) was established by means of a Borsa Italiana provision for Tuesday, May 3, 2016.

Share performance

The diagram below summarizes the performance of the Technogym share:

Main stock market indicators (Euro)	
Shares listing	
Official price as of May 3, 2016	3.59
Official price as of June 30, 2016	3.92
Minimum closing price (May-June)	3.62
Minimum price in absolute terms	3.50
Maximum closing price (May-June)	4.20
Maximum price in absolute terms	4.29
Stock market capitalization	
Stock market capitalization as of May 3, 2016	718,848,874
Stock market capitalization as of June 30, 2016	784,498,583
Ordinary shares	
No. shares outstanding	200,000,000



From the start of trading, the Technogym share has recorded a change of +9.13% in absolute terms. With respect to the FTSE MIB index, the performance of Technogym's share has been positive (19%).
The minimum closing price in the first few months of trading was Euro 3.62, recorded on May 3, 2016, the first day of trading, while the maximum closing price in the reference period was Euro 4.20, registered on June 3, 2016. The

minimum price in absolute terms from the listing date until June 30, 2016 was Euro 3.50, recorded on June 24, 2016, following Brexit.

Shareholding structure

Shown below are the shareholders who, pursuant to art. 120 of the T.U.F. (Consolidated Law on Finance), hold a significant shareholding as of June 30, 2016:

Main shareholders	Number of shares	Share
Wellness Holding S.r.l.	120,000,000	60%
Salhouse Holding S.à.r.l.	22,500,000	11.25%

Share capital is calculated at Euro 10,000,000 and is subdivided into 200,000,000 ordinary shares with no nominal value.

Significant events after the close of the period

On July 4, 2016, following the formal presentation of the reimbursement request on April 8, 2016, the Group collected the VAT credit booked vis-a-vis the Slovakian tax authorities in the consolidated statement of financial position as of June 30, 2016, for an amount of Euro 36,389 thousand.

The receivable originated from some payments arranged by the company Technogym E.E. s.r.o. in relation to a non-recurring situation of a fiscal nature, attributable to the interpretation of the VAT regulations with reference to sale transactions, which are still to be assessed, that concerned products made by Technogym E.E. s.r.o. intended for export beyond Slovakian borders and whose transportation was organized and managed directly by third parties.

This collection will influence the statement of financial position and the cash flows of the Group as of and for the year ended December 31, 2016.

Outlook

In 2016, the Technogym Group will continue to follow the growth strategy initiated during 2015. “Wellness lifestyle” solutions aimed at improving the quality of life through education, physical exercise, a healthy diet and positive mental attitude will continue to be the basis for development of Technogym’s product and service offering.

Thanks to continuous researches and developments in products and digital services, Technogym is a trend setter and grant to the most advanced digital technologies on its products with the territory coverage allows to achieve top customers satisfaction.

For 2016, even if there is a risk of slowdown in major economies worldwide, the Technogym management expect a revenue growth scenario, profitability, continuing the expansion in key markets such as North America and Europe, through the development of all distribution channels (strategy "omnichannel"), and especially of Field Sales and Inside Sales Channels.

Other information

Events and references

Key events during the half

Technogym was a key player in numerous international events during the first half of the year, in all of the market segments in which it operates. The most significant of these included:

- CES – Consumer Electronic Show of Las Vegas – where Technogym presented "Running Music", an exclusive Technogym app, where the treadmill chooses the song from the user's playlist best suited to the rhythm of the run;
- The World Economic Forum (WEF) in Davos, one of the most important global institutional events. As part of the event, Technogym President Nerio Alessandri is a permanent member of the Health Community and the Consumer Innovation Community;
- IHRSA - the most important global fitness and wellness event that was held in Orlando in 2016 – where Technogym presented Skillmill, Group Cycle and a raft of new applications and contents of the Technogym Ecosystem;
- FIBO – the most important European fitness and wellness event, held in Cologne in Germany
- Milan Furniture Fair - the key reference event in the design world. In the first half of 2016, Technogym presented Power Personal, the product integrated with the personal line designed by Antonio Citterio for strength training;
- On May 3, the company was listed on the Milan Stock Exchange at a listing ceremony attended by a number of prominent names from the world of sport, finance, show business and the main fitness and wellness industry operators;
- Rimini Wellness – the reference industry trade fair for the Italian market.

References

Technogym products are present in the most prestigious hotels throughout the world and in 2016 too, the brand was a key reference for luxury hotels. Worthy of note in the half just ended is the supply of products and services to luxury hotels in all continents, such as the Beverly Hills Hotel in Los Angeles and L'Eden Roc in Antibes, both a favorite haunt of celebrities from the world of cinema, the new Four Seasons in the Dubai International Financial Centre, The Price Gallery Hotel in Tokyo and the new Hyatt Regency in Moscow and the Sofitel in Copacabana, Rio de Janeiro which will be unveiled at the Olympic Games; in the corporate wellness sector, in which Technogym already has prestigious customers like Facebook and Google in Silicon Valley, in 2016 the company installed numerous corporate wellness centers, notably at Credit Suisse, UBS and the HSBC headquarters in the City of London, the L'Oreal headquarters in France and Wells Fargo in the United States. In the medical sector, Technogym was awarded the contract to supply the medical fitness center of First Health, one of the key private operators in the medical sector in the United States. In the world of sport, in the first half of 2016, Technogym won the contract to supply the technical center of USTA (United States Tennis Association) in Florida and the Rafa Nadal Academy in Mallorca. In the Club segment, thanks to the success of the ARTIS line, Technogym continued to gain the business of large international groups such as LifeTime Fitness, one of the most important operators in the USA which, in the first few months of 2016, unveiled its first club in New York City, fully kitted out with Technogym equipment. It continued to introduce Artis products within Virgin Active clubs, one of Technogym's global partners.

Partnerships

For many years now, the world's most prestigious sports clubs have worked with Technogym on the physical preparation of their athletes. Technogym continues its football partnerships with Juventus, Inter, Milan, Real Madrid, Barcelona, Ajax as well as a number of national teams. In the season which finished in June 2016, Technogym announced two new partnerships with football clubs in key markets for the company, becoming the official supplier for athletic training equipment for Chelsea in the UK and Paris Saint Germain in France. In basketball, Technogym has extended its collaboration with EA7 Armani into 2016. Top sportsmen collaborating with Technogym include Rafael Nadal, Fernando Alonso, NBA star Marco Belinelli, US sprinter Sanya Richards Ross, athlete Ivana Spanovic, Olympic fencing champion Elisa di Francisca, world champion swimmer Gregorio Paltrinieri and a host of others.

Following its experience as official supplier for five Olympic Games - Sydney 2000, Athens 2004, Turin 2006, Beijing 2008 e London 2012 – in August 2014, the Organizing Committee for the Rio Olympics 2016 confirmed Technogym as its chosen official and exclusive supplier for the 2016 Games. In the first half of 2016, Technogym was committed to the design and installation of athletic training centers in Olympic facilities in Rio de Janeiro. As official and exclusive supplier of the Olympic Games, Technogym installed 15 athletic training centers, using around 1,200 pieces of equipment, which are available to 10,500 athletes from around the world that will take part in the event.

Technogym's commitment to the Rio 2016 Olympics goes way beyond the role of official supplier of athlete training centers, and is instead focused on making a concrete contribution to the legacy the Olympic movement wants to leave in the city of Rio de Janeiro. Technogym will launch the "Let's Move for Rio" social program at Rio 2016 with the goal of donating some of the products installed at the training centers as part of the post-Olympics legacy. Through Technogym's digital platform, *mywellness cloud*, during the Olympics, athletes and wellness fanatics will be able to measure their physical activity - both on Technogym products and thanks to the Technogym app that can be downloaded free - and transform it on equipment that Technogym will donate to 22 public gyms in the most disadvantaged communities in Rio.

Human resources and Organization

The average number of employees on the Group's workforce for the half ended June 30, 2016 was 1,887 units (1,895 for the year ended December 31, 2015), of which 731 blue-collar, 1,098 white-collar and 58 managers.

The following table details the average and exact number of employees, broken down by category for the half ended June 30, 2016 and the year ended December 31, 2015:

	Half ended June 30 2016		**Year ended December 31 2015**	
	Average	**Period-end**	**Average**	**Year-end**
Number of employees				
Managers	58	60	52	56
White-collar	1,098	1,130	1,075	1,067
Blue-collar	731	710	768	768
Total number of employees	**1,887**	**1,900**	**1,895**	**1,891**

More than 60% of employees were located in the Group's international companies, confirming the Group's international outlook.

Technogym Vision 2018 was launched at the start of the year, the strategic internal communication document that represents the compass for all Technogym employees, indicating the objectives for the next three years and the skills required to reach them. This document was delivered and shared during an ad hoc event, the Technogym Convention, in which all Technogym employees took part, both HQ and from our branches.

The development of a behavioral model and of distinctive values augments the skills model and together they combine to form a more modern company valuation system. As regards development and training, with a view to ensuring the simplification and effectiveness of processes and tools, training projects have been launched on Lean Six Sigma Green Belt methods and training workshops organized on Project Management.

Social responsibility, environment and safety

Technogym is known throughout the world as “The Wellness Company” and in parallel with its business model (based on technology, software and services in support of physical activity, sport, health and prevention of illness) the Company has a strong sense of corporate social responsibility, centered on the idea of exercise as medicine and promotion of the Wellness lifestyle as an important concept and opportunity for all social actors (governments, businesses and individual citizens).

Exercise is Medicine

For the sixth year running, Technogym was again a global partner of “Exercise is Medicine”. The latter is an international initiative whose objectives include: the promotion of physical activity as a form of medicine (to be prescribed by doctors); the training of trainers to use exercise in a professional manner to treat those will chronic illnesses; and the informing of public opinion as to the importance of physical exercise, both for individuals and for the community at large.

Technogym’s involvement with the initiative included the publication of new documents, participation in the annual convention held in Orlando (Florida) and the organization of events in Italy and other parts of the world to train doctors and trainers.

Let’s move for a better world

Following the success of the 2014 and 2015 events, in the first half of 2016, Technogym organized the third edition of its social campaign “Let’s move for a better world”. The campaign, which leverages the functionality of Technogym’s digital offering, Technogym Ecosystem, involves individuals throughout the world visiting fitness and wellness clubs where they can donate their physical movement to a good cause. Facilitated by UNITY, the Technogym console connected to the mywellness cloud, the first fitness cloud platform, participants can measure their MOVEs (Technogym's unit of measurement for movement) and share their workout with the rest of the community. The club accumulating most MOVEs in each country is then invited to donate equipment (offered by Technogym) to a school in its neighborhood or city. The campaign is a real community management initiative that on the one hand promotes the value of health and preventative care and on the other hand offers concrete assistance to schools with a view to educating the young generations regarding healthy lifestyles. More than 100,000 people in 511 fitness clubs worldwide took part in the 2016 edition.

Wellness Valley

The “Wellness Valley” project is promoted by the Wellness Foundation and supported by Technogym; the aim of the project is to transform the Romagna region into a center for wellness and healthy living and improve the quality of life of its citizens, building on the economic, intellectual and cultural capital already present in Romagna, an area well known for its love of living well. In support of the initiative, Technogym has granted access to its competencies and structures and organized concrete activities as well as meetings and thematic discussions to facilitate networking among all the stakeholders in the area. February 2016 saw the presentation of the first Wellness Valley report, which contained extremely important data: for example, in Romagna, the number of “active” people, i.e. who exercise regularly, is 10% higher than the national average. The second edition of Wellness Week was held in May 2016, which offered more than 300 wellness, sport and health events dedicated to residents and tourists. In 2016, Technogym supported the “Muoviti che ti fa bene” (Move yourself, it’s good for you) project promoted by the Wellness Foundation that saw 15,000 people participate in a free physical exercise program held from May to October in the parks of Cesena. Technogym also sponsored the “Gioca Wellness” (Play wellness) initiative in 2016 in schools throughout the area, involving more than 16,000 primary and middle school students in play activities aimed at wellness education.

Environment and safety

Technogym is known throughout the world as “The Wellness Company” and without doubt environmental considerations are key to the wellness lifestyle and the Company’s philosophy of promoting sustainable socio-economic development; environmental themes and ecological sustainability have always been central to the Company’s strategy and processes.

The Company continued to follow “Technogym Green” and UNI ISO 14001 certified practices throughout 2015 in order to achieve products and processes that are environmentally compatible in terms of renewable resources, product longevity and durability, energy efficiency and recovery and reusable packaging.

Consistent with the above, “Technogym Village”, the Company’s new headquarters and production site was constructed according to bio-architecture principles and criteria, which aim to protect the environment and save energy, and as a result was awarded “Titoli di Efficienza Energetica” (Italian energy efficiency certificates). The Company also holds OHSAS 18001 Occupational Health and Safety standard certification.

5. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

(In thousand of Euro)	**Notes**	**As of June 30**		**As of December 31**	
		2016	***of which from related parties***	**2015**	***of which from related parties***
ASSETS					
Non-current assets					
Property, plant and equipment	5.1	141,862		56,876	
Intangible assets	5.2	21,520		21,474	
Deferred tax assets		15,141		15,711	
Investments in joint ventures and associates	5.3	22,325		3,822	
Non-current financial assets		3,347		-	
Other non-current assets		13,143		9,529	
TOTAL NON-CURRENT ASSETS		**217,338**		**107,412**	
Current assets					
Inventory		68,042		60,379	
Trade receivables		88,586	*1,734*	84,126	*835*
Current financial assets		405	*102*	105	*100*
Assets for derivative financial instruments		50		213	
Other current assets		35,468	*429*	31,791	*118*
Cash and cash equivalents		53,059		68,027	
TOTAL CURRENT ASSETS		**245,610**		**244,641**	
TOTAL ASSETS		**462,948**		**352,053**	
EQUITY AND LIABILITIES					
Equity					
Share capital		10,000		10,000	
Share premium reserve		-		-	
Other reserves		26,066		(8,226)	
Retained earnings		7,738		13,025	
Profit (loss) attributable to owners of the parent		9,111		28,168	
Equity attributable to owners of the parent		**52,915**		**42,967**	
Capital and reserves attributable to non-controlling interests		453		247	
Profit (loss) attributable to non-controlling interests		87		186	
Equity attributable to non-controlling interests		**540**		**433**	
TOTAL EQUITY	5.4	**53,455**		**43,400**	
Non-current liabilities					
Non-current financial liabilities	5.5	88,536		48,456	
Deferred tax liabilities		887		704	
Employee benefit obligations		3,140		3,104	
Non-current provisions	5.6	9,676		8,625	
Other non-current liabilities		13,160		13,517	
TOTAL NON-CURRENT LIABILITIES		**115,399**		**74,406**	
Current liabilities					
Trade payables		100,751	*113*	93,898	*667*
Current tax liabilities		4,352		13,988	
Current financial liabilities	5.5	109,258		57,557	
Liabilities for derivative financial instruments		1,104		391	
Current provisions	5.6	16,360		18,405	
Other current liabilities		62,269	*21,403*	50,008	-
TOTAL CURRENT LIABILITIES		**294,094**		**234,247**	
TOTAL EQUITY AND LIABILITIES		**462,948**		**352,053**	

Consolidated income statement

(In thousand of Euro)	Notes	Half ended June 30			
		2016	***of which from related parties***	**2015**	***of which from related parties***
REVENUE					
Revenue	5.7	249,761	*5,261*	225,816	*4,145*
Other operating income		191		338	
Total revenue		**249,952**		**226,154**	
OPERATING COSTS					
Raw materials, work in progress and finished goods	5.8	(88,972)	*(9)*	(79,403)	*(33)*
Cost of services	5.9	(75,300)	*(522)*	(69,978)	*(2,265)*
of which non-recurring expenses:		*(2,239)*		*(750)*	
Personnel expenses	5.10	(50,332)	*(2,651)*	(47,297)	*(2,302)*
of which non-recurring expenses:		*(89)*		*(156)*	
Other operating costs		(5,299)	*(51)*	(2,075)	
of which non-recurring expenses:		*(2,664)*		-	
Share of net result from joint ventures		134		309	
Depreciation, amortization and impairment losses		(10,728)		(9,776)	
Provisions		(1,580)		1,355	
NET OPERATING INCOME		**17,875**		**19,289**	
Financial income		7,138		9,761	
Financial expenses		(8,332)		(11,291)	
Net financial expenses		**(1,194)**		**(1,530)**	
Income/(expenses) from investments		110		417	
PROFIT BEFORE TAX		**16,791**		**18,176**	
Income tax expenses	5.11	(7,593)		(6,073)	
PROFIT (LOSS) FOR THE PERIOD		**9,198**		**12,103**	
Profit/(loss) attributable to non-controlling interests		(87)		(64)	
Profit (loss) attributable to owners of the parent		**9,111**		**12,039**	
EARNINGS PER SHARE (in Euro)	5.12	**0.05**		**0.06**	

Consolidated statement of comprehensive income

(In thousand of Euro)	**Notes**	**Half ended June 30**	
		2016	**2015**
Profit (loss) for the period (A)		**9,198**	**12,103**
Actuarial income/(loss) of post-employment benefit obligations and Non-Competition Agreements		-	-
Tax effect on actual income/loss of post-employment benefit obligations and Non-Competition Agreements		-	-
Total items that will not be reclassified to profit or loss (B1)		**-**	**-**
Exchange rate differences on translation of foreign operations		527	554
Exchange rate differences for the evaluation of entities accounted for using the equity method		(73)	607
Total items that may be reclassified to profit or loss (B2)		**454**	**1,161**
Total Other comprehensive income, net of tax (B)=(B1)+(B2)		**454**	**1,161**
Total comprehensive income for the period (A)+(B)		**9,652**	**13,264**
of which attributable to Owners of the parent		9,545	13,200
of which attributable to Non-controlling interests		107	64

Consolidated statement of cash flow

(In thousand of Euro)	Notes	Half ended June 30	
		2016	**2015**
Cash flows from operating activities			
Profit (loss) for the period		9,198	12,103
Adjustments for:			
Depreciation, amortization and impairment losses		10,728	9,776
Provisions		1,580	(1,355)
Share of net result from joint ventures		(134)	(309)
Net financial expenses		1,194	1,530
Income/(expenses) from investments		(110)	(417)
Income tax expenses		7,593	6,073
Cash flows from operating activities before changes in working capital		**30,049**	**27,401**
Increase (decrease) in inventory		(7,769)	(5,020)
Increase (decrease) in trade receivables		(1,314)	1,671
Increase (decrease) in trade payables		7,650	(7,079)
Increase (decrease) in other operating assets and liabilities		(22,166)	4,460
Income taxes paid		(16,475)	(4,482)
Net cash inflow from operating activities (A)		**(10,025)**	**16,951**
of which from related parties:		*575*	*(901)*
Cash flows from investing activities			
Investments in property, plant and equipment		(24,941)	(12,902)
Disposals of property, plant and equipment		-	-
Investments in intangible assets		(4,143)	(3,399)
Disposals of intangible assets		-	-
Dividends received from other entities		110	369
Dividends received from joint ventures and associates		663	1,686
Investments in subsidiaries, associates and other entities		(19,032)	(860)
Disposal of subsidiaries, associates and other entities		-	251
Net cash inflow (outflow) from investing activities (B)		**(47,343)**	**(14,855)**
of which from related parties:		*(20,288)*	*(7,687)*
Cash flows from financing activities			
Proceeds from new borrowings		97,850	70,000
Repayment of borrowings		(9,225)	(11,000)
Net increase (decrease) of other financial assets and liabilities		(43,917)	(58,614)
Payments of net financial expenses		(3,164)	1,421
Net cash inflow (outflow) from financing activities (C)		**41,544**	**1,807**
of which from related parties:		-	-
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)		**(15,824)**	**3,903**
Cash and cash equivalents at the beginning of the year		**68,026**	**41,128**
Net increase (decrease) in cash and cash equivalents from January 1 to December 31		(15,824)	3,903
Effects of exchange rate differences on cash and cash equivalents		857	522
Cash and cash equivalents at the end of the period		**53,059**	**45,553**

Consolidated statement of change in equity

(In thousand of Euro)	**Share capital**	**Share premium reserve**	**Other reserves**	**Retained earnings**	**Profit (loss) attributable to owners of the parent**	**Equity attributable to owners of the parent**	**Capital and reserves attributable to non-controlling interests**	**Profit (loss) attributable to non-controlling interests**	**Total equity**
As of December 31, 2014	**10,000**	**-**	**(22,935)**	**17,433**	**5,533**	**10,031**	**179**	**57**	**10,267**
Profit for the previous period	-	-	9,895	(4,362)	(5,533)	-	57	(57)	-
Comprehensive income for the period	-	-	1,161	-	12,039	**13,200**	-	64	**13,264**
Transactions with owners of the parent:									
Disposal of non-controlling interests' capital	-	-	210	(46)	-	**164**	46	-	**210**
Option for the purchase of non-controlling interests	-	-	(810)	-	-	**(810)**	-	-	**(810)**
Total transactions with owners of the parent	**-**	**-**	***(600)***	***(46)***	**-**	***(646)***	***46***	**-**	***(600)***
As of June 30, 2015	**10,000**	**-**	**(12,479)**	**13,025**	**12,039**	**22,585**	**282**	**64**	**22,931**

(In thousand of Euro)	**Share capital**	**Share premium reserve**	**Other reserves**	**Retained earnings**	**Profit (loss) attributable to owners of the parent**	**Equity attributable to owners of the parent**	**Capital and reserves attributable to non-controlling interests**	**Profit (loss) attributable to non-controlling interests**	**Total equity**
As of December 31, 2015	**10,000**	**-**	**(8,226)**	**13,025**	**28,168**	**42,967**	**247**	**186**	**43,400**
Profit for the previous period	-	-	33,402	(5,234)	(28,168)	**-**	186	(186)	**-**
Comprehensive income for the period	-	-	434	-	9,111	**9,545**	20	87	**9,652**
Other changes	-	-	(17)	(53)	-	**(70)**	-	-	**(70)**
Transactions with owners of the parent:									
Stock option plan	-	-	473	-	-	**473**	-	-	**473**
Total transactions with owners of the parent	**-**	**-**	***473***	**-**	**-**	***473***	**-**	**-**	***473***
As of June 30, 2016	**10,000**	**-**	**26,066**	**7,738**	**9,111**	**52,915**	**453**	**87**	**53,455**

Notes to the Condensed interim consolidated financial statements

General information

Technogym S.p.A. (hereinafter, "**Technogym**" or the "**Company**" or the "**Parent company**" and, jointly with its subsidiaries, the "**Group**" or the "**Technogym Group**") is a legal entity established in Italy, and it is organized and governed under the Italian Law.

The Technogym Group is one of the leaders in the international fitness equipment market in terms of sales volumes and market shares. In addition, the Company management believes that the Technogym Group may be considered the key *total wellness solution provider* in the industry, owing to the quality and completeness of the offer of integrated solutions for personal wellness (composed mainly of equipment, services, digital content and solutions).

The Technogym Group offers a wide range of wellness, physical exercise and rehabilitation solutions to the major segments of fitness equipment market and to the overall wellness industry, and is characterized by technological innovations and attention to design and finishes. These solutions can be personalized and adapted to the specific needs of end users and professional operators. The Technogym Group's offer includes equipment that has been highly regarded by end users and professional operators and has contributed, over time, to the positioning of the Technogym brand in the high-end bracket of the international market.

Basis of preparation

The condensed interim consolidated financial statements as of June 30, 2016 of the Technogym Group (the "**Condensed Interim Consolidated Financial Statements**") were drafted on the basis of the going concern assumption and in compliance with the "International Financial Reporting Standards" (IFRS) issued by the "International Accounting Standards Board" (IASB) and approved by the European Union, as well as the legislative and regulatory provisions in force in Italy.

The Condensed Interim Consolidated Financial Statements were prepared in compliance with the provisions of IAS 34 "Interim Financial Reporting". As permitted by said standard, the Condensed Interim Consolidated Financial Statements do not include all the information requested by IFRS for the drafting of the annual consolidated financial statements and, therefore, must be read together with the consolidated financial statements of the Technogym Group as of and for the year ended December 31, 2015 (the "**Consolidated financial statements**").

The Condensed Interim Consolidated Financial Statements are composed of the statement of financial position, the income statement and statement of comprehensive income, the statement of cash flow, the statement of change in equity and related notes. In presenting these statements, the comparative data required by IAS 34 were reported (December 31, 2015 for the statement of financial position, June 30, 2015 for the change in equity, income statement, statement of comprehensive income and statement of cash flow). The notes reported hereunder are shown in summary form and, therefore, do not include all the information requested for annual financial statements.

The Condensed Interim Consolidated Financial Statements are presented in Euro, which is the currency of the primary economic environment in which the Group operates. The amounts reported in the current document are presented in thousands, unless otherwise stated.

Scope and basis of consolidation

A list of the companies included in the scope of consolidation is provided below, including information about the method of consolidation, as of June 30, 2016:

Entity name	Half ended June 30, 2016			
	Registered office	% of control	Currency	Share capital
Subsidiaries - consolidated using the line-by-line method				
Technogym SpA	Italy	Parent company	EUR	10,000,000
Technogym E.E. SRO	Slovakia	100%	EUR	15,033,195
Technogym International BV	Netherlands	100%	EUR	113,445
Technogym Germany Gmbh	Germany	100%	EUR	1,559,440
Technogym France Sas	France	100%	EUR	500,000
Technogym UK Ltd	United Kingdom	100%	GBP	100,000
Technogym Trading SA	Spain	100%	EUR	2,499,130
Technogym Usa Corp.	United States	100%	USD	3,500,000
Technogym Benelux BV	Netherlands	100%	EUR	2,455,512
Technogym Japan Ltd	Japan	100%	JPY	320,000,000
Technogym Shangai Int. Trading Co. Ltd.	China	100%	CNY	132,107,600
Technogym Asia Ltd	Hong Kong	100%	HKD	16,701,750
Technogym Australia Pty Ltd	Australia	100%	AUD	11,350,000
Technogym Portugual Unipessoal Lda	Portugal	100%	EUR	5,000
Technogym Equipamentos de Ginastica e Solucao para Bem-Estar LTDA	Brazil	100%	BRL	80,268,457
Sidea S.r.l	Italy	70%	EUR	150,000
Technogym ZAO	Russia	90%	RUB	10,800,000
TG Holding BV	Netherlands	90%	EUR	300,000
Technogym South Africa Ltd	South Africa	100%	ZAR	120
Wellness Consulting Ltd	United Kingdom	100%	GBP	290,000
TGB Srl	Italy	100%	EUR	96,900
La Mariana Srl	Italy	100%	EUR	76,500
Core Atletich Srl	Italy	100%	EUR	10,000
Core Atletich LLC	United States	100%	USD	-
Amleto Aps	Denmark	100%	DNK	60,000
Associates - Jointly controlled entities, consolidated using the equity method				
Fitstaduim Srl	Italy	45%	EUR	13,506
Wellink Srl	Italy	40%	EUR	60,000
Movimento per la Salute Srl	Italy	50%	EUR	10,000
Techogym Emirates LLC	United Arab Emirates	49%	AED	300,000
T4ME Limited	United Kingdom	20%	GBP	100
Exerp Aps	Denmark	50%	DNK	186,966

In relation to the scope of consolidation, the following changes occurred in the first half of 2016 with respect to December 31, 2015:

- On February 16, 2016, the Company signed a sale agreement regarding 100% of the shares of TGB Srl, holder of the right of ownership on the property complex known as Technogym Village, the Group's operating headquarters since September 2012. TGB also holds all of the share capital of the company La Mariana Srl.
  For accounting purposes and in accordance with IFRS, the acquisition is considered as an acquisition of fixed assets and financial liabilities, and not as a "business combination". TGB in fact, does not meet the "business" requirements but, rather, it is a group of assets with the associated financial liabilities. Due to the above, the properties involved in the acquisition are accounted for in the company's financial statements at the value negotiated between the parties, starting from the values reported in the appraisals.

- On April 8, 2016, through the newly formed subsidiary Amleto ApS, Technogym acquired a 50.01% stake in Exerp ApS, a Danish company that provides software solutions for the management of fitness centers and sports centers. For accounting purposes, in compliance with IFRS, the acquisition of Exerp ApS is considered an acquisition of interests in a joint venture.

These acquisitions are described in the section “Investments and acquisitions” of the Interim Board of Directors’ Report to which reference should be made.

- On June 17, 2016, and on June 21, 2016, the companies Core Atletich S.r.l. and Core Atletich LLC were incorporated respectively.

- On March 23, 2016, a 20% stake was acquired in the company T4ME Limited for Euro 400 thousand.

- On March 22, 2016, the procedure for the merger by incorporation of the companies Mywellness S.r.l. and Laserpro S.r.l. in Technogym S.p.A. was completed, in execution of the merger plan approved by the administrative bodies of the three companies.

The basis of consolidation adopted for drafting the Condensed Interim Consolidated Financial Statements conform to those used to prepare the Consolidated Financial Statements. The exchange rates used in the translation of the financial statements of subsidiaries are as follows:

Currency	As of June 30		As of December 31
	2016	2015	2015
USD	1.110	1.119	1.089
GBP	0.827	0.7114	0.734
JPY	114.050	137.010	131.070
CHF	1.087	1.041	1.084
AUD	1.493	1.455	1.490
AED	4.076	4.107	3.997
CNY	7.376	6.937	7.061
RUB	71.520	62.355	80.673
HKD	8.614	8.674	8.438
BRL	3.590	3.470	4.311
ZAR	16.446	13.642	16.953
DKK	7.439	7.460	7.463

Currency	Average in the half ended June 30		Average for the year ended December 31
	2016	2015	2015
USD	1.116	1.116	1.110
GBP	0.779	0.733	0.726
JPY	124.414	134.226	134.314
CHF	1.096	1.057	1.068
AUD	1.522	1.427	1.478
AED	4.097	4.099	4.073
CNY	7.296	6.945	6.973
RUB	78.297	64.684	68.072
HKD	8.668	8.657	8.601
BRL	4.130	3.312	3.700
ZAR	17.198	13.302	14.172
DKK	7.450	7.456	7.459

Accounting policies

The accounting policies adopted for drafting the Condensed Interim Consolidated Financial Statements conform to those used to prepare the Consolidated Financial Statements, with the exception of the international accounting standards that came into force on January 1, 2016, outlined in the Consolidated Financial Statements.

The amendments made concern situations that do not have a significant impact on the Condensed Interim Consolidated Financial Statements.

At the time of preparation of the Condensed Interim Consolidated Financial Statements, current income taxes in the half were calculated on the basis of the existing taxable income on the date of the close of the period. Income tax receivables and payables for current income taxes are recognized at the value that is expected to be paid to/recovered from the tax authorities, in application of the tax regulations in force or essentially approved on the date of the close of the period and the rates estimated on an annual basis.

Use of estimates

With reference to the description of the use of accounting estimates, please refer to the Consolidated Financial Statements. It should be noted that certain valuation processes, especially the more complex ones such as the calculation of any impairment of non-current assets, are generally only carried out at the time of drafting of the annual financial statements, when all the necessary information is available, except for cases where there are indicators of impairment that call for an immediate valuation of any losses in value.

Segment information

The operating segment information was prepared in accordance with IFRS 8 "Operating Segments", which requires the information to be reported consistently with the method adopted by the management when making operational decisions.

The approach to the market through a unique business model that offers an integrated range of "Wellness solution", together with the pursuit of higher levels of operational efficiency achieved by the cross-production.

At an operational level, the Group's organization is based upon a matrix structure in relation to the different functions/activities of the value chain, such as by customer segment, product line, distribution channel and geographic area, an organization that also identifies a strategic vision of the business.

The type of organization described above reflects the way the Company management monitors and strategically directs the activities of the Group.

A breakdown of revenue by geographic area and distribution channel is provided in the tables below:

(In thousand of Euro)	**Half ended June 30**		**Changes**	
	2016	**2015**	**2016 vs 2015**	**%**
Europe (without Italy)	130,096	117,570	1,2526	10.7%
MEIA	24,014	25,467	(1,453)	-5.7%
APAC	37,018	35,163	1,855	5.3%
Italy	23,047	19,322	3,725	19.3%
North America	25,296	20,189	5,107	25.3%
LATAM	10,481	8,443	2,038	24.1%
Total revenue	**249,952**	**226,154**	**23,798**	**10.5%**

In line with the performance in the last few years, significant growth was recorded in North America in the first half of 2016 (+25.3%), and in Italy (+19.3%), thanks to the rejuvenation of the domestic market and in Europe (without Italy) (+10.7%).
Following an uncertain first quarter, APAC recorded a 5.3% increase in the half, thanks to the contribution from Japan (+22.6%) and third-party distributors in the area (+12.6%).
LATAM (+24.1%) also recorded a strong performance, albeit still with low volumes.
With reference to the MEIA area served exclusively via third-party distributors, we expect to see a recovery in the second half of the year.

(In thousand of Euro)	Half ended June 30		Changes	
	2016	**2015**	**2016 vs 2015**	**%**
Field sales	172,015	153,159	18,856	12.3%
Wholesale	55,481	52,056	3,425	6.6%
Inside sales	19,526	18,572	954	5.1%
Retail	2,930	2,367	563	23.8%
Total revenue	**249,952**	**226,154**	**23,798**	**10.5%**

Consistent with the "all-channel distribution strategy", the growth rates in the different distribution channels are in line with those already registered in the first quarter and thanks to the contribution from the Field Sales (+12.3%) and Inside Sales (+5.1%) channels in which the company is investing. Despite recording a high growth rate of 23.8%, the retail channel still makes a small contribution in absolute terms.

In accordance with IFRS 8, paragraph 34, for the half ended June 30, 2016 and the half ended June 30, 2015, the Group does not have any clients that generate revenue more than 10% of the total revenue of the Group.

Season-related aspects

The Group's results are impacted by the typical seasonal nature of the fitness equipment market, while there were no specific season-related aspects concerning Group operations.

The trend in revenue in the different quarters of the year is linked primarily to customers' tendency to make their purchases in the second half, following the most important industry trade fairs that are traditionally held in the first half (including CES in Las Vegas (United States) in January, IHRSA also in the United States in March, FIBO in Europe in April and Rimini Wellness in Italy in June). Traditionally, many important key account customers also tend to concentrate their purchases in the second half of the year in particular, also in view of new openings in January in the following year.

The revenue achieved by the Group for the half ended June 30, 2016 and the year ended December 31, 2015 are presented below by quarter:

(In thousands of Euro and percentage of total revenue)	Half ended June 30	Year ended December 31		Changes	
	2016	**2015**	**%**	**2016 vs 2015**	**%**
Revenue in the first quarter	115,574	103,926	20.3%	11,648	11%
Revenue in the second quarter	134,378	122,228	23.9%	12,150	10%
Revenue in the third quarter	n.a.	125,933	24.6%	n.a.	n.a.
Revenue in the fourth quarter	n.a.	159,699	31.2%	n.a.	n.a.
Total revenue		**511,786**	**100.0%**	**n.a.**	**n.a.**

Unlike revenue, Group operating costs are uniformly distributed over the year. Therefore, the incidence of costs on revenue varies considerably over the quarters and, consequently, the operating profit margin changes, generally higher in the second half of the year. Consequently, the interim results do not make a uniform contribution to the results for the year and only partially represent the trend in Group activities. These aspects also determine an imbalance in terms of net financial indebtedness, which is lower at the end of the year compared to the interim figure, also based on the different requirements.

Notes to the statement of financial position

5.1 PROPERTY, PLANT AND EQUIPMENT

The item "Property, plant and equipment" amounts to Euro 141,862 thousand as of June 30, 2016 (Euro 56,876 thousand as of December 31, 2015).

The following table reports the details of property, plant and equipment as of June 30, 2016 and December 31, 2015:

(In thousands of Euro)	**As of June 30**	**As of December 31**
	2016	**2015**
Property, plant and equipment		
Land	12,133	4,184
Buildings and leasehold improvements	104,312	28,048
Plant and machinery	6,920	6,631
Production and commercial equipment	10,264	10,281
Other assets	5,057	5,031
Assets under construction and advances	3,176	2,701
Total property, plant and equipment	**141,862**	**56,876**

Investments in property, plant and equipment for the half ended June 30, 2016 amount to a total of Euro 91,621 thousand and are mainly related to the categories land (Euro 7,949 thousand) and buildings and leasehold improvements (Euro 80,540 thousand), as a result of the acquisition of 100% of the shares in TGB, holder of the right of ownership on the property complex called Technogym Village. For accounting purposes and in accordance with IFRS, the acquisition of TGB is considered as an acquisition of fixed assets and financial liabilities, and not as a "business combination". TGB in fact, does not meet the "business" requirements but, rather, it is a group of assets with the associated financial liabilities.

This acquisition is described in the section "Investments and acquisitions" of the Interim Board of Directors' Report to which reference should be made.

In the half ended June 30, 2016, depreciation of property, plant and equipment totaled Euro 6,632 thousand, an increase of Euro 1,273 thousand compared to Euro 5,359 thousand in the half ended June 30, 2015.

As of June 30, 2016, the Group does not have property and instrumental property subject to any kind of guarantee given to third parties, nor assets carried under financial leases.

5.2 INTANGIBLE ASSETS

The item "Intangible assets" amounts to Euro 21,520 thousand as of June 30, 2016 (Euro 21,474 thousand as of December 31, 2015).

The following table reports the details of intangible assets as of June 30, 2016 and December 31, 2015:

(In thousands of Euro)	**As of June 30**	**As of December 31**
	2016	**2015**
Intangible assets		
Development costs	12,783	11,825
Patents and intellectual property rights	3,787	4,251
Concessions, licenses, trademarks and similar rights	440	450
Intangibles under development and advances	4,107	4,486
Other intangible assets	403	462
Total Intangible assets	**21,520**	**21,474**

Investments in intangible assets for the half ended June 30, 2016 amount to a total of Euro 4,143 thousand and are mainly related to intangibles under development and advances of Euro 2,728 thousand.

In the half ended June 30, 2016, amortization of intangible assets totaled Euro 4,034 thousand, a decrease of Euro 383 thousand compared to Euro 4,417 thousand in the half ended June 30, 2015.

In the half ended June 30, 2016, the Group booked impairment losses on intangible assets of Euro 62 thousand, mainly related to projects and contracts that will no longer produce benefits in the future, in consideration of the evolution of technology, the state of progress, and the possibility of realization.

5.3 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The item "Investments in joint ventures and associates" amounts to Euro 22,325 thousand as of June 30, 2016 (Euro 3,822 thousand as of December 31, 2015).

The following table details the composition and changes in investments in joint ventures and associates for the half ended June 30, 2016:

(In thousands of Euro)	**Joint ventures**	**Associates**	**Non-consolidated subsidiaries**	**Total**
Values as of December 31, 2015	**3,777**	**30**	**15**	**3,822**
Investments	18,703	400	-	19,103
Dividends	(646)	-	-	(646)
Net result	134	-	-	134
Change in scope of consolidation	-	-	(15)	(15)
Exchange rate differences	(73)	-	-	(73)
Values as of June 30, 2016	**21,895**	**430**	**-**	**22,325**

Investments in the category 'joint ventures' refer to the Group's acquisition of a 50.01% stake in Exerp ApS, a Danish company that provides software solutions for the management of fitness centers and sports centers.

This acquisition is described in the section "Investments and acquisitions" of the Interim Board of Directors' Report to which reference should be made.

5.4 EQUITY

The item "Equity" amounts to Euro 53,455 thousand as of June 30, 2016 (Euro 43,400 thousand as of December 31, 2015).

The following table reports the details of equity as of June 30, 2016 and December 31, 2015:

(In thousands of Euro)	**As of June 30**	**As of December 31**
	2016	**2015**
Equity		
Share capital	10,000	10,000
Share premium reserve	-	-
Other reserves	26,066	(8,226)
Retained earnings	7,738	13,025
Profit (loss) attributable to owners of the parent	9,111	28,168
Equity attributable to owners of the parent	**52,915**	**42,967**
Capital and reserves attributable to non-controlling interests	453	247
Profit (loss) attributable to non-controlling interests	87	186
Equity attributable to non-controlling interests	**540**	**433**
Total equity	**53,455**	**43,400**

On February 16, 2016, Technogym's extraordinary shareholders' meeting resolved to go ahead with the splitting of 10,000,000 ordinary shares, with a nominal value of Euro 1.00 each, into which the share capital was subdivided into 200,000,000 ordinary shares as at said date, whose effectiveness is subject to the condition precedent of presentation of the application for admission and listing of the shares on the MTA (screen-based stock exchange).

Based on the resolution of the shareholders' meeting of March 16, 2016, the profit for the year 2015 reported in the financial statements of the Parent company Technogym S.p.A. was allocated as follows:

- Euro 16,464 thousand to the reserve for the adoption of IAS/IFRS (Other reserves);
- Euro 14,938 thousand to the extraordinary reserve (Other reserves);
- Euro 2,000 thousand for the establishment of the legal reserve (Other reserves).

5.5 FINANCIAL LIABILITIES

The items "Non-current financial liabilities" "Current financial liabilities" amounted to Euro 88,536 and Euro 109,258 as of June 30, 2016 and Euro 48,456 thousand and Euro 57,557 thousand as of December 31, 2015 respectively.

The following table reports the financial liabilities, current and non-current, as of June 30, 2016 and December 31, 2015.

(In thousands of Euro)	**As of June 30**	**As of December 31**
	2016	**2015**
Non-current financial liabilities		
Bank loans due after 12 months - non-current portion	81,903	42,139
Non-current liabilities due to other lenders	6,633	6,317
Other non-current liabilities	-	-
Total non-current financial liabilities	**88,536**	**48,456**
Current financial liabilities		
Bank loans due after 12 months - current portion	24,767	17,926
Other short-term borrowings	77,500	35,000
Current liabilities due to other lenders	6,627	4,418
Other current liabilities	364	213
Total current financial liabilities	**109,258**	**57,557**

As of June 30, 2016, except for a loan from Banca Agricola Commerciale S.p.A. (whose residual value as of June 30, 2016 was Euro 3,786 thousand), the Group's financial debt is entirely with variable interest rates.

Medium/long-term bank loans

The following table reports the movements of bank loans for the half ended June 30, 2016.

(In thousands of Euro)	Bank loans due after 12 months - non-current portion	Bank loans due after 12 months - current portion	**Total bank loans**
As of January 1, 2016	**42,139**	**17,926**	**60,065**
New loans	55,350	-	55,350
Repayments	-	(8,745)	(8,745)
Reclassification from non-current to current	(15,586)	15,586	-
Values as of June 30, 2016	**81,903**	**24,767**	**106,670**

The following table reports the details of medium/long-term bank loans as of June 30, 2016:

(In thousands of Euro)	**Due date**	**Interest rate**	**As of June 30**		**As of December 31**	
			2016	**of which**	**2015**	**of which**

				current		current
Bank loans						
Unicredit S.p.A.	2023	Variable	40,100	5,814	-	-
Unicredit S.p.A.	2020	Variable	24,075	6,075	27,063	6,063
Banca Popolare di Sondrio S.p.A.	2023	Variable	15,056	2,199	-	-
Cassa di Risparmio di Parma e Piacenza S.p.A.	2020	Variable	12,035	3,035	13,540	3,040
Banca Popolare dell'Emilia Romagna S.p.A.	2019	Variable	11,290	3,790	13,173	3,798
Banca Agricola Commerciale S.p.A.	2017	Fixed	3,786	3,786	6,289	5,025
Banca Popolare dell'Emilia Romagna S.p.A.	2021	Variable	328	68	-	-
Total bank loans			**106,670**	**24,767**	**60,065**	**17,926**

The following table reports the details of medium/long-term bank loans as of June 30, 2016 by maturity date:

(In thousands of Euro)	Residual debt	Of which current	Of which non-current						
			2017	2018	2019	2020	2021	2022	2023
Unicredit S.p.A.	40,100	5,814	2,858	5,714	5,714	5,714	5,714	5,714	2,858
Unicredit S.p.A.	24,075	6,075	3,000	6,000	6,000	3,000	-	-	-
Banca Popolare di Sondrio S.p.A.	15,056	2,199	1,071	2,143	2,143	2,143	2,143	2,143	1,071
Cassa di Risparmio di Parma e Piacenza S.p.A.	12,035	3,035	1,500	3,000	3,000	1,500	-	-	-
Banca Popolare dell'Emilia Romagna S.p.A.	11,290	3,790	1,875	3,750	1,875	-	-	-	-
Banca Agricola Commerciale S.p.A.	3,786	3,786	-	-	-	-	-	-	-
Banca Popolare dell'Emilia Romagna S.p.A.	328	68	35	70	71	72	12	-	-
Total	**106,670**	**24,767**	**10,339**	**20,677**	**18,803**	**12,429**	**7,869**	**7,857**	**3,929**

The medium-long term loan from Unicredit granted on April, 15, 2016 for a total of Euro 40,000 thousand, is repayable in fourteen equal half-yearly installments, with final expiry in 2023. The loan in question, fully drawn down by the Group, can be used to provide the subsidiary TGB S.r.l. with the necessary funding to repay said entity's financial liabilities. The loan agreement contains the obligation for the Company to comply with the following financial covenant: consolidated "Net financial position"/"EBITDA" ratio of no higher than 3.8. The covenant is verified annually and is valid for the entire duration of the agreement.

The medium-long term loan granted by Banca Popolare di Sondrio on April, 1, 2016 for a total of Euro 15,000 thousand, is repayable in 28 equal quarterly installments, with final expiry in April 2023. The loan, which can be used by the Group for liquidity purposes, does not require compliance with any financial covenants.

The loan taken out on February 25, 2016, by Sidea Srl with Banca Popolare dell'Emilia Romagna SpA for a total of Euro 350 thousand, is repayable in 60 equal monthly installments of Euro 6 thousand each, with expiry on February 25, 2021. The loan does not require compliance with any financial covenants.

For the above loans, no guarantees have been given.

As of June 30, 2016, all financial covenants relating to the loans in place, where applicable, were respected. As of the date of this document, it is not believed that there are any factors that could have had negative repercussions on the parameters in question.

Other short-term borrowings

The following table reports the details of other short-term borrowings as of June 30, 2016 and December 31, 2015:

(In thousands of Euro)	**Currency**	**As of June 30**	**As of December 31**
		2016	**2015**
Other short-term borrowings			
Banca Nazionale del Lavoro	EUR	26,000	25,000
Banca Popolare di Sondrio S.p.A.	EUR	17,000	-
Banca Monte dei Paschi di Siena	EUR	15,000	-
Cassa di Risparmio di Parma e Piacenza	EUR	10,000	10,000
Unicredit S.p.A.	EUR	5,000	-
Banca Popolare di Lodi	EUR	4,500	-
Total other short-term borrowings		**77,500**	**35,000**

Other short-term borrowings relate to the short-term use of uncommitted credit lines and committed credit lines with expiry exceeding twelve months. These credit lines, granted by leading bank counterparties, accrue interest at variable rates, indexed to the Euribor plus a spread.

Liabilities due to other lenders

Current and non-current liabilities due to other lenders refers to financing transactions guaranteed by the transfer of receivables arising from the sale of goods that, although they are transferred to third financial institutions, they are retained in the financial statements as they do not meet all the conditions required by IAS 39 for their derecognition from assets.

5.6 PROVISIONS

The items "Provisions" as of June 30, 2016 amounts to Euro 9,676 thousand for non-current financial liabilities and Euro 16,360 thousand for current financial liabilities (respectively, Euro 8,625 thousand and Euro 18,405 thousand as of December 31, 2015).

The following table reports the details of provisions, current and non-current, as of June 30, 2016 and December 31, 2015:

(In thousands of Euro)	**As of June 30**	**As of December 31**
	2016	**2015**
Non-current provisions		
Warranties provision	4,209	4,077
Agents provision	973	944
Non-Competition Agreement provision	950	900
Rebates provision	1,790	1,492
Other provisions for risks and charges	1,300	758
Ongoing lawsuits provision	454	454
Total non-current provisions	**9,676**	**8,625**
Current provisions		
Warranties provision	5,097	5,005
Free Product Fund provision	2,533	3,390
Other provisions for risks and charges	8,730	10,010
Total current provisions	**16,360**	**18,405**

The following table details the composition and changes in provisions, current and non-current, for the half ended June 30, 2016:

(In thousands of Euro)	Warranties provision	Agents provision	Non-Competition Agreement provision	Rebates provision	Other provisions for risks and charges	Ongoing lawsuits provision	**Non-current provisions**	Warranties provision	Free Product Fund provision	Other provisions for risks and charges	**Current provisions**
Values as of January 1, 2016	**4,077**	**944**	**900**	**1,492**	**758**	**454**	**8,625**	**5,005**	**3,390**	**10,010**	**18,405**
Provisions	260	50	50	493	638	-	1,491	371	448	90	909
Reclassifications	-	-	-	-	40	-	40	-	-	(40)	(40)
Exchange rate differences	(35)	-	-	(195)	(9)	-	(239)	(49)	(81)	435	305
Financial expenses	-	-	-	-		-	-	-	-	-	-
Actuarial (gains)/losses	-	-	-	-		-	-	-	-		-
Utilizations	(93)	(21)	-	-	(127)	-	(241)	(230)	(1,224)	(1,765)	(3,219)
Values as of June 30, 2016	**4,209**	**973**	**950**	**1,790**	**1,300**	**454**	**9,676**	**5,097**	**2,533**	**8,730**	**16,360**

Allocations to provisions for the half ended June 30, 2016 refer primarily to rebates (Euro 493 thousand) and the free product fund (Euro 448 thousand), representing the estimate of monetary and non-monetary bonuses, that the Group must pay to customers once given sales volumes are reached, as well as to the warranties provision (Euro 631 thousand) and other provisions for risks and charges (Euro 638 thousand).

Notes to the separate income statement

5.7 REVENUE

In the half ended June 30, 2016, the item "Revenue" totaled Euro 249,761 thousand (Euro 225,816 thousand in the half ended June 30, 2015).

The following table reports the amounts of revenue for the half ended June 30, 2016 and the half ended June 30, 2015:

(In thousands of Euro)	**Half ended June 30**	
	2016	**2015**
Revenue		
Revenue from the sale of products	221,489	196,179
Revenue from services relating to the sale of products	28,272	29,637
Total revenue	**249,761**	**225,816**

For further information on the identification of the operating segments and the allocation of revenue by distribution channel and geographic area, see the section "Operating performance and comments on the economic and financial results" in the Interim Board of Directors' Report.

5.8 RAW MATERIALS, WORK IN PROGRESS AND FINISHED GOODS

In the half ended June 30, 2016, the item "Raw materials, work in progress and finished goods" totaled Euro 88,972 thousand (Euro 79,403 thousand in the half ended June 30, 2015).

The following table provides details of the amounts of raw materials, work in progress and finished goods for the half ended June 30, 2016 and the half ended June 30, 2015:

(In thousands of Euro)	**Half ended June 30**	
	2016	**2015**
Raw materials, work in progress and finished goods		
Purchase and change in inventory of raw material	56,036	54,763
Purchase and change in inventory of finished goods	28,472	21,155
Purchase of packaging and cost for custom duties	4,548	3,893
Change in inventory of work in progress	(84)	(408)
Total raw material, consumables and goods	**88,972**	**79,403**

5.9 COST OF SERVICES

In the half ended June 30, 2016, the item “Cost of services” totaled Euro 75,300 thousand (Euro 69,978 thousand in the half ended June 30, 2015).

The following table reports the amounts of costs of services for the half ended June 30, 2016 and the half ended June 30, 2015:

(In thousands of Euro)	**Half ended June 30**	
	2016	**2015**
Cost of services		
Transport of sales, customs duties and installation	19,615	18,272
Technical assistance	10,280	9,729
Advertising	10,625	8,590
Rentals	3,960	5,954
Consulting services	4,431	4,481
Transport of purchases	6,022	3,549
Travel and representative expenses	3,264	3,462
Agents	4,226	3,814
Outsourcing costs	1,862	1,859
Utilities	1,766	1,982
Maintenance costs	1,654	1,269
Other services	7,595	7,017
Total cost of services	**75,300**	**69,978**

5.10 PERSONNEL EXPENSES

In the half ended June 30, 2016, the item “Personnel expenses” totaled Euro 50,332 thousand (Euro 47,297 thousand in the half ended June 30, 2015).

The following table reports the amounts of personnel expenses for the half ended June 30, 2016 and the half ended June 30, 2015:

(In thousands of Euro)	**Half ended June 30**	
	2016	**2015**
Personnel expenses		
Wages and salaries	37,236	35,999
Social security contributions	11,669	9,977
Provisions for employee benefit obligations	1,001	905
Other costs	426	416
Total personnel expenses	**50,332**	**47,297**

The following table reports the average and exact number of employees, broken down by category for the half ended June 30, 2016 and the half ended June 30, 2015:

	Half ended June 30			
	2016		**2015**	
	Average	**Period-end**	**Average**	**Period-end**
Number of employees				
Managers	58	60	49	51
White-collar	1,098	1,130	1,081	1,074
Blue-collar	731	710	776	754
Total number of employees	**1,887**	**1,900**	**1,906**	**1,879**

5.11 INCOME TAX EXPENSES

In the half ended June 30, 2016, the item "Income tax expenses" totaled Euro 7,593 thousand (Euro 6,073 thousand in the half ended June 30, 2015).

The following table reports the amounts of Income tax expenses for the half ended June 30, 2016 and the half ended June 30, 2015:

(In thousands of Euro)	**Half ended June 30**	
	2016	**2015**
Income tax expenses		
Current taxes	8,997	7,596
Deferred taxes	410	(1,548)
Total income tax expenses for the period	**9,407**	**6,048**
Taxes relating to prior years	(1,814)	25
Total income tax expenses	**7,593**	**6,073**

Current income taxes in the half are calculated on the basis of the existing taxable income on the date of the close of the period, in application of the tax regulations in force or essentially approved on the date of the close of the period and the rates estimated on an annual basis.

5.12 EARNINGS PER SHARE

The following table reports the calculation of basic earnings per share for the half ended June 30, 2016 and the half ended June 30, 2015:

(In thousands of Euro)	**Half ended June 30**	
	2016	**2015**
Earnings per share		
Profit for the period (in thousand of Euro)	9,111	12,039
Number of shares (in thousand)	200,000,000	200,000,000
Total earnings per share (in Euro)	**0.05**	**0.06**

The basic earnings per share coincide with diluted earnings per share.

On February 16, 2016, Technogym's extraordinary shareholders' meeting resolved to go ahead with the splitting of 10,000,000 ordinary shares, with a nominal value of Euro 1.00 each, into which the share capital was subdivided into 200,000,000 ordinary shares as at said date, whose effectiveness is subject to the condition precedent of presentation of the application for admission and listing of the shares on the MTA (screen-based stock exchange). For the half ended June 30, 2015 earnings per share were calculated by taking into account the aforementioned splitting.

5.13 NET INDEBTEDNESS

The following table reports the details of net indebtedness of the Group as of June 30, 2016 and December 31, 2015, determined in accordance with Consob communication of July 28, 2006 and in conformity with the recommendations contained in document no. 319 drafted by ESMA in 2013.

(In thousands of Euro)	**As of June 30**	**As of December 31**
	2016	**2015**
Net Indebtedness		
A. Cash	53,059	68,027
B. Cash equivalents	-	-
C. Trading securities	-	-
D. Liquidity (A) + (B) + (C)	**53,059**	**68,027**
E. Current Financial Receivables	**455**	**318**
F. Current Bank debt	(77,500)	(35,000)
G. Current portion of non-current debt	(24,767)	(17,926)
H. Other current financial debt	(8,095)	(5,022)
I. Current Financial Debt (F) + (G) + (H)	**(110,362)**	**(57,948)**
J. Net Current Financial Indebtedness (I) + (E) + (D)	**(56,848)**	**10,397**
K. Non-current Bank loans	(81,903)	(42,139)
L. Bonds Issued	-	-
M. Other non-current loans	(6,633)	(6,317)
N. Non-current Financial Indebtedness (K) + (L) + (M)	**(88,536)**	**(48,456)**
O. Net Financial Indebtedness (J) + (N)	**(145,384)**	**(38,059)**

The main trends are outlined in the section “Operating performance and comments on the economic and financial results” in the Interim Board of Directors' Report.

As of June 30, 2016 there are no restrictions or limitations to the use of the cash of the Group, except for not relevant amounts relating to specific circumstances closely linked to commercial operations of some entities of the Group.

5.14 FAIR VALUE DISCLOSURE

As of June 30, 2016 and December 31, 2015, the book value of financial assets and liabilities is the same as their fair value.

IFRS 7 outlines three levels of fair value for the measurement of financial instruments recognized in the statement of financial position: (i) Level 1: quoted prices in an active market; (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable directly (prices) or indirectly (derived from prices) in the market; (iii) Level 3: inputs not based on observable market data.

During the period, there were no transfers between the three levels of fair value indicated in IFRS 7.

5.15 RISK DISCLOSURE

The main financial risks to which the Group is subject to are:

- Credit risk, arising from commercial transactions or financing activities;
- Liquidity risk, related to the availability of financial resources and access to the credit market;
- Market risk, in particular:

a) Currency risk, related to operations in areas using currencies other than the functional currency;
b) Interest rate risk, related to the Group's exposure to financial instruments that accrue interests;
c) Price risk, associated with changes of the prices of commodities.

For more information on the policies and processes for risk management, please refer to the section "Risk factors" in the Interim Board of Directors' Report.

5.16 RELATED PARTY TRANSACTIONS

The Group's transactions with related parties, (hereinafter also "**Related party transactions**") identified based on criteria defined by IAS 24 – Related party disclosures, are primarily of a commercial nature and connected with transactions carried out on an arm's length basis.

The table below details the equity balances of Related Party Transactions as of June 30, 2016 and December 31, 2015.

(In thousands of Euro)	Controlling entities	Joint ventures	Associates	Other related parties	**Total**	**% on financial statements item**
Trade receivables						
Half ended June 30, 2016	5	1,026	-	703	**1,734**	**2.0%**
Year ended December 31, 2015	5	133	-	697	**835**	**1.0%**
Current financial assets						
Half ended June 30, 2016	-	-	102	-	**102**	**25.2%**
Year ended December 31, 2015	-	-	100	-	**100**	**95.2%**
Other current assets						
Half ended June 30, 2016		323	-	106	**429**	**1.2%**
Year ended December 31, 2015	19	-	-	99	**118**	**0.4%**
Trade payables						
Half ended June 30, 2016	0	61	7	45	**113**	**0.1%**
Year ended December 31, 2015	1	28	-	638	**667**	**0.7%**
Other current liabilities						
Half ended June 30, 2016	-	-	-	21,403	**21,403**	**34.4%**
Year ended December 31, 2015	-	-	-	-	**-**	**0.0%**

Trade receivables and other current assets due to joint ventures refer entirely to commercial relations in place with Technogym Emirates LLC, a joint venture established by the Group with a company in the UAE in order to facilitate the distribution and sale of products and services of the Group in UAE.

The decrease in the trade payables due to other related parties is mainly attributable to the Group's acquisition of 100% of the shares of TGB, holder of the right of ownership on the property complex known as Technogym Village.

The other current liabilities due to related parties as of June 30, 2016 refer to the debt the Group has in place with the companies APIL and OIREN, as deferred consideration, for the purchase of 100% of TGB's shares.

The table below details the income statement balances of Related Party Transactions as of June 30, 2016 and June 30, 2015:

(In thousands of Euro)	Controlling entities	Joint ventures	Associates	Other related parties	**Total**	**% on financial statements item**
Revenue						
Half ended June 30, 2016	-	5,207	-	54	**5,261**	**2.1%**
Half ended June 30, 2015	-	4,060	-	85	**4,145**	**1.8%**
Raw materials, work in progress and finished goods						
Half ended June 30, 2016	(9)	-	-	-	**(9)**	**0.0%**
Half ended June 30, 2015	(33)	-	-	-	**(33)**	**0.0%**
Cost of services						
Half ended June 30, 2016	(4)	(26)	(128)	(406)	**(564)**	**0.7%**
Half ended June 30, 2015	-	(53)	-	(2,258)	**(2,311)**	**3.3%**
Other operating costs						
Half ended June 30, 2016	-	(45)		(6)	**(51)**	**0.9%**
Half ended June 30, 2015	-	-	-	-	**-**	**0.0%**

The decrease in the costs of services due to other related parties is mainly attributable to the Group's acquisition of 100% of the shares of TGB, holder of the right of ownership on the property complex known as Technogym Village.

Remuneration of directors and key management

The total amount of compensation of the Board of Directors of the Company amounted to Euro 1,130 thousand for the half ended June 30, 2016 (Euro 1,075 thousand for the half ended June 30, 2015). The total amount of compensation of the key management amounted to Euro 1,563 thousand for the half ended June 30, 2016 (Euro 1,273 thousand for the half ended June 30, 2015).

5.17 CONTINGENT LIABILITIES

As of June 30, 2016 there are no ongoing legal or tax proceedings against any Group companies and therefore, no particular provisions have been recognized.

5.18 COMMITMENTS AND GUARANTEES

As of June 30, 2016 the Company issued guarantees to credit institutions on behalf of subsidiaries for Euro 5,085 thousand (Euro 4,525 thousand as of December 31, 2015), and on behalf of related parties for Euro 3,692 thousand (Euro 3,764 thousand as of December 31, 2015). The guarantees issued by the Group in favor of public institutions and other third parties amount to Euro 2,504 thousand (Euro 2,661 thousand as of December 31, 2015).

As of June 30, 2016, the commitments assumed by the Group refer mainly to future payments deriving from lease agreements in place for the activities carried out. For more information relating to the commitments assumed by the Group, please refer to note 11 of the Consolidated Financial Statements.

5.19 NON-RECURRING EVENTS AND TRANSACTIONS

On February 16, 2016, the Company signed a sale agreement regarding 100% of the shares of TGB, holder of the right of ownership on the property complex known as Technogym Village, the Group's operating headquarters since September 2012.

This acquisition, and the associated effects on the statement of financial position are described in the sections "Operating performance and comments on the economic and financial results" and "Investments and acquisitions" in the Interim Board of Directors' Report.

With the exception of those reported previously, the Group did not complete any significant non-recurring transactions or atypical or unusual transactions pursuant to Consob Communication no. DEM/6064293 of July 28, 2006.

5.20 SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

On July 4, 2016, following the formal presentation of the reimbursement request on April 8, 2016, the Group collected the VAT credit booked vis-a-vis the Slovakian tax authorities in the consolidated statement of financial position as of June 30, 2016, for an amount of Euro 36,389 thousand.

The receivable originated from some payments arranged by the company Technogym E.E. s.r.o. in relation to a non-recurring situation of a fiscal nature, attributable to the interpretation of the VAT regulations with reference to sale transactions, which are still to be assessed, that concerned products made by Technogym E.E. s.r.o. intended for export beyond Slovakian borders and whose transportation was organized and managed directly by third parties.

This collection will influence the statement of financial position and the cash flows of the Group as of and for the year ended December 31, 2016.

Attestation of the half-year condensed consolidated financial statements pursuant to article 81-ter of the Consob regulation 11971 of 14 may 1999 as amended

1. The undersigned, Nerio Alessandri, in his capacity as the Chief Executive Officer of Technogym S.p.A. and Stefano Zanelli as Chief Financial Officer and executive responsible for the preparation of Technogym S.p.A.'s financial statements, pursuant to Article 154-bis, paragraphs 3 and 4, of the Italian Legislative Decree 58 of 24 February 1998, hereby certify:

   - the adequacy in relation to the characteristics of the company and
   - the effective implementation of the administrative and accounting procedures for the preparation of half-year condensed consolidated financial statements, during the first half 2016.

2. With regard to the above, there are no remarks.

3. It is also certified that:

   3.1 the Half-year Condensed Consolidated Financial Statement:

   a) has been drawn up in accordance with the international accounting standards recognised in the European Union under the EC regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
   b) is consistent with the entries in the accounting books and records;
   c) provides an accurate and fair view of the assets and liabilities, profits and losses and financial position of the issuer and the group of companies included in the consolidation.

   3.2 The half-year directors' report includes a reliable analysis of the significant events that took place in the first six months of the financial year and their impact on the half-year condensed consolidated financial statements, along with a description of the main risks and uncertainties for the Group.

   The half-year directors' report also includes a reliable analysis of the significant transactions with related parties.

Cesena, August 4, 2016

CHAIRMAN OF THE BOARD DIRECTORS AND CHIEF EXECUTIVE

Nerio Alessandri

EXECUTIVE OFFICER RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL STATEMENTS

Stefano Zanelli

pwc

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Technogym SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Technogym SpA and its subsidiaries (Technogym Group) as of 30 June 2016, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flow and related notes. The directors of Technogym SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of Technogym Group as of 30 June 2016 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

Other aspects

The consolidated condensed interim financial statements of Technogym Group as of 30 June 2015 have not been subject to audit or review.

Bologna, 4 August 2016

PricewaterhouseCoopers SpA

Edoardo Orlandoni
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers