Nuovo Trasporto Viaggiatori

30 June 2017

Condensed Interim Financial Statements

This document has been translated into English for the convenience of the readers. In the event of discrepancy, the Italian language version prevails.

Contents

INCOME STATEMENT

(in euro)	Note	Half year ending on 30 June 2017	Half year ending on 30 June 2016
Revenue from transport services	6	205,417,954	168,285,696
Other operating revenues	7	13,745,675	6,403,230
Total operating revenues		**219,163,629**	**174,688,926**
Access and electricity costs	8	(61,724,205)	(54,216,959)
Train management costs	9	(25,666,699)	(25,610,352)
Personnel costs	10	(24,570,437)	(22,264,590)
Other operating costs	11	(42,083,578)	(30,554,994)
Operating profit (loss) before depreciation, amortisationand gains (losses) on disposal of non-current assets (EBITDA)		**65,118,710**	**42,042,031**
Depreciation and amortisation	12	(14,449,651)	(15,522,006)
Gains (losses) on disposal of non-current assets	15	(312,500)	(464,620)
Operating profit (loss) (EBIT)		**50,356,559**	**26,055,405**
Net financial income (expenses)	13	(13,183,885)	(7,883,755)
Profit (loss) before tax		**37,172,674**	**18,171,650**
Taxes	14	(11,211,016)	(5,523,475)
Profit (loss) for the period		**25,961,658**	**12,648,175**

STATEMENT OF COMPREHENSIVE INCOME

(in euro)	Note	Half year ending on 30 June 2017	2016
Profit (loss) for the period		**25,961,658**	**12,648,175**
Cash flow hedge reserve	24	2,224,827	4,864,312
Cash flow hedge reserve - taxation	24	(533,961)	(1,337,686)
Other income components that will be reversed to the income statement in future years		**1,690,866**	**3,526,626**
Actuarial profit / (loss) for employee benefits	24,26	413,188	(2,068,176)
Actuarial profit / (loss) for employee benefits - taxation	24	(99,165)	568,748
Other income components that will not be reversed to the income statement in future years		**314,023**	**(1,499,428)**
Total other income components		**2,004,889**	**2,027,198**
Comprehensive profit (loss) for the period		**27,966,547**	**14,675,373**

STATEMENT OF FINANCIAL POSITION

(Euros)	Note	At 30 June 2017	At 31 December 2016
Intangible fixed assets	15	3,268,870	4,226,643
Tangible fixed assets	16	652,870,698	645,070,892
Deferred tax assets	17	78,478,398	87,907,345
Other non-current assets	18	4,199,886	66,887
Total non-current assets		**738,817,852**	**737,271,767**
Inventories	19	4,692,602	8,789,456
Trade receivables	20	6,438,786	4,591,979
Other current assets	21	98,598,685	54,737,350
Short-term bank deposits	22	-	50,000,000
Cash and cash equivalents	23	157,229,680	77,430,642
Total current assets		**266,959,753**	**195,549,427**
Total assets		**1,005,777,605**	**932,821,194**
Share capital		57,207,884	57,207,884
Share premium reserve		48,000,000	48,000,000
Other reserves		(16,964,378)	(12,394,449)
Retained earnings		65,211,798	32,675,322
Total shareholders' equity	24	**153,455,304**	**125,488,757**
Non-current borrowings	25	661,966,927	655,555,584
Employee benefits	26	13,525,877	12,013,795
Non-current provisions	27	3,207,775	2,651,633
Other non-current liabilities	29	4,870,920	3,697,971
Total non-current liabilities		**683,571,499**	**673,918,983**
Current borrowings	25	13,953,976	10,067,930
Trade payables	28	114,079,060	84,811,666
Current tax payables		286,918	1,349,116
Other current liabilities	29	40,430,848	37,184,742
Total current liabilities		**168,750,802**	**133,413,454**
Total liabilities		**852,322,301**	**807,332,437**
Total shareholders' equity and liabilities		**1,005,777,605**	**932,821,194**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in euro)	Share capital	Share premium reserve	Other reserves	Retained earnings	Total Shareholders' Equity
At 31 December 2015	**57,207,884**	**48,000,000**	**(18,004,041)**	**620,379**	**87,824,222**
Profit (loss) for the period	-	-	-	12,648,175	12,648,175
Cash flow hedge reserve	-	-	3,526,626	-	3,526,626
Actuarial loss for employee benefits	-	-	-	(1,499,428)	(1,499,428)
Comprehensive profit (loss) for the period	**-**	**-**	**3,526,626**	**11,148,747**	**14,675,373**
At 30 June 2016	**57,207,884**	**48,000,000**	**(14,477,415)**	**11,769,126**	**102,499,595**
At 31 December 2016	**57,207,884**	**48,000,000**	**(12,394,449)**	**32,675,322**	**125,488,757**
Profit (loss) for the period	-	-	-	25,961,658	25,961,658
Cash flow hedge reserve	-	-	1,690,866	-	1,690,866
Actuarial loss for employee benefits	-	-	-	314,023	314,023
Comprehensive profit (loss) for the period	**-**	**-**	**1,690,866**	**26,275,681**	**27,966,547**
Reclassification			(6,260,795)	6,260,795	-
At 30 June 2017	**57,207,884**	**48,000,000**	**(16,964,378)**	**65,211,798**	**153,455,304**

STATEMENT OF CASH FLOWS

(Euros)	Note	Half year ending on 30 June 2017	Half year ending on 30 June 2016
Profit (loss) before tax		**37,172,674**	**18,171,650**
Adjustments for:			
Depreciation and Amortisation	12	14,449,651	15,522,006
Accrual for/(release from) provisions for risks and charges	27	691,756	1,603,725
Net financial (income)/expenses	13	10,594,507	6,576,556
Other non-monetary items		2,444,985	2,113,472
Cash flow generated by operating activities before changes in net working capital		**65,353,573**	**43,987,409**
Change in inventories	19	4,096,854	-
Change in trade receivables	20	(1,860,490)	(4,778,925)
Change in trade payables	28	29,267,394	(6,498,470)
Change in other assets/liabilities		(41,472,383)	(2,775,677)
Payment of employee benefits	26	(300,689)	(288,286)
Interest paid		(4,211,570)	(5,621,185)
Tax paid		(3,477,393)	-
Net cash flow generated by operating activities		**47,395,296**	**24,024,866**
Investment in tangible fixed assets	16	(21,220,006)	(2,092,738)
Investment in intangible fixed assets	15	(864,493)	(2,258,688)
Disposals of tangible and intangible fixed assets	15,16	480,315	-
Change in short-term bank deposits	22	50,000,000	10,000,000
Interest collected		591,084	436,393
Net cash flow absorbed by investing activities		**28,986,900**	**6,084,967**
New issues of non-current borrowings	25	675,403,506	-
Repayments of non-current borrowings	25	(671,986,664)	(8,000,000)
(Decrease)/increase of non-current borrowings	25	-	3,246,835
Share capital increase	24	-	-
Net cash flow absorbed by financing activities		**3,416,842**	**(4,753,165)**
Total change in cash and cash equivalents		**79,799,038**	**25,356,668**
Cash and cash equivalents at beginning of period	23	77,430,642	85,607,179
Cash and cash equivalents at end of period	23	**157,229,680**	**110,963,847**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1 General information

Nuovo Trasporto Viaggiatori S.p.A. (hereinafter “NTV” or the “Company”) is a joint-stock company, with registered office in Rome, viale del Policlinico no. 149/B, structured in accordance with the legislation of the Italian Republic .

NTV is the first and only private Italian operator on the European high-speed rail network market.

The condensed financial statements for the half year ending on 30 June 2017 prepared in accordance with IFRS standards (hereinafter “Condensed Interim Financial Statements“) have been prepared voluntarily by the Company in accordance with IAS 34, concerning interim financial reporting.

IAS 34 permits the preparation of interim financial statements in an “abbreviated” form, namely based on a minimum amount of information, significantly less than that envisaged by the IFRS as a whole, in the event that financial statements complete with disclosures prepared on the basis of the IFRS has been previously made available to the public. These Condensed Interim Financial Statements have been prepared in an “abbreviated” form and therefore must be read jointly with the Company’s financial statements for the years ending 31 December 2016, 2015 and 2014 (“Three-Yearly IFRS Financial Statements“) prepared in accordance with the IFRS adopted by the European Union.

These Condensed Interim Financial Statements have been prepared in Euros, the currency currently used in the economies in which the Company predominantly operates. Financial statement values and relative notes are expressed in Euros, unless otherwise indicated.

2 Summary of accounting standards

The main criteria and accounting standards applied in the preparation of these Condensed Interim Financial Statements are illustrated below.

Note that the accounting standards and the measurement criteria adopted to prepare these Condensed Interim Financial Statements are the same as those used for the Three-Yearly IFRS Financial Statements, to which the Reader should refer for a description of the same, and have been consistently applied to all of the periods submitted.

Income taxes are recognised on the basis of the best estimate of the effective rate expected for the half year.

Accounting Standards, amendments and interpretations not yet applicable and for which the Company did opt for early adoption

At the date of these Condensed Interim Financial Statements, the competent bodies of the European Union have not yet completed the endorsement process required for adoption of the following accounting standards and amendments:

Amendments to IAS 7 “Disclosure initiative”	These amendments to IAS 7 “Statement of cash flows”, published by the IASB on 29 January 2016, introduce the obligation to provide additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The document is part of a project entitled “IASB’s Disclosure Initiative”, which seeks to explore opportunities to improve financial statement disclosures. These changes are applicable to financial years that start from 1 January 2017.

	Early adoption is permitted.
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealised Losses”	These changes to IAS 12 “Income taxes”, published by the IASB on 19 January 2016, regard the recognition of deferred tax assets for unrealised losses and clarify how to account for deferred tax assets relating to debt instruments measured at fair value. These changes are applicable retrospectively to financial years that start from 1 January 2017. Early adoption is permitted.
Amendments to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	This amendment, published by the IASB on 20 June 2016, clarifies the measurement of cash-settled share-based payments and the accounting treatment for modifications to an incentive plan that changes from cash-settled to equity-settled. The document also introduces an exception to IFRS 2, which will entail that an incentive plan must be entirely accounted for as an equity-settled plan when the employer is bound to pay the tax authority a withholding tax resulting from said plan and charged to the relative beneficiary employees. These changes are applicable to financial years that start from 1 January 2018. Early adoption is permitted.
“Clarifications to IFRS 15 Revenue from Contracts with Customers”	This document, published by the IASB on 12 April 2016, contains clarifications regarding certain aspects relating to the implementation of IFRS 15 “Revenue from contracts with customers” (hereinafter “IFRS 15”). The changes to IFRS 15 are effective from years which start on or after 1 January 2018.
IFRS 16 “Leases”	On 13 January 2016, the IASB published IFRS 16 “Leases” (hereinafter “IFRS 16”), which replaces IAS 17 “Leasing” and the relative interpretations. IFRS 16 eliminates the distinction between operating and finance leases for the purposes of the financial statements of the lessees; for all lease contracts with a term exceeding 12 months, the recognition of an asset, representative of the obligation to make the payments envisaged by the contract is required. For the purposes of the financial statements of the lessors, instead, the distinction between operating and finance leases is maintained. IFRS 16 has extended the financial statements disclosure for both lessees and lessors. The provisions of IFRS 16 are effective from 1 January 2019. Early adoption is permitted, subject to the early adoption of IFRS 15.
Amendments to IAS 40 “Transfers of Investment Property”	These amendments, published by the IASB on 8 December 2016, clarify that transfers to or from investment property must be justified by a change in use of the same. To understand whether a change of use of the investment property has occurred, it must be verified whether the property meets, or ceases to meet, the definition of investment property. This change must be supported by evidence. These changes are applicable to financial years that start from 1 January 2018.
Annual improvements 2014-2016	The changes introduced by this document, published by the IASB on 8 December 2016, regard:

	– IFRS 1 “First adoption of International Financial Reporting Standards”, effective from financial years that start from 1 January 2018; – IFRS 12 “Disclosure of interest in other entities”, effective retrospectively from years which started on or after 1 January 2017; – IFRS 28 “Investments in Associates and Joint Ventures”, effective from financial years that start from 1 January 2018.
IFRIC 22 “Foreign currency transactions and advance consideration”	This interpretation, published by the IASB on 8 December 2016, addresses the accounting treatment of transactions denominated in foreign currencies or parts of transactions whose payment is denominated in a foreign currency. The interpretation provides a guide for circumstances in which a single payment/collection is envisaged, as well as cases in which a number of payments/collections are made. The aim of the interpretation is to reduce non-compliant behaviour. The changes are applicable to financial years that start from 1 January 2018.
IFRS 17 “Insurance Contracts”	On 18 May 2017, the IASB issued IFRS 17 “insurance Contracts”, which establishes the accounting of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17, which supersede those currently envisaged by IFRS 4 “Insurance contracts” are effective from years which start on or after 1 January 2021.
IFRIC 23 “Uncertainty over Income Tax Treatments”	On 7 June 2017, the IASB issued IFRIC 23 “Uncertainty over Income Tax Treatments”, containing instructions regarding the accounting of tax assets and liabilities (current and/or deferred) relating to income taxes when there is uncertainty as to the application of tax legislation. The provisions of IFRS 23 are effective from years which start on or after 1 January 2019.

Accounting Standards, amendments and interpretations not yet adopted but for which early application is permitted

At the date of these Financial Statements, the competent bodies of the European Union had approved the adoption of the following accounting standards and amendments, not yet adopted by the Company:

IFRS 15 “Revenue from contracts with customers”	On 28 May 2014, the IASB published IFRS 15 “Revenue from contracts with customers” (hereinafter IFRS 15), which regulates the timing and the amount to be recognised of revenue arising from a contract with a customer, including contracts relating to work in progress. More specifically, IFRS 15 envisages that the recognition of the revenue is based on the following five steps: 1) identify the contract with the customer; 2) identify the contractual obligation to transfer goods and/or services (known as performance obligations); 3) determine the transaction price; 4) allocate the transaction price to the performance obligations identified on the basis of the stand-alone selling price of each good or service; and 5) recognise revenue when the relative performance obligation is met. In addition, IFRS 15 integrates the financial statement disclosure to be made,

	regarding the nature, amount, timing and uncertainty of revenues and of the relative cash flows. The new standard, adopted by the European Commission with EU Regulation no. 2016/1905 of 22 September 2016, is effective from years which start on or after 1 January 2018. Early adoption is permitted.
IFRS 9 “Financial Instruments”	On 24 July 2014, the IASB completed the project to revise the standard on financial instruments with the issue of the full version of IFRS 9 “Financial instruments” (hereinafter “IFRS 9”). The new provisions of IFRS 9: – changes the model for the classification and measurement of financial assets; – introduce a new procedure for writing down financial assets, which takes expected credit losses into account; and – changes the provisions on hedge accounting. The provisions of IFRS 9, adopted by the European Commission with EU Regulation no. 2016/2067 of 22 November 2016, are effective from years which start on or after 1 January 2018.

The Company is assessing the impact that the application of the same could have on its financial statements.

3 Use of estimates

The preparation of the Condensed Interim Financial Statements requires that management makes estimates and assumptions that have an effect on the value of financial statement revenues, costs, assets and liabilities, as well as on disclosures on the date of the financial statements. These estimates and assumptions could differ from actual circumstances.

Note that in the preparation of these Condensed Interim Financial Statements, the most important assessment processes carried out by management, as well as the main variables underlying are the same as those used to prepare the Three-Yearly IFRS Financial Statements.

4 Fair value measurement

The following table summarises the assets and liabilities that are measured at fair value as at 30 June 2017 and 31 December 2016, based on the level that reflects the inputs used to determine the fair value.

	At 30 June	**At 31 December**
(Euros)	**2017**	**2016**
Derivative assets	4,199,886	-
Derivative liabilities	(3,740,790)	(1,765,731)
Total	**459,096**	**(1,765,731)**

As the Company has floating rate liabilities, it is exposed to interest rate fluctuations.

The fair value measurement of these instruments is made according to methods that are classified in level 2: the Company uses internal measurement models, generally used in financial practice. During periods considered, no transfers between different levels of the fair value hierarchy were made.

5 Segment reporting

IFRS 8 defines an operating segment as a component (i) that engages in business activities from which it may earn revenues and incur expenses, (ii) whose operating results are reviewed regularly by the entity's chief operating decision maker and (iii) for which separate financial information is available.

For the purposes of IFRS 8, the business activities performed by the Company are identified as belonging to a single business segment.

6 Revenue from transport services

The item in question breaks down as follows:

	Half year ending on 30 June	
(Euros)	**2017**	**2016**
Transportation revenues	205,417,954	168,285,696
Total	**205,417,954**	**168,285,696**

This item refers to revenue originating from transport services, including ancillary services, after returns and rebates.

7 Other operating revenue

The item in question breaks down as follows:

	Half year ending on 30 June	
(Euros)	**2017**	**2016**
White certificates	11,359,013	4,198,486
Royalties and advertising space	786,423	421,218
Recharges for services to third parties	635,236	633,000
Other income	965,003	1,150,526
Total	**13,745,675**	**6,403,230**

"Other income" is mainly comprised by revenues for ancillary services to passenger transport and to a lesser extent by capital and revenue grants from public entities.

8 Access and electricity costs

The item in question breaks down as follows:

	Half year ending on 30 June	
(Euros)	**2017**	**2016**
Access costs	46,978,115	44,350,189
Electricity costs	14,746,090	9,866,770
Total	**61,724,205**	**54,216,959**

This item refers to fees paid to the railway infrastructure operator for track access and traction energy of rolling stock.

9 Train management costs

The item in question breaks down as follows:

	Half year ending on 30 June	
(Euros)	**2017**	**2016**
Rolling stock maintenance	15,497,096	15,459,634
Nola plant maintenance	5,295,617	5,303,969
Cleaning costs for train	3,917,879	3,883,916
Other train costs	956,107	962,833
Total	**25,666,699**	**25,610,352**

10 Personnel costs

The item in question breaks down as follows:

	Half year ending on 30 June	
(Euros)	**2017**	**2016**
Wages and salaries	17,764,485	15,960,916
Social security and insurance contributions	5,437,669	4,938,098
Post-employment benefits (TFR)	1,164,217	1,023,971
Leaving incentives	-	137,500
Other personnel costs	204,066	204,105
Total	**24,570,437**	**22,264,590**

In addition to the accrualfor the defined benefits provision pertaining to each year, "post-employment benefits (TFR)" include the amounts paid to social security provisions corresponding to Euro 219,643 for the half year ending on 30 June 2017 (Euro 169,677 for the half year ending on 30 June 2016).

The following table shows the average number of Company employees in the periods in question and the number of employees on the closing date of each period:

	Average number of employees in the half year ending on 30 June		Exact number of employees as at	
(units)	**2017**	**2016**	**30 June 2017**	**31 December 2016**
Officers	16	14	16	16
Managers	56	60	55	55
Employees	803	790	821	770
Others	99	5	142	52
Total	**974**	**873**	**1,034**	**893**

11 Other operating costs

The item in question breaks down as follows:

	Half year ending on 30 June	
(Euros)	**2017**	**2016**
Ticket sales commission	8,669,008	6,647,882
Third party services	7,704,794	4,499,754
Consultants' fees	5,394,319	2,954,867
Rental and lease instalments	4,521,054	4,091,671
Other maintenance	2,345,458	1,776,676
Commission from payment circuits	2,052,660	1,912,360
Travel expenses	1,854,666	1,055,977
Insurance services	1,809,725	1,914,736
Promotional expenses	3,187,409	2,188,232
Connectivity	1,280,782	1,536,434
Net accrual for provisions	678,073	9,807
Write-down of receivables	13,683	67,291
Other operating costs	2,571,947	1,899,307
Total	**42,083,578**	**30,554,994**

"Third party services" mainly includes the costs for the on-board caring service, for the cash management service for the automatic vending machines, for third party transport and for cleaning, security and supervisory services.

"Connectivity" includes the costs for on-board connectivity services and those at operating units.

"Other operating costs" mainly includes costs for replacement company canteen, indirect taxes and duties, utility costs, telephone expenses and other miscellaneous costs.

12 Depreciation and Amortisation

The item in question breaks down as follows:

	Half year ending on 30 June	
(Euros)	**2017**	**2016**
Depreciation of rolling stock	10,607,000	10,590,084
Depreciation of other fixed assets	2,813,200	3,244,040
Amortisation of intangible fixed assets	1,029,451	1,687,882
Total	**14,449,651**	**15,522,006**

13 Net financial income (expenses)

The item in question breaks down as follows:

	Half year ending on 30 June	
(Euros)	**2017**	**2016**
Interest on bank and post office deposit	15,606	519,295
Other interest income	575,488	436,393
Total financial income	**591,094**	**955,688**
Financial expenses on derivative instruments	2,482,167	6,493,671
Interest expense on borrowings	2,323,273	1,088,663
Interest on finance lease	674,895	2,035,778
Bank commissions	606,312	373,016
Interest on notes issued	427,778	-
Interest on term loan	135,862	-
Interest on post-employment benefits (TFR)	61,938	72,436
Net foreign exchange losses	36	-
Other financial expenses	7,062,718	284,203
Change to the fair value of derivative instruments	-	(4,466,622)
Reversal of cash flow hedge reserve for derivative instruments	-	2,958,298
Total financial expenses	**13,774,979**	**8,839,443**
Total net financial income (expenses)	**(13,183,885)**	**(7,883,755)**

"Other financial expenses" reflects, for the half year ending on 30 June 2017, the impact on the income statement in terms of the discounting of payables with a due date of over 12 months, which were repaid in advance during the half year as part of the refinancing operation. For further details, see note 25 below "Current and non-current borrowings"

14 Taxes

The item in question breaks down as follows:

	Half year ending on 30 June	
(Euros)	**2017**	**2016**
Current income taxes	2,415,195	1,211,360

Deferred income taxes	8,795,821	4,312,115
Total	**11,211,016**	**5,523,475**

The following table shows the reconciliation of the theoretical tax charge and the effective one for the half-years ending on 30 June 2017 and 30 June 2016.

	Half year ending on 30 June	
(Euros)	**2017**	**2016**
Theoretical tax charge	8,921,442	4,997,204
IRAP (Italian regional business tax)	2,415,193	1,211,358
Other differences	(125,619)	(685,087)
Effective tax charge	**11,211,016**	**5,523,475**

15 Intangible fixed assets

Changes in the item in question break down as follows:

(Euros)	**Licenses**	**Software**	**Intangible investments in progress**	**Total**
Balance at 31 December 2016	**44,368**	**3,299,706**	**882,569**	**4,226,643**
of which:				-
- historical cost	*153,814*	*31,138,808*	*882,569*	***32,175,191***
- accumulated amortisation	*(109,446)*	*(27,839,102)*	-	***(27,948,548)***
Reclassifications		417,379	(417,379)	-
Increases		844	863,649	**864,493**
Decreases		-	(792,815)	**(792,815)**
Amortisation	(8,133)	(1,021,318)	-	**(1,029,451)**
Balance at 30 June 2017	**36,235**	**2,696,611**	**536,024**	**3,268,870**
of which:				
- historical cost	*153,813*	*31,557,033*	*536,024*	***32,246,870***
- accumulated amortisation	*(117,578)*	*(28,860,422)*	-	***(28,978,000)***

In the first half of 2017, the losses on the disposal of non-current assets are mostly relate to investments in software in progress that were not subsequently brought to a conclusion as at 30 June 2017.

16 Tangible fixed assets

Changes in the item in question break down as follows:

(Euros)	**Rolling stock**	**Tangible investments in progress**	**Onboard telecommunications**	**Investments at railway stations**	**Land and buildings**	**Other tangible fixed assets**	**Total**
Balance at 31 December 2016	**542,142,083**	**92,567,360**	**2,827,539**	**2,288,083**	**78,296**	**5,167,531**	**645,070,892**
of which:							
- historical cost	*635,896,539*	*92,567,360*	*11,370,078*	*7,587,246*	*132,465*	*14,126,558*	**761,680,246**
- accumulated depreciation	*(93,754,456)*	-	*(8,542,539)*	*(5,299,163)*	*(54,169)*	*(8,959,027)*	**(116,609,354)**
Reclassifications	-	*(290,554)*	-	*290,554*	-	-	-
Increases	-	20,201,726	584,000	25,032	-	409,248	**21,220,006**
Decreases	-	-	-	-	-	-	-
Depreciation	*(10,607,000)*	-	*(1,080,211)*	*(584,086)*	*(12,378)*	*(1,136,525)*	**(13,420,200)**
Balance at 30 June 2017	**531,535,083**	**112,478,532**	**2,331,328**	**2,019,583**	**65,918**	**4,440,254**	**652,870,698**

of which:							
- historical cost	635,896,539	112,478,532	11,954,078	7,902,833	132,465	14,535,806	**782,900,253**
- accumulated depreciation	(104,361,456)	-	(9,622,750)	(5,883,250)	(66,547)	(10,095,552)	**(130,029,555)**

Note that on 28 October 2015, the Company signed an agreement with the supplier Alstom for the purchase of 12 new EVO trains, the delivery of which is expected between November 2017 and July 2018. The overall investment made was Euro 255,944,620. The amount is paid on the basis of the state of construction of the individual trains. In the first half of 2017, the Company made investments totalling Euro 19,449,876 (Euro 89,751,026 in advances at 31 December 2016) with regard to the advances paid, recognised under "Tangible investments in progress".

"Tangible investments in progress" also includes financial expenses capitalised on assets in progress of Euro 591,995. The rate of capitalisation used to calculate the amount of capitalised expenses was 1.28%.

17 Deferred tax assets

Changes in the item in question break down as follows:

	At 30 June
(Euros)	**2017**
Balance at 1 January	**87,907,345**
Of which:	
- deferred tax assets	*91,558,652*
- deferred tax liabilities	*(3,651,307)*
Impact on income statement	(8,795,821)
Impact on statement of comprehensive income	(633,126)
Balance at 30 June	**78,478,398**
Of which:	
- deferred tax assets	*78,675,050*
- deferred tax liabilities	*(196,652)*

During the period in question, the Company recognised deferred tax assets mainly with relation to ACE (*Aiuto alla Crescita Economica*) tax relief, non-deducted provisions during the period, mismatches between book and tax amortisation and depreciation and impairments of receivables.

18 Other non-current assets

The item in question breaks down as follows:

	At 30 June	At 31 December
(Euros)	**2017**	**2016**
Derivative instruments	4,199,886	-
Term deposit	-	66,887
Total	**4,199,886**	**66,887**

This item includes the fair value of derivatives as at 30 June 2017. The fair value of derivative financial instruments was calculated considering measurement models commonly used in the financial sphere and market parameters at the date of preparation of the financial statements, as indicated in the note entitled "Fair value measurement".

With regard to the debt refinancing operation completed in the half year, the Company renegotiated the derivative contracts to hedge interest rate risk on extinguished liabilities. At 30 June 2017, two new IRS contracts were recorded, signed on 23 June 2017 and 26 June 2017, effective from 23 June 2017 and maturing on 1 June 2023, with a notional value of Euro 200,000,000 and Euro 100,000,000 respectively. These instruments envisage the exchange of cash flows each quarter (outflows at a fixed market rate and inflows at a floating rate based on 3-month Euribor), with a notional amount hedging a portion of the underlying liability.

Based on the requirements of hedge accounting, the conditions of the new contracts qualify as hedges of new borrowings obtained.

19 Inventories

This item as at 30 June 2017 and 31 December 2016 only refers to white certificates (EEC) relating to TOE (Tonnes of Equivalent) matured at said dates.

20 Trade receivables

The item in question breaks down as follows:

	At 30 June	At 31 December
(Euros)	**2017**	**2016**
Receivables due from customers	9,804,188	7,948,062
Provisions for doubtful accounts	(3,365,402)	(3,356,083)
Total	**6,438,786**	**4,591,979**

The following table shows changes in provisions for doubtful accounts:

(Euros)	Provisions for doubtful accounts
Balance at 31 December 2016	**3,356,083**
Accruals	13,683
Utilisations	(4,364)
Balance at 30 June 2017	**3,365,402**

21 Other current assets

The item in question breaks down as follows:

	At 30 June	At 31 December
(Euros)	**2017**	**2016**
VAT tax receivables	76,759,080	32,459,056
Advances to vendors	12,547,010	13,777,476
Advances to employees	237,873	235,361
Social security contributions receivables	1,078,011	759,776
Deposits and guarantee deposits	790,918	690,218
Receivables from payment circuits	2,896,480	2,069,665
Other assets	4,289,313	4,745,798
Total	**98,598,685**	**54,737,350**

"Other current assets" is mostly comprised by prepayments for commission expense on sureties, insurance policies and other payments paid in advance for future periods.

The increase of "VAT tax receivables" compared to 31 December 2016 mainly refers to VAT tax receivables recognised following the early redemption of rolling stock from the leasing company, as part of the refinancing operation illustrated in more detail in note 25 of this document.

22 Short-term bank deposits

This item refers to the short-term use of cash and cash equivalents by the Company.

At 30 June 2017, the Company held no short-term bank deposits.

23 Cash and cash equivalents

The item in question breaks down as follows:

	At 30 June	At 31 December
(Euros)	**2017**	**2016**
Bank and postal deposits	155,139,816	75,032,335
Cash at bank and in hand	2,089,864	2,398,307
Total	**157,229,680**	**77,430,642**

24 Shareholders' Equity

Share capital

The Company's share capital as at 30 June 2017 amounts to Euro 57,207,884 and is represented by 645,207,884 no-par ordinary shares.

The shares that make up the share capital do not entail any obligations to distribute preference dividends or other privileged forms of assignment of the results to shares. The company's shares are subject to a pledge in favour of the subscribers of the "Senior Secured Floating Rate Notes" issued on 23 June 2017 and maturing on 1 June 2023. Please refer to the content of note 25 - Current and non-current borrowings - for further details.

Note that on 29 June 2017, a new shareholder, Peninsula Capital Partners LLC, joined the Company's shareholding structure, and shareholders SCNF V.D. s.a.s. and Reset 2000 S.r.l. left.

Share premium reserve

The share premium reserve reflects the share premium paid by shareholders at the time of the share capital increase subscribed in 2015,

Specifically, the shareholders' meeting held on 17 July 2015 approved a share capital increase of Euro 60,000,000, fully subscribed and paid in by shareholders between September and December 2015, Euro 12,000,000 of which was addressed to share capital and Euro 48,000,000 to the share premium reserve.

The share premium reserve may only be distributed if the legal reserve has reached one-fifth of the share capital.

Legal reserve

The legal reserve amounts to Euro 1,411,971 and was entirely established in the first half of 2017, in accordance with legislative provisions.

Other reserves and retained earnings

"Retained earnings" includes the actuarial reserve for employee benefits, while "Other reserves" includes the reserve for hedging the cash flows expected on hedging derivatives (cash flow hedges). These changes are break down as follows:

(Euros)	**Actuarial reserve**	**Cash flow hedge reserve**
Balance at 31 December 2016	**(720,370)**	**(1,341,956)**
Profit / (loss) on cash flow hedges	-	2,224,827
Profit / (loss) on cash flow hedges - taxation	-	(533,961)
Actuarial profit / (loss) for employee benefits	413,188	-
Actuarial profit / (loss) for employee benefits - taxation	(99,165)	-
Other comprehensive income components	**314,023**	**1,690,866**
Balance at 30 June 2017	**(406,347)**	**348,910**

25 Current and non-current borrowings

The following table provides a breakdown of current and non-current borrowings:

(Euros)	**At 30 June 2017**	**At 31 December 2016**
Non-current portion of bank borrowings	123,949,553	241,598,713
Non-current portion of finance leases	-	413,956,871
Non-current portion of notes	538,017,374	-
Non-current borrowings	**661,966,927**	**655,555,584**
Current portion of bank borrowings	13,526,198	8,522
Current portion of finance leases	-	10,059,408
Current portion of notes	427,778	-
Current borrowings	**13,953,976**	**10,067,930**

The breakdown of the current and non-current portions of borrowings as at 30 June 2017 and 31 December 2016 is as follows:

At 30 June 2017	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Bank borrowings	13,526,198	47,296,631	76,652,922	137,475,751
Notes	427,778	-	538,017,374	538,445,152
Lease liabilities	-	-	-	-
Total	**13,953,976**	**47,296,631**	**614,670,296**	**675,920,903**

At 31 December 2016	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Bank borrowings	8,522	241,598,713	-	241,607,235
Notes	-	-	-	-
Lease liabilities	10,059,408	77,615,900	336,340,971	424,016,279
Total	**10,067,930**	**319,214,613**	**336,340,971**	**665,623,514**

The following table provides a breakdown of current and non-current borrowings by Bank:

(Euros)			**At 30 June**		**At 31 December**	
Bank	**Notional value**	**Interest rate**	*of which current*	**2017**	*of which current*	**2016**
Banca IMI, MPS, BNL and Banco popolare	203,336,902	1%+6m Euribor	-	-	8,522	241,607,235
Banca IMI, MPS and Banco popolare	160,000,000	3%+6m Euribor	13,526,198	137,475,751	-	-
Total	**363,336,902**		13,526,198	**137,475,751**	*8,522*	**241,607,235**
of which at a fixed interest rate				-		-
of which at a floating interest rate				*137,475,751*		*241,607,235*

In the first half of 2017, the Company arranged for the refinancing of its capital structure, with the aim of making better use of the cash flows generated by the business, increasing operating flexibility, diversifying sources of funding and acquiring the full ownership of its strategic assets (i.e. the AGV fleet). The instruments adopted for the refinancing process were: i) a notes issuance for a nominal amount of Euro 550 million, ii) a new Bank Loan of Euro 140 million and iii) a revolving facility of Euro 20 million, as detailed below.

On 23 June 2017, the Company issued a "Senior Secured Floating Rate Notes" maturing on 1 June 2023, at a floating interest rate (FRN). The nominal value of the notes is Euro 550,000,000 The notes will accrue at a rate per annum, reset quarterly, equal to the sum of (i) three month EURIBOR (and if the rate is less than zero, EURIBOR shall be deemed to be zero) plus (ii) 3.50%.. At 30 June 2017, the fair value of the notes loan was Euro 557,331,500.

The notes is available only to investors who are either (i) qualified institutional buyers within the meaning of Rule 144A (''RULE 144A'') under the U.S. Securities act of 1933, as amended (the ''U.S. SECURITIES ACT'') or (ii) outside the U.S. in accordance with regulation S (''REGULATION S'') under the U.S. Securities Act. The notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange.

The main Event of default under the indentur is representd by the default in any payment of interest notes. In additionif an event of a change of control will occur, noteholders will have the right to repurchase the notes at a price equal to 101% plus the interest accrued on the repurchase date.

On 19 June 2017, the Company signed a syndicated loan, with a total nominal value of Euro 160,000,000, which includes "Facility A" with an amortising portion withinstalments due semi-annually and a bullet portion maturing on 23 June 2022, for a total amount of Euro 140,000,000 and a Revolving credit facility for the amount of Euro 20,000,000. The Facility A accruing interest at a variable rate equal to applicable EURIBOR plus a margin equal to 3.00% per annum which will ratchet up or down depending on our consolidated net leverage ratio, calculated semi-annully starting from 31 December 2017. If the Revolving facility is used, the same spread applicable to the Facility A will be applied, while if not used a commitment fee will be charged.

At 30 June 2017, the Revolving Facility is undrawn.

The proceeds from the offer and placement of the notes and of the new term loan, together with part of available cash, were used to early repay the previous bank loan , andthe lease contract, with the consequent redemption of the AGV fleet, and to pay the charges and expenses of the refinancing. Moreover, the guarantee relating to the lease contract was alsoreleased.

The bank loans contains certain financial covenants and/or of obligations to do and not to do, including obligations not to commit to real or personal guarantees (known as negative pledges), and instances of cross-default, that are customary for such financings.
Below some event of defauld under the bank loan :

- failure to pay any sum provided for in the facilities agreement, if not remedied within the contractually requested deadline;
- non-compliance with financial covenants;
- failure to comply with reporting obligations provided for the facilities agreement, if not remedied within the contractually requested deadline;
- cross default in the event of insolvency on the notes;
- insolvency due to the inability to pay its debts or declared insolvency according to law;

- failure to comply with in the Intercreditor agreement and relatedagreements linked to the same if the event that a so-called Material Adverse Change occurs, as defined in the contract.

The facilities agreement allows to the lenders to require the mandatory prepayment , on the occurrence of specific events.. The occurrence of said events envisages certain agreed materiality thresholds, with the exception of the carve out and guarantee periods, known as grace periods. In addition, a mandatory repayment clause is envisaged in the event of a change in control or following the sale of all of the Company's assets.

The following table provides a comparison between the thresholds of the financial covenants envisaged by the loan agreements and the value of the parameters recorded by the Company as 30 June 2017 and 31 December 2016, where applicable.

	Covenant	At 30 June 2017		At 31 December 2016	
		Contractual threshold	**Parameter at date**	**Contractual threshold**	**Parameter at date**
Debt Restructuring Agreement - DRA (August 2015)					
1	Leverage Ratio (Net Debt/EBITDA)	n.a.	n.a.	<15.50x	5.70x
2	ADSCR (Annual Debt Service Cover Ratio)	n.a.	n.a.	>1.05x	2.9x
3	FDSCR (Forecast Debt Service Cover Ratio)	n.a.	n.a.	>1.05x	4.7x
Facility Agreement (June 2017)					
4	Consolidated Net Leverage Ratio (Net Debt/EBITDA)	<6.31x	n.a.	n.a.	n.a.
5	Fixed Charge Coverage Ratio (interest expense/EBITDA)	>2.50x	n.a.	n.a.	n.a.

Note that with reference to the parameters envisaged by the Facility Agreement dated June 2017, the first measurement is envisaged starting from 31 December 2017 on a six-monthly basis.

The following table shows the contractual cash flows relating to the finance lease agreements and the implied rate considered, at 30 June 2017 and 31 December 2016.

(Euros)	At 30 June 2017	At 31 December 2016
Contractual cash flows		
Within 12 months	-	12,309,920
Between 1 and 5 years	-	85,809,248
Over 5 years	-	346,663,305
Subtotal	**-**	**444,782,473**
Implied interest expense	-	(20,766,194)
Payables for finance leases	**-**	**424,016,279**

As mentioned above, following the refinancing of its capital structure, the Company used the proceeds generated by the issuance of the notes occurred in June 2017 to repay its finance lease agreement.

The table below shows the breakdown of the net financial indebtedness of the Company as at 30 June 2017 and 31 December 2016, calculated in accordance with the Consob Communication DEM/6064293 dated 28 July 2006, in compliance with the recommendations contained in the document drawn up by the ESMA, no. 319 of 2013, implementing Regulation 2004/809/EC.

	At 30 June 2017	At 31 December 2016
A. Cash	2,089,864	2,398,307
B. Other cash and cash equivalents	155,139,816	75,032,335
C. Securities held for trading	-	-
D. Liquidity (A) +(B)+ (C)	**157,229,680**	**77,430,642**
E. Current financial receivables	-	50,000,000
F. Current bank payables	-	-
G. Current portion of non-current indebtedness	13,526,198	8,522

H. Other current financial payables	427,778	10,059,408
I Current financial indebtedness (F)+(G)+(H)	**13,953,976**	**10,067,930**
J. Net current financial indebtedness (I)-(E)-(D)	**(143,375,860)**	**(117,362,712)**
K. Non-current bank payables	123,949,553	241,598,713
L. Notess issued	538,017,374	-
M. Other non-current payables	-	413,956,871
N. Non-current financial indebtedness (K)+(l)+(M)	**661,966,927**	**655,555,584**
O. Net financial position (J)+(N)	**518,691,223**	**538,192,872**

26 Employee benefits

The item in question includes the provisions relating to post-employment benefits (TFR) for Company employees and the liabilities relating to medium-long term incentive plans addressed to several of the Company's employees, as follows:

	At 30 June	**At 31 December**
(Euros)	**2017**	**2016**
Post-employment benefits (TFR)	9,914,914	9,606,487
Medium-long term incentive plan	3,610,963	2,407,308
Total	**13,525,877**	**12,013,795**

Post-employment benefits (TFR)

Changes in post-employment benefits (TFR) break down as follows:

(Euros)	**Post-employment benefits (TFR)**
Balance at 31 December 2016	**9,606,487**
Interest on the obligation	61,938
Service Costs	960,366
Uses and prepayments	(300,689)
Actuarial loss/(gain)	(413,188)
Balance at 30 June 2017	**9,914,914**

Medium-long term incentive plan

Starting from 2016, the Company launched a three-year incentive plan, which involves several employees whose positions are considered to contribute to the achievement of strategic results. The incentive is assigned when certain thresholds relating to the Company's results are achieved.

The liability at 30 June 2017 has been calculated on the basis of the best estimate of the Company's future results and the benefit linked to the incentive plan, to be paid at the end of the period, has been determined on the basis of the expected cash flows, calculated at a discounting rate of 1.31%. To determine the discounting rate, the Iboxx Corporate AA with a duration of 10+ on the valuation date was used as reference. The estimate of the liability is revised in subsequent years based on the results recorded and updated forecasts of the same, regardless of whether they are higher or lower than the original target.

Changes in the provision relating to the medium-long term incentive plan (also long-term incentive plan "LTI") for the half year ending on 30 June 2017 break down as follows:

(Euros)	**Medium-long term incentive plan**
Balance at 31 December 2016	**2,407,308**
Interest on the obligation	31,536
Provisions	1,172,119
Balance at 30 June 2017	**3,610,963**

27 Non-current provisions

Changes in the item in question break down as follows:

(Euros)	**Disputes with third parties**	**Disputes with personnel**	**Other provisions**	**Total**
Balance at 31 December 2016	**1,475,983**	**820,100**	**355,550**	**2,651,633**
Provisions	712,204	395	-	712,599
Releases	-	(34,526)	-	(34,526)
Utilisations	(2,488)	(119,128)	(315)	(121,931)
Balance at 30 June 2017	**2,185,699**	**666,841**	**355,235**	**3,207,775**

The following paragraphs provide a brief description of the main pending legal proceedings that the Company is involved in, for which the same has recognised accruals to non-current provisions as at 30 June 2017, as shown in the table below.

Lawsuits brought before the Civil Court of Rome – On 28 February 2013, a supplier lodged a claim pursuant to art. 702-bis of the Code of Civil Procedure, requesting that NTV be ordered to pay the sum of Euro 226,200 for failure to pay an invoice. In a ruling issued on 14 May 2014, this lawsuit was combined with a case brought by the same supplier (claim pursuant to art. 702-bis of the Code of Civil Procedure, lodged on 17 October 2014), requesting that NTV be ordered to pay the sum of Euro 145,384 plus interest and legal costs for alleged modifications made to a contract awarded to the supplier and compensation for damages of Euro 898,030. The proceedings (converted to ordinary proceedings) were adjourned until September 2017 for examination of the report prepared by the court-appointed expert witness regarding the causes for the delay in completing the works and the fairness of the amounts charged by the supplier. The related amounts have been recognised in the financial statements as at 30 June 2017.

Lawsuits brought before the Civil Court of Rome - On 29 July 2014, a supplier notified NTV of a court order to pay an amount of Euro 166,104 plus interest and legal costs, which the Company has challenged before the court. At the first hearing, the court rejected the claimant's request for provisional enforcement of the above court order. The same supplier also notified the Company of the following: (i) on 9 April 2015, another provisionally enforceable court order to pay an amount of Euro 197,640 plus interest and legal costs and a corresponding writ of execution, which the Company has challenged; (ii) on 28 January 2016, a further court order for the amount of Euro 244,000 plus interest and legal costs, which the Company has challenged.

All the above challenges of the court orders have been combined with a previous lawsuit brought by NTV against this supplier - regarding termination for breach of the procurement contract awarded to the latter and consequent compensation for damages – and adjourned until a hearing on 31 May 2017 for admission of preliminary evidence as requested by the parties. The related amounts have been recognised in the financial statements as at 30 June 2017.

Lawsuits brought before the Labour Court – NTV is the defendant in actions regarding the following matters: request for payment of fees alleged to be due and compensation for damages, appeal against dismissal and demotion. Where quantifiable and if the risk of losing the case is deemed to be likely, specific provisions have been allocated for risks and charges.

Lawsuits brought before Justices of the Peace – NTV is the defendant in lawsuits brought by certain passengers complaining about alleged damage, to property and otherwise, caused by delays to the train in which they were travelling or by accidents affecting them on board trains. Where quantifiable and if the risk of losing the case is deemed to be likely, specific provisions have been allocated for risks and charges.

Proceeding PS/10275 Italian Antitrust Authority - In the period between October 2015 and September 2016, the Italian Antitrust Authority (AGCM) received several reports from consumers, also through the Italian Transport Regulation Authority (ART) and from CODACONS, which accused NTV of unfair commercial practices with regard to the assistance guaranteed to customers through its “Pronto Italo” and “Italo Assistenza” call centres. The AGCM therefore launched a proceeding (no. PS/10275) to ascertain the alleged infringement by NTV of the Consumer Code and on 1 December 2016, the officials of the afore-mentioned Authority conducted an inspection at the head office of NTV, notifying the launch of the above-cited proceeding. NTV has provided AGCM with all of the documents requested and has files, within the required term, its defensive brief as well as - with a view to cooperating - although confirming the lawfulness of its conduct - formally submitted commitments, the acceptance of which would lead to the closure of the proceeding without the ascertainment of the infringement. The end of the proceeding is set as 4 October 2017. The related amounts have been recognised in the financial statements as at 30 June 2017.

28 Trade payables

The item in question breaks down as follows:

	At 30 June	At 31 December
(Euros)	**2017**	**2016**
Trade payables	70,691,041	41,558,726
Payables for invoices to be received from vendors	43,388,019	43,252,940
Total	**114,079,060**	**84,811,666**

29 Other current and non-current liabilities

The item in question breaks down as follows:

	At 30 June	At 31 December
(Euros)	**2017**	**2016**
Non-current derivative liabilities	2,357,328	-
Non-current liabilities for amounts settled	2,513,592	3,697,971
Other non-current liabilities	**4,870,920**	**3,697,971**
Deferred revenues	26,994,149	24,549,925
Payables to employees	5,271,437	6,746,643
Derivative liabilities	1,383,462	1,765,731
Current liabilities for amounts settled	1,184,378	1,236,488
Tax liabilities and social security payables	3,400,780	2,490,369
Payable for derivative financial expenses	22,444	-
Other liabilities	2,174,198	395,586
Other current liabilities	**40,430,848**	**37,184,742**

30 Other information

(i) Remuneration of directors and statutory auditors

The annual compensation approved for Directors and members of the Board of Statutory Auditors are shown below:

	Half year ending on 30 June	
(Euros)	**2017**	**2016**
Directors	720,000	720,000
Board of Statutory Auditors	101,000	101,000
Total	**821,000**	**821,000**

(ii) Independent Auditors' fees

The fees paid for the statutory audit and other services performed break down as follows:

	Half year ending on 30 June	
(Euros)	**2017**	**2016**
Statutory audit of the accounts	76,000	70,000
Attestations	5,000	5,000
Other audit services	462,000	10,000
Total	**543,000**	**85,000**

(iii) Guarantees

The guarantees given break down as follows:

	At 30 June	At 31 December
(Euros)	**2017**	**2016**
Sureties to guarantee performance of lease contracts	1,424,153	1,398,475
Sureties to guarantee repayment of surplus VAT	55,339,901	67,946,392
Sureties in favour of RFI S.p.A. for use of infrastructure	20,000,000	20,000,000
Other	132,253	50,653
Total	**76,896,307**	**89,395,520**

During the period in question, the Company did not grant any guarantees to third parties, nor are there any restrictions on the ownership of the Company's tangible and intangible fixed assets guaranteeing liabilities.

(iv) Commitments

The main commitments made by the Company relate to purchases of new EVO trains, to maintenance contracts for the fleet of EVO/AGV trains and to operating leases relating to the same.

The amount of payments envisaged for non-cancellable contracts as at 30 June 2017 and 31 December 2016 are as follows:

	At 30 June 2017			At 31 December 2016		
(Euros)	**Purchase of EVO trains**	**Train maintenance**	**Operating leases**	**Purchase of EVO trains**	**Train maintenance**	**Operating leases**
Within 12 months	70,400,000	36,573,813	10,734,143	82,800,000	30,016,316	10,654,236
Between 1 and 5 years	54,500,000	171,145,476	38,665,093	83,500,000	192,711,131	44,072,118
Over 5 years	-	1,343,643,092	278,522,603	-	1,343,643,092	278,522,603
Total	**124,900,000**	**1,551,362,380**	**327,921,839**	**166,300,000**	**1,566,370,538**	**333,248,957**

(v) Potential liabilities

The Company is a party to civil, administrative, labour and social security proceedings relating to its ordinary course of business operations. Based on information currently available, and considering risk provisions in place, the Company believes that the outcomes of said proceedings can be reasonably expected not to have a significant negative impact on the financial statements. Therefore, no potential liabilities are recognised that have not already been reflected in the financial statements on the various reference dates. The following paragraphs provide a brief description of the pending lawsuits for which the Company does not believe that losing the case is likely.

Lawsuit brought before Lazio Regional Administrative Court – On 11 February 2014, a consumers' association notified NTV of an appeal requesting annulment of (i) measures to authorise the installation of "Train Repeater" systems and "Wi-Fi access points" on board Italo trains, and (ii) any other related, concomitant or consequential action.

Lawsuit brought before Piedmont Regional Administrative Court – On 9 March 2015, Grandi Stazioni S.p.A. notified NTV of a special appeal to the President of the Republic challenging and consequently requesting annulment of (i) determination 70/2014 of 31 October 2014 and the related annex, (ii) determination 76 of 27 November 2014 and the related annex, and any other related, connected and/or consequential action. Following the challenge lodged by NTV and the Transport Regulator pursuant to art. 10, paragraph 1 of Presidential Decree 1199/1971, Grandi Stazioni S.p.A. transferred its appeal to a different jurisdiction, namely Lazio Regional Administrative Court. NTV appeared before the court. On 10 March 2016, Lazio Regional Administrative Court issued ruling 3084, disclaiming its territorial jurisdiction over the case and indicating that the appropriate jurisdiction was Piedmont Regional Administrative Court, before which Grandi Stazioni S.p.A. resumed its appeal. Following the hearing on 28 June 2017, the appeal was taken under advisement.

Lawsuit brought before Lazio Regional Administrative Court – On 28 May 2015, a labour union notified NTV of a legal challenge aimed at obtaining annulment of (i) the Guarantee Authority's notification of 1 April 2015 regarding implementation of the law on strikes relating to essential public services, and (ii) any other preparatory, related, consequential and connected action.

Lawsuit brought before Piedmont Regional Administrative Court – On 17 March 2016, Trenitalia S.p.A. notified NTV of a special appeal to the President of the Republic challenging and consequently requesting annulment of the Transport Regulator's determination 96/2015 of 13 November 2015 and the related annex, and any other related, connected and/or consequential action. Following the challenge lodged by NTV and the Transport Regulator pursuant to art. 10, paragraph 1 of Presidential Decree 1199/1971, Trenitalia S.p.A. transferred its appeal to a different jurisdiction, namely Piedmont Regional Administrative Court, with case number 435/16. On 28 September 2016, Trenitalia S.p.A. notified - within this case - of an appeal for additional reasons, with which it requested the annulment of resolution no. 72/2016 of 27 June 2016 of the Transport Regulator, regarding the "Implementation of resolution no. 96/2015 - application procedure and deferment of terms" and (ii) resolution no. 75/2016 of 1 July 2016 of the Transport Regulator, regarding the "Tariff system 2016 – 2021 relating to the Minimum Track Access Package for national railway infrastructure. Compliance with the regulatory model approved with determination 96/2015, as amended" and any other related, concomitant or consequential action. On 2 February 2017, Trenitalia S.p.A. also notified - within this case - of an appeal for additional reasons, with which it requested the annulment of resolution no. 140/2016 of 30 November 2016 of the Transport Regulator, regarding "Indications and provisions relating to the "Prospectus of the 2018 Network", submitted by the national rail network operator, R.F.I. S.p.A., and the "Prospectus of the 2017 Network" in force. Indications relating to the preparation of the "Prospectus of the 2019 Network" and of any other related, concomitant or consequential action included therein - where relevant - point 4.4.1.2 of the Prospectus of the 2018 Network, specifically the version approved on 7 December 2016. Following the outcome of the hearing on 28 June 2017 - after the application for an adjournment filed by NTV, the discussion of the appeal was postponed to 7 November 2017.

Lawsuit brought before Piedmont Regional Administrative Court – On 18 March 2016, Rete Ferroviaria Italiana S.p.A. notified NTV of a special appeal to the President of the Republic challenging and consequently requesting annulment of the Transport Regulator's determination 96/2015 of 13 November 2015 and the related annex , and any other related, connected and/or consequential action. Following the challenge lodged by NTV, Trenitalia S.p.A. and the Transport Regulator pursuant to art. 10, paragraph 1 of Presidential Decree 1199/1971, Rete Ferroviaria Italiana S.p.A. transferred its appeal to a different jurisdiction, namely Piedmont Regional Administrative Court. The appeal is awaiting a date of appeal to be set.

Lawsuit brought before Piedmont Regional Administrative Court – On 21 March 2016, Grandi Stazioni S.p.A. notified NTV of a special appeal to the President of the Republic challenging and consequently requesting annulment of the Transport Regulator's determination 96/2015 of 13 November 2015 and the related annex, and any other related, connected and/or consequential action. Following the challenge lodged by NTV and the Transport Regulator pursuant to art. 10, paragraph 1 of Presidential Decree 1199/1971, Grandi Stazioni S.p.A. transferred its appeal to a different jurisdiction, namely Piedmont Regional Administrative Court. The appeal is awaiting a date of appeal to be set.

Lawsuit brought before Piedmont Regional Administrative Court – On 15 July 2016, a consumers' association notified NTV of an appeal aimed at obtaining annulment of (i) art. 3, paragraphs 1, 2, 4 and 5 of the Transport Regulator's determination 54/2016 of 11 May 2016, regarding "Measures relating to the minimum content of the specific rights that passengers with 'season tickets' may claim from high-speed rail service operators" and (ii) any other related, concomitant or consequential action. The appeal is awaiting a date of appeal to be set.

(vi) Transactions with related parties

The following paragraphs show the details of transactions performed by the Company with Related Parties, identified according to the criteria defined by IAS 24 "Related Party Disclosures", for the half year ending on 30 June 2017, for the half year ending 31 December 2016 and for the half year ending on 30 June 2016. Although Related Party transactions are carried out at arm's length, there is not guarantee that, where the same are performed between or with third parties, that the latter have negotiated and stipulated the relative contracts, or performed the transactions in question, at the same conditions and with the same procedures.

In the following tables, the related party transactions include, for the years shown:

- Shareholders: Generali Financial Holdings Fcp-Fis Sub-Fund 2 and Intesa Sanpaolo S.p.A.;
- Controlled by shareholders: Generali Italia S.p.A., Mediocredito Italiano S.p.A. and Mercury Payment Services S.p.A. (previously Setefi S.p.A.).

The following table summarises the impact of related party transactions on the income statement for the half year ending on 30 June 2017 and 2016 and on the statement of financial positions as at 30 June 2017 and 31 December 2016.

(Euros)	**Shareholders**	**Controlled by shareholders**	**Financial Statement item**	**Impact on Financial Statement item**
Impact of transactions on the income statement				
Other operating costs				
Half year ending on 30 June 2017	(1,546,683)	(998,677)	(42,046,943)	**6.1%**
Half year ending on 30 June 2016	(1,912,360)	(1,063,620)	(30,554,994)	**9.7%**
Net financial income (expenses)				
Half year ending on 30 June 2017	(8,422,882)	42,327	(13,183,885)	**63.6%**
Half year ending on 30 June 2016	(3,375,554)	(1,259,217)	(7,883,755)	**58.8%**
Impact of transactions on the statement of financial position				
Tangible fixed assets				
At 30 June 2017	-	-	652,870,698	**0.0%**
At 31 December 2016	-	542,059,504	645,070,892	**84.0%**
Other non-current assets				
At 30 June 2017	4,199,886	-	4,199,886	**100.0%**
At 31 December 2016	-	-	66,887	**0.0%**
Non-current borrowings				
At 30 June 2017	43,944,537	-	661,966,927	**6.6%**
At 31 December 2016	139,544,218	413,956,870	655,555,584	**84.4%**
Other non-current liabilities				
At 30 June 2017	2,357,328	-	4,870,920	**48.4%**
At 31 December 2016	-	-	3,697,971	**0.0%**
Current borrowings				
At 30 June 2017	7,804,849	-	13,953,976	**55.9%**
At 31 December 2016	4,928	10,059,408	10,067,930	**100.0%**
Trade payables				
At 30 June 2017	-	814,817	114,079,060	**0.7%**
At 31 December 2016	-	317,381	84,811,666	**0.4%**
Other current liabilities				
At 30 June 2017	1,405,906	-	40,430,848	**3.5%**
At 31 December 2016	1,069,426	-	37,184,742	**2.9%**

Other operating costs mainly refer to:

- costs for premiums relating to insurance policies stipulated by the Company con Generali Italia S.p.A. and relating to rolling stock and facilities;
- commission charged by Setefi S.p.A. relating to transactions made through payment circuits.

Net financial income (expenses) mainly refers to:

- interest expense on bank loans, signing fees, spreads on derivative contracts charged by Intesa SanPaolo S.p.A.; and
- financial expenses relating to the lease contract, accrued up until the termination of the same, charged by Mediocredito Italiano S.p.A..

Tangible assets mainly refer to the rolling stock relating to the lease contract signed with Mediocredito Italiano S.p.A., terminated in June 2017, with the redemption of the assets.

Current and non-current borrowings mainly refer to the payable for leases awarded by Mediocredito Italiano S.p.A., the portion of the bank borrowings with Intesa Sanpaolo S.p.A., as well as the relative accrued expenses for amounts accrued and not yet debited on the reference date.

Other current and non-current liabilities refer to the value of the derivative contracts signed by the Company with Intesa Sanpaolo S.p.A..

Trade payables mainly refer to adjusting balances on insurance premiums to be paid to Generali Italia S.p.A..

31 Events after the reporting period

No significant events occurred after 30 June 2017.

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These Condensed Interim Financial Statements, comprised by the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the relative explanatory notes provide a truthful and correct reflection of the Company's equity and financial situation, the result for the period and the cash flows, in compliance with the international accounting standards IFRS adopted by the European Union.

The Board of Directors

The Chairman