

## **CONAFI PRESTITO:**

### **Board of Directors approves H1 2014 results**

- **Net commissions** of Euro 2.4 million (Euro 2.1 million in H1 2013)
- **Consolidated brokerage margin** loss of Euro 6.3 million (loss of Euro 2.5 million in H1 2013)
- **Consolidated net loss** of Euro 10.6 million (loss of Euro 7.2 million in H1 2013)
- **Net cash position** of Euro 27.9 million (Euro 27.7 million at 31/03/2014)

*Turin, August 5, 2014*

The Board of Directors, chaired by Mr. Nunzio Chiolo, Chairman and Chief Executive Officer of Conafi Prestito, a company listed on the MTA market, specialised in the provision of salary and pension-backed loans, today approved the 2014 first half results.

#### **H1 2014 Consolidated results**

The known and continued difficulties within the credit market and the liquidity transfer mechanisms of the banking system have hindered the sourcing of sufficient funding, despite extensive actions in this regard, requiring again in 2014 arduous commitments to maintain the current operating model.

Salary and pension-backed loan brokerage has therefore been significantly impacted, having dropped to insufficient levels, although improving approx. 47.5% on the previous year, with total loans brokered of Euro 21.7 million (Euro 14.7 million in H1 2013) and net commissions of approx. Euro 2.4 million, up 10.8% compared to 2013 (Euro 2.1 million).

The consolidated result for H1 2014 was a loss of Euro 10.6 million (compared to a loss of Euro 7.2 million in the previous year) which however was significantly impacted by the approx. Euro 9 million treasury management loss.

The Group at June 30, 2014 however had significant capital backing of approx. Euro 31.1 million, substantially in liquid or readily liquid form (with a net cash position of approx. Euro 27.9 million), comfortably exceeding regulatory requirements (with a free capital of approx. Euro 14.2 million) and working capital needs.

The Net Cash Position was Euro 27.9 million, compared to Euro 27.7 million at March 31, 2014.

#### **Significant events in the first half-year 2014**

On April 14, 2014, the Board of Directors of the company approved the 2013 consolidated and separate financial statements which were subsequently approved by the Shareholders' AGM of May 22, 2014 (first call).

Also on April 14, the Board co-opted, in accordance with Article 2386 of the Civil Code, Mr. Marco Gerardo, previously General Manager of the Company, in replacement of the Director Massimiliano Naef who resigned on July 10, 2013.

On April 17, 2014, Mr. Carlo Colombotti resigned with effect from April 14, 2014 his position as a non-Executive Independent Director of Conafi Prestitò S.p.A..

### **Significant events after period-end**

On July 15, 2014 the initiation of the lay-off scheme process with the departure of 96 employees was announced.

The scheme is deemed necessary as the actions taken to source new funding have not yet borne fruit and in view of the imminent conclusion of the extended lay-off scheme, avoiding therefore further costs in the absence of the fresh funding sought for the development of the brokered loan business and in the case that social security schemes or other instruments to achieve corporate aims are not available.

### **Outlook**

The continued difficulties within the credit market and the liquidity transfer mechanisms of the banking system have hindered the sourcing of sufficient funding, requiring - also in the current year- arduous commitments to maintain the current operating model.

The Group is however backed by a significant capital base, substantially invested in liquid or readily liquid assets and considerably exceeding regulatory requirements and working capital needs.

In 2014, the meetings and discussions continued with leading financial operators – and are currently ongoing - in order to source the funds necessary to re-establish growth, to draw up a new strategic plan and to improve the core business which may offer significant opportunities.

It is considered in fact that the salary/pension-backed loan sector can still offer significant opportunities in view of the extensive potential customer base and the fact that this category of loans most easily satisfies in an appropriately structured manner the financial needs of households and supports consumer spending.

As complexities and uncertainties continue to impact the credit market, funding levels - despite the actions in progress - may continue to be inadequate to satisfy demand and the cause of operating losses also for 2014, which however can easily be absorbed by the current levels of capital.

Close cost containment and control will therefore continue, also through the use of social security schemes and restructuring, minimising therefore the impact of the insufficient level of volumes brokered, until the benefits are seen from the current moves to acquire funding or the adoption of a differing and sustainable operating model.

### **Other Board of Directors' resolutions**

With effect from August 1, 2014, Mr. Marco Gerardo resigned as General Manager. The Board of Directors had charged Mr. Gerardo with the coordination the financial strategies of the Group and the monitoring of investee companies.



**PRESS RELEASE**  
**Turin, August 5, 2014**

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**Declaration of the executive responsible for the preparation of the accounting documents**

The Executive responsible for the preparation of the corporate accounting documents Mr. Claudio Forte declares in accordance with Article 154 bis, paragraph 2, of the Finance Act, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

The present press release is also available on the company's website [www.conafi.it](http://www.conafi.it).

**Conafi Prestito S.p.A.**, with headquarters in Turin, is a financial broker, registered in the general list of financial brokers in accordance with article 106 of the Banking Finance Act and the special list of the Bank of Italy in accordance with Article 107 of the Banking Finance Act. The Company operates in the personal loans sector, specialised in providing loans with repayment through direct salary or pension deductions. Conafi Prestito is also renowned as an innovator of products and services and noted as one of the few operators which have brought innovation to the consumer credit sector, prevalently concentrated on traditional activities. CONAFI PRESTITO' S.p.A. has been listed on the MTA segment of the Italian Stock Exchange since April 12, 2007.

For further information please contact:

**CONAFI PRESTITO' S.p.A.**

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### **Attachments**

- Consolidated Balance Sheet at June 30, 2014
- Consolidated Income Statement at June 30, 2014
- Consolidated Net Financial Position at June 30, 2014
- Consolidated Cash Flow Statement at June 30, 2014
- Consolidated Group companies at June 30, 2014

## CONSOLIDATED BALANCE SHEET AT June 30, 2014

	Assets	30/06/14	31/12/13
10.	Cash and cash equivalents	3	5
20.	Held-for-trading financial assets	-	1,318
40.	AFS financial assets	2,015	2,526
60.	Receivables	43,855	51,573
100.	Property, plant & equipment	242	247
110.	Intangible assets	465	469
120.	Tax assets:	2,736	3,248
	a) current	778	1,180
	b) deferred	1,958	2,068
140.	Other assets	5,008	3,018
	<b>TOTAL ASSETS</b>	<b>54,324</b>	<b>62,404</b>
	<b>Liabilities and shareholders' equity</b>	<b>30/06/14</b>	<b>31/12/13</b>
10.	Payables	6,251	5,538
70.	Tax liabilities	58	20
	a) current	4	11
	b) deferred	54	9
90.	Other liabilities	16,147	14,696
100.	Post-employment benefits	298	279
110.	Provisions for risks and charges	488	491
	b) other provisions	488	491
120.	Share capital	11,160	11,160
130.	Treasury shares (-)	(5,830)	(5,830)
150.	Share premium reserve	34,155	56,783
160.	Reserves	2,020	(11,021)
170.	Valuation reserves	138	(47)
180.	Net loss	(10,561)	(9,336)
190.	Minority interest equity	-	(329)
	<b>TOTAL LIAIBILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>54,324</b>	<b>62,404</b>

**(in Euro thousands)**

## H1 2014 CONSOLIDATED INCOME STATEMENT

	Account	H1 14	H1 13
10.	Interest income and similar	469	502
20.	Interest expense and similar charges	(101)	(122)
	<b>INTEREST MARGIN</b>	<b>368</b>	<b>380</b>
30.	Commission income	4,050	3,653
40.	Commission expenses	(1,641)	(1,536)
	<b>NET COMMISSIONS</b>	<b>2,409</b>	<b>2,117</b>
50.	Dividends and similar income	-	4
60.	Net result from trading operations	(9,042)	(4,968)
90.	Profit from sale or repurchase:	-	6
	a) loans	-	6
	<b>BROKERAGE MARGIN</b>	<b>(6,265)</b>	<b>(2,461)</b>
100.	Write-down/write-back on:	(521)	(651)
	a) financial assets	(253)	(695)
	b) other financial operations	(268)	44
110.	Administrative expenses	(3,599)	(3,875)
	a) personnel costs	(2,438)	(2,527)
	b) other administrative expenses	(1,161)	(1,348)
120.	Write-down/write-back of value of property, plant & equipment	(46)	(62)
130.	Write-back/write-back of value of intangible fixed assets	(7)	(301)
150.	Net provisions for risks and charges	-	142
160.	Other operating income / charges	(36)	(91)
	<b>RESULT FROM NORMAL OPERATIONS</b>	<b>(10,474)</b>	<b>(7,299)</b>
180.	Loss on sale of investments	(1)	(3)
	<b>LOSS BEFORE TAXES FROM CURRENT OPERATIONS</b>	<b>(10,475)</b>	<b>(7,302)</b>
190.	Income tax on current operations	(105)	84
	<b>LOSS AFTER TAXES FROM CURRENT OPERATIONS</b>	<b>(10,580)</b>	<b>(7,218)</b>
	<b>NET LOSS</b>	<b>(10,580)</b>	<b>(7,218)</b>
210.	Loss - minority share	(19)	(100)
220.	Group loss	(10,561)	(7,118)

(in Euro thousands)

## CONSOLIDATED NET CASH POSITION AT JUNE 30, 2014

Account/Value	30/06/14	31/03/14	Changes %
Cash	3	4	(25,0%)
Bank current accounts	28,318	26,145	8,3%
Cash equivalents	50	2,000	(97,5%)
<b>Liquidity (A)</b>	<b>28,371</b>	<b>28,149</b>	<b>0,8%</b>
Bank overdraft accounts	(6)	(9)	(33,3%)
<b>Net liquidity (B)</b>	<b>28,365</b>	<b>28,140</b>	<b>0,8%</b>
Net trading position	-	-	-
Loans in course of approval	2,643	2,198	20,2%
Payables for advance repayment	(3,055)	(2,609)	17,1%
<b>Current Financial Account (C)</b>	<b>(412)</b>	<b>(411)</b>	<b>0,2%</b>
<b>Net Financial Position (B+C)</b>	<b>27,953</b>	<b>27,729</b>	<b>0,8%</b>

**(in Euro thousands)**

## **CONSOLIDATED CASH FLOW STATEMENT AT June 30, 2014**

<b>D. OPERATING ACTIVITIES</b>	<b>AMOUNT</b>	
	<b>30/06/14</b>	<b>30/06/13</b>
<b>1. OPERATIONS</b>	<b>(10,006)</b>	<b>(4,100)</b>
- loss for the period	(10,580)	(7,218)
- gain/loss on financial assets held-for-trading and on financial assets/liabilities	-	2,246
- net impairment losses on loans	521	651
- net impairment on property, plant & equipment and intangible assets	53	363
- net provision for risks and charges and other costs and revenues	-	(142)
<b>2. LIQUIDITY GENERATED/ABSORBED FROM FINANCIAL ASSETS</b>	<b>(1,459)</b>	<b>(472)</b>
- held-for-trading financial assets	1,318	915
- AFS financial assets	790	-
- bank receivables	(959)	(1,129)
- receivables from financial institutions	55	5
- client receivables	(1,188)	(289)
- other assets	(1,475)	26
<b>3. LIQUIDITY ABSORBED FROM FINANCIAL LIABILITIES</b>	<b>1,952</b>	<b>147</b>
- bank payables	852	714
- payables to financial institutions	(3)	(15)
- client payables	(134)	107
- held-for-trading financial liabilities	1,237	85
- other liabilities	0	(744)
<i>Liquidity generated/absorbed by operating activities</i>	<i>(9,513)</i>	<i>(4,425)</i>
<b>E. INVESTING ACTIVITIES</b>		
<b>1. LIQUIDITY GENERATED BY</b>	<b>(44)</b>	<b>2</b>
- sale of property, plant and equipment	(41)	2
- sale of intangible assets	(3)	-
<b>2. LIQUIDITY ABSORBED BY</b>	<b>-</b>	<b>(6)</b>
- purchase of property, plant and equipment	-	(16)
- purchase of intangible assets	-	10
<i>Net liquidity generated/absorbed by investing activities</i>	<i>(44)</i>	<i>(4)</i>
<b>F. FINANCING ACTIVITIES</b>		
- issue/purchase of treasury shares	-	(100)
- distribution of dividends and other	-	(2,532)
<i>Net liquidity generated/absorbed by financing activities</i>	<i>-</i>	<i>(2,632)</i>
<b>NET LIQUIDITY GENERATED/ABSORBED IN THE PERIOD</b>	<b>(9,557)</b>	<b>(7,061)</b>

### **RECONCILIATION**

	<b>AMOUNT</b>	
	<b>30/06/14</b>	<b>30/06/13</b>
Cash & cash equivalents at the beginning of the period	37,922	45,684
Total net liquidity generated/absorbed during the period	(9,557)	(7,061)
Cash and cash equivalents at the end of the period	28,365	38,623

**(in Euro thousands)**



## CONSOLIDATED GROUP COMPANIES AT JUNE 30, 2014

Company	Registered office	Type of holding (1)	Holding	Share capital	% held	Voting %
Alba Finanziaria S.p.A. Single shareholder company	Turin Via Cordero di Pamparato 15	1	Conafi S.p.A.	1,200,000	100%	100%
Holding Partecipazioni Business S.p.A. Single shareholder company	Turin Via Cordero di Pamparato 15	1	Conafi S.p.A.	120,000	100%	100%
Alta Italia Servizi Srl . Single shareholder company	Turin Via Cordero di Pamparato 15	1	HPB S.p.A. Società Unipersonale	24,631	100%	100%
(1) Type of holding = 1, majority of voting rights at the Shareholders' Meeting						