



INTERIM MANAGEMENT REPORT

For the period
1st January 2011 – 30th June 2011

Italy1 Investment S.A. (the "Company") was incorporated on 26th August 2010 for the purpose of acquiring one business through a merger, share exchange, share purchase, asset acquisition, reorganization or similar transaction (a "Business Combination").

On 27th January 2011, the Company raised EUR 150,000,000 through an offer of *shares cum warrant* (the "Offering") to a selection of institutional investors (the "Market Shareholders") and was listed on the Italian Stock Exchange (*Borsa Italiana S.p.A.*), Market of Investment Vehicle ("MIV"). The *shares cum warrant* began trading on 27th January 2011 under the symbols IT1 (the "Market Shares"); warrants began trading separately from Market Shares on 14th March 2011 under the symbol WIT1 (the "Market Warrants"). On 30th June 2011 the market value was EUR 9.90 per Market Share and EUR 0.51 per Market Warrant; the combined value was EUR 10.41, 4,10% above the offering price.

Upon listing of the Company, €148,735,000, or approximately €9.92 per Market Share, of the proceeds of the Offering was paid into the stated capital of a fully owned Belgian Finance Subsidiary as a capital increase and placed into a Trust Account by the Trustee. The funds held in the Trust Account at the time of the Business Combination will be released to the Belgian Finance Subsidiary, which will release such funds to the Company by way of a reduction of stated capital upon approval of a majority of the Market Shareholders of the Company.

The net proceeds from the Offering and from the sale of the Founding Shareholder Warrants held in the Trust Account may only be invested by the Trustee as determined by the Belgian Finance Subsidiary in:

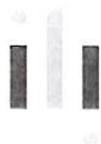
- (i) securities issued by European governments and corporate or commercial paper with a credit rating of AA- or higher having a maturity of 12 months or less
- (ii) certain short-term deposits
- (iii) money market instruments

Based upon these limitations, the amount placed in the Trust Account was invested in the JP Morgan Euro Liquidity Fund in order to achieve a high level of total return in Euro denominated investments, consistent with the preservation of capital and a high degree of liquidity.

Being a Special Purpose Acquisition Company ("SPAC"), the Company has not generated any revenue from operations to date. The Company reports a total comprehensive loss for the interim period of EUR 953,314. This result was expected and is due to the current scouting activity of the SPAC.

At balance sheet on 30th June 2011, shareholders' equity was EUR 150,635,128 for 15,000,000 of Market Shares and 3,750,000 of founders' shares fully paid up. The total balance sheet of the Company is EUR 151,078,531. Earnings per share for the interim period amount to EUR -0,051.

The Board of Directors, through its investment team, lead by Carlo Mammola, and with the support of Vito Gamberale, is currently developing all necessary activities to select and complete a business combination. Furthermore, the Board of Directors, aiming to structure an attractive potential transaction, has created a team of consultants to its activities from a legal, due diligence,



Italy1 Investment S.A.

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tax and financial perspective. Other than the relationships established with these consultants, the firm has not entered any other relevant third party transactions.

These efforts have resulted in various discussions and negotiations regarding potential targets, some of which are ongoing. The Board of Directors is confident to propose an attractive Business Combination to its investors in the near future.

To the best of our knowledge, the Company is not aware of any events which would have a material bearing on the accounts since 30th June 2011.

Responsability Statement

In accordance with Article 4(2) c) of the Luxembourg law of 11 January 2008 relating to the transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the "Transparency Law") the undersigned confirm that to the best of their knowledge, the condensed set of financial statements covering the period ended 30th June 2011, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole as required under Article 4 (3) of the Transparency Law.

Furthermore, the undersigned confirm that to the best of their knowledge, the interim management report covering the period ended 30th June 2011 includes a fair review of important events that have occurred during the first six months of the current financial year, and their impact on the condensed set of financial statements, of major related party transactions and of the principal risks and uncertainties that the Company faces for the remaining six months of the financial year.

Luxembourg, 19th July 2011

For the Board of Directors

Vito Gamberale
Chairman of the Board of Directors

Gero Wendenburg
Member of the Board of Directors

Unaudited condensed interim consolidated financial statements
For the period from 1 January 2011 to 30 June 2011

Italy1 Investment S.A.

Consolidated statement of financial position as at 30 June 2011

EUR	Notes	2011	2010
ASSETS			
Non-Current assets			
Deferred tax assets	9	20.235	22.868
Total non-current assets		20.235	22.868
Current assets			
Available-for-sale financial assets	10	149.004.745	-
Receivable		170	230
Cash and cash equivalents	11	2.044.587	23.425
Deferred charges		8.794	28.750
Total current assets		151.058.295	52.405
TOTAL ASSETS		151.078.531	75.274
EQUITY AND LIABILITIES			
Equity			
Share capital	13	175.000	35.000
Share premium	13	149.860.000	-
Capital contribution	13	5.000.000	-
Retained earnings		(4.399.872)	(55.656)
Equity attributable to owners of the Company		150.635.128	(20.656)
Total equity		150.635.128	(20.656)
Non-Current liabilities			
Deferred tax liabilities	9	89.053	-
Total non-current liabilities		89.053	-
Current liabilities			
Trade creditors		257.012	57.509
Income tax liabilities		20.586	-
Accruals	12	76.751	38.420
Total current Liabilities		354.350	95.929
TOTAL EQUITY AND LIABILITIES		151.078.531	75.274

The notes form an integral part of these consolidated financial statements.

Unaudited condensed interim consolidated financial statements
For the period from 1 January 2011 to 30 June 2011

Italy1 Investment S.A.

Consolidated statement of comprehensive income for the period from 1 January 2011 to 30 June 2011

EUR	Notes	2011	2010
Administratives expenses	7	(1.137.986)	(78.529)
Results from operating activites		(1.137.986)	(78.529)
Finance income		278.042	5
Finance costs		(48)	
Net finance income	8	277.994	5
Loss before income tax for the period		(859.991)	(78.524)
Income tax	9	(93.323)	22.868
Loss for the period		(953.315)	(55.656)
Total comprehensive loss for the period attributable to the owners of the Company		(953.315)	(55.656)
Earnings per share			
Basic	13	(0,051)	(0,015)
Diluted		(0,051)	(0,015)

The notes form an integral part of these consolidated financial statements.

Unaudited condensed interim consolidated financial statements
For the period from 1 January 2011 to 30 June 2011

Italy1 Investment S.A.

Consolidated statement of cash flow for the period from 1 January 2011 to 30 June 2011

EUR	Note	2011
Operating activities		
Loss before tax for the period from 1 January 2011 to 30 June 2011		(859.991)
Changes in working capital		345.386
Cash flow from operating activities		(514.605)
Investing activities		
Acquisition of other investments		(148.735.000)
Cash flow from investing activities		(148.735.000)
Financing activities		
Payment of transaction costs		(3.729.234)
Proceeds from issuance of shares	12	155.000.000
Cash flow from financing activities		151.270.766
Cash flow for the period		2.021.161
Cash and cash equivalents at the beginning of the period		23.425
Cash and cash equivalents at the end of the period		2.044.586

The note forms an integral part of these consolidated financial statements.

Unaudited condensed interim consolidated financial statements
For the period from 1 January 2011 to 30 June 2011

Italy1 Investment S.A.

Consolidated statement of changes in equity for the period from 1 January 2011 to 30 June 2011

Equity attributable to owners of the Company

EUR	Share capital	Share premium	Capital contribution	Retained earnings	Total
Balance as at 1 January 2011	35.000		-	(55.656)	(20.656)
Shares issued at the period	140.000	149.860.000	5.000.000	-	155.000.000
Transaction costs booked in equity - IAS 32				(3.390.901)	(3.390.901)
Loss for the period	-			(953.315)	(953.315)
Balance as at 30 June 2011	175.000	149.860.000	5.000.000	(4.399.872)	150.635.128

The notes form an integral part of these consolidated financial statements.

ITALY1 INVESTMENT S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on 1 January 2011 to 30 June 2011

1. Reporting entity

Italy1 Investment S.A. (the “**Company**”) is a company domiciled in the Grand-Duchy of Luxembourg. The address of the Company’s registered office is 412F, Route d’Esch L-1741 Luxembourg. The consolidated financial statements of the Company as at and for the period on 1 January 2011 to 30 June 2011 comprise the Company and its subsidiary (together referred to as the “**Group**” and individually as “**Group entities**”).

The Company was formed for the purpose of acquiring one or more operating businesses through a merger, share exchange, share purchase asset acquisition, reorganization or similar transactions (a “**Business Combination**”). The Company intends to focus on consummating a Business Combination with principal business operations in Italy.

The Company has completed an institutional offering of its shares on the Milano stock exchange.

2. Basis of preparation

(a) Statement of compliance

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

The unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on the 19th of July 2011.

(b) Basis of measurement

The unaudited condensed interim consolidated financial statements have been prepared on a going concern basis under the historical cost accounting convention.

(c) Functional and presentation currency

These unaudited condensed interim consolidated financial statements are presented in Euro (“EUR”), which is the Company’s functional currency and the one of its subsidiary.

(d) Standards and interpretations issued but not yet effective as at the date of authorization of the non statutory financial statements:

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 30 June 2011, and have not been applied in preparing these unaudited condensed interim consolidated financial statements.

The Board of Directors has not assessed yet the impact of the adoption of these standards and interpretations on the unaudited condensed interim consolidated financial statements of the Group.

ITALY1 INVESTMENT S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on 1 January 2011 to 30 June 2011

(e) Use of estimates and judgments

The preparation of the unaudited condensed interim consolidated financial statements in conformity with IFRSs as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(f) Going concern

The Company was incorporated on 26 August 2010 under Luxembourg law. The Company was formed for the purpose of acquiring one company or operating business through a merger, share exchange, share purchase, asset acquisition, reorganization or similar transaction. Such Business Combination can consist of a combination of one or more related operating businesses. The Company intends to focus on completing a Business Combination in Europe with relevant business operations in Italy. If the Company does not enter into a definitive binding agreement for the completion of a Business Combination within 24 months from the Closing Date or if such agreement has been entered into, but the Business Combination is not completed within 36 months from the Company's date of incorporation (26 August 2013), the Company shall be liquidated.

As such, the Board of Directors is confident that the Group will continue in existence for at least 24 months after the Closing Date and, accordingly, these unaudited condensed interim consolidated financial statements have been prepared on a going concern basis.

3. Summary of significant accounting policies

The accounting policies set out below have been applied in these unaudited condensed interim consolidated financial statements, and have been applied consistently by the Company and its subsidiary.

(a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(b) Foreign currency

Foreign currency transactions

In preparing these unaudited condensed interim consolidated financial statements, no transactions in currencies other than the Company's functional currency have been recorded.

ITALY1 INVESTMENT S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on 1 January 2011 to 30 June 2011

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash deposits with original maturities of three months or less.

The carrying amount of cash and cash equivalents approximates their fair value.

(d) Available-for-sale financial assets

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

(e) Accruals

Unaudited condensed interim consolidated financial statements are prepared in the accrual basis of accounting. Under this basis, the effects of transactions and other events are recognized when they occur and they are recorded in the accounting records and reported in the statements of financial position of the periods to which they relate. Their carrying amounts approximate their fair value.

(f) Share capital

Share capital is classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Group's shareholders. Share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss account as accrued.

Incremental costs directly attributable to the issue of the shares are recognized as a deduction from equity, net of any tax effects.

(g) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction

ITALY1 INVESTMENT S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on 1 January 2011 to 30 June 2011

that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Group by the weighted average number of shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding, adjusted for own shares held, for the effects of all dilutive potential shares.

4. *Related parties and ultimate controlling party*

Parties including individuals are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

On 30 June 2011, The Bank of New York Mellon S.A. as depository of Clearstream, EOS Servizi Fiduciari SpA, Mr. Giovanni REVOLTELLA and ITA1SV Limited Partnership owned 15,000,000, 1,132,500, 60,000 and 2,557,500 shares respectively.

5. *Investments in subsidiaries*

On 21 October 2010, the Company acquired 100% of the share capital of ITALY1 INVESTMENT S.p.r.l.. Consequently, the Group fully consolidates this entity. The company actively evaluates investment opportunities and allocates the proceeds of the offering.

ITALY1 INVESTMENT S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on 1 January 2011 to 30 June 2011

6. *Financial risk management*

At the time of the drawing-up of non statutory consolidated financial statements, the Group is not yet significantly exposed to interest rate risk, credit risk, liquidity risk and currency risk from the financial instruments it holds.

7. *Expenses*

Expenses are accounted for on an accruals basis.

	EUR
Services fees	1,071,004
Administration fees	2,398
Domiciliary fees	1,281
Accountancy fees	6,871
Audit fees	56,379
Other fees	52
	<u>1,137,985</u>

8. *Finance income and finance costs*

	EUR
Interest income on bank account	8,297
Net change in fair value of financial assets	269,745
Finance income	<u>278,042</u>
Interest expense on bank account	47
Finance costs	<u>47</u>
Net finance income	<u>277,995</u>

9. *Income tax*

	EUR
Income tax	
Current tax expense	(1,637)
Deferred tax debit	(91,686)
	(93,323)

ITALY1 INVESTMENT S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on 1 January 2011 to 30 June 2011

On June 30, 2011, a total amount of EUR 20,235 of deferred tax assets has been recognized in respect of deductible temporary differences as it was assessed probable that taxable profit would be available against which the deductible temporary differences can be utilized.

A total amount of EUR 89,053 of deferred tax liabilities has been recognized in relation with unrealized revaluation gains on available for sale financial assets.

10. Available-for-sale financial assets

On June 30, 2011, the Company has not yet entered into a definitive binding agreement for the completion of a Business Combination. In the meantime, the funds have been invested and will be deployed in accordance with the guidelines described in the listing prospectus of Italy1 Investment S.A.

11. Cash and cash equivalents

Deutsche Bank cash account	EUR
	2,044,587
	<u>2,044,587</u>

12. Accruals

Accruals	EUR
	76,751
	<u>76,751</u>

The Board of Directors considers that the carrying amounts of accruals approximate their fair value.

13. Called up share capital, share premium, capital contribution

15,000,000 ordinary shares and 3,750,000 Convertible Shares without designation of a nominal value	EUR
	175,000
Share Premium	149,860,000
Capital contribution	<u>5,000,000</u>
	<u>155,035,000</u>

The Company's shares are in registered form and cannot be converted into bearer form. Each share entitles to one vote.

ITALY1 INVESTMENT S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on 1 January 2011 to 30 June 2011

Redemption rights are subject to restrictions as indicated in the Articles of Incorporation.

The Company was incorporated on 26 August 2010 with a share capital of EUR 35,000 represented by 3,750,000 Founding Shares. On December 10, 2010, the Founding Shares have been converted into 1,250,000 class B1 Convertible Shares, 1,250,000 class B2 Convertible Shares and 1,250,000 class B2 Convertible Shares.

On January 27, 2011 the Company completed the successful institutional offering of 15,000,000 class A Ordinary Shares ("Market Shares") cum 15,000,000 warrants attached ("Market Warrants"). Each Market Share incorporates the right to receive one Market Warrant on the first available date for the detachment of the rights following 40 days after the listing date (i.e. on March 14, 2011). In the context of the institutional offering, more than 50 institutional investors adhered for 15,000,000 of Market Shares cum 15,000,000 Market Warrants, equal to a total amount of EUR 150,000,000.

The new share capital of the Company following the offering equals EUR 175,000, represented by a total of 3,750,000 Convertible Shares and 15,000,000 Ordinary Shares

All class B1, B2 and B3 Convertible Shares shall be automatically converted into class A Ordinary Shares according to articles 8 of the updated articles of incorporation dated January 27, 2011.

Furthermore, the founding shareholders of Italy1 invested EUR 5 millions as an "at risk" investment through the purchase of 5,000,000 warrants ("Founders Warrants"; together with the Market Warrants, the "Italy1 Warrants") in a private placement, immediately prior to the listing date.

The Market Shares and Italy1 Warrants are listed on the Professional Segment of the Mercato Telematico degli Investment Vehicles (MIV) of Borsa Italiana and are trading under the tickers IT1 and WIT1, respectively and under the ISIN codes ISIN LU0556041001 and ISIN LU0556042157, respectively.

The total 20,000,000 Italy1 Warrants (i.e. the 15,000,000 Market Warrants and the 5,000,000 Founders Warrants) commenced trading on March 17, 2011.

14. Earnings per share

The calculation of basic and diluted earnings per share as at 30 June 2011 was based on the loss attributable to owners of EUR 953,314, and a weighted average number of shares outstanding during the period of 18,750,000. There is no dilutive impact as at 30 June 2011.

	EUR
Loss for the period	(953,314)
Weighted average number of shares	18,750,000
Basic earnings per share	(0.051)
Diluted earnings per share	(0.051)