2015 ANNUAL FINANCIAL REPORT

(Translation from the Italian original which remains the definitive version)

DIRECTORS’ REPORT

Corporate bodies

The Board of Directors and the Board of Statutory Auditors were elected by the Ordinary Shareholders’ Meeting on 29 April 2013.

The Board of Directors and the Board of Statutory Auditors will remain in office until the Shareholders’ Meeting held to approve the 2015 separate financial statements.

Board of Directors

Chairman	Benito BENEDINI
Chief Executive Officer	Donatella TREU
Directors	Luigi ABETE
	Antonio BULGHERONI
	Alberto CHIESI
	Maria Carmela COLAIACOVO
	Nicolò DUBINI (1) (2)
	Marcella PANUCCI
	Alessandro SPADA
	Carlo TICOZZI VALERIO (1)
	Cesare PUCCIONI (3)

Secretary to the Board

Gianroberto VILLA

(1) Independent Director
(2) Co-opted on 28 July 2015 to replace Sen. Mario D’URSO who died on 5 June 2015.
(3) Co-opted on 11 November 2015 to replace Marco Venturi who resigned on 7 October 2015

Board of Statutory Auditors

Chairman	Luigi BISCOZZI
Standing statutory auditors	Maurilio FRATINO
	Laura GUAZZONI
Alternate statutory auditors	Maria SILVANI
	Fabio FIORENTINO

Internal Control & Audit Committee

Chairman	Carlo TICOZZI VALERIO
Members	Nicolò DUBINI
	Alessandro SPADA

Human Resources and Compensation Committee

Chairman	Carlo TICOZZI VALERIO
Members	Nicolò DUBINI
	Antonio BULGHERONI

Representative of special-category shareholders

Mario ANACLERIO

Manager in charge of financial reporting

Valentina MONTANARI

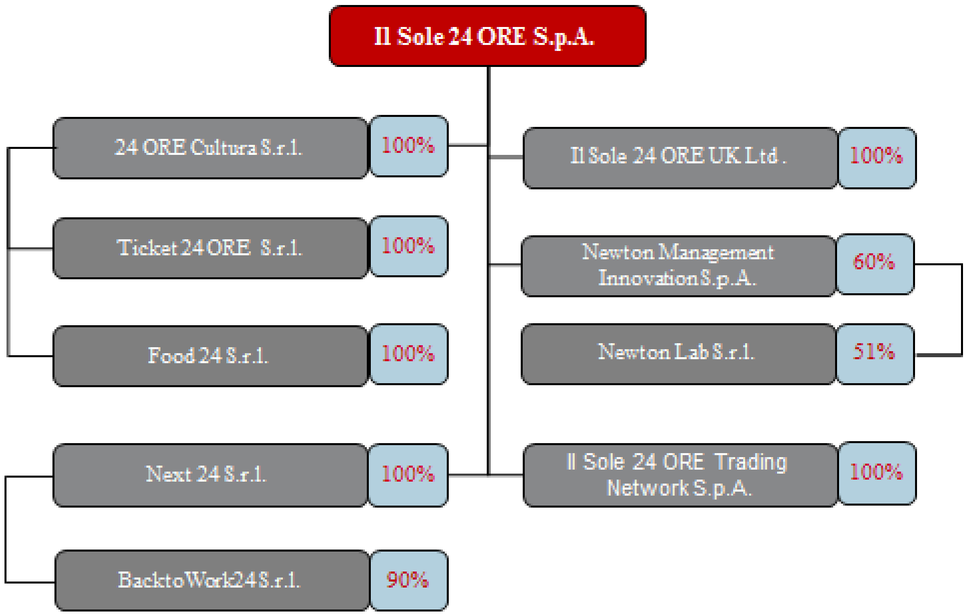
Internal Audit Manager

Massimiliano BRULLO

Independent Auditors

KPMG S.p.A.

Structure of the 24 ORE Group



Highlights

- **Consolidated Group revenue at €325.0 million, up €12.6 million, +4.0%,** continuing the positive trend that began in 2014, as a result of the strategic decision to create a multimedia system in which a series of new specialised digital broadsheets are fully integrated with Il Sole 24 ORE, resulting in increased revenue from high-profit digital news content. Advertising (+11.2%) and Training Area revenue (+14.2%) increased. The Culture Area remained steady (+1.5%).

- **Digital revenue from information content** confirmed the positive trend of recent years and rose by €5.7 million, up 8.2% on 2014, entirely due to growth of the Il Sole multimedia system and the associated broadsheets. In particular, the growth in digital revenue from information content for the daily newspaper and broadsheets was €8.4 million, an increase of 45%. The trend of digital revenue from information content exceeding revenue from printed content was also consolidated, the digital component reaching 55% of total information content revenue, compared to 47% in 2014.

- **Group digital revenue** amounts to €106.7 million, up 11.2% compared to 2014, and equals 32.8% of total revenue (30.7% in 2014).

- **Sole 24 ORE** is also confirmed as Italy's leading digital daily newspaper in 2015 with approximately 218 thousand digital copies in 2015 (+18.5% vs. 2014) and the second place national newspaper for total printed+digital circulation with an average of around 375 thousand copies (+2.2% on 2014), reflecting the publishing decision to convert printed copy subscriptions into digital subscriptions. To complete the Sole system, in addition to the printed and digital copies there are now more than 36,000 paid subscriptions to *IlSole24ore.com*;

- **Advertising revenue was €126.7 million**, up 11.2% on 2014 and compared with a reference market that was down by 2.2%, achieving a result completely against that of the media sector as a whole. The reputation of Il Sole 24 ORE and the brand, and the improved quality and quantity of printed, digital and radio information content, allowed for a price increase in the advertising mix and supported a strong increase in advertising revenue despite the market decline. All the media recorded results better than those of the market: Radio 24 (+18.2% vs. market +8.8%), press agency (+9.4% vs. market down 5.7%), online (+11.2% vs. market -0.7%). The daily newspaper **Il Sole 24 ORE** closed 2015 up 2.1%, against the market trend for daily newspapers which was down by 6.6% (*Source: Nielsen - January-December 2015*).

- **Radio 24** is confirmed in a stable ninth position in the average daily audience rankings, both for the year and in the second half of 2015 with an average 1,974,000 daily listeners. In the final quarter of 2015, the number of listeners from Monday to Friday was 2,295,000, the highest figure for the last two years, up 6.5% compared to the same period in 2014. On Sundays in particular, an 18% increase was recorded compared to the previous quarter due to the new broadcasts introduced (source: *GFK Eurisko; RadioMonitor*). In 2015, Radio 24 contributed to Group gross operating profit with a highly positive result.

- Revenue from the **Training and Events Area** was up by €4.1 million, +14.2% to reach €33.0 million. This growth is due to the good performance of the Business School, which in 2015 recorded a growth in the number of initiatives implemented and in the number of attendees, in the classroom and online, particularly in the specialisation Masters and Executive Master courses. Annual and Event products were also up as a result of the higher number of initiatives implemented. Gross operating profit for the Training and Events Area increased from €3.2 million in 2014 to €5.2 million in 2015 (+61.7%).

- **Culture Area** revenue was up by €0.3 million to reach €19.8 million, 1.5% higher than the previous year.

- The ongoing containment action implemented on all cost items, together with the continued migration of all Group activities to digital, have allowed significant savings to be achieved. A decrease was seen in particular in raw materials costs (-13.6%) and distribution costs (-9.6%). Corporate costs dropped by €4.9 million (-10.9%) compared to 2014. The cost types recording an increase are directly related to the growth in revenue (sales costs, advertising expense due to third-party publishers and costs relating to the Training Area).

- The **gross operating profit** was €0.9 million (€-10.7 million in 2014), recording an increase of €11.6 million. This result was achieved through the growth in revenue, ongoing operating cost containment action as regards the corporate departments and the effects of the reorganisation of certain business areas that offset the increase in costs associated with the growth in revenue. The **gross operating profit of the Publishing Area** was €5.6 million, up €4.7 million compared with €0.8 million in 2014, confirming the trends emerging during the year associated with the development of an integrated product mix, the strategic digital innovation decisions as well as cost containment and process efficiency.

- The **operating loss**, recording an €11.5 million improvement on 2014 (+44.6%), was €14.3 million (€25.8 million loss in 2014).

- The **loss before tax** was €16.0 million, improving by €11.0 million.

- The **loss from continuing operations**, recording an improvement of €5.4 million (+18.4%), was €24.1 million. The 2015 result was negatively affected by income taxes for €8.1 million (a positive €1.5 million in 2014), due to the reduction in deferred tax assets from the drop in the IRES tax rate from 2017.

- The **net financial indebtedness** amounted to €26.8 million, compared to a net financial position of €2.2 million at 31 December 2014 indebtedness of €48.6 million at 31 December 2013), which had benefited from the amount collected on disposal of the Software Area in May 2014. **Cash flows used in operating activities** improved by €14.7 million compared to the previous year. Positive effects, compared to 2014, came from the improved operating profit and the lower absorption of net working capital. The absorption of liquidity was mainly due to investments and outflows for non-recurring expenses. Note that the net financial indebtedness fully complies with the covenants envisaged in the syndicated loan.

Operating performance 2015

Market environment

The market figures for 2015 still show a downward trend compared to 2014 both in terms of advertising revenue and daily newspaper circulation.

In 2015 the advertising market as a whole recorded a 0.5% decrease on 2014, whilst the reference market for the Group was down 2.2%.

Press advertising revenue is still in decline (-5.7%), daily newspapers dropped by 6.6% and magazines by 4.1%. Online investments were down (-0.7%), whilst radio recorded an 8.8% increase (source: *Nielsen Media Research January-December 2015*), compared to a Group result of +11.2%.

As regards circulation, ADS figures for January-December 2015 show a drop in printed national daily newspaper circulation of around 9.0% compared to the same period in 2014. The circulation figures for printed plus digital copies show a 5.6% decrease.

The most recent audience data for all of 2015 indicate that the daily radio audience was 35,018,000 listeners on average, recording a 2.1% increase (+704,000) compared to 2014 (*GFK Eurisko, RadioMonitor*).

The professional market in which the Group operates is characterised by a downsizing. In fact, in 2015 professional publishing recorded a decline in business volume of 4.1% on the previous year, though improving on the negative trend already recorded in 2014 (-5.9%; source: *Databank 2015*).

The economic crisis that has continued for such a long time has led to increasing difficulties in final demand in the Group’s top markets: companies, households and professionals. The first signs of recovery were seen in 2015 with GDP growth of 0.8%.

The consumption model is evolving in favour of electronic media, databases, products and online services. This phenomenon has led to lower spending, due to the difficulty on the professional market of selling online news at prices comparable to printed versions.

Performance of the 24 ORE GROUP

HIGHLIGHTS OF 24 ORE GROUP		
(in thousands of euro)	2015	2014
Revenue	324,959	313,115
Gross operating profit (loss)	906	(14,667)
Operating loss	(14,297)	(29,815)
Loss before tax	(16,019)	(31,020)
Loss from continuing operations	(24,098)	(29,525)
Profit (loss) from discontinued operations	-	20,205
Loss attributable to owners of the parent	(24,012)	(9,811)
Net financial position (indebtedness)	(26,818)	2,215
Equity attributable to owners of the parent	86,660	109,804
Average no. of employees	1,239	1,222

24 ORE Software was sold in 2014. The overall effects of this transaction on profit or loss were recorded under *Profit (loss) from discontinued operations*.

For the purpose of the Directors' Report, the effects of other non-recurring transactions in 2014 are recognised on a single line, Profit *(loss) from other discontinued assets*. These transactions include costs associated with the disposal of the Business Media business unit.

The statement of profit or loss figures reported and commented in the Directors' Report, both consolidated and by business segment, are on a like-for-like basis for ease of comparison.

HIGHLIGHTS OF 24 ORE GROUP ON A LIKE-FOR-LIKE BASIS		
(in thousands of euro)	2015	2014
Revenue	324,959	312,312
Gross operating profit (loss)	906	(10,659)
Operating loss	(14,297)	(25,808)
Loss before tax	(16,019)	(27,013)
Loss on a like-for-like basis	(24,098)	(25,518)
Profit (loss) from discontinued operations	-	20,205
Profit (loss) from other discontinued assets	-	(4,007)
Loss attributable to owners of the parent	(24,012)	(9,811)
Net financial position (indebtedness)	(26,818)	2,215
Equity attributable to owners of the parent	86,660	109,804
Average no. of employees	1,239	1,212
Average no. of employees net of 2015 changes in the scope of consolidation	1,212	1,212

In 2015, the 24 ORE Group achieved **consolidated revenue** of €325.0 million, up by €12.6 million compared to 2014 (+4.0%). The innovative action taken by the daily newspaper with the series of 12 new specialist digital daily newspapers, combined with the paywall decision for the web site that generated 36,000 paid subscriptions, has led to a decisive strengthening in terms of current performance - also decidedly against the market trend - achieved from advertising, which recorded a growth of 11.2% in a market down by 2.2%.

The growth in revenue was achieved mainly as a result of the advertising revenue performance, up by €12.8 million (+11.2%). This result confirms the reputation of Il Sole 24 ORE and the brand, and the excellence of the printed, digital and radio information content that supported an increase in advertising product prices. The daily newspaper circulation revenue was in line with the previous year and compares with a market down 5.6% (printed plus digital copies), as a result of the product and services innovation focusing on customer needs and content integration. Revenue from the Training Area was up by €4.1 million (+14.2%). Culture Area revenue was up by €0.3 million.

Digital revenue from information content was up €5.7 million, +8.2% compared with last year and exceeded the revenue from printed information content, standing at 55% of total information content revenue compared to 47% in 2014. This increase was entirely due to the multimedia publishing decision adopted, which is unique in Europe and the United States.

Group digital revenue amounts to €106.7 million and equals 32.8% of total revenue (30.7% in 2014), up 11.2% on 2014.

More specifically:

- advertising revenue, totalling €126.7 million, was up €12.8 million (+11.2%) on 2014, against the reference market trend which was down by 2.2%. The reputation of Il Sole 24 ORE and the brand, and the improved quality and quantity of printed, digital and radio information content, allowed for a price increase in the advertising mix and supported a strong increase in advertising revenue despite the market decline. Growth was recorded both in Group media (€+8.2 million, +9.1%) and third-party publisher media (€+4.9 million, +20.3%). This result was achieved in particular due to growth in the Group's printed media revenue (+6.9% vs. market -5.7%) and that of Radio 24 (+18.2% vs. market 8.8%) and Internet (11.2% vs. market down by 0.7%) - Source: *Nielsen - January-December 2015*. The advertising sales agency's better performance than that of the market is the result of the new sales policy, based on an increase in the sale price and the broader and more diversified customer portfolio, together with enhancement of the excellent and significant content of the Sole System and the development of numerous integrated communications projects;
- the daily newspaper circulation revenue was in line with 2014, with the reference market total circulation figures down 5.6% (source: *ADS January-December 2015*). This result is entire due to the new integrated supply system, which makes a significant contribution to the growth in daily newspaper circulation. Il Sole 24 ORE is also confirmed as Italy's leading digital daily newspaper throughout 2015 with an average of around 218 thousand digital copies (+18.5% vs. 2014) and the second place national newspaper for total printed+digital circulation with an average of around 375 thousand copies (+2.2% on 2014). To complete the Sole system, in addition to the printed and digital copies, there are now more than 36,000 paid subscriptions to *IlSole24ore.com*;
- revenue from the Training Area was up by €4.1 million (+14.2%), to €33.0 million. This positive result is due to the good performance of the Business School, which in 2015 recorded a growth in the number of initiatives implemented and in the number of attendees, in the classroom and online, particularly in the specialisation Masters and Executive Master

courses. Annual and event products were also up as a result of the higher number of initiatives implemented;

- Culture Area revenues were up by €0.3 million to reach €19.8 million, 1.5% higher than in 2014. In the period under review the following exhibitions ended: *Chagall, Van Gogh, Giacometti, Divina Marchesa, Food, Medardo Rosso, Klimt (Paris)* and *Mirò Mantova.* March saw the opening in Venice and Turin of the exhibitions dedicated, respectively, to *Henry Rousseau* and *Tamara de Lempicka*. The exhibition *Nuova Oggettività. Arte in Germania al tempo della Repubblica di Weimar 1919-1933* was inaugurated in Venice in May. The exhibitions *Da Raffaello a Schiele* and *Tamara de Lempicka* were inaugurated in September in Milan (Palazzo Reale) and Verona (Palazzo Forti), respectively. Then at the end of October the two autumn exhibitions opened at the MUDEC, *Gauguin. Racconti dal paradiso* and *BARBIE - The icon*, proving to be a success with the public;
- revenue from the sale of add-ons, books and magazines were down by €7.1 million (-24.3%) compared to 2014, due to the market decline and to the strategic decision to downsize the printed products portfolio.

Total costs amounted to €338.6 million, up 0.7% compared to 2014. Certain cost types have decreased due to the implementation of the digital strategy and to the cost containment policies referring to all cost types. In particular:

- costs for raw materials and consumables totalled €12.9 million, down €2.0 million (-13.6%), mainly due to the Group policy on migration to digital;
- distribution costs totalled €23.8 million, down €2.5 million (-9.6%) mainly due to the lower volumes of printed products distributed;
- centralised service costs of corporate departments dropped by €4.9 million (-10.9%), recording a 12.3% impact on consolidated revenue in 2015 compared to 14.4% in 2014. In particular, costs decreased for property management, advisory services and professional services.

Certain cost types recorded an increase as they are directly related to the growth in revenue. Specifically:

- sales costs increased by €4.2 million (+19.6%) particularly as a result of the different product mix sold, as well as the effect of the agency agreement signed with TeamSystem (Software Area buyer), after disposal of the area;
- advertising expense due to third-party publishers increased by €4.1 million (+22.0%) due to the higher turnover in publications licensed out and the acquisition of new publications;
- direct costs associated with the Training Area increased by €1.4 million (+8.4%), directly linked to the higher turnover.

Personnel expense totalled €102.3 million, up €0.6 million compared to 2014, mainly due to contractual changes and to the different scope of consolidation associated with the entry of Ticket 24 ORE and Food 24 into the Group's Culture Area. This increase was partly offset by the effects of renewal of the solidarity agreements to certain employee categories. The average headcount was 1,212, unchanged on 2014.

The **gross operating profit** was €0.9 million, compared with a loss of €10.7 million recorded in 2014, with an increase of €11.6 million. This result was achieved through **increased revenue**, particularly in advertising, training and digital products, as well as the constant focus on cost containment, optimisation of the organisational, production and distribution structure and on process efficiency in all the Group's areas. The result includes the gross operating loss of the

Culture Area (€6.0 million), attributable largely to the lower profitability of exhibitions in 2015 compared to 2014, due to the reduced number of visitors, together with the business start-up costs at the Mudec.

The **gross operating profit of the Publishing Area** was €5.6 million, up €4.7 million compared with €0.8 million in 2014, confirming the trends emerging during the year associated with the development of an integrated product mix, the strategic digital innovation decisions as well as cost containment and process efficiency.

The **operating loss**, recording an €11.5 million improvement on 2014 (+44.6%), was €14.3 million (€25.8 million loss in 2014). The production plant in Verona, no longer operative, was sold in 2015. This transaction led to the realisation of a gain of €1 million. Amortisation and depreciation amount to €16.3 million versus €15.3 million in the previous year.

The **loss before tax** was €16.0 million, improving by €11.0 million.

Income taxes were negative for €8.1 million, mainly due to the reduction in deferred tax assets by €7.6 million, due to the drop in the IRES tax rate from 2017 envisaged in the 2016 Stability Act and which will be in force when the deferred taxes are reversed and the taxable provisions used.

The **loss from continuing operations**, recording an improvement of €5.4 million (+18.4%), was €24.1 million.

2014 had benefited from **profit from discontinued operations** totalling €20.2 million, referring to the gain from sale of the Software Area net of costs to sell and the loss of the area sold in May 2014. This had also included the **loss from other discontinued assets** for €4.0 million relating to the profit and loss of the Business Media business unit, the disposal of which was completed in January 2014.

The **loss attributable to owners of the parent** amounted to €24.0 million, compared with the €9.8 million loss in 2014 which had benefited from the gain from disposal of the Software Area. In addition, the 2015 loss includes negative income taxes of €8.1 million (a positive €1.5 million in 2014) due to the reduction in deferred tax assets following the drop in the IRES tax rate from 2017.

The **net financial indebtedness** amounted to €26.8 million, compared to a net financial position of €2.2 million at 31 December 2014 (indebtedness of €48.6 million at 31 December 2013), which had benefited from the amount collected on disposal of the Software Area in May 2014. Cash flows used in operating activities improved by €14.7 million compared to the previous year. Positive effects, compared to 2014, came from the improved operating profit and the lower absorption of net working capital. The absorption of liquidity was mainly due to investments and outflows for non-recurring expenses. Note that the net financial indebtedness fully complies with the covenants envisaged in the syndicated loan, which envisage a gross operating loss not exceeding €-3 million and net financial indebtedness not exceeding €-30 million.

Significant events of the year

On 23 February 2015 a trade union agreement was signed with the polygraphics unified trade unions for the renewal, for March 2015-February 2017, of the protective solidarity agreement for employees with polygraphics contracts.

Under this agreement, compared to the previous two-year period, a significant increase in labour cost savings is achieved. In particular, in the daily newspaper preparation areas (around 100 staff) the final saving is up to 35-40%.

The agreement envisages maintaining this level of savings also in the year following the end of the solidarity agreement, through available means that are not socially traumatic.

On 27 March 2015 a renewed protective solidarity agreement for employees with polygraphics contracts was signed with the trade unions for the period March 2015-February 2017.

Under this agreement, compared to the previous two-year period, further labour cost savings are achieved that are diversified from office to office.

On 9 February 2015 the subsidiary 24 ORE Cultura S.r.l. acquired 100% of the quota capital of MostraMi S.r.l. (now Ticket 24 ORE S.r.l.), operating in the exhibition and events ticketing and reception sector, for €250 thousand.

The Museo delle Culture - Mudec was inaugurated on 26 March with the opening of the *Africa e Mondi a Milano* exhibitions.

On 28 April 2015 a renewed protective solidarity agreement was signed with the trade unions of 24 ORE Cultura S.r.l. for the period May 2015-April 2017.

On 13 March 2015, the Board of Directors approved the 2015-2019 Business Plan, which envisages organic growth based on the following strategic objectives:

- digital innovation of products and services broken down by market segment and, in particular, targeting the high end of the market;
- integration of all contents produced by the Group (the Sole System), leveraging the leadership positioning of the daily newspaper;
- national and international development of the Culture and Training Areas;
- advertising sales agency development, also through the implementation of integrated communications projects in addition to maintaining promotion of the high-spending target;
- constant efficiency improvements in the organisational and production processes structure;
- generation of profits and positive cash flows to support growth.

On 23 April 2015, the Shareholders' Meeting agreed to fully cover the parent Il Sole 24 ORE S.p.A.'s loss for the year of €15,833,000 using the share premium reserve.

On 28 July 2015, the Board of Directors of Il Sole 24 ORE S.p.A. co-opted the Director Nicolò Dubini to replace Sen. Mario D'Urso who died on 5 June 2015. Mr Dubini acts as a non-executive Independent Director and is a member of the Internal Control & Audit Committee and of the Human Resources & Compensation Committee.

On 21 October 2015, 24 ORE Cultura S.r.l. - which already held 51% of Food 24 S.r.l. - acquired the remaining 49% of the company's quota capital making it now wholly owned. The company operates in the entertainment and catering industry as part of Mudec.

On 11 November 2015, the Board of Directors of Il Sole 24 ORE S.p.A. co-opted the Director Cesare Puccioni to replace Marco Venturi, who resigned from office as non-executive director of Il Sole 24 ORE S.p.A. on 7 October 2015. The Director Cesare Puccioni acts as non-executive Director and is not a member of any committee.

On 4 December 2015, Il Sole 24 ORE S.p.A. established Next 24 S.r.l., a company operating in the training sector, with a 100% interest in the quota capital of €10 thousand.

On 11 December, the deed was signed for the merger of MostraMi S.r.l. into Shopping 24 S.r.l., whose company name was subsequently changed to Ticket 24 ORE S.r.l. The accounting and taxation effects of the merger apply from 1 January 2015.

On 18 December 2015, Shopping 24 S.r.l. transferred a 90% interest in the quota capital of Backtowork S.r.l. to Next 24 S.r.l. for a nominal €90 thousand.

2015 saw the completion of the Radiocor Plus project which established the grouping into a single Group Agency - Radiocor Plus - of the regulatory, real economy and *Finanza e Mercati* business areas, involving a total of 69 journalists. The organisational structure of the Group's journalism editorial staff was therefore simplified into three macro areas: the daily newspaper, Radiocor Plus and Radio24.

Shareholders

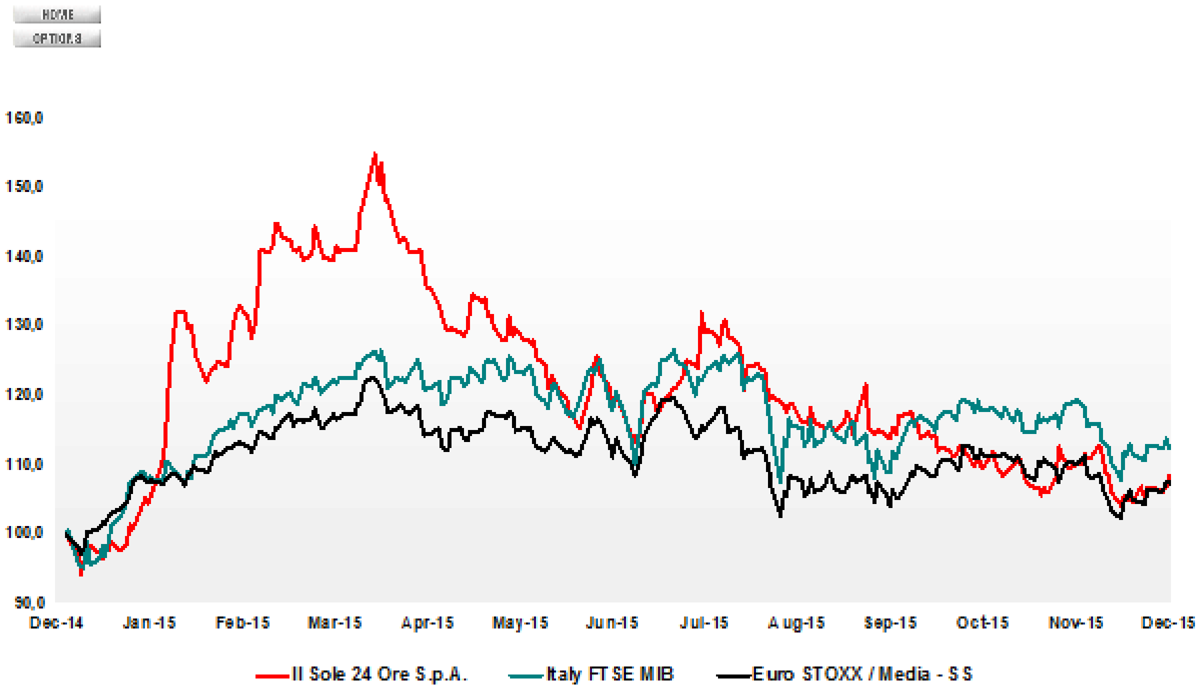
Through its Investor Relations department, the Company works to establish a transparent and ongoing dialogue with its shareholders and investors, based on understanding of their reciprocal roles.

To this end, events are organised over the year, such as conference calls, with a view to widening and promoting the market's knowledge of the Group and presenting its financial position and performance.

To ensure timely and easy access to the information concerning the issuer which holds importance for its shareholders, during 2015 the Company expanded the Investor section inside its corporate website (*www.gruppo24ore.com*). This section provides information required of the issuers about their financial position and performance, price-sensitive press releases and documents prepared to support events and presentations.

Arrangements were also made to set up a further special section of the Company's corporate web site (*www.gruppo24ore.com*) reserved to the Common Representative of Special-category Shareholders in which it is possible to find documents produced by the Representative and correspondence between the Representative and the special-category shareholders.

Performance of Il Sole 24 ORE share against the main indexes in 2015 (1 January 2015 = 100)



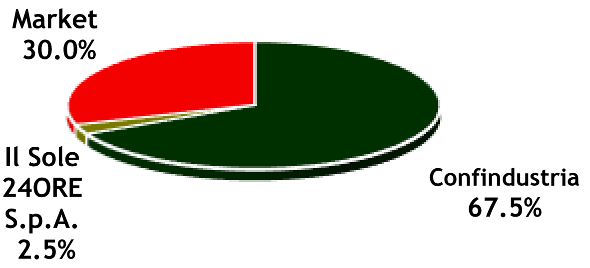
SOLE 24 ORE SHARE ON STOCK MARKET			
	Date		Value
Max price	13/04/2015	EUR	0.92
Min price	06/01/2015	EUR	0.56
Period start price	01/01/2015	EUR	0.59
Period end price	31/12/2015	EUR	0.65
Average price December		EUR	0.64
Average annual price		EUR	0.72
Max volumes ('000)		no.	1277.0
Min volumes ('000)		no.	0.0
Average annual volumes ('000)		no.	142.6
Market capitalisation (*)	31/12/2015	EUR M	86.0

(*) including 90 million unlisted shares held by Confindustria

Source: Factset for prices and volumes

Shareholder structure at 31 December 2015

SHAREHOLDER STRUCTURE				
Shareholders	no. ordinary shares	no. special category shares	Total shares	%
Confindustria	90,000,000	-	90,000,000	67.5%
Il Sole 24 ORE S.p.A.	-	3,302,027	3,302,027	2.5%
Market	-	40,031,186	40,031,186	30.0%
Total shares	**90,000,000**	**43,333,213**	**133,333,213**	**100.0%**



Principal risks and uncertainties

In the extensive number of activities where it is present, the 24 ORE Group is exposed to a series of risks. Their identification, assessment and management involve the Group's Chief Executive Officer, also in her capacity as executive director of the internal control and risk management system as per the Corporate Governance Code of Borsa Italiana S.p.A., and the heads of business areas and central corporate functions.

As part of this process, the different types of risk (strategic, operating, legal and regulatory, financial and reporting) are classified according to assessment of their impact on achievement of objectives, the likelihood of their occurrence and the degree of effectiveness of protective actions implemented. The weighted result of the application of these assessment criteria permits prioritisation of action and monitoring and identification of those responsible for managing such risks.

In addition, in order to assure a further appropriate and timely risk-management tool, the principal risks and their indicators are constantly monitored as part of the Group's normal internal reporting process.

At the meeting of the Internal Control & Audit Committee on 19 March 2015 and of the Board of Directors of Il Sole 24 ORE S.p.A. on 19 March 2015, the report identifying the Group's principal risks was presented.

Strategic risks

Risks connected with strategies in the traditional and multimedia publishing sectors

The publishing industry is affected by a process of transition from conventional forms of publishing to electronic/online publishing, associated with the introduction of new technologies and distribution channels. It is sometimes difficult to predict the impacts of this in terms of the market's competitive dynamics.

The Group is continuing to develop and expand its business in online publishing and digital products. It has in fact made investments targeting development of this sector within all business segments, and further investments are envisaged.

An important part of future growth will depend to a significant extent on growth of digital/electronic business. Given this, any failure of these initiatives, and also any delays in the transition process, might lead to adverse effects on the Group's financial position and performance.

Operating risks

Risks connected with the advertising revenue trend

The Group generates a considerable part of its revenue through sale of advertising space in its own media (the daily newspaper "Il Sole 24 ORE", magazines, radio and websites) and those of independent publishers.

In 2015 advertising revenue totalled €126.7 million and accounted for 39.0% of Group revenue (vs. 36.5% of total revenue in 2014).

A significant share of revenue and profit margins therefore depends on the quality of publishing products created and on our ability to make them appealing to advertisers. Given this, the Group might have to make investments to maintain and/or increase the competitiveness of its publishing products to attract and/or maintain strong interest on the part of advertisers, with consequent effects on the Group's financial position and performance.

In addition, the forecasts for the advertising market are at present still rather uncertain and could have repercussions on the financial position and performance of the Group.

Risks connected with the newspaper's circulation trend

Advertising revenue and revenue from newsstand and subscription sales substantially depend on levels of circulation and readership. The entire paid daily press market has been riding a steadily downward trend for several years now, which is also related to ever-increasing competition from new media. The economic crisis has further exacerbated these circumstances.

Risks connected with maintenance of the high degree of reliability and reputation of our brand and products

We believe that the Group brand and products have an excellent reputation thanks to the quality of contents and professionalism of the staff, in particular to that of journalistic staff in the publishing field. Events eroding that reputation or reducing customers' trust in products' quality and reliability would therefore have a negative impact on the Group's business turnover and financial position and performance.

Risks connected with the relationship with certain Group worker categories

The Group's business and financial position and performance could suffer significantly from the effects of renewal of national and/or company-level collective agreements for some categories of workers, as well as of any cases of conflict that may occur, particularly during negotiation of such agreements.

Strikes, work slowdowns and interruptions of services and business activity, or contractual renewals that cause significant cost increases, leading to consequent operating rigidity of the Group, could therefore adversely affect its profitability and the possibility of maximising its operating efficiency.

Risks connected with the trade receivables trend

Based on the type of customers targeted by the products and services of the Group's various segments, it is not believed that there is a high risk in terms of trade receivables. It is nevertheless deemed advisable to activate operating procedures that limit sales to customers considered not to be solvent and to post a specific allowance for impairment to cover any losses caused by non-collectability of receivables.

At the same time, however, the persisting difficult contingent economic situation has generated increased credit risk exposure, in connection with customers' extension of payment times and the potential increase in insolvencies.

Legal and regulatory risks

VAT regime applicable to bundled publishing products

The 2016 Stability Act reduced the Italian VAT rate on digital daily newspapers and magazines from 22% to 4%, equating it to the corresponding rate for printed books.

In this way, in Italy the law was aligned to what has been happening since 1 January 2012 in France and Luxembourg where e-books, and under certain conditions also newspapers, are subject to a minimum VAT rate.

On 5 March 2015, the Court of Justice decision sentenced both France and Luxembourg for violation of EU regulations.

The EU precedent now also exposes Italy to the risk of a similar sentence, even though the change of taxable venue has made any attempt at competition between countries pointless.

Therefore there is the risk that Italy will decide to repeal the law recently introduced and that the 24 ORE Group will need to once again apply the higher VAT rate on its newspapers, magazines and e-books.

Publication of notices and calls for tender

Articles 66 and 122 of Italian Legislative Decree 163/2006 (Public Contract Code) require notices and calls for tender above the Community's threshold to be published in at least 2 of the main nationally distributed newspapers and at least two newspapers with the greatest local distribution in the location where the contract work is carried out (paragraph 7, article 66) and the publication of notices and calls for tender for works with a value exceeding €500 thousand in at least one of the main nationally distributed newspapers and at least one of the newspapers with the greatest local distribution in the location where the contract work is carried out (paragraph 5, article 122).

On 30 December 2015, Official Gazette no. 302 published Italian Law Decree no. 210 of 30 December 2015 (the "Milleproroghe" Decree) containing the "Extension of deadlines envisaged for legal provisions".

Paragraph 7 of the article on this measure extends for a further year the mandatory publication of notices and calls for tender in national and local daily newspapers.

The deadline set as 1 January 2016 for the migration to digital publication only of calls for tender, stated in article 26, paragraph 1-bis, Law Decree no. 66 of 24 April 2014, converted to Law no. 89 of 23 June 2014, is therefore postponed to 1 January 2017.

Financial disclosure requirements

As part of a broader regulatory simplification process and in order to combine market competitiveness with the necessary investor protection, on 20 January 2012 CONSOB adopted Resolution no. 18079 (the Resolution) containing provisions for amendment of the implementing rules for Italian Legislative Decree 58 of 24 February 1998 (the Consolidated Finance Act). The CONSOB Resolution is the result achieved following extensive market consultation and is the initial implementation of the more general regulatory simplification process that CONSOB intends to launch with the aim of facilitating companies' recourse to the equity market and strengthening the competitive position of the Italian financial market.

The subject is of interest to the Group in connection with the disclosure requirements for listed companies and the methods in which these requirements are considered as fulfilled.

The new regulation adopted by CONSOB in relation to the publication of accounting data and other data useful to security holders, e.g. half-year financial report, interim financial report, information on non-recurring transactions and rights offerings, has led to the transfer of such advertising from printed to web-based.

The new system assumes, for its full operations:

a) the establishment of an electronic system to distribute regulated information (SDIR);
b) a storage system, i.e. centralised archiving of the distributed information.

While waiting for the SDIR to be created and for the information to be entirely transferred, the aforementioned CONSOB resolutions established a transitional period during which this information is distributed in a priority manner through an IT site (the NIS circuit of Borsa Italiana) and only in a residual manner, with reference to a few types of information, also through newspapers.

This choice led to serious consequences for newspapers, which have experienced a compression of their traditional function even in the presence of a transitional phase for the installation of the SDIR system, but also an objective limitation to the ease and security of access to important news for the investing public.

In addition, Directive 2013/50/EU, which amends the Transparency Directive (2004/109/EC), introduced a number of important changes to Issuers' Regulation rules (11971/1999) as regards the simplification and reduction of administrative expenses for listed companies, guaranteeing greater transparency of the ownership structures of companies with securities listed on a regulated market.

The above constitutes a risk resulting from elimination of mandatory publication in the daily newspaper, potentially leading to lower inflows. Furthermore, the penalties introduced could prove to be another risk factor.

Universal postal service

By Resolution no. 163/15/CONS, the AGCOM launched a public consultation for comments on the request of Poste Italiane - appointed provider of the universal service - to reduce the number of days' service.

Poste Italiane's proposal is to deliver mail on alternate days in 5,296 Italian municipalities (out of a total of 8,046), on the fortnightly basis of a delivery schedule of Monday-Wednesday-Friday-Tuesday-Thursday.

European regulations envisage that the universal service "guarantees a minimum of five business days' service per week, unless there are exceptional geographical circumstances or conditions.

Italian regulations, however, refer to particular situations of an infrastructural or geographical nature in areas with a population density of less than 200 inhabitants per sq.km, and in any event up to a maximum of one eighth of the national population" (Article 3, Italian Legislative Decree 261/99, as amended by Legislative Decree 58/2011).

From a reading of the two regulations, it clearly emerges that Italian rules have in effect over-extended the option of reducing the number of days' provision of the universal service.

Approval was granted to Poste Italiane by Resolution no. 395/15/CONS of 25 June 2015, in accordance with the methods described below.

The implementation of alternate day deliveries (according to the fortnightly schedule of Monday-Wednesday-Friday-Tuesday-Thursday) will be in three steps, on 1 October 2015, 1 April 2016 and no earlier than February 2017, respectively.

The first step will involve a limited population range (0.6% of the Italian population) up to a maximum of 25% of the population in the final step.

Human resources

The Group headcount at 31 December 2015 totalled 1,266 employees (Full time equivalent), including permanent or fixed-term employment contracts.

The tables below show a breakdown of staff based on the number of employees listed in the employee register at 31 December 2015. The increase compared to 31 December 2014 was 42, of which 19 relating to the establishment of Food 24 S.r.l. and 11 to the acquisition in 2015 of Ticket 24 ORE S.r.l.

LENGTH OF SERVICE

Area	up to 10 years	10-20 years	over 20 years	Total
Corporate and centralised services	61	80	67	208
Publishing	261	375	226	862
System - Advertising	29	19	19	67
Education & Services - Training and Events	50	24	5	79
Culture	52	8	-	60
Total	**453**	**506**	**317**	**1,276**
%	**35.5%**	**39.7%**	**24.8%**	**100.0%**

AGE BANDS

Area	up to 35 years	35 to 50 years	over 50 years	Total
Corporate and centralised services	10	124	74	208
Publishing	53	514	295	862
System - Advertising	5	43	19	67
Education & Services - Training and Events	28	45	6	79
Culture	14	41	5	60
Total	**110**	**767**	**399**	**1,276**
%	**8.6%**	**60.1%**	**31.3%**	**100.0%**

MALE/FEMALE POPULATION

	Male	Female
Headcount at 31/12/2015	679	597
%	**53.2%**	**46.8%**

LENGTH OF SERVICE - EXECUTIVES

Area	up to 10 years	10-20 years	over 20 years	Total
Corporate and centralised services	13	4	3	20
Publishing	9	3	2	14
System - Advertising	5	-	1	6
Education & Services - Training and Events	-	-	1	1
Culture	1	-	-	1
Total	**28**	**7**	**7**	**42**
%	**66.7%**	**16.7%**	**16.7%**	**100.0%**

AGE BANDS - EXECUTIVES

Area	up to 35 years	35 to 50 years	over 50 years	Total
Corporate and centralised services	-	6	14	20
Publishing	-	6	8	14
System - Advertising	-	5	1	6
Education & Services - Training and Events	-	-	1	1
Culture	-	-	1	1
Total	**0**	**17**	**25**	**42**
%	**0.0%**	**40.5%**	**59.5%**	**100.0%**

MALE//FEMALE POPULATION - EXECUTIVES

	Male	Female
Headcount at 31/12/2015	34	8
%	**81.0%**	**19.0%**

In 2015 total staff turnover was 3.9%, including the hiring and departure of staff with fixed-term contracts. For permanent staff only, turnover was 3.3%.

Labour relations

Renewal of the national collective agreement for the commercial sector was signed on 30 March 2015. However, the agreements were not renewed for polygraphics and radio operators, which had respectively expired on 31 December 2011 and 31 December 2014.

As in previous years, the most significant trade union relations events were characterised by continued labour cost containment action. On 26 February and 27 March the agreements were signed with trade union representatives of the offices in Milan, Trento, Rome and Carsoli, backed by their respective regional organisations, for the renewal of protective solidarity agreements for March 2015-March 2017 in relation to white-collar and blue-collar workers (graphics and polygraphics operators), involving a total of 725 employees. These agreements envisaged a further corporate costs recovery by:

- increasing the percentage of solidarity in the polygraphics preparation area and at the peripheral offices of System and Trento;
- insourcing of the Daily Newspaper Sales Administration activities, in much the same way as for the Professional Product Sales Administration the year before, achieved through the reconversion of 12 operators previously assigned to other activities.

As regards the management of labour relations with journalists, action continued to apply buffers to all the publications, except radio, as in previous years. Specifically:

- **Daily newspaper**: in view of the January 2016 expiry of the solidarity/early retirement plan, negotiations began to renew the buffer and to continue the crisis status to aid the early retirement plan. The negotiations were concluded successfully in January 2016, introducing a buffer for the entire editorial staff (to the minimum extent necessary for access to the future early retirements) with confirmation - also at national and ministerial level - of the early retirement plan for 28 journalists until January 2018. In addition, a plan was introduced for the complete usage of leave not taken and the smart working pilot project;
- **Press Agency**: on 30 November 2015, a renewal for the period 2016/2017 of the solidarity agreement and the early retirement path for 7 Press Agency journalists were finalised. The Press Agency is involved in the organisational integration that leverages the distinctive competences of the Group, and in December 2015 the Radiocor Plus project was finalised. Then, on 23 December 2015, an agreement was reached with representatives of the UOR and Guides editorial staff to also merge the Guides editorial staff and business (regulatory area) and UOR (real economy area) into a single Group press agency (Radiocor Plus). The new Press Agency therefore expands its core production from traditional activities (finance and markets) to a second in-depth channel dedicated to the real economy and services. This agreement was also ratified by the trade union representatives of the Radiocor journalists and for the two-year period envisages: application of the solidarity agreement, complete usage of leave not taken, smart working and confirmation of the early retirement path;
- **Radio24**: an agreement was signed for a pilot project to regulate and provide shift-work incentives for the Radio news broadcasts production staff, with the aim of responding to and resolving organisational situations for management and to implement remedial action on the working climate and stress (based on the plan of action discussed with the employer safety representatives).

Organisation

In 2015 the organisational sub-distribution was maintained, and in certain cases updated, in line with the reorganisation implemented in November 2013 and consistent with the rationalisation and reorganisation strategy for processes and distinctive competences. This was to arrange the departments to better serve the reference customers and offer a greater response to competition.

The organisational consolidation action also took into account the establishment of Ticket 24 ORE S.r.l. and Food 24 S.r.l., both subsidiaries of 24 ORE Cultura S.r.l.: the first for ticketing of entertainment, sport and culture events, on its own account and for third parties (online and otherwise); the second to manage the entertainment and catering services at the Museo delle Culture in Milan.

The Group departments established in 2013 were further consolidated and in certain cases updated. The consolidation action for the significant organisational developments in the editorial offices and business units concerned:

- editorial and product innovation, exploiting the natural vertical nature of the reference market and the distinctive competences of the Group, with constant review of the Il Sole 24 ORE editorial offices;
- in line with the stronger drive for the migration to digital through the enhancement of Group editorial content and the offer of increasingly segmented packages, the integration between editorial offices and publications was further continued to best enhance the professionalism and contributions needed to build the new broadsheets and, in more general terms, the new editorial products envisaged in the development plan;
- publishing development of the publication *How To Spend It* (launched in 2014), consistent with the objective of improving the Group's positioning at the high end of the market;
- publishing development of the publication *Italy24* (launched in 2014), which makes use of an editorial office integrated by various editorial and professional staff, in line with the objective of increasing the Group's international projection and capturing the specific information needs of the international economy and finance operators;
- the training and events product mix, reviewed and expanded in accordance with the business plan, with internal organisation of the business unit and the concentration of events organisation lines on the external market. At the same time, the growth of thecompetence centres for the development and integration of educational products of a particularly digital and social nature;
- 24 ORE Cultura, which has consolidated its product ranges, exhibitions and reviews, and management of the Museo delle Culture in Milan.

In January 2016 a new organisational structure was launched, relating in particular to the business structures. This organisation further emphasises the focus on the digital transformation strategy for business, both in terms of developing new products/services and further development of the digital channels, and its main objective is to increase sales effectiveness by integrating marketing and sales, particularly for large customers. A single Education & Services Division was also created that includes all activities relating to Group training business (Business School, Newton and the new Next24 initiative).

Training

In 2015 a total of 8,499 hours of training were provided for Il Sole 24 ORE S.p.A., with 190 participants among executives, journalists, white-collars and blue-collars. The courses were funded by two training funds to which Il Sole 24 ORE S.p.A. subscribes: Fondirigenti and Fondimpresa.

The main training topics in 2015 were:

- *Development Center*, the self-development workshop for managerial skills, in which 13 individuals selected from the middle managers population with responsibility for organisational units or with professional roles particularly strategic to the company. The purpose of the *Development Center* is to provide support to participants in managing their personal role, with the preparation of a development plan, during the steps of an organisational change;
- Continuation and conclusion of the requalification project for the Sales Administration Department of Carsoli: 14 blue collars at the Carsoli plant completed the professional requalification course and began new Sales Administration activities. In various steps, the training provided support for personal requalification and professional growth in such a way as to allow the individuals involved to acquire all the skills necessary to perform their new duties. In particular, in 2015 the requalification activities focused on providing IT courses;
- Requalification project for the Daily Newspaper Sales Administration departments of Milan and Rome, which involved 12 white-collars previously working in other company business areas. In this case, too, the training was proposed as a personal requalification and professional growth tool allowing individuals to learn new operating techniques and suitable professional skills. Specifically, the training provided focused on skills transfer of administrative and accounting processes, alternating theory with practical exercises, and the transfer of skills relating to the Microsoft Office suite;
- Digital Marketing and Communications Project: skills updating for 6 staff in the Marketing Department of the Training and Events Area. During the classroom training days, the techniques for best leveraging digital marketing (Display Advertising, SEM, SEO and DEM) were studied and analysed, and the skills were transferred for efficient interaction through social media, with communications designed to capture attention and best involve the receiving party;
- Team-System 24 Alignment Project: in 2015 the change support plan continued in relation to our advertising sales agency System 24. The training programme firstly involved the 6 first level managers, then later the remaining personnel of the advertising sales agency, for a total of 96 hours of training provided. The action was designed to support the achievement of sales development objectives at all levels of the organisation, involving the personnel and facilitating team work;
- Office training: 752 hours of courses were provided to 36 participants for the development of computer skills, particularly the use of MS Excel and MS Access;
- Language training: 1,060 hours’ language training were provided to a total of 38 participants.

Participation in the specialised and management training courses and master courses organised by the Il Sole 24 ORE Business School also continued: 19 individuals benefited from technical-specialist training guaranteed by the courses organised by the Business School, focusing in particular on digital skills (marketing and digital communication), for a total of 1,275 hours of training provided.

For the journalists, specific professional upskilling and reskilling courses were implemented, which form part of the editorial reorganisation framework and provide specific skills on the new multimedia products.

Environment and safety

Environmental management

In 2015, normal maintenance and improvements continued on the Environmental Management System, compliant with UNI EN ISO 14001:2004 standard, as also confirmed by RINA on completion of the annual audit. Certification of the Environmental Management System refers to the two plants and the Group's main offices (Monte Rosa, Pero and Rome), with clearly positive repercussions regarding Legislative Decree 231/2001.

All environmental aspects are kept under control and managed in full compliance with the related legal provisions.

Atmospheric emissions: the production sites in Milan and Carsoli (L'Aquila) operate according to appropriate authorisations, for systems with low atmospheric emissions and in compliance with the legal limits established for such emissions. In 2015, in accordance with legal provisions, AUA authorisation was requested for the Milan plant. Whilst release of the new authorisation remains pending, activities continue in compliance with the existing environmental authorisations.

Qualified independent laboratories periodically perform chemical analyses to check the qualitative and quantitative gaseous emissions.

The measured values are below the limits set by the relevant authorisations. All annual inspections conducted by ARTA Abruzzo at the Carsoli plant had positive results.

Noise: based on the noise zoning plans prepared by the relative municipalities, the Milan and Carsoli (L'Aquila) production sites are located in mixed industrial/residential areas. Qualified technicians periodically conduct measurements to check for compliance with outside noise emission limits.

Waste water: the domestic waste water from the toilet facilities at the Milan plant is discharged into the sewer network of the municipality of Milan and the required authorisation has been obtained for this purpose.

For the sewerage system at the Carsoli plant, the chemical analyses performed periodically by an approved external laboratory showed essential compliance with all legal limits.

Waste disposal: waste coming from the production cycle and offices is sorted and disposed of in compliance with current legal requirements. Sorting of the waste generated at the printing plants and offices allows the recovery and recycling of most of the waste produced.

In accordance with Ministerial Decree of 17 December 2009, the company signed up to the Italian waste traceability control system (SISTRI). The Environment and Safety managers of the two production plants in Carsoli and Milan acquired the necessary skills for independent SISTRI system operation. The two plants also have an IT system (*Anthea*) for waste management. The company intends to extend use of the software to the three main offices in Rome and Milan, with a view to systematically managing the entire waste cycle and adopt a single control system.

Paper management: in 2015 Il Sole 24 ORE S.p.A. purchased 19,488 thousand tonnes of recycled paper (pink and white paper for the newspaper). Around 98% of the paper purchased was supplied by paper mills possessing the necessary forestry and environmental certifications, such as: PEFC (Pan-European Forest Certification), FSC (Forest Stewardship Council), EMAS (European Eco-Management and Audi Scheme) and ISO 14001, which guarantee the pursuit of eco-compatible forestry.

Hazardous substances: the use of hazardous substances is limited to products used in printing and for maintenance activities at the two plants in Milan and Carsoli. To comply with the provisions of EU Regulation 1907/2006 (Reach) and of the new CLP Regulation, the hazardous substance management system has been upgraded through the adoption of a new procedure that involves: survey of all substances and preparations, acquisition of suppliers' MSDS and Reach certificates, controlling the introduction of new preparations and periodic review and updating of records.

Electromagnetic pollution: Il Sole 24 ORE S.p.A., owner of the radio broadcaster Radio 24, franchisee for nationwide commercial radio broadcasting, has a broadcasting network of 244 frequencies operating in Italy.

Regulatory aspects regarding the problem of electromagnetic pollution are currently regulated by Ministerial Decree 381/1998, subsequently supplemented and amended by the Prime Ministerial Decree of 8 July 2003, which set the intensity limits of electromagnetic fields which people can be exposed to.

Application of these decrees is delegated to regional authorities, which do so through the ARPA agencies. In addition, in the last few years nearly all Italian regions, pursuant to national framework Law 36/2001, have enacted regional laws that added details to the national rules and related maximum limits. The Regional Laws also establish the regions' own procedures for approval and control of broadcasting installations.

The 24 ORE Group believes that the situation of its broadcasting installations does not exceed the intensity limits for electromagnetic fields established by current regulations. The Group in any case constantly monitors the possible onset of potential risks, also taking preventive actions to eliminate the risk of exceeding field intensity limits.

Energy consumption: in order to limit energy consumption, relamping was carried out in various group offices and management programmes were launched to streamline criteria for the use of many utilities. A monitoring system offers period verification of consumption performance and the level of effectiveness of the action taken. As envisaged in current regulations, the energy audit was completed in 2015 and the results were sent to the ENEA by the prescribed deadline.

Occupational safety

The protection of worker's health and safety and its continuous improvement has always been a priority for the 24 ORE Group companies. This commitment is expressed through anyone involved in operating activities, either directly or indirectly (as contractors).

The organisational structure of the parent Il Sole 24 ORE S.p.A., dedicated to corporate occupational safety management, comprises the Employer "DL" which, pursuant to article 16 of Italian Legislative Decree 81/2008 and with the obligations established by art. 18 of the same Italian Legislative Decree, has designated an Employer Safety Representative (DDL) and a Prevention and Protection Service Manager (RSPP) operating in strict contact and agreement with the DDL.

In 2015 the RSPP strengthened the organisational structure, taking the number of Prevention and Protection Service Officers (ASPPs) from 1 to 4 for improved coverage of the individual offices.

The organisational structure also relies on the assistance of four medical officers (one of whom is the coordinator) for all the Italian facilities and external consultants to carry out specific projects and regulatory studies.

In line with its corporate policy and the provisions of current legislation (Legislative Decree 81/2008 and subsequent amendments and integrations), the company is implementing a project for the adoption of a system to manage safety at work (SGSL). In this respect, in cooperation with the Human Resources Department, the company organisation charts were reviewed to identify occupational safety roles and responsibilities as envisaged in Legislative Decree 81/2008 (executives, officers, employees, emergency and first aid teams).

In 2015, the training plan was adopted to provide e-learning and classroom teaching to all personnel. The plan will be completed in 2016. In parallel, recovery of all the documents on past training continued and the data input on the *Imsweb* system, which today contains increasingly up-to-date information on the roles, duties, workplaces and training of employees.

Constant attention is dedicated to the annual preparation and updating of the Risk Assessment Report (DUVRI) following law amendments, technical developments and changes to the company structure and organisation. The assessments confirmed a good level of worker protection and relatively low risk indicators.

All the property, plant and machinery were inspected and verified by external bodies according to an internal calendar, in order to ensure full compliance with current legal provisions.

In 2015, the review of the safety documents system continued, comprising procedures, instructions and operating manuals, with the aim of making it increasingly specific and in line with business activities. Further commitment targeted integration of the SGSL with the organisational model envisaged in Legislative Decree 231/2001 with a view to disseminating the risk assessments and updating/improvement plans through a single document.

Evacuation and emergency management simulations were also performed in 2015 at the various offices of the 24 ORE Group. The simulations confirmed the essential soundness of the emergency procedures and a good level of awareness of the procedures by personnel. All the systems responded according to the time limits and methods required by the company.

Special attention was paid to contract work activities, with a view to sharing the procedures and preventive action with the various corporate departments required to manage numerous activities (events and services) in the 24 ORE Group. The management procedure for contracts and related agreements was reviewed, with updating of the chapter on occupational safety.

Specific education and training sessions were arranged with the companies which - in partnership with the 24 ORE Group - manage the events, and the cooperation and coordination and/or DUVRI reports were prepared with regard to both Services and Facilities.

In the Radio Area, safety tests were performed on the external broadcasting stations located throughout Italy, through inspections and checks on all equipment, especially of all activities attributable to contract management and worksite management. Specifically, maintenance tasks and electrical system certification was arranged, as well as inspections of all earthing systems under Radio 24’s responsibility at the broadcasting stations. An external professional is appointed as works manager, for activities classified under Title IV - temporary or mobile worksites, for PSC, POS, DVR and DUVRI preparation based on the tasks to be performed.

The analysis of the objective parameters inherent in work-related stress associated with standard groups of workers, identified more specifically and in more detail than in the previous assessment, was updated in 2015 following the finalisation of objective data relating to 2013-2014-2015. The analysis was conducted with the help of the Human Resources Department and with the work safety representatives.

In terms of healthcare, normal health monitoring of all the workers continued in accordance with the medical protocol in force. One temporarily unfit-for-work opinion was issued. No occupational illnesses were recorded.

No accident reports were recorded in 2015 and this phenomenon confirms the essential soundness of the prevention system, with statistical indicators below the values defined by INAIL as “physiological”.

Pursuant to article 25, paragraph 1, letter i) of Legislative Decree 81/08, the Medical Officer made the annual visit to the working environments of all Group premises. The office at Via Monte Rosa 91 in Milan has a medical service. As regards fire prevention, all group offices (including the two printing plants in Milan and Carsoli) continued to check and comply with the fire prevention parameters reported in authorisations and/or permits issued by the various provincial fire brigade units responsible for the area.

Key financial figures of the 24 ORE Group

Statement of profit or loss

HIGHLIGHTS OF THE STATEMENT of profit or loss ON A LIKE-FOR-LIKE BASIS		
(in thousands of euro)	2015	2014
Revenue	324,959	312,312
Other operating income	14,544	13,231
Personnel expense	(102,305)	(101,738)
Change in inventories	(1,215)	907
Purchase of raw materials and consumables	(11,646)	(15,797)
Services	(186,940)	(181,147)
Other operating costs	(30,955)	(33,602)
Provisions and allowance for impairment	(5,536)	(4,825)
Gross operating profit (loss)	**906**	**(10,659)**
Depreciation, amortisation and impairment losses	(16,303)	(15,254)
Net gains on disposal of intangible assets and property, plant and equipment	1,100	104
Operating loss	**(14,297)**	**(25,808)**
Net financial expense	(1,708)	(1,205)
Income (expenses) from investments	(14)	-
Loss before tax	**(16,019)**	**(27,013)**
Income taxes	(8,079)	1,495
Loss on a like-for-like basis	**(24,098)**	**(25,518)**
Profit (loss) from discontinued operations	-	20,205
Profit (loss) from other discontinued assets	-	(4,007)
Profit (loss) attributable to non-controlling interests	(86)	491
Loss attributable to owners of the parent	**(24,012)**	**(9,811)**

Royalties receivable for €2,263 thousand were restated among 2014 revenue, previously recorded under Other operating income.

Revenue amounts to €325.0 million, up by 4.0%, or €12.6 million, compared to €312.3 million in 2014.

Advertising revenue, totalling €126.7 million, was up €12.8 million (+11.2%).

The daily newspaper circulation revenue was in line with the previous year and compares with a market down 5.6% (printed plus digital copies), as a result of the product and services innovation focusing on customer needs and content integration. Revenue from the sale of books, magazines and add-ons totalled €22.2 million, compared with €29.3 million in 2014, a decrease of €7.1 million, or -24.3%, associated with the strategy of reducing the printed products portfolio and with the structural decline of the printed products market.

Group digital revenue amounts to €106.7 million (€96.0 million in 2014), up 11.2%. In particular, digital revenue from information content stands at €75.4 million (up €5.7 million; +8.2%) and represents 32.8% of total information content revenue (€30.7 million in 2014).

Of note is the growth in revenue for conferences and training by €4.2 million (+15.2%) compared to the previous year, mainly deriving from the increase in full-time and part-time Master courses. Culture Area revenues were up by €0.3 million, 1.5% higher than the previous year.

Other operating income totalled €14.5 million, compared with €13.2 million in 2014. This item includes the recovery of costs, lease income, prior year income, contributions and other residual items.

Costs increased overall by €2.4 million (+0.7%) compared to last year. In particular, **direct costs** and **operating costs** totalled €230.8 million, up €1.1 million on the previous year (+0.5%). Certain cost types increased in relation to their respective revenue trends, in particular: sales costs rose by €4.2 million (19.6%), advertising expense due to third-party publishers increased by €4.1 million (22.0%) and costs associated with the Training Area were up by €1.4 million (+8.4%). These increases were partly offset by the €2.5 million decrease in distribution costs (-9.6%) and in raw materials and consumables for €2.0 million (-13.6%) due to lower volumes produced, largely as a consequence of the gradual increase in digital products. Corporate costs also dropped by €4.9 million (10.9%) compared to 2014.

Personnel expense totalled €102.3 million, up €0.6 million compared to 2014, mainly due to increases associated with contractual changes and to the different scope of consolidation associated with the entry of Ticket 24 ORE and Food 24 into the Group’s Culture Area. This increase was partly offset by the effects of renewal of the solidarity agreements to certain employee categories. The average headcount was 1,212, unchanged on 2014.

Provisions and allowances for impairment amount to €5.5 million versus €4.8 million in 2014.

Amortisation, depreciation and impairment losses totalled €16.3 million compared to €15.3 million in 2014.

Net financial expense dropped from €1.2 million in 2014 to €1.7 million in 2015, due to the effect of higher financial expense on current financial liabilities related to the greater use of short-term bank credit facilities and the syndicated loan.

Income taxes were negative for €8.1 million. This item was mainly affected by the €7.6 million reduction in deferred tax assets after recalculating deferred taxation due to the decrease in the IRES rate from 2017, as established by the 2016 Stability Act and valid for future years in which the prior years’ losses can be used, on which basis deferred tax assets are calculated in accordance with regulations on the use of prior years’ losses and the use of taxed provisions. No new deferred tax assets were recognised on losses for the year for which at present it is not possible to foresee recovery. In the next few years, the Group reserves the right to review this amount if its ability to absorb the losses carried forward should be confirmed.

Statement of Financial Position

HIGHLIGHTS OF THE STATEMENT OF FINANCIAL POSITION		
(in thousands of euro)	31.12.2015	31.12.2014
Non-current assets	198,060	208,719
Current assets	164,101	168,601
Available-for-sale assets	-	-
Total assets	**362,161**	**377,319**
Equity attributable to owners of the parent	86,660	109,804
Equity attributable to non-controlling interests	511	764
Total equity	**87,170**	**110,568**
Non-current liabilities	53,611	60,483
Current liabilities	221,380	206,267
Available-for-sale liabilities	-	-
Total liabilities	**274,990**	**266,750**
Total equity and liabilities	**362,161**	**377,319**

Non-current assets amounted to €198.1 million compared with €208.7 million at 31 December 2014, for a decrease of €10.6 million due mainly to the reduced deferred tax assets.

Goodwill recognised in the statement of financial position amounts to €18.4 million, up €0.3 million on 31 December 2014 following the acquisition of MostraMi S.r.l. (now Ticket 24 ORE S.r.l.) by the subsidiary 24 ORE Cultura.

Property, plant and equipment and intangible assets decreased by €2.6 million. Amortisation of intangible assets and depreciation of property, plant and equipment totalled €16.3 million, while investments totalled €13.7 million.

Other non-current assets increased by €2.0 million due to interest accruing on the vendor loan of €22.5 million.

Deferred tax assets, down by €10.3 million, were recalculated mainly due to the reduction in the IRES rate as established by the 2016 Stability Act. This recalculation led to the elimination of €7.7 million in deferred tax assets.

Current assets amounted to €164.1 million, compared with €168.6 million at the beginning of the year, for a decrease of €4.5 million. The decrease is mainly the result of trade receivables for €7.1 million, due to the good performance of collections, partly offset by the increase in cash and cash equivalents for €4.6 million.

Equity totalled €87.2 million compared to €110.6 million at 31 December 2014. Equity attributable to non-controlling interests was a positive €0.5 million.

Non-current liabilities amounted to €53.6 million, compared with €60.5 million at the beginning of the year, with a decrease of €6.9 million. This was due to decreases in the main items, particularly provisions for risk as a result of the successful outcome of a number of risks of a contractual nature.

Current liabilities totalled €221.4 million, up €15.1 million from the €206.3 million reported at the beginning of the year, mainly as a result of an increase in bank overdrafts, partly offset by the decrease in trade payables.

HIGHLIGHTS OF CONSOLIDATED CASH FLOWS	2015	2014
Loss before tax attributable to owners of the parent	(15,933)	(11,306)
Adjustments	12,211	1,752
Changes in net working capital	(9,500)	(18,352)
Total cash flows used in operating activities	**(13,222)**	**(27,906)**
Investments	(13,951)	(12,731)
Amounts collected on disposal of equity investments	-	95,000
Other changes	1,145	635
Cash flows from (used in) investing activities	**(12,806)**	**82,903**
Free cash flow	**(26,028)**	**54,997**
Cash flows used in financing activities	**(1,105)**	**(15,403)**
Change in cash and cash equivalents	**(27,133)**	**39,594**
Cash and cash equivalents:		
At the start of the year	24,829	(14,766)
At the end of the year	(2,304)	24,829
Change in cash and cash equivalents	**(27,133)**	**39,594**

Total cash outflows stood at €27.1 million compared to cash inflows of €39.5 million in the previous year, which had benefited from proceeds from the sale of the Software Area for €95.0 million.

Cash flows used in operating activities improved by €14.7 million compared to the previous year. Positive effects, compared to the previous year, came from the lower absorption of net working capital and the improved operating profit. Non-recurring outflows amounted to €3.9 million.

Cash flows used in investing activities stood at €12.8 million, compared to cash flows from investing activities of €82.9 million in the previous year, which was affected by the €95.0 million collected on disposal of the Software Area. Investments for the year totalled €14.0 million. It should be noted that the production plant in Verona was sold for €1 million.

Cash flows used in financing activities stood at €1.1 million, compared to €15.4 million for the previous year.

Consolidated financial position (indebtedness)

CONSOLIDATED NET FINANCIAL POSITION (INDEBTEDNESS)		
(in thousands of euro)	31.12.2015	31.12.2014
Cash and cash equivalents	39,139	34,476
Bank overdrafts and loans - due within one year	(50,957)	(17,197)
Short-term net financial position (indebtedness)	**(11,818)**	**17,278**
Non-current financial liabilities	(15,000)	(15,044)
Fair value changes in hedging instruments	-	(19)
Medium-long term net financial indebtedness	**(15,000)**	**(15,063)**
Net financial position (indebtedness)	**(26,818)**	**2,215**

The **net financial indebtedness** amounted to €26.8 million at 31 December 2015 (net financial position of €2.2 million at 31 December 2014). Short-term net financial indebtedness was €11.8 million (net financial position of €17.3 million at the beginning of the year). Cash and cash equivalents increased and short-term bank borrowings decreased, in relation to comments already provided for the Statement of Cash Flows.

Non-current financial liabilities amounted to €15.0 million and refer to the portion of the syndicated loan currently used and not subject to the clean down clause. Note that the net financial indebtedness fully complies with the covenants envisaged in the syndicated loan.

Related-party transactions

Related-party transactions are limited to those with subsidiaries and associates concerning commercial, administrative and financial services. These transactions form part of normal business operations and of the core business of each of the companies involved, and are regulated at market conditions.

The company follows the Transactions with Related Parties procedure resolved by the Board of Directors on 15 November 2010, in execution of CONSOB regulation approved with resolution no. 17221 of 12 March 2010, subsequently amended with resolution no. 17389 of 23 June 2010. Related-party transaction disclosure is provided in paragraph 13.1, “Related-party transactions” in the Notes to the financial statements.

The related parties referred to are entered in the register of related parties, established by the procedure adopted on 12 November 2010. This procedure can be viewed in the Governance section of the web site *www.gruppo24ore.com*.

Segment reporting

The table below provides the basic Group figures broken down by business segment.

STATEMENT OF PROFIT OR LOSS BY BUSINESS SEGMENT						
SEGMENT	Revenue from third parties	Inter-segment revenue	Tot. Revenue	GOP/GOL	Amort./Depr./Write-downs/ Gains/Losses	Operating profit (loss)
PUBLISHING						
2015	143,824	78,490	222,313	5,576	(6,626)	(1,050)
2014	149,800	72,561	222,361	846	(7,151)	(6,305)
SYSTEM						
2015	127,220	13	127,233	3,864	(6)	3,858
2014	114,115	16	114,131	1,340	(8)	1,332
TRAINING AND EVENTS						
2015	32,040	977	33,018	5,221	(192)	5,029
2014	28,086	829	28,915	3,228	(190)	3,039
CULTURE						
2015	18,573	1,255	19,827	(5,980)	(241)	(6,221)
2014	18,925	617	19,542	403	(51)	352
CORPORATE AND CENTRALISED SERVICES						
2015	3,302		3,302	(7,776)	(8,137)	(15,913)
2014	1,385		1,385	(16,476)	(7,750)	(24,226)
CONSOLIDATED						
2015	**324,959**	**-**	**324,959**	**906**	**(15,203)**	**(14,297)**
2014	**312,312**	**-**	**312,312**	**(10,659)**	**(15,149)**	**(25,808)**

Publishing

Publishing is the division responsible for the daily newspaper Il Sole24 ORE, both printed and digital versions; digital products associated with the daily newspaper, products associated with the daily newspaper, magazines and add-ons; professional publishing, with its technical and regulatory content products targeting professionals, businesses and PA; the Radiocor press agency; and Radio 24, the Group's news & talk radio station.

PUBLISHING AREA RESULTS			
(in thousands of euro)	2015	2014	% change
Circulation/other revenue	144,333	149,879	-3.7%
Advertising revenue	77,981	72,482	7.6%
Revenue	**222,313**	**222,361**	**0.0%**
Gross operating profit	5,576	846	559.1%
GOP margin %	2.5%	0.4%	2.1 p.p.
Operating loss	(1,050)	(6,305)	83.3%

Information about products, customers and operations

The Publishing Area organisation features combined journalistic and editorial management, where all Group activities (paper, website, specialised digital newspapers, specialised information, radio and press agency) work together to target specific reference markets.

The Publishing organisational model is based on a single newsroom, a single marketing department and a single sales department, with the strategic aim of maintaining the market leadership positioning of the daily newspaper and maximising the strategic value of this asset in the Group's business development, offering innovative products, services and tools to satisfy every information and training needs of the various customer segments.

The editorial offices of Il Sole 24 ORE are organised according to theme sections and are located at the Milan and Rome offices and at six other Italian offices (Genoa, Bologna, Turin, Naples, Venice and Palermo). The daily newspaper, in particular, has international coverage provided by correspondents seconded to seven foreign locations (Brussels, London, Frankfurt, Beijing, New York, Paris and Tokyo). The overall editorial organisation of the daily newspaper draws on the services of 242 journalist employees, who also contribute to the contents of the portal *www.ilsole24ore.com* and the publications *IL*, *How to Spend It* and *Italy24*.

2015 saw the completion of the Radiocor Plus project which established the grouping into a single Group Agency - Radiocor Plus - of the regulatory, real economy and *Finanza e Mercati* business areas, involving a total of 69 journalists. The organisational structure of the Group's journalism editorial staff was therefore simplified into three macro areas: the daily newspaper, Radiocor Plus and Radio24.

The newspaper is printed at the two owned printing centres in Milan and Carsoli (province of L'Aquila) and at the following four third-party production sites: Mechelen (Belgium), Catania, Sassari and Medicina (BO). Out of a total of 76.3 million copies printed in 2015, 70% were printed at the owned sites and 30% at third-party sites.

Professional publishing includes a largely business-to-business product portfolio made up of: books (57 new titles and revised editions compared to 107 titles published in 2014), magazines/periodicals (16 specialised publications, of which 12 in printed and digital versions, 2 online only and 3 printed only) and databases (35, all accessible online). Magazines are sold mainly through subscriptions arranged by correspondence and e-commerce. Average circulation for active subscriptions in 2015 equalled about 61 thousand. E-publishing products, 35 databases all accessible online, were sold via subscription largely through the agent network. In 2015 the subscription portfolio totalled over 41 thousand.

Market performance

Total advertising investments in the period January-December 2015 show an overall decline of 0.5%, daily newspapers were down by 6.6% and magazines by 4.1%. The only media recording an uptrend was radio, which grew by 8.8%. Internet recorded a 0.7% decline in the period January-December (source: *Nielsen - January-December 2015*).

As regards circulation, ADS figures for January-December 2015 show a drop in printed national daily newspaper circulation of around 9.0% compared to the same period in 2014. The circulation figures for printed plus digital copies show a 5.6% decrease.

The most recent audience data for all of 2015 indicate that the daily radio audience was 35,018,000 listeners on average, recording a 2.1% increase (+704,000) compared to the same period of 2014 (*GFK Eurisko, RadioMonitor*).

The professional market in which the Group operates is characterised by a downsizing. In fact, in 2015 professional publishing recorded a decline in business volume of 4.1% on the previous year, though improving on the negative trend already recorded in 2014 (-5.9%; source: *Databank*).

The negative performance concerned all the professional areas:

- the legal area confirmed the negative trend (-4.2%), though improving on the 6.4% decline of 2014, affected by the preference for market migration to digital solutions to the detriment of traditional sectors associated with printed versions;
- the tax area saw a decrease of 3.6% compared to the -4% of 2014;
- economy and business recorded a 2.9% drop, recovering compared to 2014.

Area performance

Publishing closed 2015 with revenue of €222.3 million, in line with 2014 as a result of significantly higher advertising revenue and significant growth in digital content revenue. In particular, digital revenue from information content was up €5.7 million, +8.2% compared with last year, and exceeded the revenue from printed information content, standing at 55% of total information content revenue compared to 47% in 2014. This increase was entirely due to the multimedia publishing decision adopted, which is unique in Europe and the United States.

The innovative action taken by the daily newspaper with the series of 12 new specialist digital daily newspapers, combined with the paywall decision for the web site that generated 36,000 paid subscriptions, has led to a decisive strengthening in terms of current performance of the daily newspaper, contrary to that of the market, achieved from the advertising performance whose growth was also decidedly against the market trend.

Advertising revenue for this area rose by €5.5 million (+7.6% on 2014). Total circulation/other revenue was down €5.5 million (-3.7% compared to 2014) as a result of the decline in the market for printed products such as add-ons, magazines, specialist publications and books, together with the strategic decision to streamline the publishing plan.

Revenue for the daily newspaper (printed+digital) was in line with the previous year and against the trend for the reference market (-5.6%; source: ADS).

The **gross operating profit** was €5.6 million, up €4.7 million compared with €0.8 million in 2014, confirming the trends emerging during the year associated with the development of an integrated product mix, the strategic digital innovation decisions as well as cost containment and process efficiency.

The integrated publishing product mix (daily newspaper, broadsheets, databases) developed from 2014 continues to make a significant contribution to the growth in daily newspaper circulation. Il Sole 24 ORE is also confirmed as Italy's leading digital daily newspaper throughout 2015 with an average of around 218 thousand digital copies (+18.5% vs. 2014) and the second place national newspaper for total printed+digital circulation with an average of around 375 thousand copies (+2.2% on 2014). To complete the Sole system, in addition to the printed and digital copies there are now more than 36,000 paid subscriptions to *IlSole24ore.com*;

In particular, broadsheets have remained an integral part of the Group's product mix development strategy associated with the daily newspaper. In 2015 there was continued development of the new broadsheets targeting Financial Services - *Consulente Finanziario24* and *Assicurazioni24*; the new digital daily newspaper *Sanità* was launched, which contains news, in-depth articles and current regulatory affairs on health matters, in addition to the latest authoritative economic and regulatory news on the sector; *Il Quotidiano Edilizia e Territorio*, a daily designed for construction company operators, engineers, architects, surveyors, public administration technicians and, in general, anyone interested in issues related to construction, public works, urban planning, land planning and architecture; *Il Quotidiano del Condominio*, the information and updating tool for condominium administrators, with news about condominium-related matters and lease management; *Il Quotidiano degli Enti Locali e della Pubblica Amministrazione*, which in the first half of the year saw a major commercial partnership agreement between Il Sole 24 ORE and ANCI (the National Association of Italian Municipal Authorities).

Again in relation to digital broadsheets, developments continued in 2015 on *Italy24*, now *ItalyEurope24,* the first and only Italian digital newspaper about Italy written in English.

The growth in daily newspaper circulation was again supported this year by the numerous editorial initiatives of a socio-economic and cultural nature that contributed to expanding the mix for readers.

In particular among the products offered on sale at the newsstands as a mandatory add-on to the newspaper were: *Antologia della risata*, a video collection starring Totò and great American comedians; *Jobs act*, a handbook of the main changes in labour law for businesses and workers; the Sunday initiative *Racconti d'autore*; the edition of *Guide Verdi d'Europa e del Mondo*, produced in partnership with Touring Club Italiano; the series *Lezioni di futuro*, informative dossiers dedicated to innovations that have contributed to progress; the *Vocabolario del Sole*, weekly studies to help readers understand the technical terms in the economy, finance and law; and *I Focus de Il Sole 24 ORE*, single-topic issues that bring readers up to date on new labour, welfare, corporate and tax matters.

For *Nòva24*, the section of the daily newspaper dedicated to innovation, the market's interest is confirmed in *Nòva Progetti*, in-depth single-theme column reports from the pages of Il Sole 24

ORE on the newsstands on Wednesdays. In addition, 2015 saw the launch of the new format of *Nòva Talks*: video interviews by Nòva journalists of managers and business owners well-known for their innovation in the business world. Once again in 2015 the editions of *Nòva Round Table* returned, meetings with players in the digital world on science, digital economics and innovation.

With regard to the *Domenica* cultural insert, note the numerous in-depth initiatives on the main cultural events (exhibitions, festivals, etc.). Then in December the historic archives of *Domenica* were launched: thirty-two years of culture seen through the eyes of the most authoritative Italian cultural supplement.

The first stop on the road trip *Viaggio nell'Italia che innova* was Bologna on 30 November and 1 December. This joint initiative of Il Sole 24 ORE and Confindustria has the aim of discovering and narrating innovation in the various regions, through the voice of the business and institutional players and sharing success stories, necessary to fuel the broader process of innovation in Italy. The road trip will continue in 2016 with new stops, including Bari, Milan, Rome and Naples.

The magazines distributed with the daily newspaper closed 2015 with revenue up by 56.2%, mainly due to the higher number of editions of *How to Spend It Italia*, launched in September 2014. The advertising revenue performance, disregarding the effect of the higher number of *HTSI* issues, was up on 2014, against the market trend which was down by 4.1%.

On the first anniversary of *How To Spend It*, a charity event was organised in favour of Save the Children. *IL* was restyled in November in terms of its contents and graphics.

www.ilsole24ore.com, Italy's first paying web site, recorded over 717,000 unique browsers on average in 2015, up 9.6% with an increase in the average pages browsed to 4,921,000, up 13.7% compared to the average for 2014 (source: *Omniture Sitecatalyst*). At 31 December 2015, 36,000 users had signed up for a web site subscription formula.

In 2015, the mobile version of *www.ilsole24ore.com* saw an 89.9% increase in average daily unique browsers and a 76.1% increase in pages browsed (absolute value 318,073) compared to 2014 (source: *Omniture Sitecatalyst*). Growth was confirmed as regards social media. At 31 December 2015 the official Il Sole 24 ORE Facebook page had over 590,000 fans, up 9.8% on the figure at 31 December 2014. The number of followers on Twitter has exceeded 2.2 million (source: internal data).

Total printed revenue for the specialist publications and books fell by 23% as a result of streamlining the magazines catalogue with the closure of some publications and the migration of others to digital only, as well as the strong streamlining of the publishing plan for books with the elimination of titles recording negative profitability.

Digital publishing revenue held steady despite the decline in the reference market, as a result of the development and innovation of the product mix for professionals, companies and public administration. In fact, 2015 saw a further boost to innovation of the technology platforms, the development process, design and ease-of-use of the digital products were performed with the aim of enhancing as much as possible the wealth and authoritative nature of the Group's content and the strength of the brand.

On the tax issues market, the new database *PlusPlus24 Fisco*, launched at the end of 2014, recorded excellent levels of appreciation from the high end of the market in terms of ease-of-use and the wealth/authoritative nature of the contents proposed. In addition, to better satisfy the information needs of the high end of the market, during the first half of 2015 the *PlusPlus24 Fisco* product was enhanced with new content designed specifically for this type of customer:

Another new entry to the mix was launched in March - the monthly magazine *Norme e Tributi Mese*, an in-depth magazine on doctrine, available in printed and digital versions, with a scientific committee made up of Il Sole 24 ORE's most prestigious authors.

The products for tax market professionals were enhanced further with the launch of *Circolari 24Fisco*, a new service with information and daily in-depth articles, the contents of which are perfectly integrated with those of *Quotidiano del Fisco*, again offering a new opening to operations and applications in the field on all the latest topics.

On the Labour market, in line with that produced for the tax market, April 2015 saw the launch of *PlusPlus24 Lavoro*, the new database designed for labour market professionals. This, too, is an innovative database that uses the same platform as *PlusPlus24 Fisco* and enhances the wealth and authoritative nature of the Group content for the labour market (*Norme e Tributi*, *Guida al Lavoro*, *Unico Lavoro*).

Supplementing the Group's product mix targeting the professional market, note the launch at the end of September of *PlusPlus24 Diritto*, the new integrated documents system for lawyers which through a simple search engine provides all the professional answers on all legal issues.

On the technicians and PA market, in addition to the Condominio and Edilizia e Territorio broadsheets, the market has responded appreciatively to the *Condominio24* database, the new working tool for all condominium professionals that offers a complete, clear and updated overview of current condominium-related regulations, real estate contracts, estimates and survey reports, land registry matters, property market and property rights, and all issues relating to the real estate industry, accompanied by operating tools, practical cases, how-to guides, forms, wizards and expert opinions.

In addition, for the public administration and companies market, a new document platform *Banca Dati 24* has been designed, the digital solution for distributing customised content on all the main topics of interest (tax, labour, law, technical and PA).

Radio 24 is confirmed in a stable ninth position in the average daily audience rankings, both for the year and in the second half of 2015 with an average 1,974,000 daily listeners. In the final quarter of 2015, the number of listeners from Monday to Friday was 2,295,000, the highest figure for the last two years, up 6.5% compared to the same period in 2014. On Sundays in particular, an 18% increase was recorded compared to the previous quarter due to the new broadcasts introduced (source: *GFK Eurisko; RadioMonitor*).

Radio 24's role on the market has also been rewarded in terms of advertising revenue as in the 12 months of 2015 it recorded an 18.2% growth, more than double that of the market (+8.8%; source: *Nielsen - January-December 2015*). Contributing to the achievement of this good result was the strong cooperation of publishing in the implementation of over 40 special projects, 4 of which linked to Expo Milano 2015, generating a major contribution to advertising revenue.

During the year, Radio 24 enhanced its broadcasts with a number of big names: from 2 February Enrico Ruggeri debuted as a radio presenter with the programme "*Il Falco e il Gabbiano*", on air Monday to Friday 15:30-16:30. From 4 July Rosita Celentano and Angelo Vaira began conducting *Chiedimi se sono felice*, the programme dedicated to the animal world and on air on Sundays 12:00-13:00. From 13 September, Maria Latella also joined Radio 24 with *Nessuna è perfetta*, on air Sundays 10:00-11:00, and Pino Insegno with *Voice Anatomy*, on air Sundays 14:30-17:00.

Radio 24's positive trend is also confirmed by audience data for "on demand" radio on the new web site and App: in the period January-December 2015 the number of audio files and podcasts downloaded rose by 36% compared to the same period of the previous year, reaching over

18,000,000 downloads. Also contributing to this important result from October was the launch of the new vertical web site of the programme *La Zanzara* which met with great success, with an average of over 110,000 pages visited per week (Source: *Omniture Site Catalyst*).

In 2015 the **Radiocor press agency** recorded a €0.4 million drop in revenue compared to 2014. The lines of development envisage increasing integration of the Agency’s products with the multimedia products of Il Sole 24 ORE, particularly with the Group’s products targeting Financial Services.

System Area – Advertising revenue

System is the division acting as the advertising sales agency for the Group's main media and for some third-party media.

SYSTEM AREA RESULTS			
(in thousands of euro)	2015	2014	% change
Captive revenue	98,186	89,991	9.1%
Non-captive revenue	29,047	24,140	20.3%
Revenue	**127,233**	**114,131**	**11.5%**
Gross operating profit	3,864	1,340	188.4%
GOP margin %	3.0%	1.2%	1.9 p.p.
Operating profit	3,858	1,332	189.7%

Information about products, customers and operations

In Italy the advertising sales agency has a matrix organisation based on district and product/type/means. The various territories are managed by seven sales offices.

At 31 December 2015 the sales organisation in Italy consisted of 25 employees and 80 agents. Outside Italy, advertising sales are handled by the International Division, which maintains a presence in all major countries with a network of representatives. The subsidiary Il Sole 24 ORE UK Ltd. handles the sale of advertising space in the United Kingdom. At the same time, products involving specific communications projects were developed by enhancing the Marketing and Special Initiatives Department with in-house personnel.

Market performance

The reference advertising market recorded a 2.2% decline. The downtrend was driven by the negative performance of the press, with daily newspapers down 6.6% and magazines by 4.1%. Internet fell slightly (-0.7%), whilst radio confirmed its good performance recording a growth of 8.8% (source: *Nielsen - January-December 2015).*

Area performance

System24 consolidates a trend decidedly against the market, closing the year up 11.5% and achieving revenue of €127.2 million, whereas the reference market was down 2.2% (reference market: press, radio and web - Source: *Nielsen - January-December 2015*).

The **gross operating profit** was €3.9 million and a €2.5 million improvement following the introduction of a new organisational model, the increase in revenue and continuous cost containment action.

System's better performance than that of the market is attributable to the introduction of a new organisational model that supports the quality and significance of the Sole 24 ORE System with a policy of increasing the prices on all media, development of the Group's new multimedia initiatives (the Sole system), the involvement of a broader and more diversified customer portfolio through the acquisition of new concessions (*Fox*, *3B meteo* and *Lettera 43*) and the new HTSI (*How To Spend It*) monthly magazine in Italy. The synergies created between the agency and the marketing and editorial divisions have also offered stronger enhancement of the excellent and significant contents of the Sole System.

System continued its development of numerous integrated multimedia communications projects (press-radio-Internet) and special ad hoc initiatives for customers, with Radio 24 also generating a significant presence in the country through activities sponsored by customers.

The advertising sales agency's performance in **printed media** was positive, compared to a market that saw a considerable decline (-5.7%; *Nielsen, January-December*), with System recording a growth of 9.4%.

Il Sole 24 ORE as a whole (daily newspaper + supplements) closed the year up 2.1%, against the market trend for daily newspapers which was down by -6.6% (*Nielsen - January-December*). This significant increase was supported by commercial products (+2.1%) and legal products (+8.9), and in general by the increased average investment per customer (+13.3%). 51% of advertising space revenue in the daily newspaper was represented by the finance/insurance, professional services and automotive industries.

Radio 24 closed the year with a double-figure growth (+18.2%), compared with a market up 8.8% (*Nielsen - January-December*). An excellent result, achieved due to the quality of the publishing product mix, a targeted sales policy and the ongoing development of special projects and initiatives. The total number of customers and the average price were also up. Advertising increased from companies in the automotive sector, which represents 21% of total revenue from the sale of advertising space.

Internet revenue rose by 11.2%, against the market trend which was down by 0.7% (*source: Nielsen - January-December*). Advertising revenue has risen for Group media (+3.8%), even higher if revenue net of Funds products (+4.9%) are taken into consideration, and for third-party publishers in Italy and abroad.

Training and Events

The Training and Events Area provides specialist training to young university graduates, managers and professionals and organises annual conferences and events on a contract basis for large customers all over Italy. Included in this area are the activities of the subsidiaries Newton Management Innovation S.p.A. (a management consulting and training company) and Newton Lab S.r.l. (an event organising and multimedia content management agency).

TRAINING AREA RESULTS BY SEGMENT			
(in thousands of euro)	2015	2014	% change
Business school	14,907	12,638	18.0%
Annual Training and Events	3,191	2,438	30.9%
Newton Man. Innov. and Newton Lab products	13,281	12,604	5.4%
Training for Professionals and SMEs	1,638	1,235	32.6%
Revenue	**33,018**	**28,915**	**14.2%**
Gross operating profit	5,221	3,228	61.7%
GOP margin %	15.8%	11.2%	4.6 p.p.
Operating profit	5,029	3,039	65.5%

Market performance

The training market, excluding financial training, had estimated revenue of €400 million (source: *Asfor*). Unlike last year, the number of companies declaring plans to increase their budgets (13.2%) exceeds the number declaring a budget cut (6.6%).

In the training market, the main sources of funding are the *Interprofessional Funds* which cover 46% of the total expense. Within the training budget, the focus on professional technical skills remains the main cost item (52%), whilst the development of managerial skills absorbs 37% of resources. The use of e-learning platforms for fad and webinar development is on the increase.

As regards the events market, 2015 records a recovery in investment in events and communications by Italian companies. The total spending volume was €819 million (+4.3% compared to 2014; source: *Event Report – Astra Ricerche ADC Group*).

Area performance

Revenue from the ***Training Area*** amount to €33.0 million and record growth of 14.2% compared to 2014, particularly due to the good performance by the Business School and the Annual Training and Events products.

Business School revenue totalled €14.9 million, up 18.0% on the previous year. This result was achieved also as a result of the product mix enhancement with six new full-time master courses and three new part-time executive initiatives. In 2015, the improved positioning and prestige of the Business School allowed an increase in the price of some of the master courses.

Full-time master courses with revenue of €7.6 million recorded a 15.0% increase on 2014, with 32 initiatives targeting 1,300 young graduates. The sector specialisation is increasingly in demand, with a rise in student numbers in the Healthcare, Art, Food, Tourism, Design, Luxury and Energy sectors. In terms of placement, excellent results were achieved in all the master courses.

In 2015, the *Mudec Academy* was launched with master courses on art, design, food and digital.

The *Executive24*, *Master 24* line was up 15.3% with revenue of €6.8 million.

The part-time master for managers saw more than 3,600 participants in 183 initiatives. 70% of this mix involved part-time master courses in weekend or weekday module formats for professional updates with the release of attendance certificates.

The new *My Master24 online* was launched with a six-month duration and a diploma that can be personalised, providing a minimum 20 online courses from among the 120 online courses of the Il Sole 24 Ore Business School. Self-training attendance is flexible, organisable in modules and can be integrated with classroom days and customised professional growth services and career services.

The Annual Training and Events products, with revenue of €3.2 million, were up 30.9% through the implementation of 42 initiatives, 12 of which annual sector training and 21 events commissioned, with over 10,400 participants per year. Among the most important annual conferences were: the 15th edition of the *Energy Summit*, 7th edition of the *Luxury Summit*, 17th edition of *Annual Assicurazioni*, 4th edition of *Stati Generali della Cultura*, 12th edition of *Annual Economia & Finanza* and 3rd edition of *Forum Food & Made in Italy*.

The revenue achieved by Newton Management Innovation on the training market and by Newton Lab on the events market were up 5.4% on 2014.

Training and Events Area gross operating profit totalled €5.2 million, up €2.0 million on 2014 (+61.7%), mainly due to higher revenue and to cost containment action.

Culture

This Area produces publishing content in two segments - the production of exhibitions and book publication - and includes Group activities in the Culture segment, through 24ORE Cultura S.r.l. and its subsidiaries Ticket 24 ORE S.r.l. and Food 24 S.r.l.

CULTURE AREA RESULTS			
(in thousands of euro)	2015	2014	% change
Circulation/other revenue	19,827	19,320	2.6%
Advertising revenue	-	222	-100.0%
Revenue	**19,827**	**19,542**	**1.5%**
Gross operating profit (loss)	(5,980)	403	-1583.7%
GOP/GOL margin %	-30.2%	2.1%	-32.2 p.p.
Operating profit (loss)	(6,221)	352	-1865.3%

Market performance

The exhibitions production market continues to grow. All the performance indicators were positive: business volume (+21.87%), entrance tickets (+9.78%), spending at the exhibition stores (+3.52%) and spending by the public (+22.18%) (source: *SIAE - Exhibitions Yearbook - 1st half of 2015*). The preliminary figures for the second half of 2015 confirm the trend of the first half.

Area performance

Culture Area revenues in 2015 were up by €0.3 million to reach €19.8 million, 1.5% higher than in 2014.

In 2015 the following exhibitions ended: *Chagall, Van Gogh, Giacometti, Divina Marchesa, Food, Medardo Rosso, Klimt (Paris)* and *Mirò Mantova*. March saw the opening in Venice and Turin of the exhibitions dedicated, respectively, to *Henry Rousseau* and *Tamara de Lempicka*. The exhibition *Nuova Oggettività. Arte in Germania al tempo della Repubblica di Weimar 1919-1933* was inaugurated in Venice in May. The exhibitions *Da Raffaello a Schiele* and *Tamara de Lempicka* were inaugurated in September in Milan (Palazzo Reale) and Verona (Palazzo Forti), respectively. Then at the end of October the two autumn exhibitions opened at the Mudec, *Gauguin. Racconti dal paradiso* and *BARBIE - The icon*, proving to be a success with the public.

The Museo delle Culture - Mudec, located on the former Ansaldo site, was inaugurated on 26 March 2015 with the opening of the *Africa e Mondi a Milano* exhibitions. Mudec is the result of an industrial archaeology restoration initiative in one of the liveliest districts of Milan - Tortona. The museum is managed as a public-private partnership which includes the Municipal Authority of Milan and 24 ORE Cultura. The Museo delle Culture is dedicated to hosting major international exhibitions covering different forms of artistic expression. Numerous entertainment options are available on the premises, from bistro to restaurant, design store to bookshop, auditorium to *Mudec Academy*, and areas for children’s education.

The Culture Area gross operating loss was €6.0 million (profit of €0.4 million in 2014), falling by €6.4 million. This shift is mainly attributable to the reduced profit of exhibitions in 2015 compared to 2014, due to fewer visits and to the business start-up of the Mudec.

Key financial figures of the parent

Income statement

HIGHLIGHTS OF THE STATEMENT OF PROFIT OR LOSS OF THE PARENT ON A LIKE-FOR-LIKE BASIS		
(in thousands of euro)	2015	2014
Revenue	286,611	279,200
Other operating income	15,143	12,589
Personnel expense	(97,143)	(98,379)
Change in inventories	(1,568)	788
Purchase of raw materials and consumables	(9,960)	(14,458)
Services	(157,363)	(156,592)
Other operating costs	(28,050)	(30,907)
Provisions and allowance for impairment	(3,513)	(4,318)
Gross operating profit (loss)	**4,155**	**(12,077)**
Depreciation, amortisation and impairment losses	(15,920)	(15,004)
Net gains on disposal of intangible assets and property, plant and equipment	1,118	104
Operating loss	**(10,647)**	**(26,977)**
Net financial expense	(1,351)	(939)
Income (expenses) from investments	(3,414)	13
Loss before tax	**(15,411)**	**(27,903)**
Income taxes	(5,841)	1,507
Loss from continuing operations	**(21,253)**	**(26,396)**
Profit (loss) from discontinued operations	-	14,570
Profit (loss) from other discontinued assets	-	(4,007)
Loss for the year	**(21,253)**	**(15,833)**

The Parent closed 2015 with revenue of €286.6 million, up €7.4 million (2.7%) mainly due to the growth in advertising revenue for €12.7 million (11.1%), partly offset by the decline in magazines for €5.4 million (-24.1%), books for €1.2 million (-57.3%) and add-ons for €0.5 million (-18.3%). Note the growth in digital revenue from information content that rose from €69.8 million to €75.4 million, a growth of €5.7 million (8.2%).

The loss for the year was €21.3 million, compared with a loss of €15.8 million recorded in 2014. This item was affected by the €7.6 million reduction in deferred tax assets due to the decrease in the IRES rate from 2017, as established in the 2016 Stability Act and valid for future years in which prior years' losses can be used, on which basis deferred tax assets are calculated.

Income taxes were negative for €5.8 million. This item was mainly affected by the €7.6 million reduction in deferred tax assets after recalculating deferred taxation due to the decrease in the IRES rate from 2017, as established by the 2016 Stability Act and valid for future years in which the prior years' losses can be used, on which basis deferred tax assets are calculated in accordance with regulations on the use of prior years' losses and the use of taxed provisions. No new deferred tax assets were recognised on losses for the year for which at present it is not possible to foresee recovery. In the next few years, the Parent reserves the right to review this amount if its ability to absorb the losses carried forward should be confirmed.

Statement of Financial Position

HIGHLIGHTS OF THE STATEMENT OF FINANCIAL POSITION		
(in thousands of euro)	31.12.2015	31.12.2014
Non-current assets	194,283	210,019
Current assets	152,908	149,798
Available-for-sale assets	-	-
Total assets	**347,191**	**359,817**
Total equity	**88,905**	**109,160**
Non-current liabilities	49,625	56,640
Current liabilities	208,662	194,016
Available-for-sale liabilities	-	-
Total liabilities	**258,287**	**250,656**
Total equity and liabilities	**347,191**	**359,817**

Statement of Cash Flows

HIGHLIGHTS OF CASH FLOWS	2015	2014
Loss before tax	(15,411)	(17,340)
Adjustments	15,186	(3,301)
Changes in net working capital	(9,963)	(13,378)
Total cash flows used in operating activities	**(10,188)**	**(34,018)**
Investments	(10,214)	(10,667)
Amounts collected on disposal of equity investments	-	80,961
Other changes	(565)	(844)
Cash flows from (used in) investing activities	**(10,779)**	**69,450**
Free cash flow	**(20,967)**	**35,431**
Cash flows used in financing activities	**(351)**	**(14,725)**
Change in cash and cash equivalents	**(21,319)**	**20,706**
Cash and cash equivalents:		
At the start of the year	24,100	3,394
At the end of the year	2,781	24,100
Change in cash and cash equivalents	**(21,319)**	**20,706**

Other information

Report on corporate governance and ownership structure (art. 123-bis, Italian Legislative Decree 58 of 24 February 1998)

By resolution of the shareholders' meeting of 20 August 2007, Il Sole 24 ORE S.p.A. adopted the corporate governance code for listed companies issued by Borsa Italiana S.p.A.

Later, with the Board of Directors resolution of 14 December 2012, the Company adopted the recent changes introduced by the new version of the Corporate Governance Code, which essentially refer to the following:

(i) the minimum number of independent directors: at least 1/3 independent on the boards of companies listed on the FTSE Mib, and at least 2 independent directors in other listed companies;

(ii) the independent directors must agree to maintain this requirement for the entire term of office and, if lost, must resign;

(iii) the recommendations on board evaluation were strengthened, highlighting the benefits obtainable from the presence of directors that are "different" in terms of experience (also at international level), professionalism (including managerial) and gender;

(iv) also at the request of other directors, the Chairman of the Board of Directors was granted the power to ask that managers in charge of items on the agenda attend Board of Directors' meetings;

(v) the workload of Directors: the Board of Directors establishes the maximum number of offices for Directors, taking into account their working and professional activities and their membership of Committees;

(vi) it was envisaged that the Chairman of the Internal Control and Audit Committee and of the Human Resources and Remuneration Committee must be an independent director;

(vii) the establishment of an Appointments Committee was recommended (until now it was only asked that the opportunity should be assessed);

(viii) it was recommended that the opportunity be assessed regarding the adoption of a succession plan and, if adopted by the Board, the Human Resources and Remuneration Committees should be entrusted with its preparation with disclosure to the market of the decisions made;

(ix) particular emphasis was placed on the role of the internal audit department and, in order to preserve its independence, it was envisaged that decisions concerning the appointment, dismissal and remuneration of the audit manager be adopted by the Board of Directors with the favourable and binding opinion of the Internal Control and Audit Committee and after consulting the Board of Statutory Auditors.

(x) it was envisaged that the audit tasks be performed according to a structured plan prepared by the department manager and approved by the Board of Directors.

On 9 July 2015 the Corporate Governance Committee of Borsa Italiana S.p.A. amended and supplemented the Corporate Governance Code for listed companies, the following principles of which were adopted by the Company.

Board of Directors and internal committees:

- if the Board allows company executives to attend its meetings, this must be indicated in the annual report on corporate governance. The report must inform the market of the actual participation of executives in board meetings, contributing to the presentation of a suitable information flow;
- introduction of the provision for which the Chairmen of Board Committees must report to the Board of Directors on their own meetings at the next available Board Meeting date;

Board of Statutory Auditors:

the rules applying to the control body and its independence must be verified not only after appointment, but also on a yearly basis. The results of such verification must be included in a report to the Board of Directors, which in turn must disclose the results to the market and include them in the annual report on corporate governance.

Risk management:

the administrative body must not only perform short-term risk assessment, but also - and especially, medium/long-term, in addition verifying the sustainability of the business activities. In this respect, the following is also envisaged: (i) the obligation to provide a transparent description of the coordination between entities and the bodies responsible for the internal control system in the report on corporate governance, and (ii) with suitable preparatory tasks, the obligation to provide support in the assessments and decisions of the Board of Directors in relation to managing risks deriving from adverse events of which the Board of Directors has become aware.

The primary objective of the corporate governance system adopted by the Company is the creation of value for the shareholders, conscious of the importance of transparency in corporate choices and decision-making as well as the need to set up an effective internal control system.

Pursuant to art. 123-bis of the Consolidated Finance Act, art. 89-bis of Consob’s Issuers Regulation and art. IA.2.6 of Borsa Italiana’s Corporate Governance Code, the Report on Corporate Governance was prepared, which in addition to describing the corporate governance system adopted by the Group contains information on the ownership structures, adoption of the Corporate Governance Code and compliance with the resulting commitments.

This report can be consulted in the Governance section of the web site *www.gruppo24ore.com*, and is made up of two sections: the first part contains a description of the governance structure, the second reports on the implementation of Corporate Governance Code recommendations.

The most relevant aspects of the Directors’ Report are presented below.

Ownership status and treasury shares

At 31 December 2015, the share capital of Il Sole 24 ORE S.p.A., fully subscribed and paid in, totalled €35,123,787.40, divided into 90,000,000 ordinary shares (67.50% of share capital) and 43,333,213 special shares (32.50% of share capital), of which 3,302,027 treasury shares, without any indication of par value.

Pursuant to Article 93 of Italian Legislative Decree 58 of 24 February 1998, Confindustria (the Confederation of Italian Industry), which owns all ordinary shares of Il Sole 24 ORE S.p.A., accounting for 67.50% of the share capital and voting rights, exercises direct control over Il Sole 24 ORE S.p.A.

All Il Sole 24 ORE S.p.A. shares currently owned by Confindustria, as well as any shares it may acquire in future, are registered on a fiduciary basis in the name of Mr. Giorgio Squinzi, in his capacity as Chairman of Confindustria.

Shareholders, with the exception of the Company may not hold more special category shares, as treasury shares, than those representing one fiftieth of the share capital plus one share. The limit applies both to equity investments directly held by the individual shareholder, and (i) to shares owned by the shareholder’s close family, including the non-legally separated spouse, dependent children and children living with the shareholder; (ii) to shares owned indirectly through subsidiary companies, fiduciaries or intermediaries; (iii) to shares owned directly or indirectly by a secured creditor or by a usufructuary, when corporate rights are assigned to them, and to repurchased shares.

The limit also applies to shares owned by the shareholder’s group, i.e. the group formed by subsidiary entities, parent entities or entities subject to joint control and the group formed by persons connected with the shareholder, whatever their legal status.

Whoever holds more special category shares than the limit prescribed by the Company By-laws shall notify the Company in writing immediately after the occurrence of the event that led to the excess. The shares held in excess shall be sold within one year from the notice or, in the absence of any notice, from the company’s notification that the prohibition was violated.

For the shares held above the possession limit prescribed by the Company By-laws, the shareholder is not entitled to recording on the Shareholder Register and to exercise corporate rights. The dividends accrued on surplus shares remain acquired by the company, which enters them in a specific reserve.

Special category shares are attributed a preferential dividend of 5% in proportion to the implicit par value of the share, which cannot be cumulated from one year to the next.

At the date of the Board of Directors’ meeting, based on the entries in the Shareholder Register, and taking into account the notifications received pursuant to Article 120 of the Italian Consolidated Finance Act, the following parties directly or indirectly own Company shares accounting for 2% or more of share capital:

PARTIES DIRECTLY OR INDIRECTLY OWNING COMPANY SHARES ACCOUNTING FOR 2% OR MORE OF SHARE CAPITAL			
Declarant	Direct shareholders	% of ordinary share capital	% of voting capital
Ordinary shares			
Confindustria - Confederazione Generale dell'Industria Italiana	Confindustria - Confederazione Generale dell'Industria Italiana	67.500%	67.500%
Special-category shares			
Il Sole 24 ORE S.p.A.	Il Sole 24 ORE S.p.A.	2.477%	2.477%
Edizioni S.r.l.	Edizioni S.r.l.	2.000%	2.000%

There are no shareholders exceeding the special-share ownership limit under Article 8 of the Company By-laws.

Pursuant to paragraph 7 of Article 119-bis of the Issuers Regulation, introduced by Consob Resolution no. 18214 of 9 May 2012, asset management companies and qualified parties which, as part of the management activities pursuant to Article 116-terdecies, paragraph 1 letters e) and f), respectively, of the Issuers Regulation, have acquired managed holdings exceeding 2% and below 5% are not subject to the disclosure requirements established in Article 117 of the aforementioned Regulation.

The Shareholders' Meeting has not delegated any powers to the Board of Directors either to increase share capital under Article 2443 of the Italian Civil Code or to issue participatory financial instruments.

There are no Shareholder Meeting authorisations to buy back treasury shares pursuant to Articles 2357 et seq. of the Italian Civil Code.

Organisational, management and control model pursuant to Italian Legislative Decree 231 of 8 June 2001

With the application of Italian Legislative Decree 231 of 8 June 2001 as amended, which introduced a specific regime of corporate liability for certain types of crime, the Company has adopted specific in-house rules and regulations aimed at reducing the risk of illicit acts that could benefit the Company.

In particular, the Company's Board of Directors has approved an organisational, management and control model pursuant to Italian Legislative Decree 231/01 (hereinafter "the Model") which meets the requirements of said legislation and which has been prepared in accordance with the guidelines issued by Confindustria.

The current Model was drafted on the basis of a detailed analysis of the Company's operations designed to identify potentially at-risk activities. On the basis of the information collected and the observations formulated, the Company has drawn up rules of conduct, principles and control methods for drafting internal procedures. Driven by the Supervisory Committee, periodically and at least once a year, as well as in the case of regulatory and internal organisational changes, the

Company updates the company analysis to identify potentially at-risk activities in order to ascertain the need to update the Model.

The Model includes specifications of the field of application and the target audience for the Model, and also defines the functions and powers of the Supervisory Committee, which is appointed by the Board of Directors, and establishes the information that must be provided to this committee.

The Model comprises a special part, which in turn is divided into sections that establish specific principles of control designed to prevent (i) crimes against the Public Administration, (ii) white collar crimes, (iii) corruption between private entities or persons, (iv) market abuse, (v) culpable manslaughter and unintentional injuries committed in breach of accident-prevention regulations and regulations for the protection of occupational hygiene and health, (vi) receipt of stolen goods, money laundering and "reuse" (use of money, assets or profits having an illegal origin), as well as self-money laundering, (vii) computer crime, (viii) copyright infringement, (ix) environmental violations committed by Company directors, executives, employees or outsourcers, or other offences contemplated by Italian Legislative Decree 231/01, whose risk of perpetration has been deemed remote, possible only in theory but not in practice.

Lastly, the Model contains the Code of Conduct and set of principles and ethical and conduct principles designed to prevent commission of the offences envisaged in Legislative Decree 231/2001. The Model has also defined the disciplinary system, broken down according to the various types of recipients of the Model and designed to penalise violation of the provisions of the Model.

So as to ensure the utmost efficacy of application of these rules, the Company has promoted awareness of the Model and has arranged specific training and communication initiatives illustrating its contents.

The Model is available for viewing in the Governance section of the Company's website: *www.gruppo24ore.com*.

Reconciliation between consolidated and parent loss for the year and equity

The statements of reconciliation between consolidated and parent loss for the year and equity are shown in section 11 (note 18) of the notes to the consolidated financial statements.

Significant events after the end of the year

In January 2016 the trade union and ministerial procedure was finalised for confirmation of the early retirement plan for 28 journalists.

An agreement was reached on 24 February for the early settlement of the Vendor Loan, with repayment by Team System of the entire principal of €22.5 million, plus €2 million interest. The original maturity of the Vendor Loan relating to sale of the Software Area was 15 November 2020. The full amount of €24.5 million was paid in a lump sum on 3 March 2016.

Outlook

The economic situation improved slightly with 2015 GDP up 0.8% compared to 2014. The forecasts for 2016 for Italy suggest an economic recovery with GDP growth of 1.4% (source: *Confindustria Study Centre).*

The advertising market trend in 2015 was still in decline, with different effects for the different media. For 2016, the forecasts for the advertising market are at present still rather uncertain and confirm a decrease in daily newspaper and magazine advertising revenue. The Group's advertising revenue performance, however, was positive and against that of the market for all media, press, radio and Internet. The first two months of 2016 seem to confirm this trend.

The Group continues to pursue action to optimise processes and reduce costs, to enhance and expand commercial initiatives and will continue to focus on action to increase revenue.

The publishing segment is seeing changes of a technological and structural nature. The leading publishing industry operators are expanding their digital product mix and making it more easy to use.

For the current year the Group will continue to develop digital products, supported by the increasing integration of all the professional and Il Sole 24 ORE content to offset the forecast decline in traditional printed publishing.

As things currently stand, and in the absence of events not yet foreseeable, the Group continues to closely monitor the reference scenario, which is still burdened by a high degree of uncertainty. Considering this environment, we can reasonably expect to confirm the improvement in 2016 in gross operating profit (loss) compared to 2015, as well as stronger cash flows at operating level.

The vendor loan granted to TeamSystem on disposal of the Software Area was settled early on 3 March 2016. The total amount collected was €24.5 million. Consequently an improvement in the net financial indebtedness is expected in 2016, also as a result of improved operating activities.

Proposal to cover the 2015 loss

To the Shareholders,

We submit for your approval the separate financial statements of Il Sole 24 ORE S.p.A. as at and for the year ended 31 December 2015, which show a loss for the year of €21,253,000. We propose entirely covering the loss for the year using the share premium reserve.

Milan, 16 March 2016

The Chairman of the Board of Directors

Benito BENEDINI

(signed on the original)

CONSOLIDATED FINANCIAL STATEMENTS OF THE 24 ORE GROUP AT 31 DECEMBER 2015

Consolidated financial statements

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION			
(in thousands of euro)	Note	31.12.2015	31.12.2014
ASSETS			
Non-current assets			
Property, plant and equipment	(1)	42,625	45,414
Goodwill	(2)	18,397	18,147
Intangible assets	(3)	59,696	59,519
Investments in associates and joint ventures	(4)	-	20
Available-for-sale financial assets	(5)	948	909
Other non-current assets	(6)	28,956	26,977
Deferred tax assets	(7)	47,439	57,732
Total		**198,060**	**208,719**
Current assets			
Inventories	(8)	5,564	6,779
Trade receivables	(9)	104,922	112,033
Other receivables	(10)	9,772	10,785
Other current assets	(11)	4,705	4,528
Cash and cash equivalents	(12)	39,139	34,476
Total		**164,101**	**168,601**
Available-for-sale assets		-	-
TOTAL ASSETS		**362,161**	**377,319**

(*) Section 11 of the Notes to the consolidated financial statements.

As required by Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the statement of financial position, the statement of comprehensive income and statement of cash flows of the 24 ORE Group are reported in paragraph 13.4 and detailed in paragraph 13.1.

STATEMENT OF FINANCIAL POSITION (CONT.)			
(in thousands of euro)	Note	31.12.2015	31.12.2014
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent			
Share capital	(13)	35,124	35,124
Equity reserves	(14)	82,981	98,814
Hedging and translation reserves	(15)	-	(14)
Other reserves	(16)	14,699	13,703
Losses carried forward	(17)	(22,132)	(28,012)
Loss attributable to owners of the parent	(18)	(24,012)	(9,811)
Total		**86,660**	**109,804**
Equity attributable to non-controlling interests			
Capital and reserves attributable to non-controlling interests	(18)	596	273
Profit (loss) attributable to non-controlling interests	(18)	(86)	491
Total		**511**	**764**
Total equity		**87,170**	**110,568**
Non-current liabilities			
Non-current financial liabilities	(19)	15,000	15,044
Employee benefits	(20)	24,846	27,457
Deferred tax liabilities	(7)	5,212	6,678
Provisions for risks and charges	(21)	8,553	11,304
Total		**53,611**	**60,483**
Current liabilities			
Bank overdrafts and loans - due within one year	(22)	50,957	17,197
Liabilities for financial instruments held for trading	(23)	-	19
Trade payables	(24)	135,774	149,877
Other current liabilities	(25)	242	44
Other payables	(26)	34,406	39,131
Total		**221,380**	**206,268**
Available-for-sale liabilities		-	-
Total liabilities		**274,990**	**266,751**
TOTAL EQUITY AND LIABILITIES		**362,161**	**377,319**

(*) Section 11 of the Notes to the consolidated financial statements.

As required by Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the statement of financial position, the statement of comprehensive income and statement of cash flows of the 24 ORE Group are reported in paragraph 13.4 and detailed in paragraph 13.1.

Statement of profit or loss

STATEMENT OF PROFIT OR LOSS			
(in thousands of euro)	Note (*)	2015	2014
1) Continuing operations			
Revenue	**(27)**	**324,959**	**313,115**
Other operating income	(28)	14,544	13,406
Personnel expense	(29)	(102,305)	(102,456)
Change in inventories	(8)	(1,215)	906
Purchase of raw materials and consumables	(30)	(11,646)	(15,797)
Services	(31)	(186,940)	(182,182)
Use of third party assets	(32)	(22,907)	(23,369)
Other operating costs	(33)	(8,047)	(11,326)
Provisions	(21)	(1,354)	(2,589)
Allowance for impairment	(9)	(4,182)	(4,374)
Gross operating profit (loss)		**906**	**(14,667)**
Amortisation of intangible assets	(3)	(8,680)	(7,613)
Depreciation of property, plant and equipment	(1)	(7,623)	(7,641)
Net gains on disposal of non-current assets	(34)	1,100	105
Operating loss		**(14,297)**	**(29,815)**
Financial income	(35)	2,126	1,503
Financial expense	(35)	(3,833)	(2,709)
Net financial expense		**(1,708)**	**(1,205)**
Other income (expenses) from investment assets and liabilities	(36)	(14)	-
Loss before tax		**(16,019)**	**(31,020)**
Income taxes	(37)	(8,079)	1,495
Loss from continuing operations		**(24,098)**	**(29,525)**
2) Discontinued operations			
Profit (loss) from discontinued operations		**-**	**20,205**
Loss for the year	**(18)**	**(24,098)**	**(9,320)**
Profit (loss) attributable to non-controlling interests	**(18)**	**(86)**	**491**
Loss attributable to owners of the parent	**(18)**	**(24,012)**	**(9,811)**
Basic LPS (€)	**(18)**	**(0.18)**	**(0.08)**
Diluted LPS (€)	**(18)**	**(0.18)**	**(0.08)**

(*) Section 11 of the Notes to the consolidated financial statements.

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME		
(in thousands of euro)	2015	2014
Loss for the year	**(24,098)**	**(9,320)**
Other comprehensive income (expense)		
Other reclassifiable comprehensive income	**14**	**62**
Effective portion of changes in fair value of cash flow hedges	19	86
Taxes on other reclassifiable comprehensive income	(5)	(24)
Other non-reclassifiable comprehensive income (expense)	**996**	**(1,933)**
Actuarial gains (losses) on defined benefit plans	1,310	(2,667)
Taxes on other non-reclassifiable comprehensive income (expense)	(314)	734
Other comprehensive income (expense) after tax	**1,009**	**(1,871)**
Total comprehensive expense for the year	**(23,089)**	**(11,191)**
Attributable to:		
Non-controlling interests	**(86)**	**491**
Owners of the parent	**(23,003)**	**(11,682)**
Total comprehensive expense for the year	**(23,089)**	**(11,191)**

(*) Section 11 of the Notes to the consolidated financial statements.

As required by Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the statement of financial position, the statement of comprehensive income and statement of cash flows of the 24 ORE Group are reported in paragraph 13.4 and detailed in paragraph 13.1. The income components resulting from non-recurring events or transactions, or from transactions or events that do not recur frequently, are also reported in section 13.4.

Statement of cash flows

STATEMENT OF CASH FLOWS			
(in thousands of euro)	Note	2015	2014
Loss before tax attributable to owners of the parent [a]		(15,933)	(11,306)
Adjustments [b]		**12,211**	**1,752**
Profit (loss) attributable to non-controlling interests	(18)	(86)	491
Depreciation, amortisation and impairment losses	(1.3)	16,303	17,546
Gains	(1,3,34)	(1,100)	(105)
Profit (loss) from discontinued operations		-	(20,205)
Change in provisions for risks and charges	(21)	(2,752)	133
Change in employee benefits	(20)	(2,610)	2,638
Change in deferred tax assets/liabilities	(7.37)	749	48
Net financial income	(35)	1,708	1,205
Changes in net working capital [c]		**(9,500)**	**(18,352)**
Change in inventories	(8)	1,215	(776)
Change in trade receivables	(9)	7,111	(9,024)
Change in trade payables	(24)	(14,102)	8,842
Income taxes paid		(340)	(1,125)
Other changes in net working capital		(3,384)	(16,270)
Total cash flows used in operating activities [d=a+b+c]		**(13,222)**	**(27,906)**
Cash flows from (used in) investing activities [e]		**(12,806)**	**82,903**
Investments in intangible assets and property, plant and equipment	(1.3)	(13,701)	(12,731)
Acquisition of investments in subsidiaries	(38)	(250)	-
Disposal of intangible assets and property, plant and equipment	(1,3,34)	1,133	167
Amounts collected on disposal of equity investments		-	95,000
Changes in scope of consolidation		-	280
Other changes in investing activities		12	188
Cash flows used in financing activities [f]		**(1,105)**	**(15,403)**
Net financial interest paid	(35)	(3,660)	(2,290)
Change in medium/long-term bank loans	(19)	(44)	14,673
Change in short-term bank loans and borrowings	(22)	1,964	(25,762)
Net change in financial assets/liabilities	(23)	(19)	82
Dividends paid		(114)	(214)
Change in share capital and reserves		982	(1,753)
Change in equity attributable to non-controlling interests		(168)	(70)
Other changes in financing activities		(46)	(68)
Cash flows generated (used) during the year [g=d+e+f]		**(27,133)**	**39,594**
CASH AND CASH EQUIVALENTS			
AT THE START OF THE YEAR		**24,829**	**(14,766)**
AT THE END OF THE YEAR		**(2,304)**	**24,829**
INCREASE (DECREASE) FOR THE YEAR		**(27,133)**	**39,594**

(*) Section 11 of the Notes to the consolidated financial statements.

As required by Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the statement of financial position, the statement of comprehensive income and statement of cash flows of the 24 ORE Group are reported in paragraph 13.4 and detailed in paragraph 13.1.

Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY									
(in thousands of euro)	Share capital	Equity reserves	Hedging and translation reserves	Other reserves	Retained earnings/Losses carried forward	Profit (loss) for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Note (*)	(13)	(14)	(15)	(16)	(17)	(18)	(18)	(18)	(18)
Balance at 1 January 2014	**35,124**	**180,316**	**(76)**	**15,250**	**(32,819)**	**(76,213)**	**121,582**	**343**	**121,925**
Income/expenses recognised directly in equity									
Utilisation of reserve for post-employment benefits	-	-	-	(2,667)	-	-	(2,667)	-	(2,667)
Fair value changes in hedging instruments	-	-	86	-	-	-	86	-	86
Taxes on expenses and income recognised in equity	-	-	(24)	734	-	-	710	-	710
Total income/expenses recognised directly in equity	**-**	**-**	**62**	**(1,933)**	**-**	**-**	**(1,871)**	**-**	**(1,871)**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(9,811)**	**(9,811)**	**491**	**(9,320)**
Total income/expenses recognised in the year	**-**	**-**	**62**	**(1,933)**	**-**	**(9,811)**	**(11,682)**	**491**	**(11,191)**
Change in the 2013 loss	-	(81,503)			5,290	76,213	-	-	-
Dividends/distribution of reserves	-	-	-	-	(97)	-	(97)	(117)	(214)
Change in reserves	-	-	-	386	(386)	-	-	-	-
Other changes	-	-	-		-	-	-	47	47
Balance at 31 December 2014	**35,124**	**98,814**	**(14)**	**13,703**	**(28,012)**	**(9,811)**	**109,804**	**764**	**110,568**
Income/expenses recognised directly in equity									
Utilisation of reserve for post-employment benefits	-	-	-	1,310	-	-	1,310	-	1,310
Fair value changes in hedging instruments	-	-	19	-	-	-	19	-	19
Taxes on expenses and income recognised in equity	-	-	(5)	(314)	-	-	(319)	-	(319)
Total income/expenses recognised directly in equity	**-**	**-**	**14**	**996**	**-**	**-**	**1,010**	**-**	**1,010**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(24,012)**	**(24,012)**	**(86)**	**(24,098)**
Total income/expenses recognised in the year	**-**	**-**	**14**	**996**	**-**	**(24,012)**	**(23,002)**	**(86)**	**(23,088)**
Change in the 2014 loss	-	(15,833)			6,022	9,811	(0)	-	(0)
Dividends/distribution of reserves	-	-	-	-	(142)	-	(142)	(186)	(328)
Other changes	-	-	-		-	-	-	18	18
Balance at 31 December 2015	**35,124**	**82,981**	**(0)**	**14,699**	**(22,132)**	**(24,012)**	**86,660**	**511**	**87,170**

(*) Section 11 of the Notes to the consolidated financial statements.

Milan, 16 March 2016

The Chairman of the Board of Directors

Benito BENEDINI

(signed on the original)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The 24 ORE Group operates in a leadership position in the business news and information market. Its products and services are offered to the general public, professionals, businesses and financial institutions.

The composition of the Group and the scope of its consolidation at 31 December 2015, with the changes that have taken place with respect to 31 December 2014, are reported in Section 9 – Scope of consolidation.

The companies included in the scope of consolidation at 31 December 2015 were:

- **Il Sole 24 ORE S.p.A.**, the parent, which acts both as the holding company for controlling investments in Group companies, and as an operating company, by performing core business activities (general, financial and professional news and information, press agency, etc.);
- **Il Sole 24 ORE UK Ltd.**, which mediates for the sale of advertising space in the United Kingdom;
- **24 ORE Cultura S.r.l.**, specialised in products dedicated to art and photography and in the organisation of shows and events;
- **Il Sole24 ORE – Trading Network S.p.A.**, which performs agency activities for the distribution of Group and third-party products;
- **Ticket 24 ORE S.r.l. (formerly Shopping 24 S.r.l.)**, an e-commerce and online marketing company, operating in the exhibition and events ticketing and reception sector. The company is indirectly controlled through 24 ORE Cultura S.r.l.. MostraMi S.r.l. was merged into this company with accounting and tax effects from 1 January 2015. MostraMi was acquired from 24 ORE Cultura on 9 February 2015 for ticketing management;
- **Newton Management Innovation S.p.A.**, a company active in training services;
- **Newton Lab S.r.l.**, a company active in training services. The company is indirectly controlled through Newton Management Innovation S.p.A.;
- **BacktoWork 24 S.r.l.**, specialised in the production and development of communications projects through the creation and management of a portal that aims to bring together managers and small businesses. The company is indirectly controlled through Next 24 S.r.l.;
- **Food 24 S.r.l.**, established on 9 February 2015, a company operating in the entertainment and catering industry at the Mudec site. The company is indirectly controlled through 24 ORE Cultura S.r.l.;
- **Next 24 S.r.l.**, established on 4 December 2015, a company operating in the business and professional training sector.

The registered and administrative offices of Il Sole 24 ORE S.p.A. are located at Via Monte Rosa 91, Milan, Italy. Confindustria (the Confederation of Italian Industry) controls the parent.

The share capital of the parent totals €35,124 thousand, represented by 90,000,000 ordinary shares and 43,333,213 special-category shares. Their breakdown is as follows:

- 90,000,000 ordinary shares owned by Confindustria, accounting for 67.5% of all shares;
- 40,031,186 special-category shares listed in the standard segment (Class 1) of the Milan screen-based equity market (MTA - Mercato Telematico Azionario) of Borsa Italiana S.p.A., accounting for 30.0% of all shares;
- 3,302,027 special-category treasury shares, accounting for 2.5% of all shares.

The Company By-laws contain provisions whereby the controlling shareholders of the Company may not be changed. In particular, in accordance with Article 8 of the Company By-laws, shareholders may not hold more special-category shares than those that represent one fiftieth of the share capital plus one share, with the exception of the Company which owns them as treasury shares.

Il Sole 24 ORE S.p.A. special-category shares are currently listed in the Standard (Class 1) segment on the MTA of Borsa Italiana S.p.A..

SHARE IDENTIFICATION CODES	
Name	Il Sole 24 ORE S.p.A.
ISIN	IT0004269723
Alphanumerical code	S24.MI
Reuters code	S24.MI
Bloomberg code	S24 IM

The annual financial report, comprising the consolidated financial statements of the Group as at and for the year ended 31 December 2015, the draft separate financial statements, the directors' report and the statement prescribed by article 154-bis, paragraph 5 of Italian Legislative Decree 58/1998 (Consolidated Finance Act), in compliance with the provisions set forth in article 154-ter, Paragraph 1 of Italian Legislative Decree 58/1998, was authorised for publication by the Board of Directors on 16 March 2016.

2. Format, content and International Financial Reporting Standards

These consolidated financial statements were prepared on the assumption that the Group is operated on a going concern basis and in accordance with the recognition and measurement criteria set out in the IFRS (International Accounting Standards – IAS and International Financial Reporting Standards – IFRS), as amended by the applicable interpretations (issued by the Standing Interpretations Committee – SIC and International Financial Reporting Interpretations Committee – IFRIC), approved and published by the International Accounting Standards Board – IASB, endorsed by EC Regulation 1126/2008 of the European Commission, as amended.

EC Regulation no. 1126/2008 as amended adopts the IFRS in compliance with EC Regulation 1606/2002 of the European Parliament and Council, enacted with Italian Legislative Decree 38 of 28 February 2005 “Exercising the regulatory options of article 5 of EC Regulation no. 1606/2002 regarding IFRS” (Italian Legislative Decree 38/2005).

The IFRS applied to the financial statements as at and for the year ended 31 December 2015 and the comparative figures as at and for the year ended 31 December 2014 are those endorsed by the European Commission as at the reporting date of these financial statements.

The currency used to present the consolidated financial statements is the euro, and amounts are expressed in thousands of euro unless otherwise stated.

3. Consolidated financial statements

The Group has prepared the statement of financial position by classifying current and non-current assets and liabilities separately.

For each asset and liability item that includes amounts falling due both within and beyond 12 months from the reporting date, the amount that is expected to be recovered or paid beyond 12 months has been indicated.

All revenue and cost items recognised during the year, including financial expenses, the portion of profit (loss) of associates and joint ventures measured at equity, tax payables and a single amount relating to the total discontinued assets are presented in the statement of profit or loss immediately preceding the statement of comprehensive income.

The statement of comprehensive income opens with the profit or loss for the year, presents the section on other comprehensive income (expense), total other comprehensive income (expense) and the total comprehensive income (expense) resulting from the total of profit (loss) for the year and other comprehensive income (expense).

The statement of profit or loss presents the breakdown of profit (loss) for the year attributable to owners of the parent and that attributable to non-controlling interests.

The statement of comprehensive income shows the breakdown of comprehensive income (expense) for the year attributable to owners of the parent and that attributable to non-controlling interests.

The components that are recognised separately from profit (loss) for the current year pursuant to specific IFRS provisions are presented in Other comprehensive income (expense) in the Statement of comprehensive income.

The section on Other comprehensive income (expense) of the Statement of comprehensive income, prepared due to the amendments to IAS 1 Presentation of financial statements beginning from this year with retroactive effect, presents items relating to amounts of other comprehensive income (expense) for the year, classified by nature (including the portion of other comprehensive income (expense) of associates and joint ventures measured at equity) and grouped according to those which, in compliance with other IFRS:

- will no longer be reclassified to profit or loss;
- will later be reclassified to profit or loss when certain conditions are met.

Other comprehensive income (expense) that can be reclassified to profit or loss includes:

- gains and losses on the translation of the financial statements of a foreign operation;
- the effective portion of gains and losses on cash flow hedging instruments;
- the gains and losses resulting from the restatement of available-for-sale financial assets.

Other comprehensive income (expense) that cannot be reclassified to profit or loss relates to actuarial gains and losses on defined benefit plans.

The items of Other comprehensive income (expense) in the statement of comprehensive income are presented gross of the related tax effects, with a single amount for total taxes attributable to these items. The tax is divided between items that could later be reclassified to profit or loss and those that cannot.

Items are classified in the statement of profit or loss according to their nature.

Unless stated otherwise, when the term "Statement of profit or loss" is used in these consolidated financial statements, it means the consolidated Statement of profit or loss.

Disclosure of cash flow is provided in the statement of cash flows, which is an integral part of these consolidated financial statements.

The indirect method has been used for presenting cash flows, according to which the profit (loss) for the year has been adjusted for the effects of:

- changes in inventories, receivables and payables generated by operating activities;
- non-cash transactions;
- all other elements whose cash effects are cash flows involved in investing or financing activities.

The reconciliation between the amounts relating to the components of cash and cash equivalents in the Statement of cash flows and the equivalent items reported on the Statement of financial position is reported in the Notes to the financial statements.

The table illustrating the net financial position (indebtedness) has been prepared on the basis of the guidance provided by the Committee of European Securities Regulators (CESR) on 10 February 2005, "*Recommendations for consistent implementation of the EU Commission's Regulation on Prospectuses*." The table details the main components of net financial position (indebtedness) and indicates payable/receivable positions vis-à-vis related parties.

The Statement of Changes in Equity shows:

- income and expenses recognised directly in equity and included in the Statement of comprehensive income for the year, with separate indication of the total amounts attributable to the owners of the parent and those attributable to non-controlling interests;
- for each Equity item, any effects of retroactive application or retroactive restatement are recognised pursuant to *IAS 8 Accounting policies, changes in accounting estimates and errors*;
- for each Equity item, reconciliation of the carrying amount at the beginning and at the end of the financial year, with separate indication of the changes resulting from:
- profit or loss;
- Other Comprehensive income (expense) and
- any transactions with shareholders, with separate indication of capital injections by shareholders, distribution of Equity to shareholders, and changes in equity interests in the subsidiaries without loss of control.

For each Equity component, an analysis of Other Comprehensive income (expense) by item is presented in the statement of changes in equity.

The Group has also prepared a reconciliation between the Consolidated equity and Profit or loss for the year and the related data in the separate Financial Statements of the parent.

At the foot of the Statement of Financial Position, Statement of profit or loss, Statement of Comprehensive Income and Statement of Cash Flows, reference is made to a specific section where a statement illustrates the sub-items for the amounts of balances or transactions with related parties, with indication of the effects on the financial position, profit or loss for the year and cash flows of the Group.

The sub-items regarding any income (expense) component deriving from non-recurring events or operations are recorded separately in the cost or revenue items these refer to, with indication of the effects on the financial position, the results of operations and the cash flows of the Group.

A specific table, which is an integral part of these consolidated financial statements, lists the Group's companies indicating their name, registered office, share/quota capital, equity interests directly or indirectly owned by the parent and each subsidiary, and consolidation method, as well as equity-accounted interests.

The Notes to the financial statements are presented in a systematic manner. In the Statement of Financial position, the Statement of profit or loss, the Statement of Comprehensive income, the Statement of Cash flows and the Statement of Changes in Equity, reference is made to the detailed disclosure provided in the Notes to the consolidated financial statements.

Comparative information with the previous financial year is provided for all amounts shown in these consolidated financial statements. Comparative information is also provided with regard to the commentary and notes to the consolidated financial statements, if this is material to understanding the consolidated financial statements for the current year.

For that purpose, two statements of financial position, two statements of profit or loss, two statements of comprehensive income, two statements of cash flows and two statements of changes in equity are provided, as well as the notes thereto.

The presentation and classification of the items in the consolidated financial statements remain consistent from one year to the next, unless otherwise indicated in Section 6 – Changes in accounting policies, errors and changes in estimates.

In cases in which the presentation or classification of consolidated financial statements items have changed, the comparative figures have been changed accordingly and the nature, amount and reasons for the reclassification have been provided.

4. Consolidation policies

The 24 ORE Group consists of the parent Il Sole 24 ORE S.p.A. and its subsidiaries.

The parent consolidates all of its investments in subsidiaries in the consolidated financial statements.

Companies are considered subsidiaries if the parent has the power to determine their financial and operating policies in order to obtain benefits for its own activity.

In preparing these consolidated financial statements, the parent has consolidated its own financial statements and those of its subsidiaries on a line-by-line basis, as though they were the financial statements of a single economic entity.

The same accounting standards have been applied to similar transactions and events that took place in similar circumstances.

The financial statements of the parent and those of its subsidiaries, used to prepare the consolidated financial statements, were all drawn up at 31 December 2015.

Subsidiaries are included in the consolidated financial statements from the date when the parent acquires control and are no longer consolidated from the date when the parent loses control.

In preparing the consolidated financial statements, the parent aggregates its financial statements and those of the subsidiaries item by item, summing the various assets, liabilities, equity, revenue and costs.

The carrying amount of the investments held by the parent and by other Group companies in each subsidiary included in the scope of consolidation is eliminated against the related portion of equity.

Reference should be made to the item Goodwill and Business Combinations of Section 5, Accounting Policies, for a detailed explanation of the policy applied for the measurement of goodwill.

The portions of non-controlling interest in the equity of consolidated companies are recognised separately in the specific equity item *Capital and reserves attributable to non-controlling interests*, whereas the portion of the profit (loss) attributable to non-controlling interests is shown in the Statement of profit or loss under *Profit (loss) attributable to non-controlling interests*.

All receivables and payables and costs and revenue deriving from transactions between companies included in the scope of consolidation are eliminated. Also eliminated are any profits and losses not yet realised and deriving from transactions between the consolidated companies of the Group. The dividends distributed by consolidated companies are also eliminated from the statement of profit or loss and added back to the prior years' profits, if and to the extent that they were paid out of such earnings.

The financial statements of foreign subsidiaries expressed in currencies other than the euro are translated by adopting the procedures below:

- the assets and liabilities of all the statements of financial position presented (including comparative data) must be translated at the closing rate;
- revenue and costs in every statement of comprehensive income and statement of profit or loss presented (including comparative data) must be translated at the exchange rates ruling at the transaction dates;
- all exchange rate differences must be recognised in Other comprehensive income (expense) in the Statement of comprehensive income.

Any exchange rate differences at the consolidated reporting date are recognised in a separate equity item known as the “*Hedging and translation reserve*.”

5. Accounting policies

The consolidated financial statements of the 24 ORE Group have been prepared in compliance with the IFRS and in application of the provisions of Italian Legislative Decree 38/2005.

This section provides a summary of the main IFRS applied, indicating the key measurement and recognition criteria used in preparing the consolidated financial statements and any other IFRS used if they are considered significant for understanding the consolidated financial statements.

Non-current assets

Property, plant and equipment

This item includes the property, plant and equipment owned for use in production, to provide goods and services and for administrative purposes, and which are expected to be used for more than one financial year. Only those components that are likely to generate future economic benefits and which have a cost that can be reliably determined are recognised as such. Spare parts that can be defined as property, plant and equipment are likewise recognised as such.

Property, plant and equipment are initially recognised at cost, i.e. the amount of cash or cash equivalents paid or the fair value of another consideration paid at the time of acquiring the asset.

Cost includes the purchase or construction cost, ancillary charges and any directly attributable costs for bringing the asset to the place and condition necessary for it to function.

After initial recognition, the cost method is adopted, under which property, plant and equipment are shown in the statement of financial position at cost, net of accumulated depreciation and any impairment losses.

Each item of property, plant and equipment is depreciated on a straight-line basis over its estimated useful life on the assumption that its residual value is zero. Depreciation commences when the asset is available for use.

Land has an unlimited useful life and, therefore, it is not depreciated.

Items of property, plant and equipment that are not yet available for use are not depreciated.

Depreciation terminates on the more recent of two dates: when the asset is classified as held for sale (see the paragraph entitled Non-current assets classified as held for sale) and the date on which the asset is derecognised.

Depreciation is not interrupted just because the asset is not being used.

An item of property, plant and equipment is derecognised when it is disposed of or when no future economic benefit can be expected either from its use or from its disposal.

The period and method of depreciation of each component of property, plant and equipment are reviewed at the end of each year.

A check is carried out at each reporting date to see if there is an indication of impairment. If there is any indication that this is the case, an estimate is made of the asset's recoverable amount.

This impairment test is carried out by comparing the carrying amount of the asset with its recoverable amount.

The recoverable amount is the higher out of the asset's fair value, less any costs to sell, and its value in use.

The fair value is the price that would be received from the sale of an asset in an orderly transaction between market participants at the measurement date.

The value in use is calculated by estimating the net present value of the future cash flows expected to be generated by the asset being tested for impairment.

Impairment losses are recognised immediately in profit or loss.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, an estimate is made of the asset's recoverable amount.

An impairment loss recognised in previous years is reversed only if there is a change in the valuations used to calculate the asset's recoverable amount. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on property, plant and equipment are recognised in profit or loss.

Finance leases

Assets purchased under finance lease arrangements are initially recognised as property, plant and equipment at the present value of the minimum payments due under the lease contract, even if ownership of the leased asset has not been acquired, and are depreciated on a straight-line basis over their useful life.

The present value of the minimum payments due under the lease contract is also recognised initially as a payable under Liabilities.

Government grants

Government grants, including non-monetary grants measured at fair value, are not recognised until there is reasonable certainty that the conditions to obtain them will be respected and the grants will effectively be received.

Government grants related to assets, obtained in connection with property, plant and equipment, are recognised as deferred income and then transferred to profit or loss under "Other operating income", on a systematic and rational basis that spreads them appropriately over the asset's useful life.

Government grants offsetting costs or losses already incurred or to provide immediate financial support, without there being any related future costs, are recognised in profit or loss as income for the year in which they become collectable.

The benefits stemming from a public loan at an interest rate lower than the going market rate have been recognised as government grants, in compliance with the policies specified above. These benefits have been calculated by measuring the difference between the loan's initial carrying amount, calculated using the amortised cost method, and the amounts received.

Business combinations and goodwill

Business combinations

All business combinations for which *IFRS 3 Business combinations* is applicable are accounted for applying the purchase method.

For business combinations with acquisition date from 1 January 2010 onwards, the excess of fair value of the consideration transferred, including the fair value of any potential consideration and the proportional amount of any non-controlling investment in the acquired company, in respect of the fair value on the acquisition date of the identifiable assets acquired or identifiable liabilities assumed, is recognised as goodwill.

The costs incurred to realise the business combination are recognised as expenses in the periods when they are incurred, with the exception of costs associated with the issue of debt instruments, which are accounted for as an increase in the fair value of these debt instruments, and the costs associated with equity instruments, which are accounted for as a decrease in Equity.

Any potential consideration is an obligation for the buyer to transfer additional assets or interests to the previous shareholders of the acquired company as part of the business combination agreement, in case certain future events occur or certain conditions are met. If the potential consideration is classified as equity, it must not be recalculated and its subsequent settlement must be accounted for in equity. If, on the other hand, it is classified as a liability, the subsequent changes in fair value of the potential payment are recognised in profit or loss.

For business combinations with acquisition date up to 31 December 2009, any cost excess for the business combination compared to the interest acquired in the net fair value of its identifiable assets, liabilities and contingent liabilities qualifying for accounting recognition is recognised as goodwill.

The costs incurred to realise the business combination are included in the business combination cost, with the exception of costs associated with the issue of debt instruments, which are accounted for as an increase in the fair value of these debt instruments, and the costs associated with equity instruments, which are accounted for as a decrease in Equity.

The potential consideration deriving from business combinations with acquisition date up to 31 December 2009 were not subsequently adjusted. For these combinations, any adjustments to the combination cost subject to future events were included in the combination costs on the acquisition date only if the adjustments were likely and could be determined in a reliable manner.

Goodwill

The goodwill recognised in a business combination is an asset that produces future economic benefits deriving from other assets acquired in a business combination, but that cannot be individually identified nor accounted for separately.

For the purposes of impairment testing, goodwill acquired as part of a business combination is allocated to the individual cash-generating units or groups that are expected to benefit from the synergies created by the combination.

The CGUs to which the goodwill is allocated represent the minimum level inside the company where the goodwill is monitored on an operational basis, and is never bigger than an operating segment, as identified in Section 12 Segment reporting, before the business combination.

The CGUs to which the goodwill is allocated are tested for impairment on a yearly basis. In case such a reduction is suggested, their carrying amount is compared with their recoverable amount.

Impairment tests are carried out more frequently if specific events or changed circumstances suggest that goodwill is impaired. If goodwill is initially recognised during the current year, an impairment test is carried out prior to the end of the same year.

The recoverable amount is the greater of fair value less any costs to sell and value in use, calculated by estimating the net present value of the future cash flows expected to derive from the CGU being tested for impairment.

If the CGU's recoverable amount is lower than its carrying amount, an impairment loss is recognised.

An impairment loss recognised for goodwill cannot be reversed in future years.

If the net fair value of the identifiable assets acquired and the identifiable liabilities assumed at the acquisition date exceeds the transferred consideration, as defined in the item Business combinations, the profit resulting from acquisition of the subsidiary at favourable prices is recognised in profit or loss at the acquisition date. This profit is attributed to the parent.

Any temporary differences emerging from the difference between the net fair value of identifiable assets acquired and identifiable liabilities assumed at the acquisition date and their value recognisable for tax purposes give rise to deferred tax assets and/or liabilities if the required conditions exist.

Intangible assets

Recognised intangible assets are non-monetary assets that have no physical substance, which have to be:

- identifiable, in other words separable or arising from contractual or other legal rights;
- under the company's control as a result of past events;
- likely to generate future economic benefits for the company;
- and with a cost that can be measured reliably.

Initial recognition is at cost.

The cost includes the purchase price and any other direct cost to prepare the asset for use.

The process of formation of intangible assets generated internally distinguishes between the research and development phases. No intangible asset deriving from the research phase is recognised. Intangible assets deriving from the development phase are recognised if they satisfy the conditions listed above.

Trademarks, publications and publishing rights generated internally are not recognised as intangible assets.

The cost of intangible assets generated internally is represented by the sum of the cost incurred from the date on which the intangible asset first satisfies the conditions for accounting recognition.

The cost of an intangible asset generated internally includes all directly attributable costs needed to create, produce and prepare the asset to ensure that it operates as intended by the company management. Costs directly attributable to intangible assets generated internally are essentially the costs for materials and services used or consumed in generating the intangible asset and the personnel expense deriving from the generation of the intangible assets.

After initial recognition, the cost method is adopted.

Intangible assets with a finite useful life are recognised in the statement of financial position at cost, net of accumulated amortisation and impairment losses.

The cost of intangible assets with a finite useful life is amortised on a straight-line basis over their estimated useful life on the assumption that their residual value is zero. Amortisation commences when the asset is available for use.

Intangible assets with a finite useful life that are not yet available for use are not amortised.

The period and method of amortisation of intangible assets with a finite useful life are reviewed at the end of each financial year.

Amortisation terminates on the more recent of two dates: when the intangible asset is classified as held for sale (see Non-current assets classified as held for sale) and the date on which the asset is derecognised.

An intangible asset is derecognised when it is disposed of or when no future economic benefit can be expected either from its use or from its disposal.

Intangible assets with an indefinite useful life are not amortised.

An intangible asset has an indefinite useful life when, based on certain key factors, there is no foreseeable limit to the period in which it is expected to generate net cash inflows.

Among the key factors playing a significant role in determining the existence of indefinite useful life, we have considered:

- the asset’s expected utilisation;
- the productive life cycles typical of the asset, also based on information of public domain concerning estimated useful lives of asset categories used in similar ways;
- technical, technological and any other type of obsolescence;
- the stability of the economic sector in which the asset operates and changes in demand for the products and services originated by the asset;
- actions that will presumably be taken by competitors;
- the level of maintenance costs necessary to obtain the future economic benefits expected from the asset;
- the period of control over the asset and the legal limits to its utilisation;
- the dependence of its useful life on the useful life of other assets.

The useful life of intangible assets that are not amortised is reviewed at the end of each accounting period to ascertain whether the key factors mentioned above still support the assumption of an indefinite useful life.

A check is carried out at each reporting date to see if there is an indication that intangible assets are impaired.

Intangible assets with an indefinite useful life and those that are still not available for use are subjected to annual impairment testing, whether or not there are signs of impairment losses.

This impairment test is carried out by comparing the carrying amount of the intangible asset with its recoverable amount.

The recoverable amount is the higher of fair value less any costs to sell and value in use, determined by estimating the net present value of the future cash flows expected to derive from the intangible asset that is being tested for impairment.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the CGU to which the asset belongs is determined. This recoverable amount is then compared with the CGU's carrying amount.

If the recoverable amount of the individual intangible asset or the CGU is lower than its carrying amount, an impairment loss is recognised.

Impairment losses are recognised immediately in profit or loss.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, an estimate is made of the asset's recoverable amount.

An impairment loss recognised in previous years is reversed only if there is a change in the valuations used to calculate the asset's recoverable amount. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on intangible assets are recognised in profit or loss.

Investments in associates and joint ventures

Associates are those companies over which the parent exercises significant influence, although without holding a controlling interest.

A joint venture is a joint arrangement in which the parties with joint control have rights on the net assets deriving from the arrangement. Joint control refers to the sharing, on a contractual basis, of control of the arrangement, whereby the decisions regarding significant activities require the unanimous consent of all parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method, excluding those classified as held for sale (see Non-current assets classified as held for sale).

Under the equity method, the investment is initially recognised at cost. The carrying amount is subsequently increased or decreased to reflect the investor's share of the associate's profits or losses made after the date of acquisition. The investor's share of the associate's profit or loss for the year is recognised in the investor's statement of profit or loss.

Any dividends received from the associate reduce the carrying amount of the investment.

Any part of the investor's share of the associate's profits and losses deriving from transactions between the two companies is eliminated.

In the event that the investor's share of losses exceeds the carrying amount of its investment, the investor accounts for any further losses as liabilities, but only to the extent that the company has contracted legal or constructive obligations on behalf of the associate or joint venture.

Following application of the equity method, an individual review is carried out at each reporting date to see if there is any objective evidence that investments in individual associates are impaired.

If there is an indication of a possible impairment loss, the entire carrying amount of the investment is tested for impairment, by comparing its recoverable amount with its carrying amount. The recoverable amount, which is the higher of the fair value less costs to sell and value in use, is determined for each investment in an associate.

The fair value is the price that would be received from the sale of the investment in an orderly transaction between market participants at the measurement date.

The value in use is calculated by estimating the parent's interest in the present value of future cash flows that are expected to derive from the associate or joint venture, including the cash flows stemming from its operating activities and the proceeds from final disposal of the investment.

If the recoverable amount of the associate or joint venture is lower than its carrying amount, an impairment loss is recognised.

Impairment losses are recognised immediately in profit or loss.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, the recoverable amount of that investment is estimated.

An impairment loss on an investment in an associate or joint venture recognised in previous years is reversed only if there is a change in the valuations used to calculate the investment's recoverable amount. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on investments in associates are recognised in profit or loss.

Available-for-sale financial assets

Investments in other companies, over which the parent has neither control nor significant influence, are classified in this category.

Initial measurement of these investments is at fair value on the trading date (identifiable as the purchase cost), net of transaction costs directly attributable to the purchase.

After initial recognition:

- investments consisting of equity instruments that do not have a market price listed on an active market and whose fair value cannot be measured reliably are measured at cost;
- investments consisting of equity instruments that have a market price listed on an active market or whose fair value can be measured reliably are measured at fair value, or the price that would be received from the sale of the investment in an orderly transaction between market participants at the measurement date. The gains and losses deriving from changes in fair value are recognised under other comprehensive income (expense) in the Statement of comprehensive income, except for impairment losses and exchange rate gains and losses.

An individual review is carried out at each reporting date to see if there is any objective evidence that investments are impaired.

If there is objective evidence that there has been an impairment loss:

- for investments measured at cost, the amount of the loss is measured as the difference between the investment's carrying amount and the present value of the expected future cash flows discounted at a current market rate of return for a similar financial asset. Impairment losses are recognised immediately in profit or loss and can never be reversed;

- for investments measured at fair value, the amount of the loss is measured as the difference between the investment's purchase cost and its current fair value. Any impairment losses are recognised in profit or loss, as are any other losses initially charged against Equity. The latter have to be reversed and cumulatively recognised in profit or loss. Impairment losses can never be reversed.

Dividends coming from investments in other companies are recognised among "Other income (expenses) from investment assets and liabilities" when the shareholders' right to receive the payment has been established.

Other non-current financial assets

This category includes all non-current receivables and financial instruments that are held to maturity.

Initial measurement of non-current financial assets is at fair value on the trading date (identifiable as the purchase cost), net of transaction costs directly attributable to the purchase.

After initial recognition, both non-current receivables and financial instruments held to maturity are measured at amortised cost using the effective interest method.

The effective rate of interest is the rate that exactly discounts the future cash flows expected over the estimated life of the financial instrument to its carrying amount.

An individual review is carried out at each reporting date to see if there is any objective evidence that non-current financial assets are impaired.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the carrying amount of the non-current receivable or the investment held to maturity and the present value of the expected future cash flows discounted at the original effective rate of interest of the financial asset concerned.

The amount of the loss is recognised in profit or loss.

If in a subsequent year, the amount of the impairment loss decreases and this decrease is linked to an event that took place after recognising the loss, it is reversed and reflected in profit or loss.

Other non-current assets

This category includes:

- guarantee deposits;
- tax assets still to be refunded.

Initial measurement of the tax assets still to be refunded and of the guarantee deposits is at fair value at the transaction date, net of any directly attributable transaction costs.

After initial recognition, both the tax assets still to be refunded and the guarantee deposits are measured at amortised cost, using the effective interest method, calculated as indicated in the paragraph on *Other non-current financial assets*.

An individual review is carried out at each reporting date to see if there is any objective evidence that other non-current assets are impaired.

If there is objective evidence that there has been an impairment loss, the amount is determined.

The amount of the loss is measured as the difference between the carrying amount and the present value of the expected future cash flows discounted at the original effective rate of interest of the non-current asset in question.

The amount of the loss is recognised in profit or loss.

If in a subsequent year, the amount of the impairment loss decreases and this decrease is linked to an event that took place after recognising the loss, it is reversed and reflected in profit or loss.

Deferred tax assets

Deferred tax assets are portions of income tax that will be recovered in future years, relating to:

- deductible temporary differences;
- unutilised tax losses carried forward;
- unutilised tax assets carried forward.

Deductible temporary differences are differences between the carrying amount of an asset or liability shown in the statement of financial position and the value that is recognised for tax purposes. When calculating the taxable income of future years, these will translate into deductibles when the carrying amount of the asset or liability is realised or extinguished.

Deferred tax assets are recognised on all deductible temporary differences and on all unutilised tax losses and tax assets carried forward, if it is probable that sufficient taxable income will be generated in future years to offset them.

Deferred tax assets are measured at the tax rates that are expected to apply during the year when the tax asset will presumably be realised, based on the measures in force at the reporting date.

Deferred tax assets are not discounted to their present value.

The tax benefit of deferred tax assets is recognised in profit or loss, unless the tax stems from a transaction or event that was recognised in the Other comprehensive income (expense) section of the Statement of comprehensive income or directly in Equity or came from a business combination.

Deferred tax assets resulting from items recognised in Other comprehensive income (expense) are also recognised under Other comprehensive income (expense). Deferred tax assets resulting from items credited or debited directly to Equity are also credited or debited directly to Equity.

Current assets

Inventories

Inventories include saleable goods, such as items bought for resale and items produced internally, as well as goods that are used in their production as part of the company’s normal operations, such as semi-finished products, work in progress, raw and ancillary materials, and consumables.

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories includes all purchase costs, transformation costs and any other costs incurred to bring inventories to their current position and condition.

When determining the purchase cost, account is taken of the price effectively paid, including directly applicable ancillary costs such as transport and customs duties, net of any trade discounts.

For goods already produced or being processed internally, the historical cost used is manufacturing cost. The calculation of manufacturing cost takes into account the purchase cost, as mentioned previously, plus all production or transformation expenses, i.e. direct costs and a reasonable allocation of indirect costs for the manufacturing period in question.

Raw and ancillary materials and consumables are measured at their weighted average cost for the period, taking the balance of opening inventories into account.

If it is no longer possible to measure inventories at historical cost as explained above, due to a decrease in selling prices, deterioration of goods, or the presence of obsolete or slow-moving goods, the net realisable value is used. This value is based on market trends for goods, finished products, semi-finished products produced internally, and work in progress and the replacement cost for raw materials, consumables and ancillary materials and for semi-finished products purchased.

Net realisable value represents the selling price under normal business conditions, net of any costs to completion and direct selling costs that can be reasonably expected.

Replacement cost represents the cost at which a certain item of inventory can be repurchased or reproduced, under normal business conditions.

The adjustment to replacement cost for raw materials is carried out directly, whereas the adjustment to net realisable value for finished products is done by setting up a suitable allowance for inventory write-down, which is then deducted directly from the nominal amount shown under assets.

Trade receivables

Trade receivables include amounts due from customers and advances to suppliers.

Trade receivables are initially measured at their fair value on the transaction date, i.e. for the amount expected to be received less any directly attributable transaction costs.

After initial recognition, trade receivables are shown at their estimated realisable value. The initial recognition value of trade receivables is adjusted to the estimated realisable value through an allowance for impairment, which directly reduces trade receivables.

The adjustment to estimated realisable value is achieved by reducing the nominal amount of the receivables, taking account of losses due to non-collection, returns and billing adjustments, discounts and allowances not accrued and any other reasons why a lower amount is likely to be received. Billing adjustments also include estimates of books and newspapers likely to be returned in the future.

If receivables are factored definitively (i.e. on a non-recourse basis), they are derecognised and the profit (or loss) is recognised for the difference between the amount received and their carrying amount.

Advances to suppliers refer to advance payments for physical goods to which the right of access does not yet exist or for services not yet received. The right of access to physical goods arises when ownership is achieved or when the supplier makes them available in accordance with the terms agreed. Services are considered to have been received when the supplier has performed them in compliance with a service agreement.

Other receivables

Other receivables include the following:

- Italian and EU VAT receivables for which a refund has been claimed, as well as the tax credits for the publishing industry and the advance tax paid on post-employment benefits;
- payments on account and advances to employees;
- receivables from others, on transactions that do not generate revenue. This caption also includes advances to suppliers for the purchase of property, plant and equipment and intangible assets.

Other receivables are recognised at their fair value on the transaction date, i.e. for the amount expected to be received less any directly attributable transaction costs.

Current tax assets are only shown in this category if, and only if, the amount already paid for the current year and for previous years exceeds the amount due.

Other current assets

Other current assets include accrued income and prepaid expenses.

Accrued income and prepaid expenses represent portions of costs or revenue that relate to two or more years. They measure revenue and costs that have to be accounted for earlier or later than the monetary event that gives rise to their original recognition. The fundamental condition for them to be recognised is that the amount of these portions of costs and revenue that are common to several years varies on a time basis.

Cash and cash equivalents

These include bank and post office deposits, as well as cash in hand and cash equivalents.

Bank and post office deposits, cash in hand and cash equivalents in national functional currency are shown at nominal amount.

Cash and deposit accounts include all movements that took place up to the reporting date. Accrued interest and related charges due at the reporting date are included, even if actual receipt takes place subsequently.

Cash collections received after the reporting date are not included in this item, even if backdated.

Cash payments made or requested after the reporting date are not taken into consideration.

Non-current assets classified as held for sale and discontinued operations

All non-current assets and disposal groups classified as held for sale are shown separately from other assets in the Statement of financial position. The liabilities of a disposal group classified as held for sale are shown separately from other liabilities in the Statement of financial position.

The carrying amount of non-current assets and disposal groups classified as held for sale will be recovered mainly by selling them off, rather than by using them on an ongoing basis.

The carrying amount is considered recoverable mainly by selling off the assets when management has decided on a disposal plan.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. Such assets are not depreciated.

Held-for-sale non-current assets which represent an autonomous business or geographic segment, or are investments in subsidiaries acquired solely for subsequent sale, are classified as discontinued operations.

The Statement of profit or loss includes a section relating to discontinued operations. The profit or loss resulting from discontinued operations, as well as the related gains or losses on the discontinued operations, which are recognised at fair value less costs to sell, are shown separately under a single item on that section of the statement of profit or loss.

All gains or losses deriving from non-current assets classified as held for sale, other than discontinued operations, are included in the profit (loss) from continuing operations.

Equity

This represents the difference between all Assets and Liabilities, determined according to the applied recognition and measurement criteria.

Equity is split between the portion attributable to owners of the parent and the portion attributable to non-controlling interests.

Equity includes the items listed below:

Share capital, i.e. the nominal amount of the amount paid by shareholders on the date of establishment or for subsequent capital increases plus the reserves converted into share capital over time, net of the nominal amount of any amounts due from shareholders for share capital subscribed and not yet called up and for capital called up but not yet paid in.

Equity reserves, which include:

- *capital injections*, i.e. reserves made up of new contributions made by shareholders;
- the *share premium reserve*, i.e. the difference between the issue price of the shares and their nominal amount;
- *equity transaction costs*, i.e. all costs associated with the purchase or issue of new shares, including the costs originated by the procedure for listing on a regulated market incurred by the parent during the year.

Hedging and translation reserves, which include:

- the Translation reserve, which contains the exchange rate differences generated from the translation into the currency the financial statements are prepared in for foreign subsidiaries included in consolidation, which prepare their individual financial statements in a currency other than the euro;
- the Cash flow hedging reserve, relating to the part of the gains or losses on hedging instruments that is considered an effective hedge.

The hedging reserve, which is set up following changes in the fair value of cash flow hedging instruments, is not available for distribution in accordance with Article 6, paragraphs 1 and 4, of Italian Legislative Decree 38/2005.

Other reserves, which include:

- the Legal reserve, which is an obligatory reserve under Article 2430 of the Italian Civil Code, requiring that at least 5% of the profit for the year has to be set aside in the legal reserve until it reaches one fifth of the share capital. Up to this limit, the Reserve is not available for distribution;
- negative goodwill. This is an adjustment to equity relating to the merger of companies in prior years;
- the Post-employment benefit IFRS adjustment reserve relates to the recognition of actuarial gains and losses on post-employment benefits in the Other comprehensive income (expense) section of the Statement of comprehensive income. This item reflects changes in the present value of this liability as a result of the programme evolving differently from how it was initially envisaged from an actuarial point of view;
- the IFRS FTA reserve, which is made up of the adjustments deriving from the transition to the IFRS related to the value of “treasury shares”. This reserve has a corresponding entry of the same amount in the *Unavailable treasury share reserve*. Subsequent adjustments related to the IFRS transition have been reclassified as *Retained earnings*;
- the Statutory reserve and other discretionary Reserves include any reserve envisaged by the by-laws or approved by the shareholders in their ordinary meeting;
- the Unavailable reserve consisting of profit for the year recognised in profit or loss representing capital gains – net of related tax effect – stemming from application of the

Equity method, as required by Article 6, paragraphs 1 and 2, Italian Legislative Decree 38/2005.

Retained earnings (losses carried forward), i.e. prior years' profits or losses that have not been distributed or allocated to other reserves and the losses of other years that have not been otherwise covered. This also includes all amounts related to the IFRS transition, with the exception of amounts relating to "treasury shares".

Profit (Loss) for the year, i.e. the financial performance for the year, as shown in the corresponding item of the statement of profit or loss.

Equity is shown by separately indicating the portion attributable to owners of the parent, broken down in the accounts indicated above, and the portion attributable to non-controlling interests, broken down between:

- the portion of the profit/loss for the year of consolidated subsidiaries, separately identified, attributable to non-controlling interests;
- the portion of the share capital and reserves of consolidated subsidiaries attributable to non-controlling interests, made up of the non-controlling interests at the date of acquisition of the investment and the non-controlling interests' share of any changes in equity since that date.

Non-current liabilities

Non-current financial liabilities

This caption essentially includes the amounts due to banks for non-current loans.

The initial measurement of non-current financial liabilities is at fair value as at the trading date, net of directly attributable transaction costs.

After initial recognition, non-current financial liabilities are measured at amortised cost using the effective interest method.

Employee benefits

This caption comprises the Post-employee benefits accrued for all contractual categories of employees at the reporting date, in consideration of the indications below.

Following the amendments made to Italian post-employment benefit ("TFR") regulations by the Supplementary Pension Provision Reform with Italian Legislative Decree 252 of 5 December 2005 – Regulation on supplementary pensions, as amended, the Group adopted the following accounting policy:

- the Post-employment benefits accrued at 31 December 2006 are considered defined-benefit plans, and consistently with the recognition and classification applied in previous financial years. The guaranteed employee termination benefits that are paid upon termination of the employment relationship are recognised in the year when the right accrues;
- the related net liability for defined benefits is calculated by using the projected unit credit actuarial method to reliably estimate the final cost for the entity of the benefits accrued by employees in exchange for their work in the current year and previous years;
- the application of the projected unit credit method by professional actuaries makes it possible to determine the present value of the defined benefit obligation and the cost of labour, considering demographic variables such as employee rotation and mortality and

financial variables, such as healthcare costs and the discount rate. In particular, the discount rate applied to defined benefit obligations, calculated with reference to market returns at year-end, determines the net interest on net liabilities for defined benefits. In consideration of the provisions introduced by the supplementary pension reform, the variable tied to expected future pay increases was excluded from discounting beginning 1 January 2007;

- the cost relating to current services, costs relating to past services, the profits and losses arising at the time of settlement and the net interest on net liabilities for defined benefits are recognised in profit or loss;
- the actuarial gains and losses are recognised in the Post-employment benefit IFRS adjustment reserve, classified under *Other reserves*, as indicated in the Equity items, and shown in the Other comprehensive income (expense) section of the Statement of comprehensive income.

For post-employment benefits accruing as from 1 January 2007, reference should be made to *Other Payables*.

Deferred tax liabilities

Deferred tax liabilities are portions of income taxes due in future years because of taxable temporary differences.

Taxable temporary differences are differences between the carrying amount of an asset or liability shown in the statement of financial position and the value that is recognised for tax purposes. When calculating the taxable income of future years, they will translate into taxable amounts when the carrying amount of the asset or liability is realised or extinguished.

Deferred tax liabilities are recognised for all taxable temporary differences except in those cases where the liability derives from:

- initial recognition of goodwill, or
- initial recognition of an asset or liability in a transaction that is not a business combination and has no effect either on the reported profit (loss) for the year or that for tax purposes at the date of the transaction.

Deferred tax liabilities are also recognised for the taxable temporary differences deriving from investments in associates, except in the case where the following two conditions exist simultaneously: the Parent is able to control when taxable temporary differences are eliminated, and it is probable that the temporary differences will be eliminated in the foreseeable future.

Deferred tax liabilities are measured at the tax rates that are expected to apply during the year when the tax liability is presumably extinguished, based on the tax rates enacted at the reporting date.

Deferred tax liabilities are not discounted to present value.

Deferred tax liabilities are recognised in profit or loss, unless the tax stems from a transaction or event that was recognised in the Statement of comprehensive income or directly in Equity or came from a business combination.

Deferred tax liabilities resulting from items recognised in Other comprehensive income (expense) are also recognised under Other comprehensive income (expense). Deferred tax liabilities resulting from items credited or debited directly to equity are also credited or debited directly to Equity.

Deferred tax liabilities are offset by deferred tax assets only if the two items refer to the same tax.

Provisions for risks and charges

This item includes the various provisions made for risks and charges.

These provisions are set up to cover liabilities whose amount or timing is uncertain, which arise from legal or constructive obligations and exist at the reporting date as the result of a past event.

These obligations, which derive from contractual provisions, legal regulations, long-standing models of corporate practice or public assumptions of responsibility, mean that the company has no real alternative than to comply.

Obligations are recognised when they effectively exist, based on a past event, and when compliance will probably mean using economic or financial resources for an amount that can be estimated with a certain degree of accuracy.

Provisions are measured at the value that represents the best estimate of the amount required to extinguish the obligation or to transfer it to third parties at the reporting date.

If discounting for the cost of money has a significant effect because of the expected timing of the obligation, the amount of the provision is equal to the present value of the outflow expected to be needed to extinguish the liability.

The financial component of the discounted provisions is recognised in profit or loss under financial expense.

Current portions of provisions for risks and charges are reclassified to *Current portions of provisions for risks and charges*.

Contingent liabilities

Contingent liabilities are obligations deriving from past events whose existence will be confirmed by future events not entirely under the control of the Group, or obligations the extinction of which is unlikely to involve an outlay of economic or financial resources, or the amount of which cannot be estimated with sufficient accuracy.

Contingent liabilities are not recognised in the accounts, but rather described exactly in the notes to the financial statements.

Other non-current liabilities

This category includes guarantee deposits received and payables due after more than twelve months from the reporting date.

Guarantee deposits and payables due after more than twelve months are initially recognised at their fair value on the transaction date, net of any directly attributable transaction costs.

After initial recognition, other non-current liabilities are measured at amortised cost using the effective interest method.

Current liabilities

Bank loans and borrowings

This item includes the bank current accounts with an overdraft balance, as well as the current portions of amounts due to banks for medium/long-term loans which are expected to be settled within twelve months of the reporting date.

Other current financial liabilities

This category includes:

- current financial liabilities;
- accrued liabilities for financial expenses.

Current financial liabilities are recognised at their fair value on the transaction date, i.e. for the amount expected to be paid less any directly attributable transaction costs.

Accrued liabilities for financial expenses are recognised in the same way as the other accruals in *Other current liabilities*.

This item also includes hedging instruments for which a hedging relationship has been established for the element being hedged.

Hedging instruments are designated derivatives whose cash flows are expected to offset changes in the cash flows of a designated hedged element. Designated hedging relationships are considered cash flow hedges, i.e. hedges for exposure to the variability of cash flows due to a particular risk associated with a recognised asset or liability which could have an impact on profit or loss. A position is designated as a hedging relationship when there is formal documentation supporting management of the risk and the related hedging strategy and when the hedge is highly effective and reliably measurable.

Derivatives designated as hedging instruments are initially recognised at their fair value on the initial recognition date, i.e. at the transaction price of the consideration given or received.

Following initial recognition, recognition of hedging transactions entails an equal and opposite recognition through profit or loss of the changes in the fair value of the hedging instrument and of the hedged item.

In designated cash flow hedge relationships, the portion of the profit or loss on the hedging instrument that is considered an effective hedge is recognised directly in Equity and disclosed in Other comprehensive income (expense). The ineffective portion of the profit or loss on the hedging instrument is recognised in profit or loss.

Trade payables

Trade payables include the amounts due to suppliers, the liabilities to be paid for goods and services received and invoiced, the advances received from customers for goods and services still to be rendered, and deferred income relating to products sold on a subscription basis.

The amounts due to suppliers and the advances from customers are recognised at fair value at the transaction date, i.e. at the amount formally agreed with the counterparty, net of any trade discounts and adjusted for returns or other billing adjustments.

The deferred income relating to products sold on a subscription basis is recognised in the same way as explained for other deferred income in *Other current liabilities*.

When the payment of trade payables is deferred and the transaction effectively constitutes a form of financing, after initial recognition, they are measured at amortised cost using the effective interest method.

Other current liabilities

Other current liabilities include accrued liabilities other than those relating to financial expenses, classified under *Other current financial liabilities*, and deferred income other than that relating to revenue for products sold on a subscription basis, which are classified under *Trade payables*.

As already explained for accrued income and prepaid expenses, accrued liabilities and deferred income also represent portions of costs or revenue that relate to two or more years.

This category includes also the current direct taxes for the year and for previous years, to the extent that they have not already been paid.

The amount in the statement of financial position is shown net of advance payments of tax, withholding taxes and tax assets, unless a refund has been requested for them.

Current income taxes are measured for the amount expected to be paid to the tax authorities, applying current tax rates and regulations, or substantially enacted at the reporting date.

Current taxes are recognised as an expense in profit or loss, with the exception of taxes that result from transactions or events recognised in Other comprehensive income (expense), or which are credited or debited directly to Equity.

Current tax liabilities referring to items recorded in Other comprehensive income (expense) are also recognised in Other comprehensive income (expense). Current tax liabilities referring to items credited or debited directly to Equity are also credited or debited directly to Equity.

Other payables

Other payables include:

- the amounts due to social security institutions for social security charges and pension contributions;
- tax liabilities other than for direct taxes classified under *Other current liabilities*, such as the taxes payable for tax assessments or disputes that have been settled, for tax withheld as a withholding agent and for tax claims of any kind in the hands of collection agencies. The amount in the Statement of financial position is shown net of advance payments of tax, withholding taxes and tax assets, unless a refund has been requested for them;
- amounts due to employees for wages and salaries, expense reports to be reimbursed, accrued holidays and additional months’ pay;
- dividends payable to shareholders;
- other payables that cannot be classified under any other current liability item.

Other payables are initially recognised at their fair value on the transaction date, i.e. for the amount agreed with the counterparty, less any directly attributable transaction costs.

Because of their nature and duration, other payables do not have a set discount rate. After initial recognition these payables are shown at their original amount, as discounting would have an insignificant effect.

This item also includes the termination benefits due to employees.

Termination benefits are due when the Group decides to conclude the employment relationship or when an employee decides to accept the Group’s offer of benefits in exchange for the termination of the employment relationship. The termination benefits due to employees do not include employee benefits resulting from the termination of the employment relationship at the request of the employee, without the Group offering benefits, or as a result of compulsory retirement requirements.

The liability and cost relating to termination benefits are recognised on one of the following dates, whichever is sooner:

- the moment at which the Group can no longer withdraw the offer of such benefits; and

- the moment at which the Group recognises the costs of restructuring which falls within the scope of *IAS 37 Provisions, contingent liabilities and contingent assets* and entails the payment of benefits due for the termination of the employment relationship.

When the termination benefits due are an improvement over post-employment benefits, the provisions on post-employment benefits shall apply for measurement purposes, using the actuarial assessment method described in the item *Employee benefits*. Otherwise:

- if it is established that the termination benefits will be fully paid within twelve months of the end of the year in which such benefits are recognised, the undiscounted cost is reported;

- if it is not established that the termination benefits will be fully paid within twelve months of the end of the year, the reported cost is discounted and the actuarial gains and losses are recognised in profit or loss.

As from the financial year beginning 1 January 2007, this category also includes:

- amounts payable to Supplementary pension funds, relating to the accrued portions of employees' post-employment benefits and not yet paid to the funds;
- amounts payable to the Central treasury fund set up with INPS (the Italian state pension & welfare agency) relating to the accrued portions of employees' post-employment benefits not yet paid to the fund.

Following the pension reform mentioned above in relation to *Employee benefits*, the portions of post-employment benefits accrued as from 1 January 2007 have been, at the employee's discretion:

- allocated to forms of supplementary pension provision;
- held within the company, which transfers these portions of post-employment benefit to the central treasury fund set up by INPS.

Both those portions of Post-employment benefits allocated, as from 1 January 2007, to supplementary pension funds and those allocated, as of the same date, to the central treasury fund with INPS, are recognised as post-employment benefits and classified as defined contribution plans.

Contributions to be paid to a defined contribution plan are accounted for on an accruals basis as amounts payable to Supplementary pension funds and/or to the INPS treasury fund, against service rendered by employees. More specifically, the liability for benefit portions payable to the INPS treasury fund does not include the cost of revaluation, which is instead incumbent on INPS.

Effects of fluctuations in exchange rates

At each reporting date, all monetary elements in foreign currency, i.e. all assets and liabilities that will be collected or paid in a fixed or determinable quantity of foreign currency, are translated at the end-of-year spot exchange rate.

Exchange rate differences deriving from the translation of monetary elements at a different rate from the one used at the time of initial recognition during the year or in previous financial statements are recognised in profit or loss in the year when they arise, except for exchange rate differences deriving from a monetary element that forms part of an investment in a foreign associate.

Exchange differences deriving from a monetary element that forms part of an equity investment in a foreign associate are recognised in an Equity Reserve and held there until the investment is sold. They are reported in the Other comprehensive income (expense) section of the Statement of comprehensive income. The total amount of the exchange rate differences classified in the relevant

Equity Reserve is recognised in profit or loss at the time that the gain or loss on sale of the investment is recognised.

At each reporting date, all non-monetary elements measured at historical cost in a foreign currency are translated at the exchange rate in force on the date of the transaction. All non-monetary elements expressed in foreign currency and measured at fair value are translated at the exchange rate in force on the date that the fair value was determined.

When the carrying amount of a non-monetary element expressed in foreign currency is determined, in application of the reference accounting standards, by comparing two or more amounts, the exchange rate applied to the amounts used for comparison with the original carrying amount is the rate prevailing at the time the comparison is made, i.e. the closing rate on the reporting date.

This implies that if the carrying amount to be recognised is the one of the amounts compared, any exchange rate differences that arise are recognised in profit or loss, when the element they refer to is recognised profit or loss, or in Other comprehensive income (expense), when the element they refer to is recognised in Other comprehensive income (expense).

If a designated fair value hedging relationship has been set up between a hedging instrument and an element being hedged in foreign currency, the accounting treatment applied is the same as for hedging instruments, as explained under *Other current financial assets*.

Revenue

Revenue from the sale of goods is recognised in profit or loss when:

- a significant portion of the risks and rewards of ownership of the goods have been transferred to the buyer;
- the revenue amount can be measured reliably;
- there is no longer any effective control over the goods sold;
- it is probable that there will be economic benefits from the transaction;
- related transaction costs can be reliably determined.

Revenue from the provision of services is recognised in profit or loss with reference to the stage of completion of the transaction at the reporting date when:

- the revenue amount can be reliably measured;
- it is probable that there will be economic benefits from the transaction;
- the stage of completion of the transaction can be reliably measured;
- the costs incurred and to be incurred can be reliably calculated.

More specifically:

- revenue from the sale of goods is considered earned when ownership is transferred, which is generally considered as coinciding with shipment, both for daily newspapers and magazines sold individually, and for book publications that are sold on a firm-sale basis (i.e. no returns). Revenue is recognised net of a reasonable estimate of returns;
- revenue from the sale of newspapers and magazines on a subscription basis is recognised over the period of the subscription;
- revenue from the sale of advertising space is recognised on the basis of the date of publication of the notice or advertisement;
- revenue from services with a contractual duration, such as online, master-course and database subscription services, is recognised over the period of the contract.

Costs and revenue relating to the same transaction or to another event are recognised simultaneously, applying the matching principle.

When revenue components are significant, their nature and amount are shown separately.

Costs

Costs are recognised in profit or loss when a decrease in future economic benefits has taken place involving a decrease in assets or an increase in liabilities that can be reliably measured.

In particular, a cost is recognised immediately when and to the extent that:

- an expense does not result in any future economic benefit;
- future economic benefits do not qualify, or cease to qualify, for recognition as assets in the Statement of financial position;
- a liability is incurred without an asset being recognised.

When cost components are significant, their nature and amount are shown separately.

Earnings (losses) per share

Basic earnings (losses) per share (EPS/LPS), shown in profit or loss for each year presented, are calculated by dividing the profit or loss attributable to the ordinary and special owners of the parent by the weighted average number of shares outstanding during the year. The basic earnings (losses) per share relating to discontinued operations are also shown in profit or loss.

Diluted EPS (LPS), again reported in profit or loss for each year presented, is calculated by adjusting – in order to take account of all potential shares with dilutive effects – both the earnings or losses attributable to ordinary and special owners of the parent and the weighted average number of ordinary and special shares outstanding during the financial year. The diluted earnings (losses) per share relating to discontinued operations are also shown in profit or loss.

The dilutive effects of potential ordinary and special shares are those that reduce earnings or increase losses per share as a consequence of:

- conversion of convertible instruments into ordinary and special shares;
- exercise of options or warrants on ordinary shares;
- issuance of new ordinary shares if certain conditions are met.

Guarantees

The carrying amount of financial assets given as guarantee for liabilities or for contingent liabilities and clauses and conditions relating to such assets' use are indicated in the Notes to the consolidated financial statements. If the financial assets given as guarantee can be, by contract or by custom, sold or newly pledged, their carrying amount is reclassified in the Statement of financial position, separately from other assets.

For guarantees received that can be sold or newly pledged, as well as guarantees received and newly pledged, fair value and the clauses and conditions associated with their use are shown separately.

Hedging transactions

For each type of hedge, the Notes to the consolidated financial statements separately describe:

- the transaction;
- the financial instruments designated as hedging instruments and their fair values at the reporting date;
- the nature of the risks hedged.

The Notes to the consolidated financial statements also provide detailed information on cash flow and fair value hedges.

Fair value

The fair value is the price that would be received from the sale of an asset or paid to transfer a liability, in an orderly transaction among market participants at the measurement date.

The price considered is the quoted price on the principal, or most advantageous market, not adjusted on the basis of transaction costs, at current market conditions (exit price), regardless of whether the price is directly observable or estimated using another valuation technique.

In particular, when the fair value applies to a non-financial asset, it considers the capacity of a market participant to generate economic benefits using the asset at its highest and best use or by selling it to another market participant who would use it at its highest and best use.

The following have therefore been determined in accordance with the fair value measurement approach:

- the particular asset or liability that is the subject of the measurement, consistently with its unit of account;
- for a non-financial asset, the valuation premise that is appropriate for the measurement, consistently with its highest and best use;
- the principal (or most advantageous if there is no principal market) market for the asset or liability;
- the valuation techniques appropriate for the measurement of fair value, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability.

Valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value were used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In particular, the three main valuation techniques were used, i.e.:

- the market approach;
- the cost approach;
- the income approach.

IFRS 13 Fair value measurement establishes a hierarchy which categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).
Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The fair value hierarchy gives priority to the inputs used in the valuation techniques and not to the valuation techniques adopted. In some cases, the data used to measure the fair value of an asset or a liability could be classified in different levels of the fair value hierarchy. In these cases, the fair value measurement was classified entirely within the level in which the input at the lowest level of the hierarchy used for the valuation is classified.

6. Changes in accounting policies, errors and changes in estimates

The accounting policies adopted are changed from one year to the next only if the change is required by a new official accounting standard or if it helps to provide more pertinent and reliable information on the effects of transactions performed on the entity's financial position, results of operations or cash flows.

The changes in accounting policies are recognised:

- in accordance with the provisions of specific transitory measures (if any) of that policy;
- retroactively, if the accounting policy does not contain transitory provisions, or if the policy is changed voluntarily, recognising the effect in opening Equity for the earliest of the financial years being presented. Other comparative figures for each prior year are also adjusted as if the new policy had always been applied.

The prospective approach is used only when it is impractical to determine the specific effects on the year or the cumulative effect of the change for all previous years.

In case of material errors, the same policy is applied as for changes in the accounting policies illustrated above. In the case of non-material errors, accounting adjustments are made to the Statement of profit or loss in the period when the error is found.

In years in which an accounting policy is applied with retroactive effects, certain items of the financial statements are restated retroactively or reclassified. Where this has a significant impact on disclosures made in the Statement of financial position at the start of the previous year, three statements of financial position are presented:

- the end of the current year;
- the end of the previous year;
- the start of the previous year.

Changes in accounting estimates are recognised prospectively in profit or loss in the year when the change occurs if it affects only that year, or in the year when the change occurred and in future years if the change also affects those years.

Changes in accounting standards:

IFRIC 21 - Levies, which provides clarification on when an entity should recognise a liability for the payment of government-imposed levies, except those covered by other policies and standards (e.g. IAS 12 - Income taxes). IAS 37 establishes the criteria for recognising a liability, one of which is the present obligation of the entity arising from a past event (an "obligating event"). The interpretation clarifies that the obligating event giving rise to a liability for payment of the levy is described in the reference regulations that trigger its payment.

Improvements to IFRS: 2011-2013 Cycle. The main changes concern:

IFRS 1 First-Time Adoption of International Financial Reporting Standards.

IFRS 3 Business combinations: clarifies that all types of joint arrangements are excluded from the application of IFRS 3;

IFRS 13 Fair value measurement: the amendment clarifies that the option of fair value measurement based on net value also refers to contracts in the scope of application of IAS 39 but which do not satisfy the definition of financial assets and liabilities pursuant to IAS 32, such as contracts for the purchase and sale of commodities that can be settled in cash for their net value;

IAS 40 - Investment property: the amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the purchase of a property falls under the application of IFRS 3, reference has to be made to the specific guidance contained in both standards.

The retroactive application of the new standards and amendments in compliance with regulatory provisions had no specific and/or cumulative effects either on the determination of equity and profit/loss for the year, or on earnings (losses) per share.

7. Financial instruments and risk management

In order to provide disclosures that allow assessment of the materiality of the financial instruments on the financial position, results of operations and cash flows, supplementary information is provided to facilitate evaluation of the magnitude and nature of the related risks.

The risks related to the financial instruments used are:

- market risk, i.e. the risk of a financial instrument's fair value or cash flows fluctuating following changes in market prices. This risk can be further broken down into:
- currency risk, i.e. the risk that the value of a financial instrument might fluctuate as a result of movements in exchange rates;
- interest rate risk on fair value, i.e. the risk that the value or future cash flows of a financial instrument might fluctuate as a result of changes in market interest rates;
- price risk, i.e. the risk that the fair value of a financial instrument or its future cash flows might fluctuate as a result of changes in market prices;
- credit risk, i.e. the risk that one of the parties of a financial instrument does not fulfil an obligation and causes a financial loss to the other;
- liquidity risk, i.e. the risk of having problems in fulfilling the obligations associated with financial liabilities settled in cash or through other financial assets.

For each type of risk stemming from financial instruments, qualitative information is provided about:

- risk exposure and how it is generated;
- objectives, procedures and processes for managing and controlling risks and the methods used to measure them;
- any changes compared with the previous year.

For each type of risk stemming from financial instruments, summary quantitative information is provided on risk exposure at the reporting date. Detailed disclosure concerning analytical quantitative data has been prepared in compliance with the provisions of *IFRS 7 Financial Instruments: disclosures* and in the Appendixes which are integral part of them, highlighting the existence of any concentration of risk.

For each class of financial assets and liabilities, whether recognised at fair value or measured using one of the other methods subsequent to their initial recognition as specified in *IAS 39 Financial instruments: recognition and measurement*, the Notes to the consolidated financial statements include separate indication of the fair value, to make a comparison with the related carrying amount possible.

The disclosure on the fair value of financial instruments is always necessary except in the following cases:

- when the carrying amount is a reasonable approximation of fair value;
- for investments in equity instruments that do not have a quoted price on an active market.

Financial instrument classes have been grouped in a manner pertinent to the nature of the disclosure. Sufficient information has been provided to permit reconciliation with the carrying amount of items classified in the Statement of financial position.

Disclosures have also been provided as required:

- for all financial assets transferred which have not been derecognised and for any residual involvement existing in a transferred asset at the reporting date, regardless of when the corresponding transfer transaction took place;
- for all financial instruments recognised and subject to offsetting in compliance with rules established by IFRS, i.e. for all financial assets and liabilities for which there is currently a legally enforceable right to offset and for which there is the intention either to settle on a net basis or to realise the financial asset and settle the financial liability simultaneously, so as to enable users of financial statements to assess the effect or potential effect of offsetting arrangements on the Group's financial position.

Risks connected with the going concern assumption

Also in light of the information provided in the *Financial instruments and risk management - Liquidity risk* paragraph of the Notes, the directors deem it reasonable to assume that the Group is able to obtain adequate financial resources to continue operating as a going concern in the foreseeable future and, as a result, they prepared the Group consolidated financial statements and the separate financial statements of the parent at 31 December 2015 on a going concern basis.

Financial risk

Financial risk management is performed following a principle of prudence and of minimisation of the risks connected with financial assets and liabilities. The investment of surplus cash or the raising of necessary resources is carried out with the main objective of neutralising the risk of loss of capital, avoiding speculation, and interest rate fluctuations, avoiding exposure of the operating profit (loss) to any unexpected increases in financial expenses.

The Group constantly monitors the financial risks to which it is exposed, in order to assess any negative impact and initiate appropriate mitigation action. The Board of Directors of the parent has the overall responsibility for creating and supervising the Group's risk management system, as well as for the development and control of risk management policies.

The Group's risk management policies are intended to identify and analyse the risks to which the Group is exposed, defining appropriate limits and the monitoring systems for such risks. Policies and related systems are periodically reviewed in consideration of changes in market conditions and in Group activities.

Financial management of subsidiaries takes place through specific infragroup current accounts on which any cash surpluses are deposited or on which the parent provides the financial resources needed for the subsidiaries to conduct their business operations. The aim is also to optimise the impact on profit or loss of the financial income and expenses accruing on these current accounts.

Centralised management of the Group's finances also makes it possible to control and co-ordinate the operations of each subsidiary efficiently, also via more effective financial planning and control. This also provides useful input to ensure the best possible handling of the Group's relationships with its main banks and credit institutions and to help monitor the Group's financial risk and treasury movements in a systematic way.

Financial guarantees

Group policies provide for the issue of financial guarantees mainly in the following cases:

- for prize competitions, as regulated by Italian Presidential Decree 430/2001;
- for Public Administration tenders/contracts, as required in tenders and/or awarding rules;
- as a guarantee for use of Group VAT consolidation procedures;
- for lease contracts instead of guarantee deposits;
- for special service supply contracts.

Group policy gives preference to the issue of bank sureties at parent level, avoiding their issue by subsidiaries.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument fluctuate following changes in market prices, due to changes in interest rates, exchange rates or in the market prices of equity instruments. The objective of market-risk management is to manage and control the Group’s exposure to the risk and keep it within appropriate limits, whilst also optimising the return on the investments to which such risk relates.

The Group uses derivative instruments during the normal course of its financing activities and also takes on financial liabilities to manage market risk. It performs these activities in accordance with the guidelines established by the Board of Directors of the parent. The Group performs hedging transactions to manage the volatility of results relating to financial instruments.

Currency risk

The Group is marginally exposed to currency risk on purchases denominated in currencies other than the functional currency of the various Group entities.

These transactions mainly refer to the following exchange rates: EUR/USD, EUR/GBP and EUR/CHF.

The Group in any case has the policy of hedging currency risk for specific purchases of investment assets denominated in currencies other than the functional currency in order to preserve the forecast return on such investments. It is the Group’s policy to undertake full hedging, where possible, of significant exposures arising from receivables and payables denominated in currencies other than the euro.

Interest rate risk

The Group's financial performance is exposed to fluctuations in market interest rates, with special reference to net financial expense relating to medium/long-term floating-rate loans.

The return on financial investments, consisting of short-term cash investments with a maturity of not more than three months, is not affected by changes in interest rates.

To manage interest rate risk, the Group uses plain vanilla interest-rate derivatives (IRSs) to eliminate or mitigate, at acceptable economic conditions, the impact of interest rate fluctuations on the profit (loss) for the year.

The return on financial investments, consisting of short-term cash investments with a maturity of not more than three months, as well as financial expense associated with current account overdrafts and short-term hot money, is not affected by changes in interest rates.

Price risk

The main raw material used by the Group that could be exposed to significant price risk is paper.

Paper is handled centrally for all of the Group's business units by means of careful procurement planning and inventory management. In line with best market practices, supply contracts are agreed with leading Italian and foreign paper companies for fixed quantities at fixed prices for the maximum period that the market currently permits, i.e. about one year.

The Group does not use hedges such as paper swaps, as they offer limited liquidity in terms both of counterparties and maturities.

Credit risk

Credit risk is the risk of a customer or one of the counterparties of a financial instrument causing a financial loss by not honouring an obligation.

Within the Group, credit risk mainly relates to trade receivables from sales of products and services by the various business units, as well as to other non-current receivables, mainly represented by the vendor loan, referring to the portion of the price relating to sale of the Software Area to TeamSystem in May 2014.

Considering the type of customers that the Group has for its products and services, the management does not believe there is a high level of trade credit risk. As there is no high concentration of this risk, the policy is to limit sales to any customers that are considered insolvent or are unable to provide adequate guarantees.

Customer credit risk is controlled by grouping customers by type and business area, considering whether customers are advertising agencies, financial companies and institutions, public entities, professionals and natural persons, distributors and bookstores, or other customers. Other factors examined are geographical location, business sector, credit age, the due dates of invoices issued, and previous payment behaviour.

In the face of this risk, a specific allowance for impairment is made to cover any losses caused by non-collectibility.

As regards financial receivables, it is believed that the Group is not exposed to significant risk as it invests cash and cash equivalents only with banks of premier standing, mainly using short-term investment instruments with maturities of not more than 3 or 6 months (on demand or term deposits).

Note that in reference to the transaction for disposal of the Software Area to TeamSystem, non-current assets also include the portion of the price (€22.5 million) to be paid with accrued interest on the contractual due date of 15 November 2020.

Liquidity risk

Liquidity risk is the risk of the Group having difficulty in meeting obligations associated with financial liabilities and therefore of having difficulty in accessing, at suitable economic conditions, the financial resources necessary for its operations.

In managing liquidity risk, the Group's approach is to ensure, as far as possible, that there are always sufficient financial reserves to meet its obligations when due, both in normal conditions and in conditions of financial stress.

Besides the trend in market interest rates, the main factors determining Group liquidity are the cash flows generated or absorbed by operating and investing activities and the flows relating to repayment of financial liabilities and collection of income relating to financial investments.

The Group has taken a series of actions designed to optimise the management of financial resources and mitigate liquidity risk:

- centralised management of Group liquidity through constant withdrawal of cash surpluses from subsidiaries and through coverage of the latter's requirements with resources provided by the parent;
- maintenance of an adequate reserve of available liquidity;
- availability of adequate short-term and medium-term lines of credit;
- planning of the future financial position, also as regards the impact of medium/long-term debt on the overall net financial position (indebtedness);
- utilisation of an appropriate internal control system to assess available liquidity in relation to operational planning.

For coverage of short-term financial requirements, the Group currently has usable credit facilities available for a total of €67.1 million. More specifically:

- €8.1 million relating to revocable current account overdrafts, subject to collection and unsecured, paid at an average interest rate of 3.82%;
- €2.5 million relating to revocable bank credit facilities for hot money that can be used for short-term temporary financial requirements, at an interest rate of 1.69%;
- €6.5 million relating to credit lines for advances on trade receivables;
- €50 million relating to the syndicated loan with a 36-month duration from the date of signing, in October 2014, at an initial interest rate of the Euribor +5.50%.

The Group can implement trade receivable factoring transactions for up to a maximum of €33.5 million.

Although an improved gross operating loss is forecast for 2016, compared to 2015, additional financial requirements amounting to roughly €10 million are also expected beyond the net financial indebtedness at 31 December 2015, which totalled €26.8 million. This requirement refers mainly to investments, financial expense and non-recurring outflows associated with restructuring costs.

At 31 December 2015, the credit facilities had been used for a total of €65.5 million; the remaining availability on such facilities and available liquidity, amounting to €40.7 million, are therefore sufficient to also cover the cash requirements expected for 2016.

On 23 October 2014, the Group signed a medium-term syndicated loan with the Group's main lending banks.

The loan consists of a revolving cash credit facility for a total of €50.0 million, granted by a pool of banks comprising of Intesa Sanpaolo, Banca Popolare di Milano, Banca Popolare di Sondrio, Banca Monte dei Paschi di Siena and Credito Valtellinese. Banca IMI acts as coordinator and agent bank.

The loan is for 3 years from the date of signing and repayment must be made on the due date for each drawdown, every of 1, 3 and 6 months, and in any event on the final due date for the total exposure of the loan. The initial interest margin on the loan is the Euribor rate +5.50%.

From 30 June 2016 a half-yearly reduction mechanism for the initial margin is envisaged on the basis of only the NFP/gross operating profit (loss) ratio, calculated at consolidated level as defined below:

NFP/gross operating profit (loss) ratio	Reduction in the Initial Margin
≥ 2.75 and < 3.00	-50 bps
≥ 2.50 and < 2.75	-75 bps
< 2.50	-125 bps

A clean-down clause is envisaged, on the basis of which from 2015 the total use of the credit facility must be reduced at least once a year by an amount not exceeding 30% of the total agreed for at least three consecutive business days. The clean down for 2015 was performed on 1 June 2015.

The loan does not envisage collateral or mandatory guarantees, but does have financial covenants recognised at consolidated level.

In order to improve its financial and operating flexibility, in 2015 the Group asked for a review of the structure of the contractually-envisaged covenants, and on 27 July 2015 the lending banks confirmed amendments to the covenants as follows:

- the NFP/equity ratio must not exceed 0.75 for the entire duration of the loan;
- the net financial indebtedness must not exceed €30.0 million at 30 June 2015, 31 December 2015 and 30 June 2016;
- gross operating profit (loss) must not exceed a loss of €3.0 million at 30 June 2015 and 31 December 2015, and must be equal to or higher than zero at 30 June 2016;
- the NFP/gross operating profit (loss) ratio must not be greater than:

  3.0 at 31 December 2016;
  3.0 at 30 June 2017.

Failure to satisfy even one of the covenants involves the right of early withdrawal from the loan by the banks. However, the lending banks are permitted to make changes to the loan agreement, or to waive their right to early withdrawal if failure to satisfy a covenant should occur.

The agreement to such requests for amendment or waiver of early withdrawal is reached by majority consent of the lending banks, i.e. the banks whose percentage interest in the loan represents at least 66.66% of the loan.

At 30 June 2015 and 31 December 2015 the economic and financial parameters associated with the original covenants had been satisfied and are expected to be satisfied again in 2016.

On 30 June 2015 the Group also arranged repayment of the final instalment on the three facilitated medium/long-term loans agreed in 2005 under Italian Law 62/2001 (Contributions to the Publishing Industry). In particular:

- a loan of €6,976 thousand from Credito Emiliano;
- two loans from Intesa Sanpaolo in the amounts of €3,595 thousand and €8,199 thousand, respectively.

At the time of repayment of the loans the Payer Interest Rate Swaps - Forward Start matured, the hedging contracts signed to mitigate the risk of fluctuations in the interest rates due on the loans in question.

Net financial expense

NET FINANCIAL EXPENSE		
(in thousands of euro)	2015	2014
Recognised in profit or loss		
Interest income from unimpaired financial assets held to maturity	2,028	1,387
Interest income from available-for-sale financial assets	-	-
Interest income from bank deposits	17	81
Net exchange rate gains	79	35
Financial income	**2,124**	**1,503**
Interest expense on financial liabilities and other financial expenses	(3,626)	(2,610)
Net exchange rate losses	(206)	(94)
Change in fair value of financial assets designated at fair value through profit or loss	-	-
Impairment losses on securities held to maturity	-	(5)
Ineffective portion of changes in fair value of cash flow hedges	-	-
Financial expense	**(3,832)**	**(2,709)**
The net financial expense shown above includes the following amounts relating to assets (liabilities) not designated at fair value through profit or loss:		
Total interest income on financial assets	**2,124**	**1,503**
Total interest expense on financial liabilities	**(3,832)**	**(2,709)**
Recognised directly in Equity		
Effective portion of changes in fair value of cash flow hedges	-	(19)

Financial assets

OTHER FINANCIAL ASSETS		
(in thousands of euro)	31.12.2015	31.12.2014
Non-current financial assets		
Financial assets held to maturity	26,158	24,211
Current financial assets		
Cash and cash equivalents	39,139	34,476
Derivative hedging instruments	-	(19)
Total financial assets	**65,297**	**58,668**

The non-current financial assets held to maturity mainly include the vendor loan of €25,537 thousand, including accrued interest, referring to the portion of the price for the sale of the Software Area to TeamSystem, which has a contractual due date of 15 November 2020.

Current financial assets refer to cash and cash equivalents.

Financial liabilities

LOAN CONTRACTS		
(in thousands of euro)	31.12.2015	31.12.2014
Non-current liabilities		
Secured bank loans	-	-
Syndicated loan	15,000	15,000
Unsecured bank loans	-	44
Total non-current liabilities	**15,000**	**15,044**
Current liabilities		
Current portion of secured bank loans	-	-
Syndicated loan	35,484	3,239
Current portion of unsecured bank loans	16	1,131
Other bank loans and borrowings	-	-
Unsecured current account advances	15,457	12,827
Total current liabilities	**50,957**	**17,197**
Total financial liabilities	**65,957**	**32,241**

Loan contracts

This note illustrates the contractual conditions governing the Group’s interest-bearing financial liabilities measured at nominal amount.

LOAN CONDITIONS AND REPAYMENT TERMS						
(in thousands of euro)			31.12.2015		31.12.2014	
	Nominal interest rate	Year of maturity	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Unsecured bank loan	Euribor +0.875%	2015	-	-	367	367
Unsecured bank loan	Euribor +0.850%	2015	-	-	189	189
Unsecured bank loan	Euribor +0.850%	2015	-	-	512	512
Syndicated loan	Euribor +5.50%	2017	50,484	50,484	18,239	18,239
Unsecured bank loan	Euribor +3.80%	2016	-	-	62	62
Unsecured bank loan	5.80%	2015	-	-	14	14
Unsecured bank loan	Euribor +5.500%	2016	16	16	31	31
Total interest-bearing liabilities			**50,500**	**50,500**	**19,414**	**19,414**

Credit risk exposure

The carrying amount of financial assets, referring mainly to cash and cash equivalents held with banks and the vendor loan, and of the trade receivables represents the Group's maximum exposure to credit risk. At the reporting date, this exposure was as follows:

CREDIT RISK EXPOSURE		
(in thousands of euro)	31.12.2015	31.12.2014
Assets held to maturity	26,158	24,211
Trade receivables (*)	120,138	128,772
Cash and cash equivalents	39,139	34,476
Interest rate swap hedges:		
Assets	-	2
Total	**185,435**	**187,461**

(*) Does not include: Allowance for impairment, Advances to suppliers, Agents and Copyright

At the reporting date, the Group's exposure to credit risk relating to trade receivables by geographical segment was as follows:

BREAKDOWN BY GEOGRAPHICAL SEGMENT		
(in thousands of euro)	31.12.2015	31.12.2014
Italy	113,738	124,670
Eurozone countries	3,224	1,527
United Kingdom	1,608	1,242
Other European countries	758	790
United States	337	261
Other	473	283
Total	**120,138**	**128,772**

At the reporting date, the Group's exposure to credit risk relating to trade receivables by customer type was as follows:

BREAKDOWN BY CUSTOMER TYPE		
(in thousands of euro)	31.12.2015	31.12.2014
Advertising agencies	9,012	9,570
Companies and financial institutions	50,863	53,602
Public entities	5,374	8,347
Professionals and private individuals	36,840	39,049
Other customers	18,048	18,204
Total	**120,138**	**128,772**

Impairment losses on trade receivables

The following table shows the age of trade receivables at the reporting date:

AGE OF TRADE RECEIVABLES

(in thousands of euro)	31.12.2015 Gross	31.12.2015 Allowance for impairment	31.12.2014 Gross	31.12.2014 Allowance for impairment
Due	79,552	1,467	86,047	1,460
Past due by 1-30 days	4,623	86	2,978	84
Past due by 31 - 120 days	11,987	968	9,787	1,245
Past due by 121 days - 1 year	11,136	3,744	16,359	4,051
By more than 1 year	12,840	8,656	13,600	9,550
Total	**120,138**	**14,921**	**128,772**	**16,389**

Changes in the allowance for impairment relating to trade receivables over the year were as follows:

CHANGES IN ALLOWANCE FOR IMPAIRMENT

(in thousands of euro)	2015	2014
Balance at 1 January	16,389	21,265
Loss for the year	(5,671)	(5,771)
Provisions	4,182	4,374
Other changes	22	(3,479)
Total	**14,921**	**16,389**

Liquidity risk

The contractual due dates of financial liabilities and trade payables are shown in the table below:

LIQUIDITY RISK

(in thousands of euro)	**31.12.2015**						
	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loan	16	(16)	(8)	(8)	-	-	-
Syndicated loan	50,484	(50,550)	(50,550)	-	-	-	-
Unsecured current account advances	15,457	- 15,457	- 15,457	-	-	-	-
Other bank loans and borrowings	-	-	-	-	-	-	-
Trade and other payables	101,935	(101,935)	(101,935)	-	-	-	-
Derivative financial liabilities							
Interest rate swap hedges	-	-	-	-	-	-	-
Total	**167,892**	**(167,958)**	**(167,950)**	**(8)**	**0**	**0**	**-**

(in thousands of euro)	**31.12.2014**						
	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loan	1,175	(1,210)	(1,120)	(36)	(46)	(8)	-
Syndicated loan	18,239	(18,306)	(18,306)	-	-	-	-
Unsecured current account advances	12,827	(12,827)	(12,827)	-	-	-	-
Other bank loans and borrowings	-	-	-	-	-	-	-
Trade and other payables	114,993	(114,993)	(114,993)	-	-	-	-
Derivative financial liabilities							
Interest rate swap hedges	21	(21)	(21)	-	-	-	-
Total	**147,255**	**(147,357)**	**(147,267)**	**(36)**	**(46)**	**(8)**	**-**

Cash flow hedges

Expected future cash flows associated with hedging derivatives are shown in the table below:

CASH FLOW HEDGES

31.12.2015

(in thousands of euro)	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Interest rate swap hedges:							
Assets	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

31.12.2014

(in thousands of euro)	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Interest rate swap hedges:							
Assets	2	2	2	-	-	-	-
Liabilities	(21)	(21)	(21)	-	-	-	-
Total	**(19)**	**(19)**	**(19)**	-	-	-	-

Interest rate risk - Profile

The profile of the interest rates applied to the Group's interest-bearing financial instruments at the reporting date is shown below:

INTEREST RATE RISK

	Carrying amount	
(in thousands of euro)	Balance at 31.12.2015	Balance at 31.12.2014
Fixed-rate financial instruments		
Financial assets	26,158	24,211
Financial liabilities	-	(21)
Total	**26,158**	**24,190**
Floating-rate financial instruments		
Financial assets	39,139	34,478
Financial liabilities	(65,957)	(32,241)
Total	**(26,818)**	**2,237**

Sensitivity analysis – fair market value of fixed-rate instruments

At 31 December 2015, the Group did not post any financial asset or liability at fair value through profit or loss.

Sensitivity analysis – fair market value of floating-rate instruments

If interest rates had increased or decreased by 100 basis points at the reporting date, profit/(loss) for the year would have decreased by €304 thousand, as shown in the following table:

SENSITIVITY ANALYSIS

	Profit / Loss		Equity	
(in thousands of euro)	Increase of 100 bps	Decrease of 100 bps	Increase of 100 bps	Decrease of 100 bps
2015				
Floating-rate financial instruments	(304)	304		
Interest rate swaps			-	-
(Net) sensitivity of cash flows	**(304)**	**304**	**-**	**-**
2014				
Floating-rate financial instruments	(28)	28		
Interest rate swaps			12	(24)
(Net) sensitivity of cash flows	**(28)**	**28**	**12**	**(24)**

Criteria for determining fair value

The methods and main assumptions used to determine the fair value of financial instruments are specified below.

Non-derivative financial liabilities

Fair value is calculated based on the present value of the estimated future cash flows of principal and interest, discounted using the market interest rate at the reporting date.

Fair value and carrying amount

The following table shows – for each financial asset and liability and for trade receivables and payables – the carrying amount recognised in the statement of financial position and the related fair value:

FAIR VALUE				
(in thousands of euro)	31.12.2015		31.12.2014	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets held to maturity	26,158	26,158	25,120	25,120
Trade receivables	120,138	120,130	128,772	128,727
Cash and cash equivalents	39,139	39,139	34,476	34,476
Interest rate swap hedges:				
Assets	-	-	2	2
Liabilities	-	-	(21)	(21)
Unsecured bank loans	(16)	(16)	(1,175)	(1,208)
Syndicated loan	(50,484)	(50,550)	(18,239)	(18,304)
Unsecured current account advances	(15,457)	(15,457)	(12,827)	(12,827)
Bank overdrafts and loans - due within one year				
Trade and other payables	(101,935)	(101,935)	(114,993)	(114,993)
Total	**17,543**	**17,469**	**41,115**	**40,972**
Loss not recognised		(74)		(143)

Guarantees

The Group has outstanding bank sureties totalling €14,262 thousand.

These sureties are summarised below:

- sureties issued by the parent and its subsidiaries as security on lease contracts for €9,566 thousand. Specifically, there are sureties in favour of Torre Re Fund II, the owner of the property located in via Monte Rosa, Milan, for a total of €4,158 thousand, in favour of Quorum SGR for the lease of the property located in Via Pisacane, Pero, for €4,500 thousand, and in favour of Finamo for the lease of the property located in Piazza Indipendenza, Rome, for €670 thousand;
- sureties issued by the parent and its subsidiaries in favour of Ministries, Public bodies or Municipalities, as guarantees for prize competitions, service supply contracts, etc. for a total of €1,558 thousand;
- sureties issued by the parent and its subsidiaries to private third-party counterparties for trade transactions, supply contracts, etc. for a total of €3,138 thousand.

8. Principal reasons for uncertainties in estimates

Estimates are used mainly to evaluate the going concern assumption, to recognise impairment losses on assets, to calculate probable future returns of publications that have been distributed, to determine the extent to which receivables and inventories should be impaired and written down, and to quantify the amounts to be provided for probable risks.

Estimates are also used in the actuarial calculation of Post-employment benefits, for calculating income taxes and determing fair value, the useful life of assets and the recoverability of deferred tax assets.

These estimates and assumptions are reviewed at least once a year and the effects of each change are immediately reflected in profit or loss.

In particular, the estimates pertaining to the measurement of the recoverable amount of goodwill and other intangible assets with indefinite useful life are made on the basis of the fair value, less costs to sell or value in use, using the discounted cash flow method. The recognition methods and the assumptions adopted are illustrated in section 11 Notes to the consolidated financial statements under the reference items.

Publication returns are estimated using statistical techniques and updated monthly on the basis of actual figures received.

The estimate of legal risks also takes the nature of the litigation and the probability of an adverse outcome into account.

9. Scope of consolidation

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS						
Company name	Business	Headquarters	Currency	Share/quota capital paid in	% of consolidation	Held by
24 ORE Cultura S.r.l.	Art products	Milan	EUR	120,000	100.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE UK Ltd	Sale of advertising space	London	EUR	50,000	100.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE - Trading Network S.p.A.	Intermediation	Milan	EUR	250,000	100.0%	Il Sole 24 ORE S.p.A.
Newton Management Innovation S.p.A.	Training services	Milan	EUR	160,000	60.0%	Il Sole 24 ORE S.p.A.
Next 24 S.r.l.	Training services	Milan	EUR	10,000	100.0%	Il Sole 24 ORE S.p.A.
Ticket 24 ORE S.r.l.	Art products	Milan	EUR	10,000	100.0%	24 ORE Cultura S.r.l.
Food 24 S.r.l.	Catering	Milan	EUR	10,000	100.0%	24 ORE Cultura S.r.l.
Newton Lab S.r.l.	Training services	Turin	EUR	100,000	30.6%	Newton Management Innovation S.p.A.
BacktoWork 24 S.r.l.	Internet services	Milan	EUR	100,000	90.0%	Next 24 S.r.l.

SUBSIDIARIES: DETAILED BREAKDOWN OF SHARE/QUOTAHOLDINGS					
Company name	Consolidation: attributable to owners of the parent	Consolidation: attributable to non-controlling interests	Voting rights: attributable to owners of the parent	Voting rights: attributable to non-controlling interests	Held by
24 ORE Cultura S.r.l.	100.0%	0.0%	100.0%	0.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE UK Ltd	100.0%	0.0%	100.0%	0.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE - Trading Network S.p.A.	100.0%	0.0%	100.0%	0.0%	Il Sole 24 ORE S.p.A.
Newton Management Innovation S.p.A.	60.0%	40.0%	60.0%	40.0%	Il Sole 24 ORE S.p.A.
Next 24 S.r.l.	100.0%	0.0%	100.0%	0.0%	Il Sole 24 ORE S.p.A.
Ticket 24 ORE S.r.l.	100.0%	0.0%	100.0%	0.0%	24 ORE Cultura S.r.l.
Food 24 S.r.l.	100.0%	0.0%	100.0%	0.0%	24 ORE Cultura S.r.l.
Newton Lab S.r.l.	30.6%	69.4%	51.0%	49.0%	Newton Management Innovation S.p.A.
BacktoWork24 S.r.l.	90.0%	10.0%	90.0%	10.0%	Next 24 S.r.l.

Investments in subsidiaries

Compared with the latest approved financial statements, the changes to the scope of consolidation were as follows:

- On 9 February 2015 the subsidiary 24 ORE Cultura S.r.l. acquired 100% of the quota capital of MostraMi S.r.l., operating in the exhibition and events ticketing and reception sector. MostraMi S.r.l. was merged into Shopping 24 S.r.l., changing its name to Ticket 24 ORE S.r.l.. The merger deed was signed on 11 December 2015, with accounting and taxation effects applying from 1 January 2015. This merger did not alter the scope of consolidation.
- On 5 March 2015, Food 24 S.r.l. was established, in which 24 ORE Cultura S.r.l. held 51% of the quota capital. The company operates in the entertainment and catering industry as part of Mudec. The remaining 49% was acquired on 21 October.
- On 4 December 2015, Il Sole 24 ORE S.p.A. established Next 24 S.r.l., a company operating in the training sector, with a 100% interest in the quota capital of €10 thousand.
- On 18 December 2015 Shopping 24 S.r.l. transferred a 90% interest in the quota capital of Backtowork S.r.l. to Next 24 S.r.l. for a nominal €90 thousand. This transaction did not alter the scope of consolidation.

Investments in associates and joint ventures

On 22 December 2015 an application was filed with the Milan Chamber of Commerce for the cancellation of Milano Cultura S.C.A.R.L. following its winding-up.

Non-controlling investments

Changes in non-controlling investments occurred in 2015 are shown in the notes to the Statement of Financial Position.

10. Reclassified key financial statements figures of subsidiaries, associates and joint ventures

STATEMENT OF FINANCIAL POSITION

Company	Note	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities	Total equity	Total equity and liabilities
BacktoWork24 S.r.l.	(1)	361	812	1,173	(76)	(1,425)	(1,502)	329	(1,173)
Il Sole 24 ORE - Trading Network S.p.A.	(1)	34	9,369	9,404	(3,225)	(4,363)	(7,588)	(1,816)	(9,404)
Il Sole 24 Ore UK Ltd	(1)	6	1,343	1,348	-	(67)	(67)	(1,281)	(1,348)
Food 24 S.r.l.	(2)	812	490	1,302	(17)	(1,419)	(1,436)	134	(1,302)
24 ORE Cultura S.r.l.	(1)	5,836	15,441	21,277	(561)	(23,745)	(24,305)	3,028	(21,277)
Newton Management Innovation S.p.A.	(1)	227	2,722	2,949	(148)	(2,014)	(2,162)	(786)	(2,949)
Newton Lab S.r.l.	(1)	81	3,651	3,732	(66)	(3,307)	(3,373)	(360)	(3,732)
Ticket 24 ORE S.r.l.	(1)	48	3,374	3,422	(21)	(1,410)	(1,431)	(1,991)	(3,422)
Total subsidiaries	**(3)**	**7,404**	**37,203**	**44,607**	**(4,114)**	**(37,751)**	**(41,865)**	**(2,743)**	**(44,607)**
				-			-		-
Total associates		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total subsidiaries and associates		**8,391**	**37,213**	**45,604**	**(4,114)**	**(38,738)**	**(42,851)**	**(2,753)**	**(45,604)**

(1) Statutory figures adjusted for IFRS
(2) Company established in March 2015
(3) Next 24 S.r.l. was established in December 2015 and its first financial statements will be those at 31 December 2016.

STATEMENT OF PROFIT OR LOSS

Company	Note	Revenue	Gross operating profit (loss)	Operating profit (loss)	Profit (loss) before tax	Profit (loss) for the year	Attributable to non-controlling interests
BacktoWork24 S.r.l.	(1)	1,276	(642)	(659)	(673)	(676)	(68)
Il Sole 24 ORE - Trading Network S.p.A.	(1)	18,355	2,111	2,111	2,085	1,387	-
Il Sole 24 Ore UK Ltd	(1)	358	161	161	153	122	-
Food 24 S.r.l.	(2)	1,060	(328)	(383)	(410)	(419)	-
24 Ore Cultura S.r.l.	(1)	14,762	(7,955)	(8,116)	(7,038)	(7,125)	-
Newton Management Innovation S.p.A.	(1)	5,024	797	709	714	359	123
Newton Lab S.r.l.	(1)	8,571	66	14	(13)	(203)	(141)
Ticket 24 ORE S.r.l.	(1)	4,218	2,405	2,378	2,363	1,503	-
Total subsidiaries	**(3)**	**53,624**	**(3,385)**	**(3,785)**	**(2,818)**	**(5,054)**	**(86)**
Total associates		**-**	**-**	**-**	**-**	**-**	**-**
Total subsidiaries and associates		**53,624**	**(3,385)**	**(3,785)**	**(2,818)**	**(5,054)**	**(86)**

(1) Statutory figures adjusted for IFRS
(2) Company established in March 2015
(3) Next 24 S.r.l. was established in December 2015 and its first financial statements will be those at 31 December 2016.

CASH FLOWS						
(in thousands of euro)	Cash flows from (used in) operating activities	Cash flows from (used in) investing activities	Cash flows from (used in) financing activities	Increase (decrease) for the year	Dividends – attributable to owners of the parent	Dividends – attributable to non-controlling interests
BacktoWork24 S.r.l.	(487)	(30)	162	(355)	-	-
Il Sole 24 ORE - Trading Network S.p.A.	3,356	(1)	(28)	3,328	-	-
Il Sole 24 ORE UK Ltd	100	(0)	(8)	92	-	-
Food 24 S.r.l.	34	(867)	258	(576)	-	-
24 ORE Cultura S.r.l.	(9,555)	(3,599)	2,207	(10,947)	-	-
Newton Management Innovation S.p.A.	790	(65)	(415)	311	(62)	(278)
Newton Lab S.r.l.	256	(60)	(143)	53	(51)	(49)
Ticket 24 ORE S.r.l.	2,519	757	(14)	3,262	-	-

11. Notes to the consolidated financial statements

Non-current assets

(1) Property, plant and equipment

Property, plant and equipment totalled €42,625 thousand at year end, with the following breakdown:

PROPERTY, PLANT AND EQUIPMENT	Carrying amount at 31.12.2015	of which: investments 2015
Land	2,870	-
Buildings	10,279	31
Plant and equipment	20,980	2,267
Industrial and commercial equipment	7,878	1,994
Other assets	618	587
Total	**42,625**	**4,879**

Investments for the year totalled €4,879 thousand and refer to:

- plant and equipment for €2,267 thousand, mainly attributable to investments in the Mudec area for €1,821 thousand, the purchase of radio broadcasting systems for €197 thousand, work on properties for €225 thousand and purchases for the printing production in Milan for €23 thousand;
- €1,994 thousand for industrial and commercial equipment, specifically €1,066 thousand for hardware purchases, €686 thousand for Mudec area furniture and fittings and €243 thousand for miscellaneous equipment;
- Other assets totalled €587 thousand and refer mainly to equipment and plant not yet operational for €373 thousand and investments in radio broadcasting systems for €214 thousand;
- €31 thousand for buildings, relating to light constructions.

The following changes took place:

PROPERTY, PLANT AND EQUIPMENT							
(in thousands of euro)	Opening balance	Purchases	Disposals	Depreciation	Reclassifications and other changes	Changes in scope of consolidation	Closing balance
Historical cost:							
Land	2,870	-	-	-	-	-	2,870
Buildings	31,154	31	-	-	4	-	31,189
Plant and equipment	97,547	2,267	(11,562)	-	131	32	88,414
Industrial and commercial equipment	41,536	1,994	(308)	-	40	54	43,315
Other assets	222	587	-	-	(179)	-	630
Total historical cost	**173,328**	**4,879**	**(11,870)**	**-**	**(5)**	**86**	**166,418**
Accumulated depreciation:							
Buildings	(19,805)	-	-	(1,106)	-	-	(20,910)
Plant and equipment	(74,784)	-	11,544	(4,173)	(7)	(14)	(67,434)
Industrial and commercial equipment	(33,326)	-	294	(2,334)	(33)	(38)	(35,437)
Other assets	-	-	-	(11)	(1)	-	(12)
Total accumulated depreciation	**(127,914)**	**-**	**11,838**	**(7,623)**	**(41)**	**(52)**	**(123,794)**
Property, plant and equipment:							
Land	2,870	-	-	-	-	-	2,870
Buildings	11,349	31	-	(1,106)	4	-	10,279
Plant and equipment	22,762	2,267	(18)	(4,173)	123	18	20,980
Industrial and commercial equipment	8,210	1,994	(14)	(2,334)	6	15	7,878
Other assets	222	587	-	(11)	(180)	-	618
Total	**45,414**	**4,879**	**(32)**	**(7,623)**	**(46)**	**33**	**42,625**

The production plant in Verona was sold in 2015. The plant was inactive and was written down in full. The sale generated a gain of €1 million.

The change in the scope of consolidation amounting to €33 thousand refers to the acquisition of MostraMi S.r.l.

Depreciation of property, plant and equipment, based on their estimated useful life, totalled €7,623 thousand. Assets purchased during the year are depreciated as from the start of use.

The following table shows the useful life of the assets included in the various categories shown in these consolidated financial statements:

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT		
Asset category	Useful life	Rate
Land	Indefinite	-
Buildings		
Industrial buildings	30-33 years	3%-3.33%
Light constructions	10-12 years	8.33%-10%
Plant and equipment		
Generic plant	10-20 years	5%-10%
Plant (leasehold improvements)	10-15 years	6.5%-10%
Rotary printing presses	5-15 years	6.5%-20%
Finishing machinery	5 years	20.00%
Electronic photocomposition and photo-reproduction systems	5-9 years	11.11%-20%
Radio broadcasting systems	10 years	10%
Other assets		
Hardware	5-10 years	10%-20%
Furniture and fittings	5-8 years	12%-20%
Electronic office equipment	20 years	5%
Air-conditioning systems	10 years	10.00%
Internal means of transport	5-10 years	10%-20%
Sundry tools & minor equipment	4 years	25%

(2) Goodwill

The amounts recognised in the consolidated financial statements and the related change in goodwill attributed to the cash generating units (CGU) are as follows:

GOODWILL						
(in thousands of euro)	Historical value	Impairment losses of previous years	Opening balance	Increases	Impairment losses	Closing balance
Professional publishing	15,982	-	15,982	-	-	15,982
Training and Events	2,165	-	2,165	-	-	2,165
Culture	2,036	(2,036)	-	250	-	250
Total	**20,183**	**(2,036)**	**18,147**	**250**	**-**	**18,397**

Goodwill recognised in the Statement of Financial Position is €18,397 thousand, up €250 thousand due to allocation of the purchase price paid for the acquisition of Ticket 24 ORE S.r.l. (formerly MostraMi S.r.l.) attributed to the Culture CGU.

Goodwill is recognised subject to impairment tests (see section “Goodwill and intangible assets with an indefinite useful life” for details).

(3) Intangible assets

Intangible assets amounted to €59,696 thousand. Investments for 2015 totalled €8,822 thousand.

INTANGIBLE ASSETS	Carrying amount at 31.12.2015	of which: investments 2015
Trademarks	51	1
Radio broadcasting frequencies	27,823	-
Licences and software	27,679	5,151
Intangible assets under development and payments on account	4,143	3,670
Total	**59,696**	**8,822**

Investments in licences and software and in assets under development and payments on account were made primarily by the parent Il Sole 24 ORE S.p.A.

The investments in assets under development and payments on account, totalling €3,670 thousand, refer to product development projects not yet completed at year end but expected to become operational in 2016.

Investments in licences and software amount to €5,151 thousand and mainly refer to activities associated with the development and implementation of digital products for €2,944 thousand, and to technical production and process activities for the development of management systems for €2,207 thousand. The table below illustrates the type of investments made during the year.

INVESTMENTS IN LICENCES AND SOFTWARE	Investments 2015
Intangible assets for processes	2,207
Publishing sales cycle	197
Advertising sales cycle	225
Accounting and management control system	208
HR system and operations	128
Sales processes	897
Publishing and editorial process	481
Technology infrastructure	71
Intangible assets for product development	2,944
Online and multimedia product system development	2,382
Other products	562
Total	**5,151**

The changes in intangible assets during the year were as follows:

INTANGIBLE ASSETS							
(in thousands of euro)	Opening balance	Purchases	Disposals	Amortisation	Reclassifications and other changes	Changes in scope of consolidation	Closing balance
Historical cost:							
Publications	9,245	-	-	-	-	-	9,245
Trademarks	776	1	-	-	-	-	777
Radio broadcasting frequencies	105,148	-	-	-	-	-	105,148
Licences and software	120,914	5,151	(163)	-	(24,172)	1	101,731
Intangible assets under development and payments on account	3,081	3,670	-	-	(2,609)	-	4,143
Total historical cost	**239,164**	**8,822**	**(163)**	**-**	**(26,780)**	**1**	**221,043**
Accumulated amortisation:							
Publications	(9,245)	-	-	-	(0)	-	(9,245)
Trademarks	(726)	-	-	(0)	-	-	(726)
Radio broadcasting frequencies	(77,325)	-	-	-	-	-	(77,325)
Licences and software	(92,350)	-	163	(8,679)	26,814	(1)	(74,052)
Total accumulated amortisation	**(179,645)**	**-**	**163**	**(8,679)**	**26,814**	**(1)**	**(161,347)**
Intangible assets:							
Publications	(0)	-	-	-	(0)	-	(0)
Trademarks	51	1	-	(0)	-	-	51
Radio broadcasting frequencies	27,823	-	-	-	-	-	27,823
Licences and software	28,564	5,151	0	(8,679)	2,643	0	27,679
Intangible assets under development and payments on account	3,081	3,670	-	-	(2,609)	-	4,143
Total	**59,519**	**8,822**	**0**	**(8,680)**	**34**	**0**	**59,696**

Concessions and radio broadcasting frequencies total €27,823 thousand, unchanged since the previous year. Concessions and radio broadcasting frequencies were assigned an indefinite useful life and therefore are not amortised, so are subject to annual impairment testing. Regarding impairment testing, reference should be made to the next section Goodwill and intangible assets with an indefinite useful life.

The amortisation of intangible assets, based on their estimated useful life, totalled €8,680 thousand. Assets purchased during the year are amortised as from the start of use.

The following table shows the useful life of the assets included in the various categories shown in these consolidated financial statements:

USEFUL LIFE OF INTANGIBLE ASSETS		
Asset category	Useful life	Rate
Trademarks	Indefinite	-
Radio broadcasting frequencies	Indefinite	-
Other intangible assets	5 - 10 years	10-20%

Goodwill and intangible assets with an indefinite useful life

Intangible assets having an indefinite useful life and goodwill subject to impairment testing are as follows:

- Concessions and radio broadcasting frequencies;
- CGU goodwill:
  - Professional publishing;
  - Training;
  - Culture.

Intangible assets with an indefinite useful life are not subject to amortisation but to impairment tests on the carrying amount. These tests are carried out on the individual asset or the CGU to which they belong, and are conducted whenever there is an indication of impairment and in any case at least once a year.

The following table lists the intangible assets with an indefinite useful life, together with their carrying amounts.

GOODWILL AND INTANGIBLE ASSETS SUBJECT TO IMPAIRMENT TESTS		
(in thousands of euro)	31.12.2015	31.12.2014
Intangible assets with an indefinite useful life		
Concessions and radio broadcasting frequencies	27,823	27,823
Total Intangible assets with an indefinite useful life	**27,823**	**27,823**
Goodwill:		
Professional publishing	15,982	15,982
Culture	250	-
Training	2,165	2,165
Total Goodwill	**18,397**	**18,147**
Total	**46,220**	**45,970**

Impairment tests are carried out by comparing the carrying amount of the intangible asset with an indefinite useful life with its recoverable amount. The latter is the higher out of the asset's fair value, less any costs to sell and its value in use. It is sufficient for one of the two amounts to be higher than the carrying amount to demonstrate that the intangible asset may not be impaired.

The following table summarises the characteristics and main parameters used to conduct the impairment tests of goodwill and intangible assets with an indefinite useful life and the reference CGU.

ASSETS SUBJECT TO IMPAIRMENT TESTS AND MAIN PARAMETERS						
Business	Reference CGU	Impairment test approach	Time span of the plan	(pre tax) discount rate	(post tax) discount rate	Terminal value growth rate
Concessions and radio broadcasting frequencies	Radio	Fair Value	na	na	na	na
Goodwill	Professional publishing	Value in use	2015-2019	11.54%	8.37%	0.00%
Goodwill	Training and Events	Value in use	2015-2019	11.18%	8.17%	0.00%
Goodwill	Culture	Value in use	2015-2019	15.11%	10.27%	0.00%

Concessions and radio broadcasting frequencies

The estimates pertaining to the measurement of the recoverable amount of concessions and radio broadcasting frequencies are made with reference to fair value, less the costs to sell, determined on the basis of inputs compared with a sample of sale and purchase contracts for broadcasting frequencies.

The asset was tested for impairment. Impairment tests are carried out by comparing the carrying amount of the intangible asset with an indefinite useful life with its recoverable amount, determined with reference to the asset’s fair value, less costs to sell, which in this case were considered to be zero.

It is some years that the Company has been availing of the assistance of an external expert to issue an assessment report, the results of which fully confirm the carrying amounts recognised.

The main assumptions to estimate the fair value, in the absence of an active market for frequency trading, are:

- The population covered, i.e. the number of people reached by the radio signal sent by the individual broadcasting systems. To determine this index, ISTAT demographic data and the quality of the signal perceived by the audience was considered; this was determined objectively through a system of technical measurements of the audio signal received by a common radio receiver.
- The per capita value of the individual frequency. This value was determined for each frequency and depends on the population density in the area, the average household spending of the population covered, the Effective Radiated Power of the system, the road networks and the provincial capitals covered.

Analysis of the assumptions showed that:

- The regulatory system has not changed. Analog radio broadcasting remains *sine qua non* for entry to the new digital technology world. At the same time, an analog radio broadcasting switch-off data is still not planned as it has been for television, or rather a switch-over, i.e. migration to digital but keeping analog coverage active;
- Radio24 assets are still made up of 206 systems distributed in Italy and no evidence was found of impairment losses.

2015 saw significant market transactions involving the leading group owners of national concessions. There are still 10 Italian commercial radio stations, plus 2 European stations and 5 Italian public-operated radio networks.

From the point of view of radio broadcasting stations' cash inflows, the substantial decrease in government grants has largely penalised local entities, whilst the decrease in advertising has proportionately penalised the entire segment, in parallel with the negative performance of the Italian economy.

Given the above, the market value calculation of radio broadcasting frequencies was updated, recording a decrease in the overall value and in any event confirming the carrying amounts.

Goodwill

Estimates regarding the value in use of goodwill are made by projecting the cash flows formulated by company management for a certain time period, based on reasonable and sustainable assumptions, using a growth rate for subsequent years that is in line with the growth expectations of the market in question. Impairment tests are carried out with the support of an external expert.

The discount rate used is the weighted average cost of capital (WACC), which represents the minimum return required by the market to remunerate the capital committed to the specific CGU, and is calculated by weighting the cost of risk capital and cost of debt to reflect the corresponding weight of a target financial structure in the reference sector. The cost of risk capital, estimated on the basis of the capital assets pricing model, includes not only a premium for the general market investment risk, but also a premium for the systemic or non-diversifiable risk attributable to the specific business.

The discount rate (WACC) used to calculate the value in use of the Professional publishing, Training and Events and Culture CGUs' goodwill was estimated according to the following parameters:

- Risk-free rate of 0.88% (annual Interest Rate Swap average)
- Equity Risk Premium of 5.50%
- Beta Unlevered of 1.17
- Target financial structure (debt/equity) equal to 27.40%, coinciding with the median D/E for the sector
- Based on these parameters, a post-tax WACC of 8.17% was obtained for Training and Events, 8.37% for Professional Publishing and 10.27% for Culture.

The value in use of each CGU is estimated based on the 2015-2019 Business Plan approved by the Board of Directors on 13 March 2015 and in compliance with the "Impairment testing procedure for goodwill and intangible assets with an indefinite useful life" adopted by the Group.

Given the above, the following is noted:

- **Professional publishing**. The carrying amount of goodwill associated with the CGU is €15,982 thousand. The results of the 2015-2019 business plan by far confirm the carrying amount. Significant changes in the main assumptions adopted would not have led to changes in the result of the impairment test. In fact, in order for the value in use to be equal to the carrying amount the WACC must be much greater than 20% or the post-plan growth rate must be negative and much higher than the WACC in absolute terms.
- **Training and Events**. The carrying amount of goodwill associated with the CGU is €2,165 thousand. The results of the 2015-2019 business plan by far confirm the carrying amount. Significant changes in the main assumptions adopted would not have led to changes in the result of the impairment test. In fact, in order for the value in use to be equal to the carrying amount the WACC must be much greater than 20% or the post-plan growth rate must be negative and much higher than the WACC in absolute terms.
- **Culture**. The carrying amount of goodwill associated with the CGU is €250 thousand. The results of the 2015-2019 business plan confirm the carrying amount. In order for the value in use to be equal to the carrying amount, the WACC must be 16.21% or the terminal value growth rate must be negative at -5.94%.

In relation to the stock market performance of special-category shares, note that the return on Il Sole 24 ORE shares at 31 December 2015 (+8.6% year on year) and at 14 March 2016 (-2.6% compared to the start of 2015) was only slightly lower than the Italian general index (the FTSE Italia All Share performance at 31.12.2015 was 15.4%; performance at 14.03.2016 2.4%).

Taking into account that shareholders may not hold more special category shares than those representing one fiftieth of the share capital plus one share, the listed price of the special category shares indicates the valuation of shares with limited voting rights. For this reason, for the purpose of estimating the market capitalisation of equity it is more appropriate to consider the premium-bearing ordinary shares rather than the special shares.

The results of these analyses showed that the Equity attributable to owners of the parent is higher than the equity's carrying amount. The stock market price of special category shares showed an equity value higher than the carrying amount of the net consolidated assets attributable to owners of the parent.

(4) Investments in associates

The carrying amount of investments in associates at the end of the previous year (€20 thousand) was zeroed out following the application filed on 22 December 2015 with the Milan Chamber of Commerce for the cancellation of Milano Cultura S.C.A.R.L. as a result of its winding-up.

INVESTMENTS IN ASSOCIATES					
(in thousands of euro)	Opening balance	Acquisitions	Disposals	Impairment losses	Closing balance
Milano Cultura S.c.a.r.l.	20	-		(20)	-
Total	**20**	**-**	**-**	**(20)**	**-**

(5) Available-for-sale financial assets

This item relates to non-controlling investments and amounted to €948 thousand, with the following breakdown:

NON-CONTROLLING INVESTMENTS			
(in thousands of euro)	Opening balance	Other changes	Closing balance
Ansa Soc. Coop a r.l.	370	-	370
Editoriale Ecoprensa S.A.	284	39	323
Actinvest Group S.r.l.	225	-	225
Consorzio Club Dab Italia Scrl	16	-	16
C.S.I.E.D.	10	-	10
Immobiliare Editoriale Giornali S.r.l.	3	-	3
S.F.C. Soc. Consortile per azioni	1	-	1
Total	**909**	**39**	**948**

Other changes amounting to €39 thousand refer to the share capital increase of Editoriale Ecoprensa S.A..

(6) Other non-current assets

Other non-current assets amounted to €28,956 thousand and refer to:

OTHER NON-CURRENT ASSETS			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Guarantee deposits	621	626	(5)
Vendor Loan	25,537	23,585	1,952
Tax assets	2,798	2,766	32
Total	**28,956**	**26,977**	**1,978**

Non-current financial assets held to maturity mainly include the vendor loan of €25,537 thousand, including accrued interest, referring to the portion of the price for the sale of the Software Area to TeamSystem, which has a contractual due date of 15 November 2020.

(7) Deferred tax assets and liabilities

These items show the impact of deferred tax assets and liabilities. These are respectively calculated on the deductible and taxable differences that temporarily arise between carrying amounts and their tax base.

The amounts of deferred tax assets and liabilities at 31 December 2015 and 2014 are shown below:

DEFERRED TAX ASSETS			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Deferred tax assets	**47,439**	**57,732**	**(10,294)**

DEFERRED TAX LIABILITIES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Deferred tax liabilities	**5,212**	**6,678**	**(1,466)**

The table below shows the changes for the year:

DEFERRED TAX ASSETS AND LIABILITIES			
(in thousands of euro)	Deferred tax assets	Deferred tax liabilities	Net
Balance at 31/12/2014	57,732	(6,678)	51,054
Tax rate alignment	(7,102)	591	(6,512)
Other effects recognised in profit or loss	(667)	(486)	(1,153)
Netting of taxes	(1,369)	1,369	-
Other effects recognised in the Statement of comprehensive income	(313)	(5)	(318)
Transformation of deferred tax assets	(844)	-	(844)
Balance at 31/12/2015	**47,439**	**(5,212)**	**42,227**

The following should be noted:

- the decrease in deferred tax assets and liabilities following the reduction in the IRES tax rate: the 2016 Stability Act (art. 1, paragraphs 61-69, Italian Law no. 208 of 28 December 2015) provides for a decrease in the IRES tax rate from its current 27.5% to 24% from 1

January 2017. Consequently, deferred tax assets and liabilities were recalculated using the lower IRES rate, which is expected to be in force at the time of their reversal;
- the other effects include the impact on profit or loss of the update to taxable provisions and other temporary differences;
- the other tax effects relating to changes affecting comprehensive income (derivatives and defined benefit pension plans);
- the transformation of deferred tax assets (€844 thousand) on intangible assets into tax credits as set forth in art. 2, paragraphs 55-58, Italian Law Decree 225/2010;
- offsetting between assets and liabilities to better express the breakdown of items.

The following table shows the detail of deferred tax assets and liabilities at 31 December 2015 and 2014:

DEFERRED TAX ASSETS AND LIABILITIES

(in thousands of euro)	Assets		Liabilities		Net	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Property, plant and equipment	2,299	2,589	(40)	(45)	2,259	2,544
Intangible assets	2,544	1,798	(5,570)	(5,742)	(3,027)	(3,944)
Receivables and provisions	4,889	7,482	380	(925)	5,269	6,557
Other	46	(3)	19	34	65	31
Loss carry-forward	37,662	45,866	-	-	37,662	45,866
Deferred tax assets/(liabilities)	**47,439**	**57,732**	**(5,212)**	**(6,678)**	**42,227**	**51,054**

CHANGES IN DEFERRED TAX ASSETS/LIABILITIES – ATTRIBUTABLE TO OWNERS OF THE PARENT

(in thousands of euro)	31.12.2015	31.12.2014	Recognised in the profit or loss	Recognised in Other comprehensive income (expense)	DTA reclassified to tax assets
Property, plant and equipment	2,259	2,544	(285)	-	-
Intangible assets	(3,026)	(3,944)	1,762	-	(844)
Receivables and provisions	5,269	6,557	(968)	(320)	-
Other	64	31	33	-	-
Loss carry-forward	37,662	45,866	(8,204)	-	-
Deferred tax assets/liabilities	**42,227**	**51,054**	**(7,662)**	**(320)**	**(844)**

Deferred tax assets on prior years’ losses totalling €37,662 thousand decreased compared to the previous year, mainly due to adjustment to the lower IRES tax rate.

In order to determine the recoverability of deferred tax assets, the economic estimates contained in the 2015-2019 Business Plan approved by the Board of Directors on 13 March 2015 were taken into account, which envisage a return to profit and gradual growth over the forecast period specifically covered by the plan. Also taken into account are the provisions of current tax regulations that allow the recovery of tax losses over an unlimited period, in effect making the tax loss recovery time horizon coincide with the duration of the Company. The Group companies adopting the tax consolidation have the option of offsetting positive taxable amounts against the negative figures generated by the Group companies. In this respect, note that as part of the tax consolidation the parent was able to offset part of its loss for the year against the taxable profits (losses) of subsidiaries, achieving total financial benefits of €1,540 thousand.

The Business Plan envisages growth for internal business lines based on the following assumptions:

- revenue from information content, i.e. circulation revenue and revenue from printed and digital publications, remains essentially stable over the period of the plan as a result of the growth in revenue from digital products, which offsets the constant decline in printed products;
- advertising revenue from Group and third-party media is expected to rise on the basis of the Group's positioning among an end-customer base with a higher spending power capable of attracting stronger advertising investments, and on the basis of external estimates that project a slight overall growth for the advertising market, consolidating the current trend which records clear growth in the Group's advertising revenue versus a declining market;
- the other Group revenue streams forecast a gradual growth.

Variable costs are expected to rise in line with revenue figures and the containment of overheads, already strongly reduced in recent years following conclusion of the restructuring plans and the cost containment action taken.

Investment costs are expected to remain stable and targeting development and innovation of the Group's business.

The Group has decided not to recognise additional deferred tax assets on tax losses for the current year - although they may be carried forward for an unlimited period of time - as the recent history of tax losses makes it statistically unlikely that further tax assets in addition to those recognised in the past will be absorbed.

The Group will periodically re-assess the deferred tax assets and will report the deferred tax assets not recognised on losses previously to the extent that future taxable income is likely to arise enabling the recovery of the deferred tax assets.

Please note that the tax assets not recognised on current and previous year losses in the financial statements would amount to €27,952 thousand.

Current assets

(8) Inventories

INVENTORIES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Paper	3,923	5,451	(1,528)
Ink	115	154	(39)
Photographic material	73	122	(49)
Raw and ancillary materials and consumables	**4,111**	**5,727**	**(1,616)**
Work in progress and semi-finished products	**7**	**8**	**(1)**
Books	1,238	1,438	(200)
Software	0	1	(1)
CDs	115	101	14
Other products	64	68	(4)
Allowance for inventory write-down - finished products	(471)	(830)	359
Finished products	**946**	**778**	**168**
Other goods bought	570	295	275
Allowance for inventory write-down - goods	(71)	(29)	(42)
Goods	**499**	**266**	**233**
Total	**5,564**	**6,779**	**(1,215)**

Inventories are net of the allowance for inventory write-down, which featured the following movements:

ALLOWANCE FOR INVENTORY WRITE-DOWN				
(in thousands of euro)	Opening balance	Provisions	Use of provisions	Closing balance
Allowance for inventory write-down - finished products	(830)	(56)	415	(471)
Allowance for inventory write-down - goods	(29)	(42)	-	(71)
Total	**(859)**	**(98)**	**415**	**(542)**

(9) Trade receivables

Trade receivables stem from the normal course of continuing operations and featured the following breakdown:

TRADE RECEIVABLES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Trade receivables	120,138	128,772	(8,634)
Provision for returns to be received	(300)	(350)	50
Allowance for impairment	(14,917)	(16,389)	1,473
Total	**104,922**	**112,033**	**(7,111)**

Trade receivables totalled €104,922 thousand, down by €7,111 thousand. The carrying amount is shown net of the provision for returns, for €300 thousand, which will arise in the following year and net of the allowance for impairment of €14,917 thousand.

Changes in these provisions and allowances for impairment were as follows:

PROVISION FOR RETURNS TO BE RECEIVED AND ALLOWANCE FOR IMPAIRMENT					
(in thousands of euro)	Opening balance	Provisions	Use of provisions	Changes in scope of consolidation	Closing balance
Provision for returns to be received	(350)	(300)	350	-	(300)
Allowance for impairment	(16,389)	(4,182)	5,663	(9)	(14,917)
Total	**(16,739)**	**(4,482)**	**6,013**	**(9)**	**(15,217)**

(10) Other receivables

OTHER RECEIVABLES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Ordinary advances to suppliers	3,722	4,276	(554)
Current income tax	1,080	1,421	(341)
Tax assets	2,323	783	1,540
Receivables from employees	337	376	(38)
Other receivables	2,310	3,929	(1,620)
Total	**9,772**	**10,785**	**(1,013)**

Tax assets increased compared to the previous year, particularly the VAT receivable of the subsidiary 24 ORE Cultura S.r.l., with breakdown as follows:

TAX ASSETS			
(in thousands of euro)	31.12.2015	31.12.2014	Change
VAT receivables	2,013	679	1,334
VAT awaiting reimbursement	67	67	(0)
Other receivables	21	37	(16)
VAT receivable from the French tax authority	223	-	223
Total	**2,323**	**783**	**1,540**

Receivables from employees, in the amount of €337 thousand, relate to expense allowances and loans to employees.

Other receivables, in the amount of €2,310 thousand, mainly refer to the following:

OTHER RECEIVABLES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Receivables from Poste Italiane	997	1,673	(676)
Advances to agents	448	928	(480)
Receivables from social security institutions	122	719	(597)
Receivable for sale of equity investment in Faenza Industrie Grafiche S.r.l.	-	85	(85)
Other	743	524	219
Total	**2,310**	**3,929**	**(1,619)**

(11) Other current assets

These are made up of prepaid expenses:

PREPAID EXPENSES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Agents' commissions	1,534	1,892	(358)
Conference, exhibition and expo organisation expenses	1,079	115	964
Licence fees	409	628	(219)
Hardware and software maintenance fees	151	237	(86)
Bank commissions	483	588	(105)
Lease payments	228	218	10
Sundry taxes	187	332	(145)
Insurance premiums	85	66	19
Other	549	452	97
Total	**4,705**	**4,528**	**177**

(12) Cash and cash equivalents

Cash and cash equivalents amounted to €39,139 thousand, up €4,664 thousand compared to the previous year. They consist of cash, cash equivalents and demand or short-term bank deposits that are actually available and readily convertible into cash.

Cash and cash equivalents totalling €-2,304 thousand are reported on the Statement of cash flows, net of current account overdrafts and portions of bank loans due within one year as shown below:

CASH AND CASH EQUIVALENTS		
(in thousands of euro)	31.12.2015	31.12.2014
Cash and cash equivalents	39,139	34,476
Bank overdrafts - due within one year	(5,944)	(5,277)
Current portion of medium/long-term loans	(35,500)	(4,370)
CLOSING CASH AND CASH EQUIVALENTS	**(2,304)**	**24,829**

Equity

(13) Share capital

Share capital, fully subscribed and paid in, amounts to €35,123,787, divided into 133,333,213 shares, of which 90,000,000 ordinary shares (67.5% of share capital) and 43,333,213 special shares (32.5% of share capital), of which 3,302,027 treasury shares.

At the beginning of the year the number of treasury shares was 3,302,027 and there were no changes during the year. The carrying amount of treasury shares (€22,447 thousand) is zeroed out by an equity item of the same amount.

(14) Equity reserves

Equity reserves amounted to €82,981 thousand, down €15,833 thousand compared to 31 December 2014 as a result of coverage of the parent's losses for 2014, as approved by the Shareholders' Meeting of 23 April 2015.

(15) Hedging and translation reserves

The hedging and translation reserves were completely zeroed out as the hedging contracts signed for the subsidised loans reached maturity.

(16) Other reserves

OTHER RESERVES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Negative goodwill	11,272	11,272	-
Legal reserve	7,025	7,025	-
Post-employment benefit reserve (IFRS adjustment)	(3,598)	(4,593)	995
Total	**14,699**	**13,703**	**996**

(17) Retained earnings/(Losses carried forward)

Losses carried forward amount to €22,132 thousand (€28,012 thousand at the start of the year). The change in the year is due to changes in the 2014 loss.

(18) Loss for the year

The loss for the year totalled €24,098 thousand. The loss attributable to owners of the parent was €24,012 thousand. The loss attributable to non-controlling interests was €86 thousand.

The loss per share was €0.18, and is calculated by taking the loss attributable to owners of the parent (€24,012 thousand) and dividing it by the weighted average number of outstanding shares during the year (130,031,186).

The following tables show a reconciliation with the financial statements of the parent:

RECONCILIATION OF PARENT AND CONSOLIDATED LOSS FOR THE YEAR		
(in thousands of euro)	2015	2014
Loss for the year reported by the parent Il Sole 24 ORE S.p.A.	**(21,253)**	**(15,833)**
Subsidiaries' loss for the year	(5,054)	(25)
Amortisation of intangible assets from consolidation entries net of tax effects	-	(201)
Dividends paid by subsidiaries	(114)	(59)
Impairment loss on 24 ORE Cultura S.r.l.	3,477	-
Equity-accounted investees of the subsidiary 24 ORE Cultura S.r.l.	(1,153)	-
Value adjustment to the gain from disposal of the investment in 24 ORE Software S.p.A.	-	6,990
Other intergroup changes	(1)	(192)
Consolidated loss for the year 24 ORE Group	**(24,098)**	**(9,320)**

RECONCILIATION OF PARENT AND CONSOLIDATED EQUITY		
(in thousands of euro)	2015	2014
Equity reported by the parent Il Sole 24 ORE S.p.A.	**88,905**	**109,160**
Investments in subsidiaries	(7,030)	(6,128)
Equity and profit of consolidated companies	2,753	5,376
Provisions for subsidiaries in 24 ORE Cultura S.r.l.'s financial statements	135	-
Goodwill from consolidation entries	2,415	2,165
Other intergroup changes	(7)	(5)
Consolidated equity 24 ORE Group	**87,170**	**110,568**

OTHER COMPREHENSIVE INCOME (EXPENSE) AND RELATED TAX EFFECTS				
(in thousands of euro)	2015		2014	
	Gross amount	Tax effect	Gross amount	Tax effect
Other comprehensive income (expense)				
Actuarial gains (losses) on defined benefit plans	1,310	(314)	(2,667)	734
Effective portion of changes in fair value of cash flow hedges	19	(5)	86	(24)
Total	**1,329**	**(319)**	**(2,581)**	**710**

Non-current liabilities

(19) Non-current financial liabilities

Non-current financial liabilities amounted to €15,000 thousand and refer to the portion of the syndicated loan currently used and not subject to the clean down clause.

The medium-term syndicated loan was signed on 23 October 2014 with the Group's main lending banks. The loan does not envisage collateral or mandatory guarantees, but does have financial covenants recognised at consolidated level as described in paragraph 7 above, *Risk management*. The interest rate on the syndicated loan is the Euribor +5.50% and the loan matures on 23 October 2017.

(20) Employee benefits

EMPLOYEE BENEFITS

(in thousands of euro)	Opening balance	Cost of labour	Net financial income	Actuarial losses	Uses and other changes	Closing balance
Post-employment benefits	27,457	154	366	(1,310)	(1,821)	24,846
Total	**27,457**	**154**	**366**	**(1,310)**	**(1,821)**	**24,846**

The main actuarial assumptions used to estimate the benefits to be awarded on termination of employment are as follows:

Demographic assumptions:

- the RG48 tables were used for mortality rates;
- the annual probability of a post-employment benefit advance being requested was set at 2%, based on historical data of the companies being evaluated.

Economic and financial assumptions:

- the discount rate was determined at 1.75% based on the High Quality Corporate Bond for the euro zone;
- the inflation rate used was 1.5%;
- the percentage of accrued post-employment benefits requested in advance was set at 66.75% based on historical figures;
- wages/salaries growth rate of 2.76%.

(21) Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES					
(in thousands of euro)	Opening balance	Provisions	Use of provisions	Other changes	Closing balance
Provision for legal disputes	2,552	468	(1,201)	-	1,818
Provision for sundry risks	3,631	349	(2,933)	712	1,759
Provision for agents' indemnities	5,122	537	(684)	-	4,975
Total	**11,304**	**1,354**	**(4,818)**	**712**	**8,553**

The provision for legal disputes (€1,818 thousand) covers litigation risks known at the reporting date. These risks relate in particular to personnel lawsuits (€821 thousand), lawsuits against the newspaper (€565 thousand), disputes with social security institutions (€239 thousand), forecast legal expenses (€108 thousand) and other litigation (€85 thousand).

The provision for legal disputes was used for €1,201 thousand, as there was no longer a requirement for the provision to be maintained. The provision had been allocated mainly for personnel lawsuits.

The provision for sundry risks totalled €1,759 thousand, down a net €1,872 thousand. The total use of €2,933 thousand was due to: utilisation following removal of the contractual obligations associated with leasehold improvements on the property in Via Monte Rosa for €1,645 thousand, resulting from the agreement reached with the property lessor; €596 thousand used in relation to the acquisition of ESA Software following the favourable outcome of pending disputes; €691 thousand for other liabilities of a contractual nature.

The provision for agents' indemnities covers the risks deriving from early termination of the contract and those relating to discontinuation of the agency relationship as per Article 1751 of the Italian Civil Code.

Current liabilities

(22) Bank overdrafts and loans - due within one year

These amount to €50,957 thousand (€17,197 thousand at the previous year end) and relate to:

BANK OVERDRAFTS AND LOANS - DUE WITHIN ONE YEAR			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Short-term bank loans and borrowings	9,514	7,550	1,964
Bank overdrafts due within one year	5,944	5,277	666
Current portion of medium/long-term loans	35,500	4,370	31,130
Total	**50,957**	**17,197**	**33,760**

(23) Financial liabilities held for trading

Financial liabilities held for trading have been completely zeroed out. At 31 December 2014 they totalled €19 thousand and referred to the fair value of hedges that had reached maturity.

(24) Trade payables

TRADE PAYABLES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Suppliers	93,629	108,105	(14,476)
Deferred income	33,839	35,534	(1,695)
Trade payables to associates and non-controlling investments	46	203	(157)
Other trade payables	8,261	6,035	2,226
Total	**135,774**	**149,877**	**(14,103)**

Trade payables amounted to €135,774 thousand, with a decrease of €14,103 thousand compared to the previous year end. The breakdown of deferred income is shown below:

DEFERRED INCOME			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Online publications by subscription	16,136	15,803	333
Il Sole 24 ORE newspaper subscriptions	5,987	7,020	(1,033)
Sale of magazines	4,948	5,925	(977)
Conferences	5,635	5,434	201
Services	484	394	90
Lease income	337	301	36
Other deferred income	312	657	(345)
Total	**33,839**	**35,534**	**(1,695)**

Other trade payables totalled €8,261 thousand, including €5,684 thousand relating to payables to agents.

(25) Other current liabilities

Other current liabilities amount to €242 thousand, up €198 thousand compared to the previous year, with the following breakdown:

OTHER CURRENT LIABILITIES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Accrued liabilities	4	0	4
Current tax liabilities	238	44	194
Total	**242**	**44**	**198**

(26) Other payables

OTHER PAYABLES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Payables to employees for restructuring	6,582	10,440	(3,858)
Social security institutions	6,118	5,474	644
Tax liabilities	8,124	7,994	130
Payables for holidays accrued and not taken	6,983	6,929	54
Other employee payables	1,885	3,416	(1,531)
13th and 14th-month salaries accrued and not yet paid	2,445	2,428	17
Miscellaneous payables	2,271	2,452	(181)
Total	**34,406**	**39,131**	**(4,725)**

Tax liabilities mainly refer to withholding tax on payroll and on freelancers' invoices.

Payables to employees for restructuring include provisions made in previous years. The change of €3,858 thousand mainly refers to outlay relating to restructuring costs for work carried out during the year in accordance with plans.

Statement of profit or loss

(27) Revenue

REVENUE				
(in thousands of euro)	2015	2014	Change	% change
Publishing revenue	136,159	146,998	(10,839)	-7.4%
Advertising revenue	126,690	114,377	12,313	10.8%
Other revenue	62,110	51,740	10,370	20.0%
Total	**324,959**	**313,115**	**11,844**	**3.8%**

In 2015, the 24 ORE Group achieved consolidated revenue of €324,959 thousand, up by €11,844 thousand compared to 2014.

Publishing revenue amounted to €136,159 thousand, with a decrease of €10,839 thousand compared to the previous year. The change is mainly due to the decline in printed products, partly offset by the growth in circulation revenue of the digital daily newspaper.

Advertising revenue rose by €12,313 thousand (+10.8%), mainly due to the €6,532 thousand increase in media revenue (press, radio and Internet).

Other revenue increased by €10,370 thousand (+20.0%) mainly as a result of the higher revenue from conferences and training (up by €4,229 thousand) and commissions totalling €5,439 thousand due to 24 ORE Trading S.r.l. from third parties.

(28) Other operating income

OTHER OPERATING INCOME				
(in thousands of euro)	2015	2014	Change	% change
Prior year income	5,858	3,288	2,570	78.2%
Sundry expense recoveries	3,332	5,547	(2,215)	-39.9%
Grants	437	113	324	286.9%
Lease income	2,407	2,449	(42)	-1.7%
Other	2,510	2,010	500	24.9%
Total	**14,544**	**13,406**	**1,138**	**8.5%**

(29) Personnel expense

PERSONNEL EXPENSE				
(in thousands of euro)	2015	2014	Change	% change
Wages & salaries	71,029	71,800	(771)	-1.1%
Social security charges & pension contributions	23,817	23,823	(6)	0.0%
Post-employment benefits	5,943	6,074	(131)	-2.2%
Overtime, holidays and other expense	1,517	759	758	99.9%
Total	**102,305**	**102,456**	**(150)**	**-0.1%**

Personnel expense amounted to €102,305 thousand, recording a decrease of €150 thousand compared to 2014, when it totalled €102,456 thousand. The decrease was mainly due to the solidarity agreements for employees, partly offset by the change in the scope of consolidation from the addition of Ticket 24 ORE S.r.l. and Food 24 S.r.l., and due to contractual renewals.

The average headcount increased from 1,223 to 1,239, mainly as a result of the change in the scope of consolidation, net of which the average headcount would be unchanged from the previous year.

(30) Purchases of raw materials and consumables

PURCHASES OF RAW MATERIALS AND CONSUMABLES				
(in thousands of euro)	2015	2014	Change	% change
Paper	8,090	12,313	(4,223)	-34.3%
Goods for resale	1,215	1,284	(69)	-5.4%
Photographic material and ink	921	1,090	(169)	-15.5%
Plant maintenance materials	397	438	(41)	-9.4%
Fuel	293	257	36	14.0%
Other sundry costs	731	414	317	76.5%
Total	**11,646**	**15,797**	**(4,149)**	**-26.3%**

(31) Services

SERVICES				
(in thousands of euro)	2015	2014	Change	% change
Commissions & other selling expenses	25,326	21,530	3,796	17.6%
Distribution	23,840	26,377	(2,537)	-9.6%
Commercial & promotion expenses	23,057	23,848	(791)	-3.3%
Advertising expense due to third-party publishers	22,687	18,595	4,092	22.0%
Expenses for conferences and exhibitions	17,762	15,291	2,471	16.2%
Miscellaneous production costs	13,716	13,254	462	3.5%
Editorial costs	11,244	11,417	(173)	-1.5%
Administrative services	3,010	3,373	(363)	-10.8%
Printing costs	9,032	8,987	45	0.5%
IT and Software services	8,782	9,193	(411)	-4.5%
Maintenance & repairs	2,614	2,597	17	0.7%
Utilities (telephone, electricity, water, etc.)	4,722	4,904	(182)	-3.7%
Other advisory services	3,698	3,792	(94)	-2.5%
General facility services	2,649	2,996	(347)	-11.6%
Employee services	2,427	2,624	(197)	-7.5%
Press agencies	2,419	2,201	218	9.9%
Set-up costs	2,342	2,579	(237)	-9.2%
Personnel expense refunds	1,620	1,708	(88)	-5.2%
Corporate bodies’ and independent auditors’ fees	1,160	1,211	(51)	-4.2%
Bank expenses	1,136	1,461	(325)	-22.2%
Insurance	1,370	1,648	(278)	-16.9%
News purchase	1,135	1,219	(84)	-6.9%
Product warehousing costs	921	1,196	(275)	-23.0%
Packing costs	273	182	91	50.0%
Total	**186,940**	**182,182**	**4,758**	**2.6%**

Service costs amount to €186,940 thousand, up by €4,758 thousand compared to 2014, due mainly to the higher revenue recorded by the related business segments. Commissions and other selling expenses increased by €3,796 thousand due to the different product mix sold, as well as the effect of the agency agreement signed with TeamSystem, the Software Area buyer. Expenses for conferences and exhibitions increased by €2,471 thousand as a consequence of the growth in Training and Events Area revenue and the higher number of exhibitions organised. Advertising expense rose by €4,092 thousand as a result of the increase in advertising revenue from third-party concessions. Distribution costs were down by €2,537 thousand due to the lower volumes of printed products distributed. Miscellaneous production costs increased by €462 thousand due to the new Newton Management Innovation S.r.l. and Newton Lab S.r.l. initiatives and to the operating costs for Mudec, which began operating at the end of March 2015.

(32) Use of third party assets

USE OF THIRD PARTY ASSETS				
(in thousands of euro)	2015	2014	Change	% change
Lease payments	13,464	13,799	(335)	-2.4%
Royalties	1,051	1,470	(419)	-28.5%
Car rental for company/private use	2,974	3,071	(98)	-3.2%
Copyright royalties	575	713	(137)	-19.2%
Rental of radio transmission equipment	1,173	1,256	(83)	-6.6%
Other fees	2,071	2,319	(249)	-10.7%
Hardware lease costs	1,266	364	902	247.4%
Other sundry costs	335	377	(43)	-11.3%
Total	**22,907**	**23,369**	**(462)**	**-2.0%**

Hardware lease costs increased by €902 thousand as a result of the new sales promotions that envisage the free loan of a tablet.

(33) Other operating costs

OTHER OPERATING COSTS				
(in thousands of euro)	2015	2014	Change	% change
Prior year costs	1,137	3,956	(2,819)	-71.3%
VAT borne by publisher	1,605	1,765	(160)	-9.1%
Miscellaneous taxes	1,453	2,306	(852)	-37.0%
Entertainment expenses	454	450	5	1.0%
Purchase of newspapers and magazines	508	676	(169)	-24.9%
Association membership fees	386	375	11	3.0%
Other miscellaneous expenses	2,503	1,798	705	39.2%
Total	**8,047**	**11,326**	**(3,279)**	**-29.0%**

(34) Net gains on disposal of non-current assets

Net gains on disposal of non-current assets amounted to €1,100 thousand and were realised mainly on disposal of the Verona production plant no longer in operation and fully written down. This transaction led to the recognition of a gain of €1 million.

(35) Net financial expense

NET FINANCIAL EXPENSE				
(in thousands of euro)	2015	2014	Change	% change
Financial income from investment of cash and cash equivalents	18	81	(64)	-78.3%
Other financial income	2,029	1,387	642	46.3%
Exchange rate gains	79	35	44	128.0%
Total income	**2,126**	**1,503**	**622**	**41.4%**
Exchange rate losses	(205)	(94)	(111)	-118.2%
Financial expenses on loans and borrowings	(2,840)	(1,254)	(1,586)	-126.5%
Other financial expenses	(788)	(1,361)	573	42.1%
Total expenses	**(3,833)**	**(2,709)**	**(1,125)**	**-41.5%**
Total	**(1,708)**	**(1,205)**	**(502)**	**-41.7%**

The net financial expense amounted to €1,708 thousand and is broken down as follows:

- €2,126 thousand in financial income referring mainly to interest income accrued on the vendor loan granted to TeamSystem in relation to the disposal of the Software Area in addition to income on cash and cash equivalents and exchange rate gains;
- €3,833 thousand in financial expense, up compared to 2014 mainly due to the effect of the higher financial expense on current financial liabilities, in relation to the greater use of short-term bank credit facilities and the syndicated loan.

(36) Other income (expenses) from investment assets and liabilities

Expenses from investment assets were recorded in 2015 (€14 thousand) following the application filed on 22 December 2015 with the Milan Chamber of Commerce for the cancellation of Milano Cultura S.C.A.R.L. as a result of its winding-up.

(37) Income taxes

Taxes for the year were €-8,079 thousand, with the following breakdown:

INCOME TAXES			
(in thousands of euro)	2015	2014	Change
IRES (corporate income tax)	-	-	-
IRAP (regional productivity tax)	(300)	(1,697)	1,397
Substitute income taxes	-	698	(698)
Prior year taxes	(84)	89	(173)
Foreign taxes	(32)	(47)	15
Total current taxes	**(415)**	**(957)**	**542**
Deferred tax income/expense	(7,664)	2,452	(10,116)
Deferred tax income/expense	**(7,664)**	**2,452**	**(10,116)**
Total	**(8,079)**	**1,495**	**(9,574)**

The following table shows the reconciliation between the theoretical tax rate and the effective tax rate:

RECONCILIATION OF THEORETICAL AND EFFECTIVE TAX RATE						
(in thousands of euro)	31/12/2015	%	31/12/2014	%	Change	%
Loss before tax	**(16,019)**		**(31,020)**		**15,001**	
Theoretical income taxes	**5,030**	**-31.4%**	**9,740**	**-31.4%**	**(4,710)**	**-31.4%**
Tax effect of permanent differences	(1,816)	11.3%	(2,702)	8.7%	886	5.9%
Prior-year income taxes	(84)	0.5%	86	-0.3%	(170)	-1.1%
Tax effect of different foreign tax rates	17	-0.1%	21	-0.1%	(4)	0.0%
Unrecognised deferred taxes on losses	(4,715)	29.4%	(7,264)	23.4%	2,549	17.0%
Tax differences previously not recognised	-	0.0%	1,610	-5.2%	(1,610)	-10.7%
IRES reimbursement (total)	-	0.0%	3	0.0%	(3)	0.0%
Rate adjustments for deferred tax assets/liabilities	(6,511)	40.6%	-	0.0%	(6,511)	-43.4%
Taxes recognised in the financial statements	**(8,079)**	**50.4%**	**1,495**	**-4.8%**	**(9,574)**	**-63.8%**

All companies with a positive taxable amount in 2015 adopted the tax consolidation procedure, partly offsetting parent losses. Consequently no IRES tax was recorded.

As a result of provisions of the 2015 Stability Act which make the cost of permanent labour fully deductible, IRAP decreased by €300 thousand.

The Group reduced deferred tax assets and liabilities by €7,664 thousand as follows:

- €6,511 thousand following the reduction in the IRES tax rate;
- €1,153 thousand for the impact on profit or loss of the update to taxable provisions and other temporary differences.

The tax assets not recognised in profit or loss amounted to €4,715 thousand and refer to current year losses.

(38) Acquisition of investments in subsidiaries

ACQUISITION OF INVESTMENTS IN SUBSIDIARIES	MostraMi S.r.l.
Property, plant and equipment	33
Goodwill	250
Intangible assets	0
Trade receivables	168
Other receivables	5
Current tax assets	68
Other current assets	1
Current tax liabilities	(52)
Trade payables	(58)
Other payables	(167)
Total outlay	**250**

12. Segment reporting

Segment reporting has been prepared in such a way as to provide the information necessary to evaluate the nature and financial effects of operating activities and of the economic environments concerned.

The operating segments have been identified based on business operating activities generating revenue and costs, whose results are regularly reviewed at the highest operating decision-making level to decide on resource allocation and assess results, and for which separate financial information is available.

An operating segment identified in compliance with the qualitative requirements illustrated above is subject to separate reporting when the following quantitative limits have been exceeded:

- the segment's reported revenue, from both external customers and inter-segment sales, accounts for at least 10% of the combined total revenue of all operating segments;
- its reported profit or loss accounts for at least 10% of the greater, in absolute amount, of the combined reported profit of all operating segments that reported a profit and the combined reported loss of all operating segments that reported a loss;
- its assets account for at least 10% of the combined assets of all operating segments.

If the above quantitative thresholds have not been exceeded, but corporate management has deemed it useful to provide separate disclosure to aid evaluation of the nature and financial effects of the related operating activities, the operating segments identified to this end have been subjected to detailed disclosure.

The operating segments for which the Group provides separate reporting are as follows:

- **Publishing** is the division responsible for the daily newspaper Il Sole24 ORE, both printed and digital versions; digital products associated with the daily newspaper, products associated with the daily newspaper, magazines and add-ons; professional publishing, with its technical and regulatory content products targeting professionals, businesses and PA; the Radiocor press agency; and Radio 24, the Group's news & talk radio station;
- **System** is the division acting as the advertising sales agency for the Group's main media and for some third-party media.
- **Training and Events** provides specialist training to young university graduates, managers and professionals and organises annual conferences and events on a contract basis for large customers all over Italy. Included in this area are the activities of the subsidiaries Newton Management Innovation S.p.A. (a management consulting and training company) and Newton Lab S.r.l. (an event organising and multimedia content management agency);
- **Culture** produces publishing content in two segments - the production of exhibitions and book publication - and includes Group activities in the Culture segment, through 24ORE Cultura S.r.l. and its subsidiaries Ticket 24 ORE S.r.l. and Food 24 S.r.l.

The following information is provided for these segments, as regularly presented to the highest operating decision-making level:

- revenue from external customers for measuring segment profit or loss;
- inter-segment revenue for measuring segment profit or loss;
- impairment losses and amortisation/depreciation for measuring segment profit or loss;
- assessment of segment profits and losses, consisting of gross operating profit/loss and operating profit or loss;
- the assets for each sector are shown for assessment of segment performance and mainly concern property, plant and equipment, intangible assets, goodwill and trade receivables;
- reconciliation of the total measurements of segment profit or loss subject to disclosure with respect to the profit or loss deriving from the Statement of profit or loss for the year, before taxes and gains or losses from discontinued operations.

The Group's activities are concentrated primarily in Italy, with its activities in other countries being immaterial. With regard to disclosures about company customers, there are no external customers who individually represent more than 10% of the Group's total revenue.

STATEMENT OF PROFIT OR LOSS BY BUSINESS SEGMENT

SEGMENT	Revenue from third parties	Inter-segment revenue	Tot. Revenue	GOP/GOL	Depr., amort. - impairment losses - gain	Operating profit (loss)
PUBLISHING						
2015	143,824	78,490	222,313	5,576	(6,626)	(1,050)
2014	149,800	72,561	222,361	846	(7,151)	(6,305)
SYSTEM						
2015	127,220	13	127,233	3,864	(6)	3,858
2014	114,115	16	114,131	1,340	(8)	1,332
TRAINING AND EVENTS						
2015	32,040	977	33,018	5,221	(192)	5,029
2014	28,086	829	28,915	3,228	(190)	3,039
CULTURE						
2015	18,573	1,255	19,827	(5,981)	(241)	(6,222)
2014	18,925	617	19,542	403	(51)	352
CORPORATE AND CENTRALISED SERVICES						
2015	3,302	-	3,302	(7,776)	(8,137)	(15,913)
2014	2,189	-	2,189	(20,484)	(7,749)	(28,234)
CONSOLIDATED						
2015	**324,959**	**-**	**324,959**	**906**	**(15,203)**	**(14,297)**
2014	**313,115**	**-**	**313,115**	**(14,667)**	**(15,148)**	**(29,815)**

ASSETS BY SEGMENT				
SEGMENT	Property, plant and equipment	Goodwill	Intangible assets	Trade receivables
PUBLISHING				
2015	13,940	15,982	43,112	44,821
2014	15,578	15,982	28,310	51,607
SYSTEM				
2015	10	-	19	35,870
2014	7	-	8	35,297
TRAINING AND EVENTS				
2015	183	2,165	432	12,537
2014	228	2,165	302	10,946
CULTURE				
2015	3,102	250	177	7,975
2014	186	-	31	8,305
CORPORATE AND CENTRALISED SERVICES				
2015	25,391	-	15,955	3,719
2014	29,415	-	30,868	5,878
CONSOLIDATED				
2015	**42,625**	**18,397**	**59,696**	**104,922**
2014	**45,414**	**18,147**	**59,519**	**112,033**

13. Other information

13.1 Related-party transactions

A related party is a person or entity related to the parent, indicated in compliance with the provisions of *IAS 24 Related party disclosures*. The definition of related party always includes subsidiaries owned by the associates and joint ventures of the parent.

For the transactions carried out with related parties in the reference period of these Consolidated financial statements, the nature of the relationship existing with the related party is stated, together with the amount of the transactions, the amount of the existing balances, including commitments, contractual terms and conditions, any guarantee received or provided. If allowances for doubtful receivables or impairment losses on receivables need to be recognised, evidence must be provided.

The relations between the parent and the subsidiaries are always stated, regardless of any transactions carried out between them.

Information regarding related parties and the relationships with them is summarised in the table on the next page, with specific indication of the transactions, positions or balances that have an impact on the Group's statement of financial position, results of operations or cash flows. The transactions and the balances regarding infragroup related parties are eliminated when preparing these Consolidated financial statements.

Related-party transactions are limited to those with subsidiaries and associates concerning commercial, administrative and financial services. These transactions form part of normal business operations and of the core business of each of the companies involved, and are regulated at market conditions.

The company follows the Transactions with Related Parties procedure resolved by the Board of Directors on 15 November 2010, in execution of CONSOB regulation approved with resolution no. 17221 of 12 March 2010, subsequently amended with resolution no. 17389 of 23 June 2010.

The related parties referred to are entered in the register of related parties, established by the procedure adopted on 12 November 2010. This procedure can be viewed in the Governance section of the website *www.gruppo24ore.com*.

RELATED PARTIES								
Company	Trade and other receivables	Loan assets	Trade and other payables	Loans and borrowings	Revenue and operating income	Costs	Financial income	Financial expense
Confederazione Generale dell'Industria Italiana (Confederation of Italian Industry)	26	-	-	-	62	-	-	-
Total ultimate parent	**26**	**-**	**-**	**-**	**62**	**-**	**-**	**-**
Total associates	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sipi S.p.A.	26	-	(22)	-	34	(133)	-	-
Key management personnel	-	-	(135)	-	-	(3,248)	-	-
Other managers	-	-	(419)	-	-	(4,199)	-	-
Board of Directors	-	-	(148)	-	-	(402)	-	-
Board of Statutory Auditors	-	-	(198)	-	-	(198)	-	-
Other related party persons	34	-	(114)	-	31	(1,818)	-	(2)
Total other related parties	**60**	**-**	**(1,036)**	**-**	**65**	**(9,997)**	**-**	**(2)**
Total related parties	**86**	**-**	**(1,036)**	**-**	**127**	**(9,997)**	**-**	**(2)**
Change versus previous year	(32)	-	147	-	(41)	1,115	-	(2)
Amount recognised in the Group's consolidated financial statements	114,693	-	(170,422)	-	339,503	(338,597)	2,126	(3,833)
Amount recognised in the parent's financial statements	96,227	17,262	151,368	(7,324)	301,754	(297,598)	2,411	(3,762)
% impact on the parent's financial statements	*0.1%*	*0.0%*	*-0.7%*	*0.0%*	*0.0%*	*3.4%*	*0.0%*	*0.1%*
Net cash used in the Group's operating activities	(13,222)		(13,222)		(13,222)	(13,222)		
Net cash used in the parent's operating activities	(10,188)		(10,188)		(10,188)	(10,188)		
% impact on net cash flow used in the parent's operating activities	*-0.8%*		*10.2%*		*-1.2%*	*98.1%*		
Net cash used in the Group's financing activities		(1,105)		(1,105)			(1,105)	(1,105)
Net cash used in the parent's financing activities		(361)		(361)			(361)	(361)
% impact on cash flow from the parent's financing activities		*0.0%*		*0.0%*			*0.0%*	*0.6%*
% impact on the parent's equity	*0.1%*	*0.0%*	*-1.2%*	*0.0%*				
% impact on the parent's profit (loss) for the year					*-0.6%*	*47.0%*	*0.0%*	*0.0%*

Trade/other receivables mainly related to:

- amounts receivable from the ultimate parent, Confederazione Generale dell'Industria Italiana, and the associate Sipi S.p.A. for advertising sales and e-publishing products.

Revenue and operating income refer mainly to the sale of advertising space in Group-owned publications and subscriptions.

Costs mainly refer to EMC and the Ansa press agency, and refer to editorial and management consulting costs.

In addition to the Chief Executive Officer, the key management personnel are three heads of business areas and two heads of central corporate functions. The costs refer to remuneration, social security contributions and post-employment benefits.

13.2 Events after the end of the year

In January 2016 the trade union and ministerial procedure was finalised for confirmation of the early retirement plan for 28 journalists.

An agreement was reached on 24 February for the early settlement of the Vendor Loan, with repayment by Team System of the entire principal of €22.5 million, plus €2 million interest. The original maturity of the Vendor Loan relating to sale of the Software Area was 15 November 2020. The full amount of €24.5 million was paid in a lump sum on 3 March 2016.

13.3 Disclosure pursuant to Consob regulation no. 11971 as amended

Fees for services provided by the independent auditors and other entities within their network

The table below was prepared pursuant to art. 149-*duodecies* of Consob Regulation no. 11971, as amended, and highlights the amounts pertaining to 2015 for audit services and other services provided by the independent auditors and the entities within their network.

INDEPENDENT AUDITOR FEES

Service provided	Service provider	Recipient	Fees for 2015
Auditing	KPMG S.p.A.	Il Sole 24 ORE S.p.A.	184
	KPMG S.p.A.	Subsidiaries	62
Attestation services	KPMG S.p.A.	Il Sole 24 ORE S.p.A.	30
Other services	KPMG S.p.A.	Il Sole 24 ORE S.p.A.	-
	KPMG network	Il Sole 24 ORE S.p.A.	13
Total			**289**

13.4 Disclosures pursuant to Consob Resolution No. 15519 of 27 July 2006

STATEMENT OF FINANCIAL POSITION					
(in thousands of euro)	Note (*)	31.12.2015	of which related parties	31.12.2014	of which related parties
ASSETS					
Non-current assets					
Property, plant and equipment	(1)	42,625	-	45,414	-
Goodwill	(2)	18,397	-	18,147	-
Intangible assets	(3)	59,696	-	59,519	-
Investments in associates and joint ventures	(4)	(0)	-	20	-
Available-for-sale financial assets	(5)	948	-	909	-
Other non-current assets	(6)	28,956	-	26,977	-
Deferred tax assets	(7)	47,439	-	57,732	-
Total		**198,060**	**-**	**208,719**	**-**
Current assets					
Inventories	(8)	5,564	-	6,779	-
Trade receivables	(9)	104,922	86	112,033	118
Other receivables	(10)	9,772	-	10,785	-
Other current assets	(11)	4,705	-	4,528	-
Cash and cash equivalents	(12)	39,139	-	34,476	-
Total		**164,101**	**86**	**168,601**	**118**
Available-for-sale assets		-	-	-	-
TOTAL ASSETS		**362,161**	**86**	**377,319**	**118**

(*) Section 11 of the Notes to the consolidated financial statements.

STATEMENT OF FINANCIAL POSITION (CONT.)					
(in thousands of euro)	Note	31.12.2015	of which related parties	31.12.2014	of which related parties
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent					
Share capital	(13)	35,124	-	35,124	-
Equity reserves	(14)	82,981	-	98,814	-
Hedging and translation reserves	(15)	-	-	(14)	-
Other reserves	(16)	14,699	-	13,703	-
Losses carried forward	(17)	(22,132)	-	(28,012)	-
Loss attributable to owners of the parent	(18)	(24,012)	-	(9,811)	
Total		**86,660**	**-**	**109,804**	**-**
Equity attributable to non-controlling interests					
Capital and reserves attributable to non-controlling interests	(18)	596	-	273	-
Profit (loss) attributable to non-controlling interests	(18)	(86)	-	491	-
Total		**511**	**-**	**764**	**-**
Total equity		**87,170**	**-**	**110,568**	**-**
Non-current liabilities					
Non-current financial liabilities	(19)	15,000	-	15,044	-
Employee benefits	(20)	24,846	412	27,457	348
Deferred tax liabilities	(7)	5,212	-	6,678	-
Provisions for risks and charges	(21)	8,553	-	11,304	-
Other non-current liabilities	-	0	-	0	-
Total		**53,611**	**412**	**60,483**	**348**
Current liabilities					
Bank overdrafts and loans - due within one year	(22)	50,957	-	17,197	-
Liabilities for financial instruments held for trading	(23)	-	-	19	-
Trade payables	(24)	135,774	136	149,877	399
Other current liabilities	(25)	242	-	44	-
Other payables	(26)	34,406	488	39,131	436
Total		**221,380**	**624**	**206,268**	**835**
Available-for-sale liabilities		-	-	-	-
Total liabilities		**274,990**	**1,036**	**266,751**	**1,183**
TOTAL EQUITY AND LIABILITIES		**362,161**	**1,036**	**377,319**	**1,183**

(*) Section 11 of the Notes to the consolidated financial statements.

STATEMENT OF PROFIT OR LOSS							
(in thousands of euro)	Note (*)	2015	of which related parties	of which non-recurring	2014	of which related parties	of which non-recurring
1) Continuing operations							
Revenue	**(27)**	**324,959**	**127**	**-**	**313,115**	**168**	**-**
Other operating income	(28)	14,544	-	-	13,406	-	-
Personnel expense	(29)	(102,305)	(7,446)	-	(102,456)	(8,584)	-
Change in inventories	(8)	(1,215)	-	-	906	-	-
Purchase of raw materials and consumables	(30)	(11,646)	-	-	(15,797)	-	-
Services	(31)	(186,940)	(2,551)	-	(182,182)	(2,529)	-
Use of third party assets	(32)	(22,907)	-	-	(23,369)	-	-
Other operating costs	(33)	(8,047)	-	-	(11,326)	-	-
Provisions	(21)	(1,354)	-	-	(2,589)	-	-
Allowance for impairment	(9)	(4,182)	-	-	(4,374)	-	(1,132)
Gross operating profit (loss)		**906**	**(9,870)**	**-**	**(14,667)**	**(10,945)**	**(1,132)**
Amortisation of intangible assets	(3)	(8,680)	-	-	(7,613)	-	-
Depreciation of property, plant and equipment	(1)	(7,623)	-	-	(7,641)	-	-
Net gains on disposal of non-current assets	(34)	1,100	-	-	105	-	-
Operating loss		**(14,297)**	**(9,870)**	**-**	**(29,815)**	**(10,945)**	**(1,132)**
Financial income	(35)	2,126	-	-	1,503	-	-
Financial expense	(35)	(3,833)	(2)	-	(2,709)	-	-
Net financial income/expense		**(1,708)**	**(2)**		**(1,205)**	**-**	
Other income (expenses) from investment assets and liabilities	(36)	(14)	-	-	-	-	-
Loss before tax		**(16,019)**	**(9,872)**	**-**	**(31,020)**	**(10,945)**	**(1,132)**
Income taxes	(37)	(8,079)	-	-	1,495	-	-
Loss from continuing operations		**(24,098)**	**(9,872)**	**-**	**(29,525)**	**(10,945)**	**(1,132)**
2) Discontinued operations							
Profit (loss) from discontinued operations	**-**	**-**	**-**	**-**	**20,205**	**-**	**-**
Loss for the year	**(18)**	**(24,098)**	**(9,872)**	**-**	**(9,320)**	**(10,945)**	**(1,132)**
Profit (loss) attributable to non-controlling interests	**(18)**	**(86)**	**-**	**-**	**491**	**-**	**-**
Loss attributable to owners of the parent	**(18)**	**(24,012)**	**(9,872)**	**-**	**(9,811)**	**(10,945)**	**(1,132)**

(*) Section 11 of the Notes to the consolidated financial statements.

STATEMENT OF CASH FLOWS					
(in thousands of euro)	Note	2015	Of which related parties	2014	Of which related parties
Loss before tax attributable to owners of the parent [a]		(15,933)	-	(11,306)	-
Adjustments [b]		**12,211**	**(64)**	**1,752**	**(198)**
Profit (loss) attributable to non-controlling interests	(18)	(86)	-	491	-
Depreciation, amortisation and impairment losses	(1.3)	16,303	-	17,546	-
Gains	(1,3,34)	(1,100)	-	(105)	-
Profit (loss) from discontinued operations	-	-	-	(20,205)	-
Change in provisions for risks and charges	(21)	(2,752)	-	133	-
Change in employee benefits	(20)	(2,610)	(64)	2,638	(198)
Change in deferred tax assets/liabilities	(7.37)	749	-	48	-
Net financial income	(35)	1,708	-	1,205	-
Changes in net working capital [c]		**(9,500)**	**(216)**	**(18,352)**	**(713)**
Change in inventories	(8)	1,215	-	(776)	-
Change in trade receivables	(9)	7,111	(32)	(9,024)	(220)
Change in trade payables	(24)	(14,102)	(236)	8,842	(586)
Income taxes paid		(340)	-	(1,125)	-
Other changes in net working capital		(3,384)	52	(16,270)	93
Total cash flows used in operating activities [d=a+b+c]		**(13,222)**	**(280)**	**(27,906)**	**(911)**
Cash flows from (used in) investing activities [e]		**(12,806)**	**-**	**82,903**	**-**
Investments in intangible assets and property, plant and equipment	(1.3)	(13,701)	-	(12,731)	-
Acquisition of investments in associates	(38)	(250)	-	-	-
Disposal of intangible assets and property, plant and equipment	(1,3,34)	1,133	-	167	-
Amounts collected on disposal of equity investments	-	-	-	95,000	-
Changes in scope of consolidation		-	-	280	-
Other changes in investing activities		12	-	188	-
Cash flows from (used in) financing activities [f]		**(1,105)**	**-**	**(15,403)**	**-**
Net financial interest paid	(35)	(3,660)	-	(2,290)	-
Change in medium/long-term bank loans	(19)	(44)	-	14,673	-
Change in short-term bank loans and borrowings	(22)	1,964	-	(25,762)	-
Change in non-current financial assets	(23)	(19)	-	82	-
Dividends paid		(114)	-	(214)	-
Change in share capital and reserves		982	-	(1,753)	-
Change in equity attributable to non-controlling interests		(168)	-	(70)	-
Other changes in financing activities		(46)	-	(68)	-
Cash flows generated (used) during the year [g=d+e+f]		**(27,133)**	**(280)**	**39,594**	**(911)**
CASH AND CASH EQUIVALENTS:					
AT THE START OF THE YEAR		**24,829**	**-**	**(14,766)**	**-**
AT THE END OF THE YEAR		**(2,304)**	**-**	**24,829**	**-**
INCREASE (DECREASE) FOR THE YEAR		**(27,133)**	**-**	**39,594**	**-**

(*) Section 11 of the Notes to the consolidated financial statements.
No atypical and/or unusual transactions were carried out with third parties, related parties or Group companies.

13.5 Net financial position (indebtedness)

The following table details the components of the net financial position (indebtedness):

CONSOLIDATED NET FINANCIAL POSITION (INDEBTEDNESS)		
(in thousands of euro)	31.12.2015	31.12.2014
Cash and cash equivalents	39,139	34,476
Bank overdrafts and loans - due within one year	(50,957)	(17,197)
Short-term net financial position (indebtedness)	**(11,818)**	**17,278**
Non-current financial liabilities	(15,000)	(15,044)
Fair value changes in hedging instruments	-	(19)
Medium-long term net financial indebtedness	**(15,000)**	**(15,063)**
Net financial position (indebtedness)	**(26,818)**	**2,215**

13.6 Employees

The average number of employees by category was as follows:

EMPLOYEES						
AVERAGE HEADCOUNT	2015		2014		Change	
	Number	%	Number	%	Number	%
Managers	43.9	3.5%	48.4	4.0%	(4.5)	-9.3%
Journalists	343.2	27.7%	351.4	28.7%	(8.3)	-2.3%
White-collars	787.9	63.6%	739.3	60.5%	48.7	6.6%
Blue-collars	63.9	5.2%	83.8	6.9%	(19.9)	-23.7%
Total	**1,238.9**	**100.0%**	**1,222.9**	**100.0%**	**16.0**	**1.3%**

13.7 New financial reporting standards

Note that the IASB and the IFRIC have approved some changes to the IFRS currently in force and issued new IFRS and new IFRIC interpretations. As the effective date of these documents is deferred, they have not been adopted for the presentation of these consolidated financial statements, but will be applied from the pre-established date on which they become mandatory. The main changes concern:

IFRS, amendments and interpretations endorsed by the European Union, not yet in force and not adopted early by the Group

Amendments to IAS 19 Defined benefit plans: employee contributions. This amendment applies to employee contributions or to defined benefit plans. The aim of the amendments is to simplify the accounting for contributions that are independent of the number of years of service of the employee. For IASB the amendments enter into force for financial statements beginning on or after 1 July 2014; for the EU application begins from 1 February 2015.

Improvements to IFRS: 2010-2012 Cycle. On 12 December 2013 the IASB published the "Annual Improvements to IFRSs: 2010-2012 Cycle" which contains the amendments to standards as part of their annual improvement process. For IASB the amendments enter into force for financial statements beginning on or after 1 July 2014; for the EU application begins from 1 February 2015. The main changes concern:

- *IFRS 2 Share-Based Payments*: the definitions of "vesting condition" and "market condition" have been amended and additional definitions for "performance condition" and "service condition" have been added;
- *IFRS 3 Business combinations*: the amendments clarify that a contingent consideration classified as an asset or liability must be measured at fair value at every year end, and changes in fair value (other than period measurement adjustments) must be recognised in profit or loss;
- *IFRS 8 Operating Segments*: the amendments require an entity to disclose the measurements performed by management in application of the operating segment aggregation criteria, including a description of the aggregated operating segments and the profit indicators considered in determining whether these operating segments have similar profit characteristics;
- *IFRS 13 Fair value measurement*: the Basis for Conclusions has been amended to clarify that the option remains valid for recognition of current trade receivables and payables without recognising the discounting effects, if such effects prove immaterial;
- *IAS 16 Property, plant and equipment and IAS 38 Intangible assets*: the inconsistencies in the recognition of accumulated depreciation and amortisation when an item of property, plant and equipment or an intangible asset is subject to revaluation have been eliminated. The new requirements clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that the accumulated depreciation or amortisation is equal to the difference between the gross carrying amount and the carrying amount net of impairment losses recognised;

- *IAS 24 Related party disclosures*: the provisions applicable to the identification of related parties and the disclosure to be made are clarified when the assets of executives with strategic responsibilities are provided by a management entity (and not by an individual).

Amendments to IFRS 11 Joint arrangements**:** these provide clarification on the accounting recognition of investments made in joint arrangements that constitute a business. The amendments will be applicable retroactively for annual periods beginning on or after 1 January 2016. Early application is permitted.

Amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible assets**:** the amendments clarify that the use of revenue-based methods to calculate the depreciation or amortisation of an asset is not appropriate in that the revenue generated by a business activity that includes the use of an asset generally reflects factors different from the consumption of economic benefits deriving from that asset. This assumption, however, can be overcome in certain limited circumstances. The amendments apply to annual periods beginning on or after 1 January 2016; early application is permitted.

Amendment to IAS 27 Separate financial statements: the amendment allows entities to use the equity method for the recognition of investments in subsidiaries, joint ventures and associates in the separate financial statements. The amendments apply to financial statements beginning on or after 1 January 2016; early application is permitted.

Amendment to IAS 1 Presentation of financial statements: the main changes regard the presentation method and aggregation of items in the Statement of financial position and the Statement of comprehensive income. The amendments apply with effect from financial years beginning on or after 1 January 2016. Early application is permitted.

Improvements to IFRS: 2012-2014 Cycle

In September 2014 the IASB published the “Annual Improvements to IFRSs: 2012-2014 Cycle” which contains the amendments to standards as part of their annual improvement process. The amendments apply with effect from financial years beginning on or after 1 January 2016. Early application is permitted. The main changes concern:

- *IFRS 5 Non-current assets held for sale and discontinued operations*: the amendment introduces specific instructions in a case in which an entity reclassifies an asset (or disposal group) from held for sale to held-for-distribution (or vice versa), or when the recognition of a held-for-distribution asset has ceased;
- *IAS 19 Employee benefits*: clarifies that high quality corporate bonds used to determine the discount rate of post-employment benefits must be issued in the same currency used to pay the benefits;
- *IAS 34 Interim financial reporting*: clarifies the requirements in a case in which the necessary disclosure is presented in the interim financial report but outside the interim financial statements. The amendment requires that this disclosure is included through cross-referencing from the interim financial statements to other parts of the interim financial report and that the report is made available to financial statements readers in the same manner and by the same deadlines as the interim financial statements;
- *IFRS 7 Financial instruments*: *Disclosures*: introduces clarification of the fact that a servicing contract constitutes a residual involvement in a transferred asset for the purpose of the disclosure necessary on transferred assets.

IFRS, amendments and interpretations not endorsed by the European Union, not yet in force and not adopted early by the Group

IFRS 14 Regulatory Deferral Accounts: IFRS 14, issued by the IASB in January 2014 allows only first-time adopters of IFRS to continue recognising amounts relating to the rate regulation in accordance with previous accounting standards adopted. In order to improve comparability with entities that already apply IFRS and do not recognise such amounts, the standards require that the effect of the rate regulation must be presented separately from other items. The standard will apply from 1 January 2016. Early application is permitted.

IFRS 15 Revenue from contracts with customers: this standard, introduced by the IASB in May 2014, introduces a general framework to establish if, when and to what extent revenue should be recognised. The standard replaces the recognition criteria stated in IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 13 Customer loyalty programmes. IFRS 15 will apply with effect from financial years beginning on or after 1 January 2017. Early application is permitted.

IFRS 9 Financial instruments: this standard replaces IAS 39 Financial instruments: Recognition and measurement, and introduces new instructions for the classification and measurement of financial instruments, as well as new general rules on hedging transactions. The new standard will be applicable retroactively from 1 January 2018. Early application is permitted.

Amendment to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures: the amendments discuss the recognition of aspects associated with the sale or transfer of assets between an investor and its associate or joint venture. The main consequence of the changes is that any gain or loss is recognised in full when the transaction involves a business. The amendments apply with effect from financial years beginning on or after 1 January 2016.

Amendment to IFRS 10 Consolidated financial statements, IFRS 12 Disclosure of interests in other entities and IAS 28 Investments in associates and joint ventures: applying the consolidation exception. The amendments regard investment entities and companies which, though not investment entities, have an equity investment or joint venture interest in an investment entity. The amendments apply with effect from financial years beginning on or after 1 January 2016. Early application is permitted.

IFRS 16 Leases: proposes substantial changes to the accounting treatment of lease arrangements in the leaseholder's financial statements, which will have to recognise the assets and liabilities arising from lease contracts in the statement of financial position, with no distinction between operating and finance leases. In particular, the leaseholder will have to recognise lease-related liabilities at the present value of future instalments. In addition, user rights on the asset referred to in the lease contract will need to be recognised under assets at the same value assigned to the related liabilities. After initial recognition, the user right will be amortised on a straight-line basis over the duration of the contract or, if less, over the useful life of the asset. The liability will gradually reduce as instalments are paid and interest on these will be recognised. To calculate the liability, account must be taken only of the fixed component of instalments envisaged in the contract and any inflation-linked component, but not of any variable components. Future payments determined in this manner will be discounted at the contractual rate or at the interest rate on the marginal loan of the leaseholder, throughout the period in which the contract cannot be cancelled. IASB expects the standard to be applied for financial years beginning on or after 1 January 2019. Early application is permitted for companies applying IFRS 15 Revenue from contracts with customers.

Amendment to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses*:* clarifies the accounting of deferred tax assets relating to debt instruments measured at fair value. The amendments apply with effect from financial years beginning on or after 1 January 2017. Early application is permitted.

The Group has begun to assess the impact resulting from introduction of the new standards and interpretations.

Milan, 16 March 2016

The Chairman of the Board of Directors

Benito BENEDINI

(signed on the original)

Certification of consolidated financial statements pursuant to Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999 as amended

1. The undersigned Donatella Treu, Chief Executive Officer, and Valentina Montanari, Manager in charge of financial reporting of Il Sole 24 ORE S.p.A., hereby certify, pursuant to, inter alia, the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58 of 24 February 1998 [the Italian Consolidated Finance Act]:

- the adequacy in relation to the entity's characteristics; and
- the effective application of administrative and accounting procedures for preparation of the consolidated financial statements during 2015.

2. The adequacy of the administrative and accounting procedures used to prepare the consolidated financial statements as at and for the year ended 31 December 2015 has been assessed based on the methodological rules defined by Il Sole 24 ORE S.p.A. and consistently with the "Internal Control – Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an international generally accepted benchmark framework for the internal control system.

3. It is further certified that:

3.1 The consolidated financial statements:

- have been drafted in compliance with the applicable International Financial Reporting Standards recognised in the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;
- are consistent with the corporate books and accounting records;
- give a fair and true view of the financial position, results of operations and cash flows of the issuer and of the set of companies included in the scope of consolidation.

3.2 The Directors' Report contains a reliable analysis of the performance, results of operations and standing of the issuer and the companies included in its scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Milan, 16 March 2016

Chief Executive Officer	Manager in charge of financial reporting
Donatella TREU	Valentina MONTANARI
(signed on the original)	(signed on the original)

SEPARATE FINANCIAL STATEMENTS OF THE PARENT IL SOLE 24 ORE S.P.A. AT 31 DECEMBER 2015

Separate financial statements

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION OF THE PARENT			
(in thousands of euro)	Note	31.12.2015	31.12.2014
ASSETS			
Non-current assets			
Property, plant and equipment	(1)	39,373	45,025
Goodwill	(2)	15,982	15,982
Intangible assets	(3)	59,306	59,376
Available-for-sale financial assets	(4)	948	909
Other non-current assets	(5)	32,163	31,975
Deferred tax assets	(6)	46,511	56,752
Total		**194,283**	**210,019**
Current assets			
Inventories	(7)	4,291	5,859
Trade receivables	(8)	89,811	98,000
Other receivables	(9)	6,416	8,111
Other current financial assets	(10)	17,262	3,543
Other current assets	(11)	1,829	2,757
Cash and cash equivalents	(12)	33,299	31,528
Total		**152,908**	**149,798**
Available-for-sale assets		-	-
TOTAL ASSETS		**347,191**	**359,817**

(*) Paragraph 8 of the Notes to the separate financial statements.

As required by Consob (Italian securities & exchange commission) resolution no. 15519 of 27 July 2006, the effects of related-party transactions or balances on the Statement of financial position, Statement of comprehensive income and Statement of cash flows of Il Sole 24 ORE S.p.A. are reported in Section 9.5 and detailed in Section 9.2.

STATEMENT OF FINANCIAL POSITION OF THE PARENT (CONT.)			
(in thousands of euro)	Note	31.12.2015	31.12.2014
EQUITY AND LIABILITIES			
Equity			
Share capital	(14)	35,124	35,124
Equity reserves	(15)	82,981	98,814
Hedging and translation reserves	(16)	-	(14)
Other reserves	(17)	(7,948)	(8,931)
Loss for the year	(18)	(21,253)	(15,833)
Total		**88,905**	**109,160**
Total equity	(13)	**88,905**	**109,160**
Non-current liabilities			
Non-current financial liabilities	(19)	15,000	15,000
Employee benefits	(20)	24,057	26,752
Deferred tax liabilities	(6)	5,216	6,692
Provisions for risks and charges	(21)	5,352	8,197
Total		**49,625**	**56,640**
Current liabilities			
Bank overdrafts and loans - due within one year	(22)	49,970	16,633
Other current financial liabilities	(23)	7,324	1,889
Liabilities for financial instruments held for trading	(24)	-	19
Trade payables	(25)	118,511	137,759
Other payables	(26)	32,857	37,717
Total		**208,662**	**194,016**
Available-for-sale liabilities		-	-
Total liabilities		**258,287**	**250,656**
TOTAL EQUITY AND LIABILITIES		**347,191**	**359,817**

(*) Paragraph 8 of the Notes to the separate financial statements.

As required by Consob (Italian securities & exchange commission) resolution no. 15519 of 27 July 2006, the effects of related-party transactions or balances on the Statement of financial position, Statement of comprehensive income and Statement of cash flows of Il Sole 24 ORE S.p.A. are reported in Section 9.5 and detailed in Section 9.2.

Statement of profit or loss

STATEMENT OF PROFIT OR LOSS OF THE PARENT			
(in thousands of euro)	Note (*)	2015	2014
1) Continuing operations			
Revenue	**(27)**	**286,611**	**280,004**
Other operating income	(28)	15,143	12,764
Personnel expense	(29)	(97,143)	(99,097)
Change in inventories	(7)	(1,568)	786
Purchase of raw materials and consumables	(30)	(9,960)	(14,458)
Services	(31)	(157,363)	(157,627)
Use of third party assets	(32)	(22,146)	(22,511)
Other operating costs	(33)	(5,905)	(9,490)
Provisions	(21)	(854)	(2,307)
Allowance for impairment	(8)	(2,659)	(4,150)
Gross operating profit (loss)		**4,155**	**(16,085)**
Amortisation of intangible assets	(3)	(8,545)	(7,443)
Depreciation of property, plant and equipment	(1)	(7,375)	(7,561)
Net gains on disposal of non-current assets	(34)	1,118	105
Operating loss		**(10,647)**	**(30,984)**
Financial income	(35)	2,411	1,716
Financial expense	(35)	(3,762)	(2,655)
Net financial expense		**(1,351)**	**(939)**
Other income (expenses) from investment assets and liabilities	(36)	63	13
Impairment losses on investments	(37)	(3,477)	-
Loss before tax		**(15,411)**	**(31,910)**
Income taxes	(38)	(5,841)	1,507
Loss from continuing operations		**(21,253)**	**(30,403)**
2) Discontinued operations			
Profit (loss) from discontinued operations		**-**	**14,570**
Loss for the year		**(21,253)**	**(15,833)**

(*) Paragraph 8 of the Notes to the separate financial statements.

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME		
(in thousands of euro)	2015	2014
Loss for the year	**(21,253)**	**(15,833)**
Other comprehensive income (expense)		
Other reclassifiable comprehensive income	**14**	**62**
Effective portion of changes in fair value of cash flow hedges	19	86
Taxes on other reclassifiable comprehensive income	(5)	(24)
Other non-reclassifiable comprehensive income (expense)	**983**	**(1,891)**
Actuarial gains (losses) on defined benefit plans	1,294	(2,609)
Taxes on other non-reclassifiable comprehensive income (expense)	(311)	718
Other comprehensive income (expense) after tax	**997**	**(1,829)**
Total comprehensive expense for the year	**(20,256)**	**(17,662)**

(*) Paragraph 8 of the Notes to the separate financial statements.

As required by Consob (Italian securities & exchange commission) resolution no. 15519 of 27 July 2006, the effects of related-party transactions or balances on the Statement of financial position, Statement of comprehensive income and Statement of cash flows of Il Sole 24 ORE S.p.A. are reported in Section 9.5 and detailed in Section 9.2.

The income (expense) components resulting from non-recurring events or transactions, or from transactions or events that do not recur frequently, are also reported in section 9.5.

Statement of Cash Flows

STATEMENT OF CASH FLOWS OF THE PARENT			
(in thousands of euro)	Note	2015	2014
Loss before tax [a]		(15,411)	(17,340)
Adjustments [b]		**15,186**	**(3,301)**
Depreciation, amortisation and impairment losses	(1.3)	15,920	15,005
Gains	(1,3,34)	(1,118)	(105)
Profit (loss) from discontinued operations		-	(14,570)
Change in provisions for risks and charges	(21)	(2,845)	(4,856)
Change in employee benefits	(20)	(2,695)	2,412
Change in deferred tax assets/liabilities	(6.38)	1,160	(3,196)
Net financial income	(35)	1,351	2,024
Dividends received	(36)	(63)	-
Impairment losses on investments	(37)	3,477	-
Other adjustments		-	(14)
Changes in net working capital [c]		**(9,963)**	**(13,378)**
Change in inventories	(7)	1,568	(655)
Change in trade receivables	(8)	8,189	4,316
Change in trade payables	(25)	(19,248)	(1,404)
Income taxes paid		-	(929)
Other changes in net working capital		(473)	(14,706)
Total cash flows used in operating activities [d=a+b+c]		**(10,188)**	**(34,018)**
Cash flows from (used in) investing activities [e]		**(10,779)**	**69,450**
Investments in intangible assets and property, plant and equipment	(1.3)	(10,214)	(10,667)
Acquisitions/disposals of subsidiaries	(5)	(1,699)	(1,209)
Disposal of intangible assets and property, plant and equipment	(1,3,34)	1,130	164
Amounts collected on disposal of equity investments		-	80,961
Other changes in investing activities		5	201
Cash flows used in financing activities [f]		**(351)**	**(14,725)**
Net financial interest paid	(35)	(3,303)	(2,024)
Dividends received	(36)	63	-
Change in medium/long-term bank loans		-	15,000
Change in short-term bank loans and borrowings	(22)	1,964	(25,762)
Change in non-current financial assets	(24)	(19)	(86)
Change in share capital and reserves	(16.17)	997	(1,829)
Other changes in financing activities		(53)	(25)
Cash flows generated (used) during the year [g=d+e+f]		**(21,319)**	**20,706**
CASH AND CASH EQUIVALENTS			
AT THE START OF THE YEAR		**24,100**	**3,394**
AT THE END OF THE YEAR		**2,781**	**24,100**
INCREASE (DECREASE) FOR THE YEAR		**(21,319)**	**20,706**

(*) Paragraph 8 of the Notes to the separate financial statements.

As required by Consob (Italian securities & exchange commission) resolution no. 15519 of 27 July 2006, the effects of related-party transactions or balances on the Statement of financial position, Statement of comprehensive income and Statement of cash flows of Il Sole 24 ORE S.p.A. are reported in Section 9.5 and detailed in Section 9.2.

Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY							
(in thousands of euro)	Share capital	Equity reserves	Hedging and translation reserves	Other reserves	Retained earnings/Losses carried forward	Profit (loss) for the year	Equity
Note (*)	(14)	(15)	(16)	(17)		(18)	
Balance at 1 January 2014	**35,124**	**180,316**	**(76)**	**(7,040)**	**406**	**(81,909)**	**126,821**
Income/expenses recognised directly in equity							
Utilisation of reserve for post-employment benefits	-	-	-	(2,609)	-	-	(2,609)
Fair value changes in hedging instruments	-	-	86	-	-	-	86
Taxes on expenses and income recognised in equity	-	-	(24)	718	-	-	694
Total income/expenses recognised directly in equity	**-**	**-**	**62**	**(1,891)**	**-**	**-**	**(1,829)**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(15,833)**	**(15,833)**
Total income/expenses recognised in the year	**-**	**-**	**62**	**(1,891)**	**-**	**(15,833)**	**(17,662)**
Change in the 2013 loss	-	(81,503)	-	-	(406)	81,909	-
Balance at 31 December 2014	**35,124**	**98,814**	**(14)**	**(8,931)**	**-**	**(15,833)**	**109,160**
Income/expenses recognised directly in equity							
Utilisation of reserve for post-employment benefits	-	-	-	1,294	-	-	1,294
Fair value changes in hedging instruments	-	-	19	-	-	-	19
Taxes on expenses and income recognised in equity	-	-	(5)	(311)	-	-	(316)
Total income/expenses recognised directly in equity	**-**	**-**	**14**	**983**	**-**	**-**	**997**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(21,253)**	**(21,253)**
Total income/expenses recognised in the year	**-**	**-**	**14**	**983**	**-**	**(21,253)**	**(20,256)**
Change in the 2014 loss	-	(15,833)	-	-	-	15,833	-
Balance at 31 December 2015	**35,124**	**82,981**	**(0)**	**(7,948)**	**-**	**(21,253)**	**88,905**

(*) Paragraph 8 of the Notes to the separate financial statements.

Milan, 16 March 2016

The Chairman of the Board of Directors

Benito BENEDINI

(signed on the original)

1. General information

Il Sole 24 ORE S.p.A., the parent of the 24 ORE Group, acts both as the holding company for controlling investments in Group companies, and as an operating company, in the business news and information market. Its products and services are offered to the general public, professionals, businesses and financial institutions.

The registered offices of Il Sole 24 ORE S.p.A. are located at Via Monte Rosa 91, Milan, Italy.

Confindustria controls the Company. The share capital totals €35,124 thousand, represented by 90,000,000 ordinary shares and 43,333,213 special-category shares. Their breakdown is as follows:

- 90,000,000 ordinary shares owned by Confindustria, accounting for 67.5% of all shares;
- 40,030,916 special-category shares listed in the standard segment (Class 1) of the Milan screen-based equity market (MTA - Mercato Telematico Azionario) of Borsa Italiana S.p.A., accounting for 30.0% of all shares;
- 3,302,297 special-category treasury shares, accounting for 2.5% of all shares.

The company by-laws contain provisions whereby the controlling shareholders of Il Sole 24 ORE S.p.A. may not be changed. In particular, in accordance with Article 8 of the by-laws, shareholders may not hold more special-category shares than those that represent one fiftieth of the share capital plus one share, with the exception of the Company which owns them as treasury shares.

Il Sole 24 ORE S.p.A. special-category shares are currently listed in the Standard (Class 1) segment on the MTA of Borsa Italiana S.p.A.

SHARE IDENTIFICATION CODES	
Name	Il Sole 24 ORE S.p.A.
ISIN	IT0004269723
Alphanumerical code	S24.MI
Reuters code	S24.MI
Bloomberg code	S24 IM

The draft financial statements as at and for the year ended 31 December 2015 of Il Sole 24 ORE S.p.A., including the directors’ report and the statement prescribed by Article 154-bis, paragraph 5 of Italian Legislative Decree 58/1998 (Consolidated Finance Act), in compliance with Art. 154-ter, paragraph 1 of Italian Legislative Decree 58/98, were authorised for publication by the Board of Directors on 16 March 2016.

2. Format, content and International Financial Reporting Standards

These separate financial statements were prepared on the assumption that the Company is operated on a going concern basis and in accordance with the recognition and measurement criteria set out in the IFRS (International Accounting Standards – IAS and International Financial Reporting Standards – IFRS), as amended by the applicable interpretations (issued by the Standing Interpretations Committee – SIC and International Financial Reporting Interpretations Committee – IFRIC), approved and published by the International Accounting Standards Board – IASB, endorsed by EC Regulation 1126/2008 of the European Commission as amended.

EC Regulation no. 1126/2008 as amended adopts the IFRS in compliance with EC Regulation 1606/2002 of the European Parliament and Council, enacted with Italian Legislative Decree 38 of 28 February 2005 “Exercising the regulatory options of article 5 of EC Regulation no. 1606/2002 regarding IFRS” (Italian Legislative Decree 38/2005).

The IFRS applied to the financial statements as at and for the year ended 31 December 2015 and the comparative figures as at and for the year ended 31 December 2014 are those endorsed by the European Commission as at the reporting date of these financial statements.

The currency used to present the separate financial statements is the euro and amounts are expressed in thousands of euro unless otherwise stated.

3. Separate financial statements

The Company Il Sole 24 ORE S.p.A. has prepared the Statement of financial position by classifying current and non-current assets and liabilities separately.

For each asset and liability item that includes amounts falling due both within and beyond 12 months from the reporting date, the amount that is expected to be recovered or paid beyond 12 months has been indicated.

All revenue and cost items recognised during the year, including financial expenses, the portion of profit (loss) of associates and joint ventures measured at equity, tax payables and a single amount relating to the total discontinued assets are presented in profit or loss immediately preceding the statement of comprehensive income.

The Statement of comprehensive income opens with the profit or loss for the year, presents the section on Other comprehensive income (expense), Total other comprehensive income (expense) and the total comprehensive income (expense) resulting from the total of profit (loss) for the year and other comprehensive income.

The components that are recognised separately from profit (loss) for the current year pursuant to specific IFRS provisions are presented under Other comprehensive income (expense) in the Statement of comprehensive income.

The section *Other comprehensive income (expense)* of the Statement of comprehensive income, prepared due to the amendments to *IAS 1 Presentation of financial statements* beginning from this year with retroactive effect, presents items relating to amounts of Other comprehensive income (expense) for the year, classified by nature and grouped according to those which, in compliance with other IFRS:

- will no longer be reclassified to profit or loss;
- will later be reclassified to profit or loss when certain conditions are met.

Other comprehensive income (expense) that can be reclassified to profit or loss includes:

- the effective portion of gains and losses on cash flow hedging instruments;
- the gains and losses resulting from the restatement of available-for-sale financial assets.

Other comprehensive income (expense) that cannot be reclassified to profit or loss relates to actuarial gains and losses on defined benefit plans.

The items of Other comprehensive income (expense) in the statement of comprehensive income are presented gross of the related tax effects, with a single amount for total taxes attributable to these items. The tax is divided between items that could later be reclassified to profit or loss and those that cannot.

Items are classified in the statement of profit or loss according to their nature.

Unless stated otherwise, when the term “Statement of profit or loss” is used in these separate financial statements, it means the Separate Statement of profit or loss.

Disclosure of cash flows is provided in the Statement of cash flows, which is an integral part of these separate financial statements.

The indirect method has been used for presenting cash flows, according to which the profit (loss) for the year has been adjusted for the effects of:

- changes in inventories, receivables and payables generated by operating activities;

- non-cash transactions;
- all other elements whose cash effects are cash flows involved in investing or financing activities.

The reconciliation between the amounts relating to the components of cash and cash equivalents in the Statement of cash flows and the equivalent items reported on the Statement of financial position is reported in the Notes to the financial statements.

The table illustrating net financial position (indebtedness) has been prepared on the basis of the guidance provided by the Committee of European Securities Regulators (CESR) of 10 February 2005 – Recommendations for consistent implementation of the EU Commission's Regulation on Prospectuses. The table details the main components of net financial position (indebtedness) and indicates payable/receivable positions vis-à-vis related parties.

The Statement of changes in Equity shows:

- total Comprehensive income (expense) for the year;
- for each Equity item, any effects of retroactive application or retroactive restatement are recognised pursuant to *IAS 8 Accounting policies, changes in accounting estimates and errors*;
- for each Equity item, reconciliation of the carrying amount at the beginning and at the end of the financial year, with separate indication of the changes resulting from:
- profit or loss;
- Other Comprehensive income (expense) and
- any transactions with shareholders, with separate indication of capital injections by shareholders and distribution of equity to shareholders.

For each Equity component, an analysis of Other Comprehensive income (expense) by item is presented in the statement of changes in equity.

Furthermore, Equity items include specific indications as to their origin, potential use and distribution, as well as their actual use in previous years.

At the foot of the Statement of financial position, statement of profit or loss, Statement of comprehensive income and Statement of cash flows, reference is made to a specific section where a statement illustrates the sub-items for the amounts of balances or transactions with related parties, with indication of the effects on the financial position, profit or loss for the year and cash flows of the Company.

The sub-items regarding any income (expense) component deriving from non-recurring events or transactions are recognised separately in the cost or revenue items these refer to, with indication of the effects on the financial position, the results of operations and the cash flows of the Company.

A specific table, which is an integral part of these financial statements, lists the companies in which the parent holds a controlling investment, indicating their name, registered office, share/quota capital, equity investments directly or indirectly owned.

The Notes to the financial statements are presented in a systematic manner. In the Statement of financial position, the statement of profit or loss, the Statement of comprehensive income, the Statement of cash flows and the Statement of changes in equity, reference is made to the detailed disclosure provided in the Notes to the separate financial statements.

Comparative information with the previous financial year is provided for all amounts shown in these separate financial statements. Comparative information is also provided with regard to the commentary and notes to the separate financial statements, if this is material to understanding the separate financial statements for the current year.

For that purpose, two statements of financial position, two statements of profit or loss, two statements of comprehensive income, two statements of cash flows and two statements of changes in equity are provided, as well as the notes thereto.

The presentation and classification of items in the separate financial statements remain consistent from one year to the next, unless otherwise indicated in Section 5 – Changes in accounting policies, errors and changes in estimates.

In cases in which the presentation or classification of Separate financial statements items have changed, the comparative figures have been changed accordingly, and the nature, amount and reasons for the reclassification have been provided.

4. Accounting policies

The separate financial statements of Il Sole 24 ORE S.p.A. have been prepared in compliance with the IFRS and in application of the provisions of Italian Legislative Decree 38/2005.

This section provides a summary of the main IFRS applied, indicating the key measurement and recognition criteria used in preparing the separate financial statements and any other IFRS used if they are considered significant for understanding the separate financial statements.

Non-current assets

Property, plant and equipment

This item includes the property, plant and equipment owned for use in production, to provide goods and services and for administrative purposes, and which are expected to be used for more than one financial year. Only those components that are likely to generate future economic benefits and which have a cost that can be reliably determined are recognised as such. Spare parts that can be defined as property, plant and equipment are likewise recognised as such.

Property, plant and equipment are initially recognised at cost, i.e. the amount of cash or cash equivalents paid or the fair value of another consideration paid at the time of acquiring the asset.

Cost includes the purchase or construction cost, ancillary charges and any directly attributable costs for bringing the asset to the place and condition necessary for it to function.

After initial recognition, the cost method is adopted, under which property, plant and equipment are shown in the statement of financial position at cost, net of accumulated depreciation and any impairment losses.

Each item of property, plant and equipment is depreciated on a straight-line basis over its estimated useful life on the assumption that its residual value is zero. Depreciation commences when the asset is available for use.

Land has an unlimited useful life and, therefore, it is not depreciated.

Items of property, plant and equipment that are not yet available for use are not depreciated.

Depreciation terminates on the more recent of two dates: when the asset is classified as held for sale (see the paragraph entitled Non-current assets classified as held for sale) and the date on which the asset is derecognised.

Depreciation is not interrupted just because the asset is not being used.

An item of property, plant and equipment is derecognised when it is disposed of or when no future economic benefit can be expected either from its use or from its disposal.

The period and method of depreciation of each component of property, plant and equipment are reviewed at the end of each year.

A check is carried out at each reporting date to see if there is an indication of impairment. If there is any indication that this is the case, an estimate is made of the asset’s recoverable amount.

This impairment test is carried out by comparing the carrying amount of the asset with its recoverable amount.

The recoverable amount is the higher out of the asset's fair value, less any costs to sell, and its value in use.

The fair value is the price that would be received from the sale of an asset in an orderly transaction between market participants at the measurement date.

The value in use is calculated by estimating the net present value of the future cash flows expected to be generated by the asset being tested for impairment.

Impairment losses are recognised immediately in profit or loss.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, an estimate is made of the asset's recoverable amount.

An impairment loss recognised in previous years is reversed only if there is a change in the valuations used to calculate the asset's recoverable amount. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on property, plant and equipment are recognised in profit or loss.

Finance leases

Assets purchased under finance lease arrangements are initially recognised as property, plant and equipment at the present value of the minimum payments due under the lease contract, even if ownership of the leased asset has not been acquired, and are depreciated on a straight-line basis over their useful life.

The present value of the minimum payments due under the lease contract is also recognised initially as a payable under Liabilities.

Government grants

Government grants, including non-monetary grants measured at fair value, are not recognised until there is reasonable certainty that the conditions to obtain them will be respected and the grants will effectively be received.

Government grants related to assets, obtained in connection with property, plant and equipment, are recognised as deferred income and then transferred to profit or loss under *Other operating income*, on a systematic and rational basis that spreads them appropriately over the asset's useful life.

Government grants offsetting costs or losses already incurred or to provide immediate financial support, without there being any related future costs, are recognised in profit or loss as income for the year in which they become collectable.

The benefits stemming from a public loan at an interest rate lower than the going market rate have been recognised as government grants, in compliance with the policies specified above. These benefits have been calculated by measuring the difference between the loan's initial carrying amount, calculated using the amortised cost method, and the amounts received.

Business combinations and goodwill

Business combinations

All business combinations for which *IFRS 3 Business combinations* is applicable are accounted for applying the purchase method.

For business combinations with acquisition date from 1 January 2010 onwards, the excess of fair value of the consideration transferred, including the fair value of any potential consideration and the proportional amount of any non-controlling investment in the acquired company, in respect of the fair value on the acquisition date of the identifiable assets acquired or identifiable liabilities assumed, is recognised as goodwill.

The costs incurred to realise the business combination are recognised as expenses in the periods when they are incurred, with the exception of costs associated with the issue of debt instruments, which are accounted for as an increase in the fair value of these debt instruments, and the costs associated with equity instruments, which are accounted for as a decrease in Equity.

Any potential consideration is an obligation for the buyer to transfer additional assets or interests to the previous shareholders of the acquired company as part of the business combination agreement, in case certain future events occur or certain conditions are met. If the potential consideration is classified as equity, it must not be recalculated and its subsequent settlement must be accounted for in equity. If, on the other hand, it is classified as a liability, the subsequent changes in fair value of the potential payment are recognised in profit or loss.

For business combinations with acquisition date up to 31 December 2009, any cost excess for the business combination compared to the interest acquired in the net fair value of its identifiable assets, liabilities and contingent liabilities qualifying for accounting recognition is recognised as goodwill.

The costs incurred to realise the business combination are included in the business combination cost, with the exception of costs associated with the issue of debt instruments, which are accounted for as an increase in the fair value of these debt instruments, and the costs associated with equity instruments, which are accounted for as a decrease in Equity.

The potential consideration deriving from business combinations with acquisition date up to 31 December 2009 were not subsequently adjusted. For these combinations, any adjustments to the combination cost subject to future events were included in the combination costs on the acquisition date only if the adjustments were likely and could be determined in a reliable manner.

Goodwill

The goodwill recognised in a business combination is an asset that produces future economic benefits deriving from other assets acquired in a business combination, but that cannot be individually identified nor accounted for separately.

For the purposes of impairment testing, goodwill acquired as part of a business combination is allocated to the individual cash-generating units or groups that are expected to benefit from the synergies created by the combination.

The CGUs to which the goodwill is allocated represent the minimum level inside the company where the goodwill is monitored on an operational basis, and is never bigger than an operating segment, as identified in section 11 Segment reporting of the Consolidated financial statements of the 24 ORE Group, before the business combination.

The CGUs to which the goodwill is allocated are tested for impairment on a yearly basis. In case such a reduction is suggested, their carrying amount is compared with their recoverable amount.

Impairment tests are carried out more frequently if specific events or changed circumstances suggest that goodwill is impaired. If goodwill is initially recognised during the current year, an impairment test is carried out prior to the end of the same year.

The recoverable amount is the greater of fair value less any costs to sell and value in use, calculated by estimating the net present value of the future cash flows expected to derive from the CGU being tested for impairment.

If the CGU's recoverable amount is lower than its carrying amount, an impairment loss is recognised.

An impairment loss recognised for goodwill cannot be reversed in future years.

If the net fair value of the identifiable assets acquired and the identifiable liabilities assumed at the acquisition date exceeds the transferred consideration, as defined in the item Business combinations, the profit resulting from acquisition of the subsidiary at favourable prices is recognised in profit or loss at the acquisition date. This profit is attributed to the parent.

Any temporary differences emerging from the difference between the net fair value of identifiable assets acquired and identifiable liabilities assumed at the acquisition date and their value recognisable for tax purposes give rise to deferred tax assets and/or liabilities if the required conditions exist.

Intangible assets

Recognised intangible assets are non-monetary assets that have no physical substance, which have to be:

- identifiable, in other words separable or arising from contractual or other legal rights;
- under the company's control as a result of past events;
- likely to generate future economic benefits for the company;
- and with a cost that can be measured reliably.

Initial recognition is at cost.

The cost includes the purchase price and any other direct cost to prepare the asset for use.

The process of formation of intangible assets generated internally distinguishes between the research and development phases. No intangible asset deriving from the research phase is recognised. Intangible assets deriving from the development phase are recognised if they satisfy the conditions listed above.

Trademarks, publications and publishing rights generated internally are not recognised as intangible assets.

The cost of intangible assets generated internally is represented by the sum of the cost incurred from the date on which the intangible asset first satisfies the conditions for accounting recognition.

The cost of an intangible asset generated internally includes all directly attributable costs needed to create, produce and prepare the asset to ensure that it operates as intended by the company management. Costs directly attributable to intangible assets generated internally are essentially the costs for materials and services used or consumed in generating the intangible asset and the personnel expense deriving from the generation of the intangible assets.

After initial recognition, the cost method is adopted.

Intangible assets with a finite useful life are recognised in the Statement of financial position at cost, net of accumulated amortisation and impairment losses.

The cost of intangible assets with a finite useful life is amortised on a straight-line basis over their estimated useful life on the assumption that their residual value is zero. Amortisation commences when the asset is available for use.

Intangible assets with a finite useful life that are not yet available for use are not amortised.

The period and method of amortisation of intangible assets with a finite useful life are reviewed at the end of each financial year.

Amortisation terminates on the more recent of two dates: when the intangible asset is classified as held for sale (see Non-current assets classified as held for sale) and the date on which the asset is derecognised.

An intangible asset is derecognised when it is disposed of or when no future economic benefit can be expected either from its use or from its disposal.

Intangible assets with an indefinite useful life are not amortised.

An intangible asset has an indefinite useful life when, based on certain key factors, there is no foreseeable limit to the period in which it is expected to generate net cash inflows.

Among the key factors playing a significant role in determining the existence of indefinite useful life, we have considered:

- the asset's expected utilisation;
- the productive life cycles typical of the asset, also based on information of public domain concerning estimated useful lives of asset categories used in similar ways;
- technical, technological and any other type of obsolescence;
- the stability of the economic sector in which the asset operates and changes in demand for the products and services originated by the asset;
- actions that will presumably be taken by competitors;
- the level of maintenance costs necessary to obtain the future economic benefits expected from the asset;
- the period of control over the asset and the legal limits to its utilisation;
- the dependence of its useful life on the useful life of other assets.

The useful life of intangible assets that are not amortised is reviewed at the end of each accounting period to ascertain whether the key factors mentioned above still support the assumption of an indefinite useful life.

A check is carried out at each reporting date to see if there is an indication that intangible assets are impaired.

Intangible assets with an indefinite useful life and those that are still not available for use are subjected to annual impairment testing, whether or not there are signs of impairment losses.

This impairment test is carried out by comparing the carrying amount of the intangible asset with its recoverable amount.

The recoverable amount is the higher of fair value less any costs to sell and value in use, determined by estimating the net present value of the future cash flows expected to derive from the intangible asset that is being tested for impairment.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the CGU to which the asset belongs is determined. This recoverable amount is then compared with the CGU's carrying amount.

If the recoverable amount of the individual intangible asset or the CGU is lower than its carrying amount, an impairment loss is recognised.

Impairment losses are recognised immediately in profit or loss.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, an estimate is made of the asset's recoverable amount.

An impairment loss recognised in previous years is reversed only if there is a change in the valuations used to calculate the asset's recoverable amount. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on intangible assets are recognised in profit or loss.

Investments in associates and joint ventures

Associates are those companies over which the parent exercises significant influence, although without holding a controlling interest.

A joint venture is a joint arrangement in which the parties with joint control have rights on the net assets deriving from the arrangement. Joint control refers to the sharing, on a contractual basis, of control of the arrangement, whereby the decisions regarding significant activities require the unanimous consent of all parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method, excluding those classified as held for sale (see Non-current assets classified as held for sale).

Under the equity method, the investment is initially recognised at cost. The carrying amount is subsequently increased or decreased to reflect the investor's share of the associate's profits or losses made after the date of acquisition. The investor's share of the associate's profit or loss for the year is recognised in the investor's statement of profit or loss.

Any dividends received from the associate reduce the carrying amount of the investment.

Any part of the investor's share of the associate's profits and losses deriving from transactions between the two companies is eliminated.

In the event that the investor's share of losses exceeds the carrying amount of its investment, the investor accounts for any further losses as liabilities, but only to the extent that the company has contracted legal or constructive obligations on behalf of the associate or joint venture.

Following application of the equity method, an individual review is carried out at each reporting date to see if there is any objective evidence that investments in individual associates are impaired.

If there is an indication of a possible impairment loss, the entire carrying amount of the investment is tested for impairment, by comparing its recoverable amount with its carrying amount. The recoverable amount, which is the higher of the fair value less costs to sell and value in use, is determined for each investment in an associate.

The fair value is the price that would be received from the sale of the investment in an orderly transaction between market participants at the measurement date.

The value in use is calculated by estimating the parent's interest in the present value of future cash flows that are expected to derive from the associate or joint venture, including the cash flows stemming from its operating activities and the proceeds from final disposal of the investment.

If the recoverable amount of the associate or joint venture is lower than its carrying amount, an impairment loss is recognised.

Impairment losses are recognised immediately in profit or loss.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, the recoverable amount of that investment is estimated.

An impairment loss on an investment in an associate or joint venture recognised in previous years is reversed only if there is a change in the valuations used to calculate the investment's recoverable amount. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on investments in associates are recognised in profit or loss.

Available-for-sale financial assets

Investments in other companies, over which the Company has neither control nor significant influence, are classified in this category.

Initial measurement of these investments is at fair value on the trading date (identifiable as the purchase cost), net of transaction costs directly attributable to the purchase.

After initial recognition:

- investments consisting of equity instruments that do not have a market price listed on an active market and whose fair value cannot be measured reliably are measured at cost;
- investments consisting of equity instruments that have a market price listed on an active market or whose fair value can be measured reliably are measured at fair value, or the price that would be received from the sale of the investment in an orderly transaction between market participants at the measurement date. The gains and losses deriving from changes in fair value are recognised in the items of other comprehensive income (expense) in the Statement of comprehensive income, except for impairment losses and exchange rate gains and losses.

An individual review is carried out at each reporting date to see if there is any objective evidence that investments are impaired.

If there is objective evidence that there has been an impairment loss:

- for investments measured at cost, the amount of the loss is measured as the difference between the investment's carrying amount and the present value of the expected future cash flows discounted at a current market rate of return for a similar financial asset. Impairment losses are recognised immediately in profit or loss and can never be reversed;
- for investments measured at fair value, the amount of the loss is measured as the difference between the investment's purchase cost and its current fair value. Any impairment losses are recognised in profit or loss, as are any other losses initially charged against Equity. The latter have to be reversed and cumulatively recognised in profit or loss. Impairment losses can never be reversed.

Dividends coming from investments in other companies are recognised among *Other income (expenses) from investment assets and liabilities* when the shareholders' right to receive the payment has been established.

Other non-current financial assets

This category includes all non-current receivables and financial instruments that are held to maturity.

Initial measurement of non-current financial assets is at fair value on the trading date (identifiable as the purchase cost), net of transaction costs directly attributable to the purchase.

After initial recognition, both non-current receivables and financial instruments held to maturity are measured at amortised cost using the effective interest method.

The effective rate of interest is the rate that exactly discounts the future cash flows expected over the estimated life of the financial instrument to its carrying amount.

An individual review is carried out at each reporting date to see if there is any objective evidence that non-current financial assets are impaired.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the carrying amount of the non-current receivable or the investment held to maturity and the present value of the expected future cash flows discounted at the original effective rate of interest of the financial asset concerned.

The amount of the loss is recognised in profit or loss.

If in a subsequent year, the amount of the impairment loss decreases and this decrease is linked to an event that took place after recognising the loss, it is reversed and reflected in profit or loss.

Other non-current assets

This category includes:

- investments in subsidiaries
- guarantee deposits;
- tax assets still to be refunded.

Initial measurement of investments in subsidiaries is conducted using the cost method.

A check is carried out at each reporting date to see if there are any signs that an investment in subsidiaries is impaired.

If there is an indication of a possible impairment loss, the entire carrying amount of the investment is tested for impairment, by comparing its recoverable amount with its carrying amount. The recoverable amount, which is the higher of the fair value less costs to sell and the value in use, is determined for each investment in a subsidiary.

The fair value is the price that would be received from the sale of the investment in the subsidiary in an orderly transaction between market participants at the measurement date.

The value in use is calculated by estimating the parent's interest in the present value of future cash flows that are expected to derive from the subsidiary, including the cash flows stemming from its operating activities and the proceeds from final disposal of the investment.

If the recoverable amount of the subsidiary is lower than its carrying amount, an impairment loss is recognised.

Impairment losses are recognised immediately in profit or loss.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, the recoverable amount of that investment is estimated.

An impairment loss on an investment in a subsidiary recognised in previous years is reversed only if there is a change in the valuations used to calculate the investment's recoverable amount. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on investments in subsidiaries are recognised in profit or loss.

The dividends paid by subsidiaries are always recognised as *Other income (expenses) from investment assets and liabilities*, once the right to receive the dividend has been ascertained.

Initial measurement of the tax assets still to be refunded and of the guarantee deposits is at fair value at the transaction date, net of any directly attributable transaction costs.

After initial recognition, both the tax assets still to be refunded and the guarantee deposits are measured at amortised cost, using the effective interest method, calculated as indicated in the paragraph on *Other non-current financial assets*.

An individual review is carried out at each reporting date to see if there is any objective evidence that other non-current assets are impaired.

If there is objective evidence that there has been an impairment loss, the amount is determined.

The amount of the loss is measured as the difference between the carrying amount and the present value of the expected future cash flows discounted at the original effective rate of interest of the non-current asset in question.

The amount of the loss is recognised in profit or loss.

If in a subsequent year, the amount of the impairment loss decreases and this decrease is linked to an event that took place after recognising the loss, it is reversed and reflected in profit or loss.

Deferred tax assets

Deferred tax assets are portions of income tax that will be recovered in future years, relating to:

- deductible temporary differences;
- unutilised tax losses carried forward;
- unutilised tax assets carried forward.

Deductible temporary differences are differences between the carrying amount of an asset or liability shown in the statement of financial position and the value that is recognised for tax purposes. When calculating the taxable income of future years, these will translate into deductibles when the carrying amount of the asset or liability is realised or extinguished.

Deferred tax assets are recognised on all deductible temporary differences and on all unutilised tax losses and tax assets carried forward, if it is probable that sufficient taxable income will be generated in future years to offset them.

Deferred tax assets are measured at the tax rates that are expected to apply during the year when the tax asset will presumably be realised, based on the measures in force at the reporting date.

Deferred tax assets are not discounted to their present value.

The tax benefit of deferred tax assets is recognised in profit or loss, unless the tax stems from a transaction or event that was recognised in the Other comprehensive income (expense) section of the Statement of comprehensive income or directly in Equity or came from a business combination.

Deferred tax assets resulting from items recognised in Other comprehensive income (expense) are also recognised under Other comprehensive income (expense). Deferred tax assets resulting from items credited or debited directly to Equity are also credited or debited directly to Equity.

Current assets

Inventories

Inventories include saleable goods, such as items bought for resale and items produced internally, as well as goods that are used in their production as part of the company's normal operations, such as semi-finished products, work in progress, raw and ancillary materials, and consumables.

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories includes all purchase costs, transformation costs and any other costs incurred to bring inventories to their current position and condition.

When determining the purchase cost, account is taken of the price effectively paid, including directly applicable ancillary costs such as transport and customs duties, net of any trade discounts.

For goods already produced or being processed internally, the historical cost used is manufacturing cost. The calculation of manufacturing cost takes into account the purchase cost, as mentioned previously, plus all production or transformation expenses, i.e. direct costs and a reasonable allocation of indirect costs for the manufacturing period in question.

Raw and ancillary materials and consumables are measured at their weighted average cost for the period, taking the balance of opening inventories into account.

If it is no longer possible to measure inventories at historical cost as explained above, due to a decrease in selling prices, deterioration of goods, or the presence of obsolete or slow-moving goods, the net realisable value is used. This value is based on market trends for goods, finished products, semi-finished products produced internally and work in progress and the replacement cost for raw materials, consumables and ancillary materials and for semi-finished products purchased.

Net realisable value represents the selling price under normal business conditions, net of any costs to completion and direct selling costs that can be reasonably expected.

Replacement cost represents the cost at which a certain inventory item can be repurchased or reproduced, under normal business conditions.

The adjustment to replacement cost for raw materials is carried out directly, whereas the adjustment to net realisable value for finished products is done by setting up a suitable allowance for inventory write-down, which is then deducted directly from the nominal amount shown under assets.

Trade receivables

Trade receivables include amounts due from customers and advances to suppliers.

Trade receivables are initially measured at their fair value on the transaction date, i.e. for the amount expected to be received less any directly attributable transaction costs.

After initial recognition, trade receivables are shown at their estimated realisable value. The initial recognition value of trade receivables is adjusted to the estimated realisable value through an allowance for impairment, which directly reduces trade receivables.

The adjustment to estimated realisable value is achieved by reducing the nominal amount of the receivables, taking account of losses due to non-collection, returns and billing adjustments, discounts and allowances not accrued and any other reasons why a lower amount is likely to be received. Billing adjustments also include estimates of books and newspapers likely to be returned in the future.

If receivables are factored definitively (i.e. on a non-recourse basis), they are derecognised and the profit (or loss) is recognised for the difference between the amount received and their carrying amount.

Advances to suppliers refer to advance payments for physical goods to which the right of access does not yet exist or for services not yet received. The right of access to physical goods arises when ownership is achieved or when the supplier makes them available in accordance with the terms agreed. Services are considered to have been received when the supplier has performed them in compliance with a service agreement.

Other receivables

Other receivables include the following:

- Italian and EU VAT receivables for which a refund has been claimed, as well as the tax credits for the publishing industry and the advance tax paid on post-employment benefits;
- payments on account and advances to employees;
- receivables from others, on transactions that do not generate revenue. This caption also includes advances to suppliers for the purchase of property, plant and equipment and intangible assets.

Other receivables are recognised at their fair value on the transaction date, i.e. for the amount expected to be received less any directly attributable transaction costs.

Current tax assets are also shown in this category if, and only if, the amount already paid for the current year and for previous years exceeds the amount due.

Other current financial assets

This category includes current accounts among Group companies that have a positive balance.

Other current financial assets are recognised at their fair value at the transaction date, i.e. the amount expected to be received less any directly attributable transaction costs.

Other current assets

Other current assets comprise accrued income and prepaid expenses.

Accrued income and prepaid expenses represent portions of costs or revenue that relate to two or more years. They measure revenue and costs that have to be accounted for earlier or later than the monetary event that gives rise to their original recognition. The fundamental condition for them to be recognised is that the amount of these portions of costs and revenue that are common to several years varies on a time basis.

Cash and cash equivalents

These include bank and post office deposits, as well as cash in hand and cash equivalents.

Bank and post office deposits, cash in hand and cash equivalents in national functional currency are shown at nominal amount.

Cash and deposit accounts include all movements that took place up to the reporting date. Accrued interest and related charges due at the reporting date are included, even if actual receipt takes place subsequently.

Cash collections received after the reporting date are not included in this item, even if backdated.

Cash payments made or requested after the reporting date are not taken into consideration.

Non-current assets classified as held for sale and discontinued operations

All non-current assets and disposal groups classified as held for sale are shown separately from other assets in the Statement of financial position. The liabilities of a disposal group classified as held for sale are shown separately from other liabilities in the Statement of financial position.

The carrying amount of non-current assets and disposal groups classified as held for sale will be recovered mainly by selling them off, rather than by using them on an ongoing basis.

The carrying amount is considered recoverable mainly by selling off the assets when management has decided on a disposal plan.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. Such assets are not depreciated.

Held-for-sale non-current assets which represent an autonomous business or geographic segment, or are investments in subsidiaries acquired solely for subsequent sale, are classified as discontinued operations.

The Statement of profit or loss includes a section relating to discontinued operations. The profit or loss resulting from discontinued operations, as well as the related gains or losses on the discontinued operations, which are recognised at fair value less costs to sell, are shown separately under a single item on that section of the statement of profit or loss.

All gains or losses deriving from non-current assets classified as held for sale, other than discontinued operations, are included in the profit (loss) from continuing operations.

Equity

This represents the difference between all Assets and Liabilities, determined according to the applied recognition and measurement criteria.

Equity includes the items listed below:

Share capital, i.e. the nominal amount of the amount paid by shareholders on the date of establishment or for subsequent capital increases plus the reserves converted into share capital over time, net of the nominal amount of any amounts due from shareholders for share capital subscribed and not yet called up and for capital called up but not yet paid in.

Equity reserves, which include:

- *capital injections*, i.e. reserves made up of new contributions made by shareholders;
- the *share premium reserve*, i.e. the difference between the issue price of the shares and their nominal amount;
- *equity transaction costs*, i.e. all costs associated with the purchase or issue of new shares, including the costs originated by the procedure for listing on a regulated market incurred by the Company during the year.

Revaluation reserves, which include:

- Revaluation reserves arising from changes in the fair value of recognised available-for-sale financial assets, except for impairment losses and exchange gains and losses. Pursuant to Article 6, paragraphs 1 and 4, of Italian Legislative Decree 38/2005, these revaluation reserves are not available for distribution.

The **Hedging reserve**, which comprises the hedging reserve, relating to the part of the gains or losses on cash flow hedging instruments that is considered an effective hedge.

The hedging reserve, which is set up following changes in the fair value of cash flow hedging instruments, is not available for distribution in accordance with Article 6, paragraphs 1 and 4, of Italian Legislative Decree 38/2005.

Other reserves, which include:

- the Legal reserve, which is an obligatory reserve under Article 2430 of the Italian Civil Code, requiring that at least 5% of the profit for the year has to be set aside in the legal reserve until it reaches one fifth of the share capital. Up to this limit, the Reserve is not available for distribution;
- negative goodwill. This is an adjustment to equity relating to the merger of companies in prior years;
- the Post-employment benefit IFRS adjustment reserve relates to the recognition of actuarial gains and losses on post-employment benefits in the *Other comprehensive income (expense)* section of the Statement of comprehensive income. This item reflects changes in the present value of this liability as a result of the programme evolving differently from how it was initially envisaged from an actuarial point of view;
- the IFRS FTA reserve, which is made up of the adjustments deriving from the transition to IFRS related to the value of treasury shares. This reserve has a corresponding entry of the same amount in the Unavailable treasury share reserve. Subsequent adjustments related to the IFRS transition have been reclassified as *Retained earnings*.

Retained earnings (losses carried forward), i.e. prior years' profits or losses that have not been distributed or allocated to other reserves and the losses of other years that have not been otherwise covered. This also includes all amounts related to the IFRS transition, with the exception of amounts relating to "treasury shares".

Profit (Loss) for the year, i.e. the financial performance for the year, as shown in the corresponding item of the statement of profit or loss.

Non-current liabilities

Non-current financial liabilities

This caption essentially includes the amounts due to banks for non-current loans.

The initial measurement of non-current financial liabilities is at fair value as at the trading date, net of directly attributable transaction costs.

After initial recognition, non-current financial liabilities are measured at amortised cost using the effective interest method.

Employee benefits

This caption comprises the Post-employee benefits provision accrued for all contractual categories of employees at the reporting date, in consideration of the indications below.

Following the amendments made to Italian post-employment benefit (“TFR”) regulations by the Supplementary Pension Provision Reform with Italian Legislative Decree 252 of 5 December 2005 – Regulation on supplementary pensions, as amended, the Company adopted the following accounting policy:

- the Post-employment benefits accrued at 31 December 2006 are considered defined-benefit plans, and consistently with the recognition and classification applied in previous financial years. The guaranteed employee termination benefits that are paid upon termination of the employment relationship are recognised in the year when the right accrues;
- the related net liability for defined benefits is calculated by using the projected unit credit actuarial method to reliably estimate the final cost for the entity of the benefits accrued by employees in exchange for their work in the current year and previous years;
- the application of the projected unit credit method by professional actuaries makes it possible to determine the present value of the defined benefit obligation and the cost of labour, considering demographic variables such as employee rotation and mortality and financial variables, such as healthcare costs and the discount rate. In particular, the discount rate applied to defined benefit obligations, calculated with reference to market returns at year-end, determines the net interest on net liabilities for defined benefits. In consideration of the provisions introduced by the supplementary pension reform, the variable tied to expected future pay increases was excluded from discounting beginning 1 January 2007;
- the cost relating to current services, costs relating to past services, the profits and losses arising at the time of settlement and the net interest on net liabilities for defined benefits are recognised in profit or loss;
- the actuarial gains and losses are recognised in the Post-employment benefit IFRS adjustment reserve, classified under *Other reserves*, as indicated in the Equity items, and shown in the *Other comprehensive income (expense)* section of the Statement of comprehensive income.

For post-employment benefits accruing as from 1 January 2007, reference should be made to *Other payables*.

Deferred tax liabilities

Deferred tax liabilities are portions of income taxes due in future years because of taxable temporary differences.

Taxable temporary differences are differences between the carrying amount of an asset or liability shown in the statement of financial position and the value that is recognised for tax purposes. When calculating the taxable income of future years, they will translate into taxable amounts when the carrying amount of the asset or liability is realised or extinguished.

Deferred tax liabilities are recognised for all taxable temporary differences except in those cases where the liability derives from:

- initial recognition of goodwill, or
- initial recognition of an asset or liability in a transaction that is not a business combination and has no effect either on the reported profit (loss) for the year or that for tax purposes at the date of the transaction.

Deferred tax liabilities are also recognised for the taxable temporary differences deriving from investments in subsidiaries and associates, except in the case where the following two conditions exist simultaneously: the company is able to control when taxable temporary differences are eliminated, and it is probable that the temporary differences will be eliminated in the foreseeable future.

Deferred tax liabilities are measured at the tax rates that are expected to apply during the year when the tax liability is presumably extinguished, based on the tax rates enacted at the reporting date.

Deferred tax liabilities are not discounted to present value.

Deferred tax liabilities are recognised in profit or loss, unless the tax stems from a transaction or event that was recognised in the Statement of comprehensive income or directly in Equity or came from a business combination.

Deferred tax liabilities resulting from items recognised in *Other comprehensive income (expense)* are also recognised under *Other comprehensive income (expense)*.Deferred tax liabilities resulting from items credited or debited directly to equity are also credited or debited directly to Equity.

Deferred tax liabilities are offset by deferred tax assets only if the two items refer to the same tax.

Provisions for risks and charges

This item includes the various provisions made for risks and charges.

These provisions are set up to cover liabilities whose amount or timing is uncertain, which arise from legal or constructive obligations and exist at the reporting date as the result of a past event.

These obligations, which derive from contractual provisions, legal regulations, long-standing models of corporate practice or public assumptions of responsibility, mean that the company has no real alternative than to comply.

Obligations are recognised when they effectively exist, based on a past event, and when compliance will probably mean using economic or financial resources for an amount that can be estimated with a certain degree of accuracy.

Provisions are measured at the value that represents the best estimate of the amount required to extinguish the obligation or to transfer it to third parties at the reporting date.

If discounting for the cost of money has a significant effect because of the expected timing of the obligation, the amount of the provision is equal to the present value of the outflow expected to be needed to extinguish the liability.

The financial component of the discounted provisions is recognised in profit or loss under financial expense.

Current portions of provisions for risks and charges are reclassified to *Current portions of provisions for risks and charges*.

Contingent liabilities

Contingent liabilities are obligations deriving from past events whose existence will be confirmed by future events not entirely under the control of the Company, or obligations the extinction of which is unlikely to involve an outlay of economic or financial resources, or the amount of which cannot be estimated with sufficient accuracy.

Contingent liabilities are not recognised in the accounts, but rather described exactly in the notes to the financial statements.

Other non-current liabilities

This category includes guarantee deposits received.

Guarantee deposits are recognised at their fair value on the transaction date, net of any directly attributable transaction costs.

Current liabilities

Bank loans and borrowings

This item includes the bank current accounts with an overdraft balance, as well as the current portions of amounts due to banks for medium/long-term loans which are expected to be settled within twelve months of the reporting date.

Other current financial liabilities

This category includes:

- current financial liabilities;
- current accounts among the Group companies with a negative balance;
- accrued liabilities for financial expenses.

Current financial liabilities are recognised at their fair value on the transaction date, i.e. for the amount expected to be paid less any directly attributable transaction costs.

Accrued liabilities for financial expenses are recognised in the same way as the other accruals in *Other current liabilities*.

This item also includes hedging instruments for which a hedging relationship has been established for the element being hedged.

Hedging instruments are designated derivatives whose cash flows are expected to offset changes in the cash flows of a designated hedged element. Designated hedging relationships are considered cash flow hedges, i.e. hedges for exposure to the variability of cash flows due to a particular risk associated with a recognised asset or liability which could have an impact on profit or loss. A position is designated as a hedging relationship when there is formal documentation supporting management of the risk and the related hedging strategy and when the hedge is highly effective and reliably measurable.

Derivatives designated as hedging instruments are initially recognised at their fair value on the initial recognition date, i.e. at the transaction price of the consideration given or received.

Following initial recognition, recognition of hedging transactions entails an equal and opposite recognition through Profit or loss of the changes in the fair value of the hedging instrument and of the hedged item.

In designated cash flow hedge relationships, the portion of the profit or loss on the hedging instrument that is considered an effective hedge is recognised directly in Equity and disclosed in Other comprehensive income (expense). The ineffective portion of the profit or loss on the hedging instrument must be recognised in profit or loss.

Trade payables

Trade payables include the amounts due to suppliers, the liabilities to be paid for goods and services received and invoiced, the advances received from customers for goods and services still to be rendered, and deferred income relating to products sold on a subscription basis.

The amounts due to suppliers and the advances from customers are recognised at fair value at the transaction date, i.e. at the amount formally agreed with the counterparty, net of any trade discounts and adjusted for returns or other billing adjustments.

The deferred income relating to products sold on a subscription basis is recognised in the same way as explained for other deferred income in *Other current liabilities*.

When the payment of trade payables is deferred and the transaction effectively constitutes a form of financing, after initial recognition, they are measured at amortised cost using the effective interest method.

Other current liabilities

Other current liabilities include accrued liabilities other than those relating to financial expenses, classified under *Other current financial liabilities*, and deferred income other than that relating to revenue for products sold on a subscription basis, which are classified under *Trade payables*.

As already explained for accrued income and prepaid expenses, accrued liabilities and deferred income also represent portions of costs or revenue that relate to two or more years.

This category includes also the current direct taxes for the year and for previous years, to the extent that they have not already been paid.

The amount in the statement of financial position is shown net of advance payments of tax, withholding taxes and tax assets, unless a refund has been requested for them.

Current income taxes are measured for the amount expected to be paid to the tax authorities, applying current tax rates and regulations, or substantially enacted at the reporting date.

Current taxes are recognised as an expense in profit or loss, with the exception of taxes that result from transactions or events recognised in Other comprehensive income (expense), or which are credited or debited directly to Equity.

Current tax liabilities referring to items recorded in Other comprehensive income (expense) are also recognised in Other comprehensive income (expense). Current tax liabilities referring to items credited or debited directly to Equity are also credited or debited directly to Equity.

Other payables

Other payables include:

- the amounts due to social security institutions for social security charges and pension contributions;
- tax liabilities other than for direct taxes classified under *Other current liabilities*, such as the taxes payable, for tax assessments or disputes that have been settled, for tax withheld as a withholding agent and for tax claims of any kind in the hands of collection agencies. The amount in the Statement of financial position is shown net of advance payments of tax, withholding taxes and tax assets, unless a refund has been requested for them;
- amounts due to employees for wages and salaries, expense reports to be reimbursed, accrued holidays and additional months' pay;
- dividends payable to shareholders;
- other payables that cannot be classified under any other current liability item.

Other payables are initially recognised at their fair value on the transaction date, i.e. for the amount agreed with the counterparty, less any directly attributable transaction costs.

Because of their nature and duration, other payables do not have a set discount rate. After initial recognition these payables are shown at their original amount, as discounting would have an insignificant effect.

This item also includes the termination benefits due to employees.

Termination benefits are due when the Company decides to conclude the employment relationship or when an employee decides to accept the Company's offer of benefits in exchange for the termination of the employment relationship. The termination benefits due to employees do not include employee benefits resulting from the termination of the employment relationship at the request of the employee, without the Company offering benefits, or as a result of compulsory retirement requirements.

The liability and cost relating to termination benefits are recognised on one of the following dates, whichever is sooner:

- the moment at which the Company can no longer withdraw the offer of such benefits; and

- the moment at which the Company recognises the costs of restructuring which falls within the scope of *IAS 37 Provisions, contingent liabilities and contingent assets* and entails the payment of benefits due for the termination of the employment relationship.

When the termination benefits due are an improvement over post-employment benefits, the provisions on post-employment benefits shall apply for measurement purposes, using the actuarial assessment method described in the item *Employee benefits*. Otherwise:

- if it is established that the termination benefits will be fully paid within twelve months of the end of the year in which such benefits are recognised, the undiscounted cost is reported;

- if it is not established that the termination benefits will be fully paid within twelve months of the end of the year, the reported cost is discounted and the actuarial gains and losses are recognised in profit or loss.

As from the financial year beginning 1 January 2007, this category also includes:

- amounts payable to Supplementary pension funds, relating to the accrued portions of employees' post-employment benefits and not yet paid to the funds;
- amounts payable to the Central treasury fund set up with INPS (the Italian state pension & welfare agency) relating to the accrued portions of employees' post-employment benefits not yet paid to the fund.

Following the pension reform mentioned above in relation to *Employee benefits*, the portions of post-employment benefits accrued as from 1 January 2007 have been, at the employee's discretion:

- allocated to forms of supplementary pension provision;
- held within the company, which transfers these portions of post-employment benefit to the central treasury fund set up by INPS.

Both those portions of Post-employment benefits allocated, as from 1 January 2007, to supplementary pension provision and those allocated, as of the same date, to the central treasury fund with INPS, are recognised as post-employment benefits and classified as defined contribution plans.

Contributions to be paid to a defined-contribution plan are accounted for on an accruals basis as amounts payable to Supplementary pension funds and/or to the INPS treasury fund, against service rendered by employees. More specifically, the liability for benefit portions payable to the INPS treasury fund does not include the cost of revaluation, which is instead incumbent on INPS.

Effects of fluctuations in exchange rates

At each reporting date, all monetary elements in foreign currency, i.e. all assets and liabilities that will be collected or paid in a fixed or determinable quantity of foreign currency, are translated at the end-of-year spot exchange rate.

Exchange rate differences deriving from the translation of monetary elements at a different rate from the one used at the time of initial recognition during the year or in previous financial statements are recognised in profit or loss in the year when they arise.

At each reporting date, all non-monetary elements measured at historical cost in a foreign currency are translated at the exchange rate in force on the date of the transaction. All non-monetary elements expressed in a foreign currency and measured at fair value are translated at the exchange rate in force on the date that the fair value was determined.

When the carrying amount of a non-monetary element expressed in foreign currency is determined, in application of the reference accounting standards, by comparing two or more amounts, the exchange rate applied to the amounts used for comparison with the original carrying amount is the rate prevailing at the time the comparison is made, i.e. the closing rate on the reporting date.

This implies that if the carrying amount to be recognised is the one of the amounts compared, any exchange rate differences that arise are recognised in profit or loss, when the element they refer to is recognised in profit or loss, or in Other comprehensive income (expense), when the element they refer to is recognised in Other comprehensive income (expense).

If a designated fair value hedging relationship has been set up between a hedging instrument and an element being hedged in foreign currency, the accounting treatment applied is the same as for hedges, as explained under *Other current financial assets*.

Revenue

Revenue from the sale of goods is recognised in profit or loss when:

- a significant portion of the risks and rewards of ownership of the goods have been transferred to the buyer;
- the revenue amount can be measured reliably;
- there is no longer any effective control over the goods sold;
- it is probable that there will be economic benefits from the transaction;
- related transaction costs can be reliably determined.

Revenue from the provision of services is recognised in profit or loss with reference to the stage of completion of the transaction at the reporting date when:

- the revenue amount can be reliably measured;
- it is probable that there will be economic benefits from the transaction;
- the stage of completion of the transaction can be reliably measured;
- the costs incurred and to be incurred can be reliably calculated.

More specifically:

- revenue from the sale of goods is considered earned when ownership is transferred, which is generally considered as coinciding with shipment, both for daily newspapers and magazines sold individually, and for book publications that are sold on a firm-sale basis (i.e. no returns). Revenue is recognised net of a reasonable estimate of returns;
- revenue from the sale of newspapers and magazines on a subscription basis is recognised over the period of the subscription;
- revenue from the sale of advertising space is recognised on the basis of the date of publication of the notice or advertisement;
- revenue from services with a contractual duration, such as online, master-course and database subscription services, is recognised over the period of the contract.

Costs and revenue relating to the same transaction or to another event are recognised simultaneously, applying the matching principle.

When revenue components are significant, their nature and amount are shown separately.

Costs

Costs are recognised in profit or loss when a decrease in future economic benefits has taken place involving a decrease in assets or an increase in liabilities that can be reliably measured.

In particular, a cost is recognised immediately when and to the extent that:

- an expense does not result in any future economic benefit;
- future economic benefits do not qualify, or cease to qualify, for recognition as assets in the Statement of financial position;
- a liability is incurred without an asset being recognised.

When cost components are significant, their nature and amount are shown separately.

Dividends

Dividends distributed are recognised in Equity in the financial year in which distribution is approved. For income tax purposes, the tax effects of dividends are recognised in profit or loss, unless they are generated by transactions recognised separately from the profit (loss) for the year, or by a business combination. Indication of the amount of the dividend paid during the financial year is accompanied by disclosure of the amount of the dividend per share. The assignment of dividends approved after the reporting date is not recognised as a liability. If this assignment is declared after the reporting date but before publication of the annual financial statements is authorised, dividends are disclosed in the Notes to the separate financial statements.

Guarantees

The carrying amount of financial assets given as guarantee for liabilities or for contingent liabilities and clauses and conditions relating to such assets' use are indicated in the Notes to the separate financial statements. If the financial assets given as guarantee can be, by contract or by custom, sold or newly pledged, their carrying amount is reclassified in the Statement of financial position, separately from other assets.

For guarantees received that can be sold or newly pledged, as well as guarantees received and newly pledged, fair value and the clauses and conditions associated with their use are shown separately.

Hedging transactions

For each type of hedge, the Notes to the Separate financial statements separately describe:

- the transaction;
- the financial instruments designated as hedging instruments and their fair values at the reporting date;
- the nature of the risks hedged.

The Notes to the separate financial statements also provide detailed information on cash flow and fair value hedges.

Fair value

The fair value is the price that would be received from the sale of an asset or paid to transfer a liability, in an orderly transaction among market participants at the measurement date.

The price considered is the quoted price on the principal, or most advantageous market, not adjusted on the basis of transaction costs, at current market conditions (exit price), regardless of whether the price is directly observable or estimated using another valuation technique.

In particular, when the fair value applies to a non-financial asset, it considers the capacity of a market participant to generate economic benefits using the asset at its highest and best use or by selling it to another market participant who would use it at its highest and best use.

The following have therefore been determined in accordance with the fair value measurement approach:

- the particular asset or liability that is the subject of the measurement, consistently with its unit of account;
- for a non-financial asset, the valuation premise that is appropriate for the measurement, consistently with its highest and best use;

- the principal (or most advantageous if there is no principal market) market for the asset or liability;
- the valuation techniques appropriate for the measurement of fair value, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability.

Valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value were used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In particular, the three main valuation techniques were used, i.e.:

- the market approach;
- the cost approach;
- the income approach.

IFRS 13 Fair value measurement establishes a hierarchy which categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The fair value hierarchy gives priority to the inputs used in the valuation techniques and not to the valuation techniques adopted. In some cases, the data used to measure the fair value of an asset or a liability could be classified in different levels of the fair value hierarchy. In these cases, the fair value measurement was classified entirely within the level in which the input at the lowest level of the hierarchy used for the valuation is classified.

5. Changes in accounting policies, errors and changes in estimates

The accounting policies adopted are only changed from one year to the next if the change is required by a new official accounting standard or if it helps to provide more pertinent and reliable information on the effects of transactions performed on the entity's financial position, results of operations or cash flows.

The changes in accounting policies are recognised:

- in accordance with the provisions of specific transitory measures (if any) of that policy;
- retroactively, if the accounting policy does not contain transitory measures, or if the policy is changed voluntarily, recognising the effect to opening Equity for the earliest of the financial years being presented. Other comparative figures for each prior year are also adjusted as if the new policy had always been applied.

The prospective approach is used only when it is impractical to determine the specific effects on the year or the cumulative effect of the change for all previous years.

In case of material errors, the same policy is applied as for changes in the accounting policies illustrated above. In the case of non-material errors, accounting adjustments are made in profit or loss in the year when the error is found.

In years in which an accounting standard is applied with retroactive effects, or certain items of the financial statements are restated retroactively or reclassified, an additional Statement of financial position at the start of the previous year is presented only if the retroactive application, retroactive restatement or reclassification of the items has a significant impact on disclosures made in the Statement of financial position at the start of the previous year. In these cases, three Statements of financial position are therefore presented:

- the end of the current year;
- the end of the previous year;
- the start of the previous year.

Changes in accounting estimates are recognised prospectively in profit or loss in the year when the change occurs if it affects only that year, or in the year when the change occurred and in future years if the change also affects those years.

Changes in accounting standards:

- IFRIC 21 - Levies, which provides clarification on when an entity should recognise a liability for the payment of government-imposed levies, except those covered by other policies and standards (e.g. IAS 12 - Income taxes). IAS 37 establishes the criteria for recognising a liability, one of which is the present obligation of the entity arising from a past event (an "obligating event"). The interpretation clarifies that the obligating event giving rise to a liability for payment of the levy is described in the reference regulations that trigger its payment.
- Improvements to IFRS: 2011-2013 Cycle. The main changes concern:
- IFRS 1 First-Time Adoption of International Financial Reporting Standards.
- IFRS 3 Business combinations: clarifies that all types of joint arrangements are excluded from the application of IFRS 3;
- IFRS 13 Fair value measurement: the amendment clarifies that the option of fair value measurement based on net value also refers to contracts in the scope of application of IAS

39 but which do not satisfy the definition of financial assets and liabilities pursuant to IAS 32, such as contracts for the purchase and sale of commodities that can be settled in cash for their net value;

- IAS 40 - Investment property: the amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the purchase of a property falls under the application of IFRS 3, reference has to be made to the specific guidance contained in both standards.

The retroactive application of the new standards and amendments in compliance with regulatory provisions had no specific and/or cumulative effects either on the determination of equity and profit/loss for the year, or on earnings (losses) per share.

6. Financial instruments and risk management

In order to provide disclosures that allow assessment of the materiality of the financial instruments on the financial position, results of operations and cash flows, supplementary information is provided to facilitate evaluation of the magnitude and nature of the related risks.

The risks related to the financial instruments used are:

- market risk, i.e. the risk of a financial instrument's fair value or cash flows fluctuating following changes in market prices. This risk can be further broken down into:
- currency risk, i.e. the risk that the value of a financial instrument might fluctuate as a result of movements in exchange rates;
- interest rate risk on fair value, i.e. the risk that the value or future cash flows of a financial instrument might fluctuate as a result of changes in market interest rates;
- price risk, i.e. the risk that the fair value of a financial instrument or its future cash flows might fluctuate as a result of changes in market prices;
- credit risk, i.e. the risk that one of the parties of a financial instrument does not fulfil an obligation and causes a financial loss to the other;
- liquidity risk, i.e. the risk of having problems in fulfilling the obligations associated with financial liabilities settled in cash or through other financial assets.

For each type of risk stemming from financial instruments, qualitative information is provided about:

- risk exposure and how it is generated;
- objectives, procedures and processes for managing and controlling risks and the methods used to measure them;
- any changes compared with the previous year.

For each type of risk stemming from financial instruments, summary quantitative information is provided on risk exposure at the reporting date. Detailed disclosure concerning analytical quantitative data has been prepared in compliance with the provisions of *IFRS 7 Financial Instruments: disclosures* and in the Appendixes which are integral part of them, highlighting the existence of any concentration of risk.

For each class of financial assets and liabilities, whether recognised at fair value or measured using one of the other methods subsequent to their initial recognition as specified in *IAS 39 Financial instruments: recognition and measurement*, the Notes to the separate financial statements include separate indication of the fair value, to make a comparison with the related carrying amount possible.

The disclosure on the fair value of financial instruments is always necessary except in the following cases:

- when the carrying amount is a reasonable approximation of fair value;
- for investments in equity instruments that do not have a quoted price on an active market.

Financial instrument classes have been grouped in a manner pertinent to the nature of the disclosure. Sufficient information has been provided to permit reconciliation with the carrying amount of items classified in the Statement of financial position.

Disclosures have also been provided as required:

- for all financial assets transferred which have not been derecognised and for any residual involvement existing in a transferred asset at the reporting date, regardless of when the corresponding transfer transaction took place;
- for all financial instruments recognised and subject to offsetting in compliance with rules established by IFRS, i.e. for all financial assets and liabilities for which there is currently a legally enforceable right to offset and for which there is the intention either to settle on a net basis or to realise the financial asset and settle the financial liability simultaneously, so as to enable users of financial statements to assess the effect or potential effect of offsetting arrangements on the Company's financial position.

Financial risk

Financial risk management is performed following a principle of prudence and of minimisation of the risks connected with financial assets and liabilities. The investment of surplus cash or the raising of necessary resources is carried out with the main objective of neutralising the risk of loss of capital, avoiding speculation, and interest rate fluctuations, avoiding exposure of the operating profit (loss) to any unexpected increases in financial expenses.

The Company constantly monitors the financial risks to which it is exposed, in order to assess any negative impact and initiate appropriate mitigation action. The Board of Directors has the overall responsibility for creating and supervising the Company's risk management system, as well as for the development and control of risk management policies.

The Company's risk management policies are intended to identify and analyse the risks to which the Company is exposed, defining appropriate limits and the monitoring systems for such risks. Policies and related systems are periodically reviewed in consideration of changes in market conditions and in Company activities.

Financial management of subsidiaries takes place through specific infragroup current accounts on which any cash surpluses are deposited or on which the Parent provides the financial resources needed for the subsidiaries to conduct their business operations. The aim is also to optimise the impact on profit or loss of the financial income and expenses accruing on these current accounts.

Centralised management of the Group's finances also makes it possible to control and co-ordinate the operations of each subsidiary efficiently, also via more effective financial planning and control. This also provides useful input to ensure the best possible handling of the Group's relationships with its main banks and credit institutions and to help monitor the Group's financial risk and treasury movements in a systematic way.

Financial guarantees

The Company issues financial guarantees mainly in the following cases:

- for prize competitions, as regulated by Italian Presidential Decree 430/2001;
- for Public Administration tenders/contracts, as required in tenders and/or awarding rules;
- as a guarantee for use of Group VAT consolidation procedures;
- for lease contracts instead of guarantee deposits;

- for special service supply contracts.

Group policy gives preference to the issue of bank sureties at parent level, avoiding their issue by subsidiaries.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument fluctuate following changes in market prices, due to changes in interest rates, exchange rates or in the market prices of equity instruments. The objective of market-risk management is to manage and control the Company's exposure to the risk and keep it within appropriate limits, whilst also optimising the return on investments to which such risk relates.

The Company uses derivative instruments during the normal course of its financing activities and also takes on financial liabilities to manage market risk. It performs these activities in accordance with the guidelines established by the Board of Directors. The Company performs hedging transactions to manage the volatility of results relating to financial instruments.

Currency risk

The Company is marginally exposed to currency risk on purchases denominated in currencies other than the functional currency.

These transactions mainly refer to the following exchange rates: EUR/USD, EUR/GBP and EUR/CHF.

The Company in any case has the policy of hedging currency risk for specific purchases of investment assets denominated in currencies other than the functional currency in order to preserve the forecast return on such investments. It is the Company's policy to undertake full hedging, where possible, of significant exposures arising from receivables and payables denominated in currencies other than the euro.

Price risk

The main raw material used by the Company that could be exposed to significant price risk is paper.

Paper is handled centrally for all of the Group's business units by means of careful procurement planning and inventory management. In line with best market practices, supply contracts are agreed with leading Italian and foreign paper companies for fixed quantities at fixed prices for the maximum period that the market currently permits, i.e. about one year.

The Company does not use hedges such as paper swaps, as they offer limited liquidity in terms of both counterparties and maturities.

Interest rate risk

The Company's financial performance is exposed to fluctuations in market interest rates, with special reference to net financial expense relating to medium/long-term floating-rate loans.

The return on financial investments, consisting of short-term cash investments with a maturity of not more than three months, is not affected by changes in interest rates.

To manage interest rate risk, the Company uses interest rate derivatives – mainly Interest Rate Swaps – to eliminate or mitigate, at acceptable economic conditions, the impact of interest rate fluctuations on the profit (loss) for the year.

The return on financial investments, consisting of short-term cash investments with a maturity of not more than three months, as well as financial expense associated with current account overdrafts and short-term hot money, is not affected by changes in interest rates.

Credit risk

Credit risk is the risk of a customer or one of the counterparties of a financial instrument causing a financial loss by not honouring an obligation.

Within the Group, credit risk mainly relates to trade receivables from sales of products and services by the various business units, as well as to other non-current receivables, mainly represented by the vendor loan, referring to the portion of the price relating to sale of the Software Area to TeamSystem in May 2014.

Considering the type of customers that the Group has for its products and services, the management does not believe there is a high level of trade credit risk. As there is no high concentration of this risk, the policy is to limit sales to any customers that are considered insolvent or are unable to provide adequate guarantees.

Customer credit risk is controlled by grouping customers by type and business area, considering whether customers are advertising agencies, financial companies and institutions, public entities, professionals and natural persons, distributors and bookstores, or other customers. Other factors examined are geographical location, business sector, credit age, the due dates of invoices issued, and previous payment behaviour.

In the face of this risk, a specific allowance for impairment is made to cover any losses caused by non-collectibility.

As regards financial receivables, it is believed that the Group is not exposed to significant risk as it invests cash and cash equivalents only with banks of premier standing, mainly using short-term investment instruments with maturities of not more than 3 or 6 months (on demand or term deposits).

Note that in reference to the transaction for disposal of the Software Area to TeamSystem, non-current assets also include the portion of the price (€22.5 million) to be paid with accrued interest on 15 November 2020.

Liquidity risk

Liquidity risk is the risk of the Group having difficulty in meeting obligations associated with financial liabilities and therefore of having difficulty in accessing, at suitable economic conditions, the financial resources necessary for its operations.

In managing liquidity risk, the Group’s approach is to ensure, as far as possible, that there are always sufficient financial reserves to meet its obligations when due, both in normal conditions and in conditions of financial stress.

Besides the trend in market interest rates, the main factors determining Group liquidity are the cash flows generated or absorbed by operating and investing activities and the flows relating to repayment of financial liabilities and collection of income relating to financial investments.

The Group has taken a series of actions designed to optimise the management of financial resources and mitigate liquidity risk:

- centralised management of Group liquidity through constant withdrawal of cash surpluses from subsidiaries and through coverage of the latter's requirements with resources provided by the parent;
- maintenance of an adequate reserve of available liquidity;
- availability of adequate short-term lines of credit;
- planning of the future financial position, also as regards the impact of medium/long-term debt on the overall net financial position (indebtedness);
- utilisation of an appropriate internal control system to assess available liquidity in relation to operational planning.

For coverage of short-term financial requirements, the Company currently has usable credit facilities available for a total of €64.5 million. More specifically:

- €5.5 million relating to revocable current account overdrafts, subject to collection and unsecured, paid at an average interest rate of 3.19%;
- €2.5 million relating to revocable bank credit facilities for hot money that can be used for short-term temporary financial requirements, at an interest rate of 1.69%;
- €6.5 million relating to credit lines for advances on trade receivables;
- €50 million relating to the syndicated loan with a 36-month duration from the date of signing, in October 2014, at an initial interest rate of the Euribor +5.50%.

The Company can implement trade receivable factoring transactions for up to a maximum of €33.5 million.

Although an improved gross operating loss is forecast for 2016, compared to 2015, additional financial requirements amounting to roughly €10 million are also expected beyond the net financial indebtedness at 31 December 2015, which totalled €26.8 million. This requirement refers mainly to investments, financial expense and non-recurring outflows associated with restructuring costs.

At 31 December 2015, the credit facilities had been fully used for a total of €64.5 million; the available liquidity amounting to €33.3 million is however sufficient to also cover the cash requirements expected for 2016.

On 23 October 2014, the company signed a medium-term syndicated loan agreement.

The loan consists of a revolving cash credit facility for a total of €50.0 million, granted by a pool of banks comprising of Intesa Sanpaolo, Banca Popolare di Milano, Banca Popolare di Sondrio, Banca Monte dei Paschi di Siena and Credito Valtellinese. Banca IMI acts as coordinator and agent bank.

The loan is for 3 years from the date of signing and repayment must be made on the due date for each drawdown, every of 1, 3 and 6 months, and in any event on the final due date for the total exposure of the loan. The initial interest margin on the loan is the Euribor rate +5.50%.

From 30 June 2016 a half-yearly reduction mechanism for the initial margin is envisaged on the basis of only the NFP/gross operating profit (loss) ratio, calculated at consolidated level as defined below:

NFP/gross operating profit (loss) ratio	Reduction in the Initial Margin
≥ 2.75 and < 3.00	-50 bps
≥ 2.50 and < 2.75	-75 bps
< 2.50	-125 bps

A clean-down clause is envisaged, on the basis of which from 2015 the total use of the credit facility must be reduced at least once a year by an amount not exceeding 30% of the total agreed for at least three consecutive business days. The clean down for 2015 was performed on 1 June 2015.

The loan does not envisage collateral or mandatory guarantees, but does have financial covenants recognised at consolidated level.

In order to improve its financial and operating flexibility, in 2015 the Company asked for a review of the structure of the contractually-envisaged covenants, and on 27 July 2015 the lending banks confirmed amendments to the covenants as follows:

- the NFP/equity ratio must not exceed 0.75 for the entire duration of the loan;
- the net financial indebtedness must not exceed €30.0 million at 30 June 2015, 31 December 2015 and 30 June 2016;
- gross operating profit (loss) must not exceed a loss of €3.0 million at 30 June 2015 and 31 December 2015, and must be equal to or higher than zero at 30 June 2016;
- the NFP/gross operating profit (loss) ratio must not be greater than:

  3.0 at 31 December 2016;
  3.0 at 30 June 2017.

Failure to satisfy even one of the covenants involves the right of early withdrawal from the loan by the banks. However, the lending banks are permitted to make changes to the loan agreement, or to waive their right to early withdrawal if failure to satisfy a covenant should occur. The covenants are expected to be satisfied in 2016.

The agreement to such requests for amendment or waiver of early withdrawal is reached by majority consent of the lending banks, i.e. the banks whose percentage interest in the loan represents at least 66.66% of the loan.

Note that at 30 June 2015 and 31 December 2015 the economic and financial parameters associated with the original covenants had been satisfied and are expected to be satisfied again in 2016.

On 30 June 2015 the Company also arranged repayment of the final instalment on the three facilitated medium/long-term loans agreed in 2005 under Italian Law 62/2001 (Contributions to the Publishing Industry). In particular:

- a loan of €6,976 thousand from Credito Emiliano;
- two loans from Intesa Sanpaolo in the amounts of €3,595 thousand and €8,199 thousand, respectively.

At the time of repayment of the loans the Payer Interest Rate Swaps - Forward Start matured, the hedging contracts signed to mitigate the risk of fluctuations in the interest rates due on the loans in question.

Net financial expense

NET FINANCIAL EXPENSE		
(in thousands of euro)	2015	2014
Recognised in profit or loss		
Interest income from unimpaired financial assets held to maturity	2,320	1,611
Interest income from available-for-sale financial assets	-	-
Interest income from bank deposits	12	67
Net exchange rate gains	77	38
Financial income	**2,409**	**1,716**
Interest expense on financial liabilities and other financial expenses	(3,572)	(2,548)
Net exchange rate losses	(188)	(102)
Change in fair value of financial assets designated at fair value through profit or loss	-	-
Impairment losses on securities held to maturity	-	(5)
Ineffective portion of changes in fair value of cash flow hedges	-	-
Financial expense	**(3,760)**	**(2,655)**
The net financial expense shown above includes the following amounts relating to assets (liabilities) not designated at fair value through profit or loss:		
Total interest income on financial assets	**2,409**	**1,716**
Total interest expense on financial liabilities	**(3,760)**	**(2,655)**
Recognised directly in Equity		
Effective portion of changes in fair value of cash flow hedges	-	(19)

Financial assets

OTHER FINANCIAL ASSETS		
(in thousands of euro)	31.12.2015	31.12.2014
Non-current financial assets		
Financial assets held to maturity	25,915	23,960
Current financial assets		
Cash and cash equivalents from subsidiaries	17,262	3,543
Cash and cash equivalents	33,299	31,528
Derivative hedging instruments	-	(19)
Total financial assets	**76,476**	**59,012**

The non-current financial assets held to maturity mainly include the vendor loan of €25,537 thousand, including accrued interest, referring to the portion of the price for the sale of the Software Area to TeamSystem, which has a contractual due date of 15 November 2020.

Current financial assets refer to cash and cash equivalents.

Financial liabilities

FINANCIAL LIABILITIES		
(in thousands of euro)	31.12.2015	31.12.2014
Non-current liabilities		
Secured bank loans	-	-
Syndicated loan	15,000	15,000
Unsecured bank loans	-	-
Total non-current liabilities	**15,000**	**15,000**
Current liabilities		
Current portion of secured bank loans	-	-
Current portion of unsecured bank loans	-	1,068
Syndicated loan	35,484	3,239
Unsecured current account advances	14,486	12,326
Other bank loans and borrowings	-	-
Loans and borrowings from subsidiaries	7,324	1,889
Total current liabilities	**57,294**	**18,522**
Total financial liabilities	**72,294**	**33,522**

Loan contracts

This note illustrates the contractual conditions governing the company's interest-bearing financial liabilities, measured at amortised cost.

LOAN CONDITIONS AND REPAYMENT TERMS						
(in thousands of euro)			31.12.2015		31.12.2014	
	Nominal interest rate	Year of maturity	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Unsecured bank loan	Euribor +0.875%	2015	-	-	367	367
Unsecured bank loan	Euribor +0.850%	2015	-	-	189	189
Unsecured bank loan	Euribor +0.850%	2015	-	-	512	512
Syndicated loan	Euribor +5.50%	2017	50,484	50,484	18,239	18,239
Total			**50,484**	**50,484**	**19,307**	**19,307**

Credit risk exposure

The carrying amount of financial assets, referring mainly to cash and cash equivalents held with banks and the vendor loan, and of the trade receivables represents the Company's maximum exposure to credit risk. At the reporting date, this exposure was as follows:

CREDIT RISK EXPOSURE		
(in thousands of euro)	31.12.2015	31.12.2014
Available-for-sale assets		
Assets held to maturity	25,915	23,960
Trade receivables (*)	102,086	114,121
Loans to subsidiaries	-	-
Cash and cash equivalents from subsidiaries	17,262	3,543
Cash and cash equivalents	33,299	31,528
Interest rate swap hedges:		
Assets	-	2
Total	**178,562**	**173,154**

(*) Does not include: Allowance for impairment, Advances to suppliers, Agents and Copyright

At the reporting date, the Company's exposure to credit risk relating to trade receivables by geographical segment was as follows:

BREAKDOWN BY GEOGRAPHICAL SEGMENT		
(in thousands of euro)	31.12.2015	31.12.2014
Italy	98,189	110,337
Eurozone countries	951	1,344
United Kingdom	1,554	1,172
Other European countries	745	775
United States	179	216
Other	468	277
Total	**102,086**	**114,121**

At the reporting date, the Company's exposure to credit risk relating to trade receivables by customer type was as follows:

BREAKDOWN BY CUSTOMER TYPE		
(in thousands of euro)	31.12.2015	31.12.2014
Advertising agencies	8,971	9,545
Companies and financial institutions	39,989	44,454
Public entities	4,379	7,240
Professionals and private individuals	36,383	38,604
Other customers	12,364	14,279
Total	**102,086**	**114,121**

Impairment losses on trade receivables

The following table shows the age of trade receivables at the reporting date:

AGE OF TRADE RECEIVABLES

(in thousands of euro)	31.12.2015		31.12.2014	
	Gross	Allowance for impairment	Gross	Allowance for impairment
Due	70,643	1,397	78,991	1,393
Past due by 1-30 days	3,500	82	1,768	82
Past due by 31 - 120 days	8,566	621	6,065	1,047
Past due by 121 days - 1 year	7,546	2,331	14,813	3,937
By more than 1 year	11,831	8,529	12,485	9,420
Total	**102,086**	**12,959**	**114,121**	**15,879**

Changes in the allowance for impairment relating to trade receivables over the year were as follows:

CHANGES IN ALLOWANCE FOR IMPAIRMENT

(in thousands of euro)	2015	2014
Balance at 1 January	15,879	17,324
Loss for the year	(5,578)	(5,595)
Provisions	2,659	4,150
Other changes	-	-
Total	**12,959**	**15,879**

Liquidity risk

The contractual due dates of financial liabilities and trade payables are shown in the table below:

LIQUIDITY RISK

(in thousands of euro)	31.12.2015						
	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loan	-	-	-	-	-	-	-
Syndicated loan	50,484	(50,550)	(50,550)	-	-	-	
Loans and borrowings from subsidiaries	7,324	(7,324)	(7,324)	-	-	-	-
Unsecured current account advances	14,486	(14,486)	(14,486)	-	-	-	-
Other bank loans and borrowings	-	-	-	-	-	-	-
Trade and other payables	85,202	(85,202)	(85,202)	-	-	-	-
Derivative financial liabilities							
Interest rate swap hedges	-	-	-	-	-	-	-
Total	**157,496**	**(157,562)**	**(157,562)**	**-**	**-**	**-**	**-**

(in thousands of euro)	31.12.2014						
	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loan	1,068	(1,079)	(1,079)	-	-	-	-
Syndicated loan	18,239	(18,306)	(18,306)	-	-	-	
Loans and borrowings from subsidiaries	1,889	(1,889)	(1,889)	-	-	-	-
Unsecured current account advances	12,326	(12,326)	(12,326)	-	-	-	-
Other bank loans and borrowings	-	-	-	-	-	-	-
Trade and other payables	103,031	(103,031)	(103,031)	-	-	-	-
Derivative financial liabilities							
Interest rate swap hedges	21	(21)	(21)	-	-	-	-
Total	**136,574**	**(136,652)**	**(136,652)**	-	-	-	-

Cash flow hedges

Expected future cash flows associated with hedging derivatives are shown in the table below:

CASH FLOW HEDGES

31.12.2015

(in thousands of euro)	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Interest rate swap hedges:							
Assets	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	-	-	-	-

31.12.2014

(in thousands of euro)	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Interest rate swap hedges:							
Assets	2	2	2	-	-	-	-
Liabilities	(21)	(21)	(21)	-	-	-	-
Total	**(19)**	**(19)**	**(19)**	**-**	**-**	-	-

Interest rate risk - Profile

The profile of the interest rates applied to the Company's interest-earning financial instruments at the reporting date is shown below:

INTEREST RATE RISK

(in thousands of euro)	Carrying amount 31.12.2015	31.12.2014
Fixed-rate financial instruments		
Financial assets	25,915	23,960
Financial liabilities	0	(21)
Total	**25,915**	**23,939**
Floating-rate financial instruments		
Financial assets	50,561	35,071
Financial liabilities	(72,294)	(33,522)
Total	**(21,733)**	**1,549**

Sensitivity analysis – fair market value of fixed-rate instruments

At 31 December 2015, the Company did not post any financial asset or liability at fair value through profit or loss.

Sensitivity analysis – fair market value of floating-rate instruments

If interest rates had increased or decreased by 100 basis points at the reporting date, profit/(loss) for the year would have decreased by €144 thousand, as shown in the following table:

SENSITIVITY ANALYSIS

	Profit / Loss		Equity	
(in thousands of euro)	Increase of 100 bps	Decrease of 100 bps	Increase of 100 bps	Decrease of 100 bps
2015				
Floating-rate financial instruments	(144)	144	-	-
Interest rate swaps	-	-	-	-
(Net) sensitivity of cash flows	**(144)**	**144**	**-**	**-**
2014				
Floating-rate financial instruments	(132)	132	-	-
Interest rate swaps	-	-	12	(24)
(Net) sensitivity of cash flows	**(132)**	**132**	**12**	**(24)**

Criteria for determining fair value

The methods and main assumptions used to determine the fair value of financial instruments are specified below.

Non-derivative financial liabilities

Fair value is calculated based on the present value of the estimated future cash flows of principal and interest, discounted using the market interest rate at the reporting date.

Interest rates used to calculate fair value

The interest rates used to discount projected cash flows, where applicable, are based on the yield curve of government bonds at the reporting date, plus a suitable credit spread.

Fair value and carrying amount

The following table shows – for each financial asset and liability and for trade receivables and payables – the carrying amount recognised in the Statement of financial position and the related fair value:

FAIR VALUE				
(in thousands of euro)	31.12.2015		31.12.2014	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets held to maturity	25,915	25,915	23,960	23,960
Trade receivables	102,086	102,079	114,121	114,080
Loans to subsidiaries	-	-	-	-
Cash and cash equivalents from subsidiaries	17,262	17,262	3,543	3,543
Cash and cash equivalents	33,299	33,299	31,528	31,528
Interest rate swap hedges:				
Assets	-	-	2	2
Liabilities	-	-	(21)	(21)
Secured bank loans	-	-	-	-
Unsecured bank loans	-	-	(1,068)	(1,078)
Unsecured current account advances	(14,486)	(14,486)	(12,326)	(12,326)
Syndicated loan	(50,484)	(50,550)	(18,239)	(18,304)
Other bank loans and borrowings	-	-	-	-
Loans and borrowings from subsidiaries	(7,324)	(7,324)	(1,889)	(1,889)
Trade and other payables	(85,202)	(85,202)	(103,031)	(103,031)
Total	**21,066**	**20,993**	**36,580**	**36,464**
Loss not recognised		(73)		(116)

Guarantees

The Company has outstanding bank sureties totalling €14,124 thousand.

These sureties are summarised below:

- sureties granted by the parent as security on lease contracts for €9,428 thousand. Specifically, there are sureties in favour of Torre Re Fund II, the owner of the property located in via Monte Rosa, Milan, for a total of €4,158 thousand, in favour of Quorum SGR for the lease of the property located in Via Pisacane, Pero, for €4,500 thousand, and in favour of Finamo for the lease of the property located in Piazza Indipendenza, Rome, for €670 thousand;
- sureties issued by the parent and its subsidiaries in favour of Ministries, Public Entities or Municipalities, as guarantees for prize competitions, service supply contracts, etc. for a total of €1,558 thousand;
- sureties issued by the parent and its subsidiaries to private third-party counterparties for commercial transactions, supply contracts, etc. for a total of €3,138 thousand.

Some of the above sureties, for a total amount of €1,162 thousand, have been issued as guarantees for the commitments of Group subsidiaries, against lines of credit signed by the parent.

7. Principal reasons for uncertainties in estimates

Estimates are used mainly to evaluate the going concern assumption, to recognise impairment losses on assets, to calculate probable future returns of publications that have been distributed, to determine the extent to which receivables and inventories should be impaired and written down, and to quantify the amounts to be provided for probable risks.

Estimates are also used in the actuarial calculation of Post-employment benefits, for calculating income taxes and determining the fair value of instruments, the useful life of assets and the recoverability of deferred tax assets.

These estimates and assumptions are reviewed at least once a year and the effects of each change are immediately reflected in profit or loss.

In particular, the estimates pertaining to the measurement of the recoverable amount of goodwill and other recognised intangible assets with indefinite useful life are made on the basis of the fair value, less costs to sell or value in use, using the discounted cash flow method. The recognition methods and the assumptions adopted are illustrated in paragraph 8 Notes to the separate financial statements under the reference items.

Publication returns are estimated using statistical techniques and updated monthly on the basis of actual figures received.

The estimate of legal risks also takes the nature of the litigation and the adverse outcome probability into account.

8. Notes to the separate financial statements

Non-current assets

(1) Property, plant and equipment

At year end the carrying amount of property, plant and equipment was €39,373 thousand.

PROPERTY, PLANT AND EQUIPMENT	Carrying amount at 31.12.2015	of which: investments 2015
Land	2,870	-
Buildings	10,279	31
Plant and equipment	19,086	424
Industrial and commercial equipment	6,806	990
Other assets	333	291
Total	**39,373**	**1,736**

During the year, investments totalling €1,736 thousand were made and related to:

- plant and equipment for €424 thousand, attributable to the purchase of radio broadcasting systems for €197 thousand, work on properties for €204 thousand and purchases for the printing production in Milan for €23 thousand;
- €990 thousand for industrial and commercial equipment, specifically €934 thousand for hardware purchases, €20 thousand for air conditioning systems and €36 thousand for miscellaneous equipment;
- Other assets totalled €291 thousand and refer to equipment and plant not yet operational for €77 thousand and investments in radio broadcasting systems for €214 thousand;
- €31 thousand for buildings, relating to light constructions.

The following changes took place:

PROPERTY, PLANT AND EQUIPMENT						
(in thousands of euro)	Opening balance	Purchases	Disposals	Depreciation	Reclassifications and other changes	Closing balance
Historical cost:						
Land	2,870	-	-	-	-	2,870
Buildings	31,154	31	-	-	4	31,189
Plant and equipment	97,230	424	(11,533)	-	131	86,252
Industrial and commercial equipment	41,119	990	(306)	-	38	41,841
Other assets	216	291	-	-	(173)	334
Total historical cost	**172,589**	**1,736**	**(11,839)**	**-**	**(0)**	**162,485**
Accumulated depreciation:						
Buildings	(19,805)	-	-	(1,106)	-	(20,910)
Plant and equipment	(74,662)	-	11,533	(4,037)	-	(67,166)
Industrial and commercial equipment	(33,097)	-	294	(2,233)	2	(35,035)
Other assets	-	-	-	-	(1)	(1)
Total accumulated depreciation	**(127,564)**	**-**	**11,827**	**(7,375)**	**1**	**(123,112)**
Property, plant and equipment:						
Land	2,870	-	-	-	-	2,870
Buildings	11,349	31	-	(1,106)	4	10,279
Plant and equipment	22,568	424	-	(4,037)	131	19,086
Industrial and commercial equipment	8,022	990	(12)	(2,233)	40	6,806
Other assets	216	291	-	-	(174)	333
Total	**45,025**	**1,736**	**(12)**	**(7,375)**	**1**	**39,373**

Depreciation of property, plant and equipment, based on their estimated useful life, totalled €7,375 thousand. Assets purchased during the year are depreciated as from the start of use.

The production plant in Verona was sold in 2015. The plant was inactive and was written down in full. The sale generated a gain of €1 million.

The following table shows the useful life of the assets included in the various categories shown in these separate financial statements:

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT		
Asset category	Useful life	Rate
Land	Indefinite	-
Buildings		
Industrial buildings	30-33 years	3%-3.33%
Light constructions	10-12 years	8.33%-10%
Plant and equipment		
Generic plant	10-20 years	5%-10%
Plant (leasehold improvements)	10-15 years	6.5%-10%
Rotary printing presses	5-15 years	6.5%-20%
Finishing machinery	5 years	20.00%
Electronic photocomposition and photo-reproduction systems	5-9 years	11.11%-20%
Radio broadcasting systems	10 years	10%
Other assets		
Hardware	5-10 years	10%-20%
Furniture and fittings	5-8 years	12%-20%
Electronic office equipment	20 years	5%
Air-conditioning systems	10 years	10.00%
Internal means of transport	5-10 years	10%-20%
Sundry tools & minor equipment	4 years	25%

(2) Goodwill

Goodwill totals €15,982 thousand and is allocated to the Professional Publishing CGU. This figure did not change compared to last year.

Goodwill is not amortised, but its carrying amount is subject to impairment tests. These tests are carried out on the individual asset or the CGU to which it belongs, and are conducted whenever it is considered that there has been an impairment loss and in any case at least once a year.

Impairment tests are carried out by comparing the carrying amount of the intangible asset with an indefinite useful life with its recoverable amount. The latter is the higher out of the asset's fair value, less any costs to sell, and its value in use. It is sufficient for one of the two amounts to be higher than the carrying amount to demonstrate that the intangible asset may not be impaired.

Estimates regarding the value in use of goodwill are made by projecting the cash flows formulated by company management for a certain time period, based on reasonable and sustainable assumptions, using a growth rate for subsequent years that is in line with the growth expectations of the market in question. Impairment tests are carried out with the support of an external expert.

The discount rate used is the weighted average cost of capital (WACC), which represents the minimum return required by the market to remunerate the capital committed to the specific CGU, and is calculated by weighting the cost of risk capital and cost of debt to reflect the corresponding weight of a target financial structure in the reference sector. The cost of risk capital, estimated on the basis of the capital assets pricing model, includes not only a premium for the general market investment risk, but also a premium for the systemic or non-diversifiable risk attributable to the specific business.

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The discount rate (WACC) used to calculate the value in use of the Professional Publishing goodwill was estimated according to the following parameters:

- Risk-free rate of 0.88% (annual Interest Rate Swap average)
- Equity Risk Premium of 5.50%
- Beta Unlevered of 1.17
- Target financial structure (debt/equity) equal to 27.40%, coinciding with the median D/E for the sector
- Based on these parameters, a weighted average cost of capital (post tax WACC) was obtained, equal to 8.37%.

The CGU value is estimated based on the 2015-2019 Business Plan approved by the Board of Directors on 13 March 2015 and in compliance with the "Impairment testing procedure for goodwill and intangible assets with an indefinite useful life" adopted by the Group.

Given the above, it should be specified that the carrying amount of goodwill associated with the **Professional Publishing** CGU is €15,982 thousand. The results of the 2015-2019 business plan by far confirm the carrying amount. Significant changes in the main assumptions adopted would not have led to changes in the result of the impairment test. In fact, in order for the value in use to be equal to the carrying amount the WACC must be much greater than 20% or the post-plan growth rate must be negative and much higher than the WACC in absolute terms.

(3) Intangible assets

Intangible assets amounted to €59,306 thousand. Investments for 2015 totalled €8,479 thousand.

INTANGIBLE ASSETS	Carrying amount at 31.12.2015	of which: investments 2015
Trademarks	50	-
Radio broadcasting frequencies	27,823	-
Licences and software	27,316	4,835
Intangible assets under development and payments on account	4,116	3,644
Total	**59,306**	**8,479**

Investments in licences and software amount to €4,835 thousand and mainly refer to activities associated with the development and implementation of the products system for €2,628 thousand, and to technical production and process activities for the development of management systems for €2,207 thousand.

The investments in assets under development and payments on account, totalling €3,644 thousand, refer to product development projects not yet completed at year end but expected to become operational in 2016.

The table below illustrates the type of investments made during the year.

INVESTMENTS IN LICENCES AND SOFTWARE	Investments 2015
Intangible assets for processes	2,207
Publishing sales cycle	197
Advertising sales cycle	225
Accounting and management control system	208
HR system and operations	128
Sales processes	897
Publishing and editorial process	481
Technology infrastructure	71
Intangible assets for product development	2,628
Online and multimedia product system development	2,382
Other products	246
Total	4,835

The changes in intangible assets during the year were as follows:

INTANGIBLE ASSETS						
(in thousands of euro)	Opening balance	Purchases	Disposals	Amortisation	Reclassifications and other changes	Closing balance
Historical cost:						
Publications	9,245	-	-	-	-	9,245
Trademarks	776	-	-	-	-	776
Radio broadcasting frequencies	105,148	-	-	-	-	105,148
Licences and software	120,202	4,835	-	-	(24,168)	100,869
Intangible assets under development and payments on account	3,081	3,644	-	-	(2,609)	4,116
Total historical cost	**238,452**	**8,479**	**-**	**-**	**(26,776)**	**220,154**
Accumulated amortisation:						
Publications	(9,245)	-	-	-	(0)	(9,245)
Trademarks	(726)	-	-	(0)	-	(726)
Radio broadcasting frequencies	(77,325)	-	-	-	-	(77,325)
Licences and software	(91,781)	-	-	(8,545)	26,773	(73,553)
Total accumulated amortisation	**(179,076)**	**-**	**-**	**(8,545)**	**26,773**	**(160,848)**
Intangible assets:						
Publications	(0)	-	-	-	(0)	(0)
Trademarks	51	-	-	(0)	-	50
Radio broadcasting frequencies	27,823	-	-	-	-	27,823
Licences and software	28,421	4,835	-	(8,545)	2,605	27,316
Intangible assets under development and payments on account	3,081	3,644	-	-	(2,609)	4,116
Total	**59,376**	**8,479**	**-**	**(8,545)**	**(3)**	**59,306**

Amortisation amounted to €8,545 thousand. The estimated useful life is 5-10 years, except for radio broadcasting frequencies to which an indefinite useful life is attributed.

The estimates pertaining to the measurement of the recoverable amount of concessions and radio broadcasting frequencies are made with reference to fair value, less costs to sell, determined on the basis of inputs compared with a sample of sale and purchase contracts for broadcasting frequencies.

The asset was tested for impairment. Impairment tests are carried out by comparing the carrying amount of the intangible asset with an indefinite useful life with its recoverable amount, determined with reference to the asset's fair value, less costs to sell, which in this case were considered to be zero.

It is some years that the Company has been availing of the assistance of an external expert to issue a fair value assessment report, the results of which fully confirm the carrying amounts.

The main assumptions to estimate the fair value, in the absence of an active market for frequency trading, are:

- The population covered, i.e. the number of people reached by the radio signal sent by the individual broadcasting systems. To determine this index, ISTAT demographic data and the quality of the signal perceived by the audience was considered; this was determined objectively through a system of technical measurements of the audio signal received by a common radio receiver.
- The per capita value of the individual frequency. This value was determined for each frequency and depends on the population density in the area, the average household spending of the population covered, the Effective Radiated Power of the system, the road networks and the provincial capitals covered.

Analysis of the assumptions showed that:

- The regulatory system has not changed. Analog radio broadcasting remains *sine qua non* for entry to the new digital technology world. At the same time, an analog radio broadcasting switch-off data is still not planned as it has been for television, or rather a switch-over, i.e. migration to digital but keeping analog coverage active;
- Radio24 assets are still made up of 206 systems distributed in Italy and no evidence was found of impairment losses;

2015 saw significant market transactions involving the leading group owners of national concessions. There are still 10 Italian commercial radio stations, plus 2 European stations and 5 Italian public-operated radio networks.

From the point of view of radio broadcasting stations’ cash inflows, the substantial decrease in government grants has largely penalised local entities, whilst the decrease in advertising has proportionately penalised the entire segment, in parallel with the negative performance of the Italian economy.

Given the above, the market value calculation of radio broadcasting frequencies was updated, recording a decrease in the overall value and in any event confirming the carrying amounts.

(4) Available-for-sale financial assets

This item relates to non-controlling investments and amounted to €948 thousand, with the following breakdown:

AVAILABLE-FOR-SALE FINANCIAL ASSETS			
(in thousands of euro)	Opening balance	Other changes	Closing balance
Ansa Soc. Coop a r.l.	370	-	370
Editoriale Ecoprensa S.A.	284	39	323
Actinvest Group S.r.l.	225	-	225
Consorzio Club Dab Italia Scrl	16	-	16
C.S.I.E.D.	10	-	10
Immobiliare Editoriale Giornali S.r.l.	3	-	3
S.F.C. Soc. Consortile per azioni	1	-	1
Total	**909**	**39**	**948**

Other changes amounting to €39 thousand refer to the share capital increase of Editoriale Ecoprensa S.A..

(5) Other non-current assets

Other non-current assets amount to €32,163 thousand at 31 December 2015, with the following breakdown:

OTHER NON-CURRENT ASSETS			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Vendor Loan	25,537	23,585	1,952
Investments in subsidiaries	3,481	5,249	(1,768)
Tax assets	2,766	2,766	-
Guarantee deposits	379	375	4
Total	**32,163**	**31,975**	**188**

Non-current financial assets held to maturity mainly include the vendor loan of €25,537 thousand, including accrued interest, referring to the portion of the price for the sale of the Software Area to TeamSystem, which has a contractual due date of 15 November 2020.

The list of investments in subsidiaries and their changes over the year are as follows:

INVESTMENTS IN SUBSIDIARIES					
(in thousands of euro)	Opening balance	Sales	Increases	Impairment losses	Closing balance
Newton Management Innovation S.p.A.	2,289	-	-	-	2,289
24 ORE Cultura S.r.l.	1,089	-	2,388	(3,477)	-
Il Sole 24 ORE UK Ltd	662	-	-	-	662
Ticket 24 ORE S.r.l. (formerly Shopping 24 S.r.l.)	689	(689)	-	-	-
Il Sole 24 ORE Trading Network S.p.A.	520	-	-	-	520
Next 24 S.r.l.	-	-	10		10
Total	**5,249**	**(689)**	**2,398**	**(3,477)**	**3,481**

On 4 December 2015, Il Sole 24 ORE S.p.A. disposed of 100% of the Ticket 24 ORE S.r.l. quota capital (formerly Shopping 24 S.r.l.) to 24 ORE Cultura S.r.l..

Again on 4 December 2015, Il Sole 24 ORE S.p.A. established Next 24 S.r.l., with a 100% interest in the quota capital of €10 thousand.

The carrying amount of the investment in 24 ORE Cultura S.r.l. increased following the capital injection of €2,388 thousand on 30 September 2015. This amount was contributed on the basis of the financial position at 30 June in order to meet financial needs and to cover the losses of 24 ORE Cultura S.r.l.. The carrying amount of the investment was zeroed out due to the subsidiary's loss for the year and forecast losses.

(6) Deferred tax assets and liabilities

These items show the impact of deferred tax assets and liabilities. These are respectively calculated on the deductible and taxable differences that temporarily arise between carrying amounts and their tax base.

The amounts of deferred tax assets and liabilities at 31 December 2015 and 2014 are shown below:

DEFERRED TAX ASSETS			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Deferred tax assets	**46,511**	**56,752**	**(10,241)**

DEFERRED TAX LIABILITIES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Deferred tax liabilities	**5,216**	**6,692**	**(1,475)**

The table below shows the changes for the year:

DEFERRED TAX ASSETS AND LIABILITIES			
(in thousands of euro)	Deferred tax assets	Deferred tax liabilities	Net
Balance at 31/12/2014	56,752	(6,691)	50,061
Tax rate alignment	(6,978)	591	(6,387)
Other effects recognised in profit or loss	(738)	(481)	(1,219)
Other effects recognised in the Statement of comprehensive income	(311)	(5)	(316)
Transformation of deferred tax assets	(844)	-	(844)
Netting of taxes	(1,370)	1,370	-
Balance at 31/12/2015	**46,511**	**(5,216)**	**41,295**

The following should be noted:

- the decrease in deferred tax assets and liabilities following the reduction in the IRES tax rate: the 2016 Stability Act (art. 1, paragraphs 61-69, Italian Law no. 208 of 28 December 2015) provides for a decrease in the IRES tax rate from its current 27.5% to 24% from 1 January 2017. Consequently, deferred tax assets and liabilities were recalculated using the lower IRES rate, which is expected to be in force at the time of their reversal;
- the other effects include the impact on profit or loss of the update to taxable provisions and other temporary differences;
- the other tax effects relating to changes affecting comprehensive income (derivatives and defined benefit pension plans);
- the transformation of deferred tax assets (€844 thousand) on intangible assets into tax credits as set forth in art. 2, paragraphs 55-58, Italian Law Decree 225/2010;
- offsetting between assets and liabilities to better express the breakdown of items.

The following table shows the detail of deferred tax assets and liabilities at 31 December 2015 and 2014:

DEFERRED TAX ASSETS AND LIABILITIES						
(in thousands of euro)	Assets		Liabilities		Net	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Property, plant and equipment	2,299	2,589	(40)	(45)	2,259	2,544
Intangible assets	2,493	373	(5,570)	(5,733)	(3,078)	(5,360)
Receivables and provisions	4,836	7,426	374	429	5,210	7,855
Other	3	3	19	26	22	29
Prior years' losses	36,880	44,992	-	-	36,880	44,992
Deferred tax assets/liabilities	**46,511**	**55,383**	**(5,216)**	**(5,323)**	**41,295**	**50,060**
Netting of taxes	-	1,369		(1,369)	-	-
Net deferred tax assets/liabilities	**46,511**	**56,752**	**(5,216)**	**(6,692)**	**41,295**	**50,060**

CHANGES IN DEFERRED TAX ASSETS/LIABILITIES						
(in thousands of euro)	31.12.2015	31.12.2014	Recognised in profit or loss	Recognised in Other comprehensive income (expense)	Tax rate change	DTA reversal
Property, plant and equipment	2,259	2,544	-	-	(285)	-
Intangible assets	(3,078)	(5,360)	2,522	-	604	(844)
Receivables and provisions	5,211	7,855	(1,352)	(316)	(976)	-
Other	21	29	(5)	-	(3)	-
Prior years' losses	36,880	44,992	(2,386)	-	(5,726)	-
Deferred tax assets/liabilities	**41,294**	**50,061**	**(1,220)**	**(316)**	**(6,386)**	**(844)**

Deferred tax assets on prior years' losses totalling €36,880 thousand decreased compared to the previous year, mainly due to adjustment to the lower IRES tax rate.

In order to determine the recoverability of deferred tax assets, the economic estimates contained in the 2015-2019 Business Plan approved by the Board of Directors on 13 March 2015 were taken into account, which envisage a return to profit and gradual growth over the forecast period specifically covered by the plan. Also taken into account are the provisions of current tax regulations that allow the recovery of tax losses over an unlimited period, in effect making the tax loss recovery time horizon coincide with the duration of the Company. The Group companies adopting the tax consolidation have the option of offsetting positive taxable amounts against the negative figures generated by the Group companies. In this respect, note that as part of the tax consolidation the parent was able to offset part of its loss for the year against the taxable profits (losses) of subsidiaries, achieving total financial benefits of €1,540 thousand.

The Business Plan envisages growth for internal business lines based on the following assumptions:

- revenue from information content, i.e. circulation revenue and revenue from printed and digital publications, remains essentially stable over the period of the plan as a result of the growth in revenue from digital products, which offsets the constant decline in printed products;
- advertising revenue from Group and third-party media is expected to rise on the basis of the Group's positioning among an end-customer base with a higher spending power capable of attracting stronger advertising investments, and on the basis of external estimates that project a slight overall growth for the advertising market, consolidating the current trend which records clear growth in the Group's advertising revenue versus a declining market;
- the other Group revenue streams forecast a gradual growth.

Variable costs are expected to rise in line with revenue figures and the containment of overheads, already strongly reduced in recent years following conclusion of the restructuring plans.

Investment costs are expected to remain stable and targeting development and innovation of the Group's business.

The Company has decided not to recognise additional deferred tax assets on tax losses for the current year - although they may be carried forward for an unlimited period of time - as the recent history of tax losses makes it statistically unlikely that further tax assets in addition to those recognised in the past will be absorbed.

The company will periodically re-assess the deferred tax assets and will report the deferred tax assets not recognised on losses previously to the extent that future taxable income is likely to arise enabling the recovery of the deferred tax assets.

Please note that the tax assets not recognised on current and previous year losses in the financial statements would amount to €22,219 thousand.

Current assets

(7) Inventories

Inventories amount to €4,291 thousand, with the following breakdown:

INVENTORIES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Paper	3,923	5,451	(1,528)
Ink	115	154	(39)
Photographic material	73	122	(49)
Raw and ancillary materials and consumables	**4,111**	**5,727**	**(1,616)**
Work in progress and semi-finished products	**7**	**8**	**(1)**
Books	444	670	(226)
Software	0	1	(1)
CDs	115	101	14
Other products	64	68	(4)
Allowance for inventory write-down - finished products	(469)	(734)	265
Finished products	**154**	**105**	**49**
Other goods bought	47	47	-
Allowance for inventory write-down - goods	(29)	(29)	-
Goods	**19**	**19**	**-**
Total	**4,291**	**5,859**	**(1,568)**

Inventories are net of the allowance for inventory write-down, which featured the following movements:

ALLOWANCE FOR INVENTORY WRITE-DOWN				
(in thousands of euro)	Opening balance	Provisions	Use of provisions	Closing balance
Allowance for inventory write-down - finished products	(734)	(56)	322	(469)
Allowance for inventory write-down - goods	(29)	-	-	(29)
Total	**(763)**	**(56)**	**322**	**(498)**

(8) Trade receivables

Trade receivables totalled €89,811 thousand, with the following breakdown:

TRADE RECEIVABLES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Trade receivables	102,086	114,121	(12,035)
Customers of subsidiaries	984	107	876
Provision for returns to be received	(300)	(350)	50
Allowance for impairment	(12,959)	(15,879)	2,920
Total	**89,811**	**98,000**	**(8,189)**

Trade receivables are shown net of the provision for returns to be received in the following year of €300 thousand. Receivables are shown net of the allowance for impairment for €12,959 thousand. Changes in these provisions and allowances for impairment were as follows:

PROVISION FOR RETURNS TO BE RECEIVED AND ALLOWANCE FOR IMPAIRMENT				
(in thousands of euro)	Opening balance	Provisions	Use of provisions	Closing balance
Provision for returns to be received	(350)	(300)	350	(300)
Allowance for impairment	(15,879)	(2,659)	5,579	(12,959)
Total	**(16,229)**	**(2,959)**	**5,929**	**(13,259)**

(9) Other receivables

This item amounted to €6,416 thousand, with the following breakdown:

OTHER RECEIVABLES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Ordinary advances to suppliers	2,368	3,132	(764)
Current income tax	940	1,218	(277)
Tax assets	88	104	(16)
Receivables from employees	326	368	(42)
Other receivables	2,693	3,290	(596)
Total	**6,416**	**8,111**	**(1,695)**

Receivables from employees relate to expense allowances and loans to employees.

OTHER RECEIVABLES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Receivables from Poste Italiane	998	1,672	(674)
Tax consolidation receivables	703		703
Advances to agents	240	410	(170)
Receivables from social security institutions	121	712	(591)
Receivable for sale of equity investment in Faenza Industrie Grafiche S.r.l.	-	85	(85)
Other	631	411	220
Total	**2,693**	**3,290**	**(597)**

(10) Other current financial assets

These include loan assets from subsidiaries.

OTHER CURRENT FINANCIAL ASSETS			
(in thousands of euro)	31.12.2015	31.12.2014	Change
24 ORE Cultura S.r.l.	14,343	2,115	12,228
Next24 S.r.l.	987	-	987
Backtowork S.r.l.	831	-	831
Food 24 S.r.l.	748	-	748
Newton Lab S.r.l.	162	500	(338)
Newton Management Innovation S.p.A.	136	-	136
Ticket 24 ORE S.r.l. (formerly Shopping 24 S.r.l.)	29	928	(899)
Il Sole 24 ORE Trading Network S.p.A.	25	-	25
Total	**17,262**	**3,543**	**13,719**

Loan assets relate to current account relationships with the subsidiaries to optimise returns on the subsidiaries' cash deposits. The amount due from 24 ORE Cultura S.r.l. increased by €12,228 thousand to cover the greater financial needs of the subsidiary due to the start-up and initial investments in Mudec and the new exhibition ticketing organisation, now managed by Ticket 24 ORE S.r.l..

To its receivable balances, the parent applies an interest rate of the 1-month Euribor/365 basis plus 5.5%.

(11) Other current assets

This item amounted to €1,829 thousand and consisted of prepaid expenses, which break down as follows:

PREPAID EXPENSES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Licence fees	409	628	(219)
Commissions on syndicated loan	483	588	(105)
Lease payments	228	218	10
Sundry taxes	187	252	(65)
Hardware and software maintenance fees	149	237	(88)
Conference organisation expenses	135	2	133
Insurance premiums	75	-	75
Agents’ commissions	34	467	(433)
IT services	26	144	(118)
Other	102	221	(119)
Total	**1,829**	**2,757**	**(928)**

(12) Cash and cash equivalents

Cash and cash equivalents amounted to €39,299 thousand, up €2,041 thousand compared to the previous year. They consist of cash, cash equivalents and demand or short-term bank deposits that are actually available and readily convertible into cash.

Cash and cash equivalents totalling €2,781 thousand are reported on the statement of cash flows, net of current account overdrafts and portions of bank loans due within one year as shown below:

CASH AND CASH EQUIVALENTS		
(in thousands of euro)	31.12.2015	31.12.2014
Cash and cash equivalents	33,299	31,528
Bank overdrafts - due within one year	(4,972)	(4,776)
Current portion of medium/long-term loans	(35,484)	(4,307)
Other net financial assets	9,938	1,654
CLOSING CASH AND CASH EQUIVALENTS	**2,781**	**24,099**

Equity

(13) Equity

Equity amounts to €88,905 thousand, compared to €109,160 thousand in 2014, as seen from the changes indicated in the statement of changes in equity.

A breakdown of equity items as regards their nature, formation, availability and distributability is provided below:

BREAKDOWN OF EQUITY COMPONENTS									
Equity items	Amount	Of which: income-related	Of which: equity-related	Of which: taxable on distribution	Possibility of use (*) (**)	Available portion	Distributable portion	Use for 2012-2014 losses	Use for other reasons
Ordinary shares subscribed and paid in	26,000	23,031	207	2,762					
Special shares subscribed and paid in	9,124		9,124						
Share capital	**35,124**	**23,031**	**9,331**	**2,762**					
Share premium reserve	82,981		82,981		A,B,C	82,981		97,336	
Reserve for grants related to assets									
Paid in by shareholders									
Negative goodwill	11,272	9,047	2,225		A,B,C	11,272	11,272		
Reserve from Nuova Radio merger	(23,759)	(23,759)							
Loss coverage									
Legal reserve	7,025	7,025			B				
Non-distributable reserve for revaluation of investments (Art. 2426 Italian Civil Code)	1,165			1,165	A,B	1,165			
Revaluation reserve – Law 342/00	-			-	A, B	-		18,786	
Revaluation reserve – Law 350/03	-			-	A, B	-		1,776	
Fair value reserve for stock grants	-	-			A,B,C	-		7,619	
Retained earnings	-	-			A,B,C	-	-	16,419	
Equity- and income-related reserves	**78,684**	**(7,687)**	**85,206**	**1,165**		**95,418**	**11,272**	**141,936**	
Total share capital and reserves	**113,808**	**15,344**	**94,537**	**3,927**		**95,418**	**11,272**	**141,936**	
Post-employment benefit IFRS adjustment reserve	(3,651)								
IFRS reserves	**(3,651)**								

(*) The use of reserves taxable upon distribution has effects on the taxation of the company and shareholders

(**) Key:
- A for share capital increases
- B for coverage of losses
- C for distribution to shareholders

(14) Share capital

Share capital, fully subscribed and paid in, amounts to €35,123,787, divided into 133,333,213 shares, of which 90,000,000 ordinary shares (67.5% of share capital) and 43,333,213 special shares (32.50% of share capital), of which 3,302,027 treasury shares.

At the beginning of the year the number of treasury shares was 3,302,027 and there were no changes during the year. The carrying amount of treasury shares (€22,447 thousand) is zeroed out by an equity item of the same amount.

(15) Equity reserves

Equity reserves amounted to €82,981 thousand, down €15,833 thousand compared to 31 December 2014 as a result of coverage of losses for 2014, as approved by the Shareholders' Meeting of 23 April 2015.

(16) Hedging and translation reserves

The hedging and translation reserves were completely zeroed out as the hedging contracts signed for the subsidised loans reached maturity.

(17) Other reserves

Other reserves were a negative €7,948 thousand, with breakdown as follows:

OTHER RESERVES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Negative goodwill	(12,487)	(12,487)	-
Legal reserve	7,025	7,025	-
Post-employment benefit reserve (IFRS adjustment)	(3,651)	(4,634)	983
Other	1,165	1,165	-
Total	**(7,948)**	**(8,931)**	**983**

The post-employment benefit reserve (IFRS adjustment) increased by €983 thousand.

(18) Loss for the year

The loss for the year totalled €21,253 thousand. 2014 had closed with a loss for the year of €15,833 thousand.

Non-current liabilities

(19) Non-current financial liabilities

Non-current financial liabilities amounted to €15,000 thousand and refer to the portion of the syndicated loan currently used and not subject to the clean down clause.

The medium-term syndicated loan was signed on 23 October 2014 with the Group's main lending banks, replacing the revocable facilities granted by the same lenders. The loan does not envisage collateral or mandatory guarantees, but does have financial covenants recognised at consolidated level as described in paragraph 7 above, Risk management. The interest rate on the syndicated loan is the Euribor +5.50% and the loan matures on 23 October 2017.

(20) Employee benefits

Employee benefits, totalling €24,057 thousand, relate to post-employment benefits and registered the following changes over the year:

EMPLOYEE BENEFITS

(in thousands of euro)	Opening balance	Net financial income	Actuarial losses	Acquired from other group companies	Uses and other changes	Closing balance
Post-employment benefits	26,752	360	(1,294)	26	(1,787)	24,057
Total	**26,752**	**360**	**(1,294)**	**26**	**(1,787)**	**24,057**

The main actuarial assumptions used to estimate the benefits to be awarded on termination of employment are as follows:

Demographic assumptions:

- the RG48 tables were used for mortality rates;
- the annual probability of a post-employment benefit advance being requested was set at 2%, based on historical data of the companies being evaluated.

Economic and financial assumptions:

- the discount rate was determined at 1.75% based on the High Quality Corporate Bond for the euro zone;
- the inflation rate used was 1.5%;
- the percentage of accrued post-employment benefits requested in advance was set at 66.75% based on historical figures;
- wages/salaries growth rate of 2.76%.

(21) Provisions for risks and charges

Provisions for risks and charges amounted to €5,352 thousand at 31 December 2015, and registered the following changes:

PROVISIONS FOR RISKS AND CHARGES					
(in thousands of euro)	Opening balance	Provisions	Use of provisions	Other changes	Closing balance
Provision for legal disputes	2,552	441	(1,201)	-	1,791
Provision for sundry risks	3,591	244	(2,933)	712	1,615
Provision for agents' indemnities	2,055	169	(278)	-	1,946
Total	**8,197**	**854**	**(4,412)**	**712**	**5,352**

The provision for legal disputes (€1,791 thousand) covers litigation risks known at the reporting date. These risks relate in particular to personnel lawsuits (€794 thousand), lawsuits against the newspaper (€565 thousand), disputes with social security institutions (€239 thousand), forecast legal expenses (€108 thousand) and other litigation (€85 thousand).

The provision for legal disputes was used for €1,201 thousand, as there was no longer a requirement for the provision to be maintained. The provision had mainly referred to personnel lawsuits for €885 thousand.

The provision for sundry risks totalled €1,615 thousand, down a net €1,976 thousand. The total use of €2,933 thousand was due to: utilisation following removal of the contractual obligations associated with leasehold improvements on the property in Via Monte Rosa for €1,645 thousand, resulting from the agreement reached with the property lessor; €596 thousand used in relation to the acquisition of ESA Software following the favourable outcome of pending disputes; €692 thousand for other liabilities of a contractual nature.

The provision for agents' indemnities covers the risks deriving from early termination of the contract and those relating to discontinuation of the agency relationship as per Article 1751 of the Italian Civil Code.

Current liabilities

(22) Bank overdrafts and loans - due within one year

These amount to €49,970 thousand (€16,633 thousand in the previous year) and mainly relate to:

BANK OVERDRAFTS AND LOANS - DUE WITHIN ONE YEAR			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Short-term bank loans and borrowings	9,514	7,550	1,964
Current account overdrafts	4,972	4,776	196
Current portion of medium/long-term loans	35,484	4,307	31,178
Total	**49,970**	**16,633**	**33,337**

(23) Other current financial liabilities

This item refers to infragroup current accounts, as detailed below:

OTHER CURRENT FINANCIAL LIABILITIES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Ticket 24 ORE S.r.l. current accounts	1,994	-	1,994
Il Sole 24 ORE Trading Network S.p.A. current accounts	5,330	1,889	3,441
Total	**7,324**	**1,889**	**5,435**

(24) Financial liabilities held for trading

Financial liabilities held for trading have been zeroed out. At 31 December 2014 they totalled €19 thousand and referred to the fair value of hedges that had reached maturity.

(25) Trade payables

Trade payables were €118,511 thousand, and break down as follows:

TRADE PAYABLES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Suppliers	79,990	97,537	(17,547)
Deferred income	33,309	35,377	(2,068)
Trade payables to subsidiaries	358	726	(368)
Trade payables to associates and non-controlling investments	116	249	(133)
Other trade payables	4,738	3,869	869
Total	**118,511**	**137,759**	**(19,248)**

The breakdown of deferred income is shown below:

DEFERRED INCOME			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Online publications by subscription	16,136	15,695	441
Il Sole 24 ORE newspaper subscriptions	5,987	6,893	(906)
Conferences	5,635	5,434	201
Sale of magazines	4,948	6,160	(1,212)
Lease income	337	301	36
Services	224	394	(170)
Other deferred income	41	500	(459)
Total	**33,309**	**35,377**	**(2,068)**

(26) Other payables

Other payables totalled €32,857 thousand, with the following breakdown:

OTHER PAYABLES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Payables to employees for restructuring	6,582	10,440	(3,858)
Social security institutions	5,635	5,008	627
Tax liabilities	7,647	7,210	437
Payables for holidays accrued and not taken	6,881	6,761	120
Other employee payables	1,658	3,266	(1,608)
13th and 14th-month salaries accrued and not yet paid	2,393	2,391	2
Miscellaneous payables	2,062	2,641	(579)
Total	**32,857**	**37,717**	**(4,860)**

Tax liabilities mainly refer to withholding tax on payroll and on freelancers' invoices.

Payables to employees for restructuring include the accruals for the year, net of disbursements. In the current year a total of €3,858 thousand has been paid.

MISCELLANEOUS PAYABLES			
(in thousands of euro)	31.12.2015	31.12.2014	Change
Payable to Monte Paschi for receivables factored	318	-	318
Payable to Ifitalia	296	448	(152)
Payable for tax consolidation	-	229	(229)
Expense reports	220	342	(122)
Other payables	1,228	1,622	(394)
Total	**2,062**	**2,641**	**(579)**

Statement of profit or loss

(27) Revenue

REVENUE				
(in thousands of euro)	2015	2014	Change	% change
Publishing revenue	133,973	144,800	(10,827)	-7.5%
Advertising revenue	126,806	114,554	12,252	10.7%
Other revenue	25,832	20,650	5,182	25.1%
Total	**286,611**	**280,004**	**6,607**	**2.4%**

In 2015, the Company achieved revenue of €286,611 thousand, up by €6,607 thousand compared to 2014.

Publishing revenue amounted to €133,973 thousand, with a decrease of €10,827 thousand compared to the previous year. The change is due to the decline in printed products, partly offset by the growth in revenue of the digital daily newspaper.

Advertising revenue rose by €12,252 thousand (+10.7%), due to the €6,532 thousand increase in media revenue (press, radio and Internet).

Other revenue increased by €5,182 thousand (+25.1%) mainly as a result of the higher revenue from conferences and training.

(28) Other operating income

OTHER OPERATING INCOME				
(in thousands of euro)	2015	2014	Change	% change
Prior year income	5,520	2,508	3,012	120.1%
Sundry expense recoveries	4,273	5,700	(1,427)	-25.0%
Grants	435	113	322	285.0%
Lease income	2,407	2,449	(42)	-1.7%
Other	2,509	1,995	514	25.7%
Total	**15,143**	**12,764**	**2,379**	**18.6%**

(29) Personnel expense

PERSONNEL EXPENSE				
(in thousands of euro)	2015	2014	Change	% change
Wages & salaries	67,099	69,338	(2,239)	-3.2%
Social security charges & pension contributions	22,789	23,181	(392)	-1.7%
Post-employment benefits	5,743	5,915	(172)	-2.9%
Overtime, holidays and other expense	1,512	663	849	128.1%
Total	**97,143**	**99,097**	**(1,954)**	**-2.0%**

Personnel expense decreased by €1,954 thousand, due to the employee solidarity agreements and the lower average headcount which dropped from 1,179 to 1,154, down by 24 staff compared to 2014.

(30) Purchases of raw materials and consumables

PURCHASES OF RAW MATERIALS AND CONSUMABLES				
(in thousands of euro)	2015	2014	Change	% change
Paper	8,090	12,313	(4,223)	-34.3%
Goods for resale	5	-	5	
Photographic material and ink	921	1,090	(169)	-15.5%
Plant maintenance materials	390	431	(41)	-9.5%
Fuel	293	257	36	14.0%
Other sundry costs	260	367	(107)	-29.1%
Total	**9,960**	**14,458**	**(4,499)**	**-31.1%**

(31) Services

SERVICES				
(in thousands of euro)	2015	2014	Change	% change
Distribution	23,806	26,290	(2,484)	-9.4%
Commissions & other selling expenses	24,310	22,145	2,165	9.8%
Advertising costs for publishers	23,484	18,823	4,661	24.8%
Commercial & promotion expenses	19,408	21,003	(1,595)	-7.6%
Editorial costs	11,044	11,272	(228)	-2.0%
Printing costs	9,032	8,987	45	0.5%
IT and Software services	8,693	9,137	(444)	-4.9%
Conferences	6,315	5,606	709	12.6%
Utilities (telephone, electricity, water, etc.)	4,290	4,816	(526)	-10.9%
Other collaboration	3,413	3,637	(224)	-6.2%
Miscellaneous production costs	3,063	3,492	(429)	-12.3%
Commercial and administrative services	2,827	3,099	(272)	-8.8%
Maintenance & repairs	2,551	2,586	(35)	-1.4%
Set-up costs	1,820	2,065	(245)	-11.9%
General facility services	2,447	2,956	(509)	-17.2%
Press agencies	2,407	2,195	212	9.7%
Employee services	2,398	2,611	(213)	-8.2%
Personnel expense refunds	1,449	1,541	(92)	-6.0%
News purchase	1,135	1,219	(84)	-6.9%
Bank expenses	1,034	1,433	(399)	-27.8%
Corporate bodies’ and independent auditors’ fees	811	764	47	6.1%
Product warehousing costs	715	1,040	(325)	-31.2%
Insurance	640	672	(32)	-4.8%
Packing costs	273	182	91	50.0%
Intergroup centralised services	0	56	(56)	-100.0%
Total	**157,363**	**157,627**	**(263)**	**-0.2%**

Service costs amount to €157,363 thousand, down by €263 thousand compared to 2014. Commissions and other selling expenses increased by €2,165 thousand due mainly to the increase in advertising revenue and to the different product mix sold, as well as the effect of the agency agreement signed with TeamSystem, the Software Area buyer. Expenses for conferences increased by €709 thousand as a consequence of the growth in Training Area and conference revenue. Advertising expense rose by €4,661 thousand as a result of the increase in advertising revenue from third-party concessions. Distribution costs were down by €2,484 thousand due to the lower volumes of printed products distributed.

(32) Use of third party assets

USE OF THIRD PARTY ASSETS				
(in thousands of euro)	2015	2014	Change	% change
Lease payments	13,192	13,543	(352)	-2.6%
Royalties	1,051	1,320	(269)	-20.4%
Car rental for company/private use	2,931	3,052	(121)	-4.0%
Copyright royalties	201	339	(137)	-40.6%
Rental of radio transmission equipment	1,173	1,256	(83)	-6.6%
Other fees	1,997	2,260	(262)	-11.6%
Hardware lease costs	1,266	364	901	247.3%
Other sundry costs	335	377	(43)	-11.3%
Total	**22,146**	**22,511**	**(365)**	**-1.6%**

Hardware lease costs increased by €901 thousand as a result of the new sales promotions that envisage the free loan of a tablet.

(33) Other operating costs

OTHER OPERATING COSTS				
(in thousands of euro)	2015	2014	Change	% change
Prior year costs	343	3,659	(3,315)	-90.6%
VAT borne by publisher	1,479	1,670	(191)	-11.4%
Miscellaneous taxes	1,186	1,079	107	9.9%
Entertainment expenses	352	438	(86)	-19.7%
Purchase of newspapers and magazines	500	673	(173)	-25.7%
Association membership fees	360	355	5	1.4%
Other miscellaneous expenses	1,685	1,617	68	4.2%
Total	**5,905**	**9,490**	**(3,585)**	**-37.8%**

(34) Net gains on disposal of non-current assets

Net gains on disposal of non-current assets amounted to €1,118 thousand and were realised on disposal of the Verona production plant no longer in operation and fully written down. This transaction led to the recognition of a gain of €1 million.

(35) Net financial expense

NET FINANCIAL EXPENSE				
(in thousands of euro)	2015	2014	Change	% change
Financial income from investment of cash and cash equivalents	13	67	(54)	-80.3%
Other financial income	2,321	1,611	709	44.0%
Exchange rate gains	77	38	39	103.2%
Total income	**2,411**	**1,716**	**695**	**40.5%**
Exchange rate losses	(188)	(102)	(86)	-84.1%
Financial expenses on loans and borrowings	(2,788)	(1,176)	(1,612)	-137.1%
Other financial expenses	(786)	(1,377)	591	42.9%
Total expenses	**(3,762)**	**(2,655)**	**(1,107)**	**-41.7%**
Total	**(1,351)**	**(939)**	**(412)**	**-43.9%**

Net financial expense amounted to €1,351 thousand and is broken down as follows:

- €2,411 thousand in financial income referring mainly to interest income accrued on the vendor loan granted to TeamSystem in relation to the disposal of the Software Area in addition to income on cash and cash equivalents and exchange rate gains;
- €3,762 thousand in financial expense, up compared to 2014 mainly due to the effect of the higher financial expense on current financial liabilities, in relation to the greater use of short-term bank credit facilities and the syndicated loan.

(36) Other income (expenses) from investment assets and liabilities

Income for €63 thousand relates to the dividend distributed by the subsidiary Newton Management Innovation S.p.A..

(37) Impairment losses on investments

This caption totals €3,477 thousand and refers to the impairment loss on the investment in 24 ORE Cultura S.r.l..

(38) Income taxes

Taxes for the year were negative for €5,841 thousand, with the following breakdown:

INCOME TAXES			
(in thousands of euro)	2015	2014	Change
IRES (corporate income tax)	1,540	22	1,518
IRAP (regional productivity tax)	-	(1,623)	1,623
Substitute income taxes	-	698	(698)
Prior year taxes	224	95	129
Total current taxes	**1,764**	**(808)**	**2,572**
Deferred tax income/expense	(7,605)	2,315	(9,920)
Deferred tax income/expense	**(7,605)**	**2,315**	**(9,920)**
Total	**(5,841)**	**1,507**	**(7,348)**

The following table shows the reconciliation between the theoretical tax rate and the effective tax rate:

RECONCILIATION OF THEORETICAL AND EFFECTIVE TAX RATE						
(in thousands of euro)	31/12/2015	%	31/12/2014	%	Change	%
Loss before tax	**(15,411)**		**(31,910)**		**16,499**	
Theoretical income taxes	**4,839**	**31.4%**	**10,020**	**31.4%**	**(5,181)**	**(31.4%)**
Tax effect of permanent differences	(1,654)	(10.7%)	(2,832)	(8.9%)	1,178	7.1%
Prior-year income taxes	224	1.5%	95	0.3%	130	0.8%
Unrecognised deferred taxes on losses	(2,864)	-18.6%	(7,264)	- 22.8%	4,400	26.7%
Tax differences previously not recognised	-	0.0%	1,488	4.7%	(1,488)	-9.0%
Rate adjustments for deferred tax assets/liabilities	(6,386)	-41.4%	-	0.0%	(6,386)	-38.7%
Taxes recognised in the financial statements	**(5,841)**	**-37.9%**	**1,507**	**4.7%**	**(7,348)**	**-44.5%**

Current taxes include an item paid by the companies participating in the tax consolidation for €1,540 thousand. As a result of provisions of the 2015 Stability Act which make the cost of permanent labour fully deductible, IRAP was zero.

The Company derecognised deferred tax assets of €7,605 thousand, of which:

- €6,386 thousand following the reduction in the IRES tax rate;
- €1,219 thousand for the impact on profit or loss of the update to taxable provisions and other temporary differences.

Please note that the tax assets not recognised on current year losses in the financial statements amount to €2,864 thousand.

9. Other information

9.1 List of equity investments in subsidiaries and associates

LIST OF EQUITY INVESTMENTS IN DIRECTLY AND INDIRECTLY OWNED SUBSIDIARIES						
Company name	Business	Headquarters	Currency	Share/quota capital paid in	% of ownership	Held by
24 ORE Cultura S.r.l.	Art products	Milan	EUR	120,000	100.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE - Trading Network S.p.A.	Intermediation	Milan	EUR	250,000	100.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE UK Ltd	Sale of advertising space	London	EUR	50,000	100.0%	Il Sole 24 ORE S.p.A.
Newton Management Innovation S.p.A.	Training services	Milan	EUR	160,000	60.0%	Il Sole 24 ORE S.p.A.
Next 24 S.r.l.	Training services	Milan	EUR	10,000	100.0%	Il Sole 24 ORE S.p.A.
Newton Lab S.r.l.	Training services	Turin	EUR	100,000	51.0%	Newton Management Innovation S.p.A.
Ticket 24 ORE S.r.l.	Exhibition ticketing services	Milan	EUR	10,000	100.0%	24 ORE Cultura S.r.l.
Food 24 S.r.l.	Catering	Milan	EUR	10,000	100.0%	24 ORE Cultura S.r.l.
BacktoWork 24 S.r.l.	Internet services	Milan	EUR	100,000	90.0%	Next 24 S.r.l.

9.2 Related-party transactions

A related party is a person or entity related to the parent, indicated in compliance with the provisions of *IAS 24 Related party disclosures*. The definition of related party always includes subsidiaries owned by the associates and joint ventures of the parent.

For the transactions carried out with related parties in the reference period of these Separate financial statements, the nature of the relationship existing with the related party is stated, together with the amount of the transactions, the amount of the existing balances, including commitments, contractual terms and conditions, any guarantee received or provided. If allowances for doubtful receivables or impairment losses on receivables need to be recognised, evidence must be provided.

The relations between the parent and the subsidiaries are always stated, regardless of any transactions carried out between them.

Information regarding related parties and the relationships with them is summarised in the table on the next page, with specific indication of the transactions, positions or balances that have an impact on the parent's financial position, results of operations and cash flows.

Related-party transactions are limited to those with subsidiaries and associates concerning commercial, administrative and financial services. These transactions form part of normal business operations and of the core business of each of the companies involved, and are regulated at market conditions.

The company follows the Transactions with Related Parties procedure resolved by the Board of Directors on 15 November 2010, in execution of CONSOB regulation approved with resolution no. 17221 of 12 March 2010, subsequently amended with resolution no. 17389 of 23 June 2010.

The related parties referred to are entered in the register of related parties, established by the procedure adopted on 12 November 2010. This procedure can be viewed in the Governance section of the website *www.gruppo24ore.com*.

RELATED PARTIES								
Company	Trade and other receivables	Loan assets	Trade and other payables	Loans and borrowings	Revenue and operating income	Costs	Financial income	Financial expense
Confederazione Generale dell'Industria Italiana (Confederation of Italian Industry)	26	-	-	-	62	-	-	-
Total ultimate parent	**26**	**-**	**-**	**-**	**62**	**-**	**-**	**-**
Il Sole 24 ORE Trading Network S.p.A.	954	26	(228)	(5,330)	725	(13,248)	26	-
Il Sole 24 ORE UK Ltd	-	-	(212)		-	(386)	-	-
24 ORE Cultura S.r.l.	-	14,343	(52)	-	738	(1,191)	193	-
Food 24 S.r.l.	-	749	-		-	(13)	27	-
Newton Management Innovation S.p.A.	193	136	(73)		7	(69)	69	-
Newton Lab S.r.l.	15	162	(1)		0	(51)	13	-
Next 24 S.r.l.	-	987	-	-	-	-	-	-
Ticket 24 ORE S.r.l.	730	29	(92)	(1,994)	-	(112)	29	-
BacktoWork 24 S.r.l.	23	831	-	-	102	-	-	-
Total subsidiaries	**1,916**	**17,262**	**(657)**	**(7,324)**	**1,572**	**(15,071)**	**357**	**-**
Total associates	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sipi S.p.A.	26		(22)	-	34	(133)	-	-
Other managers	-	-	(419)	-	-	(4,199)	-	-
Board of Directors	-	-	(148)	-	-	(366)	-	-
Board of Statutory Auditors	-	-	(198)	-	-	(198)	-	-
Other related party persons	34	-	(114)	-	31	(1,818)	-	(2)
Total other related parties	**60**	**-**	**(929)**	**-**	**65**	**(9,740)**	**-**	**(2)**
Total related parties	**2,002**	**17,262**	**(1,585)**	**(7,324)**	**1,699**	**(24,811)**	**357**	**(2)**
Change versus previous year	1,728	13,719	634	(5,435)				
Amount recognised in the Group's consolidated financial statements	114,693	-	(170,422)	-	339,503	(338,597)	2,126	(3,833)
Amount recognised in the parent's financial statements	96,227	17,262	151,368	(7,324)	301,754	(297,598)	2,411	(3,762)
% impact on the parent's financial statements	*2.1%*	*100.0%*	*-1.0%*	*0.0%*	*0.6%*	*8.3%*	*14.8%*	*0.1%*
Net cash used in the Group's operating activities	(13,222)		(13,222)		(13,222)	(13,222)		
Net cash used in the parent's operating activities	(10,188)		(10,188)		(10,188)	(10,188)		
% impact on net cash flow used in the parent's operating activities	*-19.7%*		*15.6%*		*-16.7%*	*243.5%*		
Net cash used in the Group's financing activities		(1,105)		(1,105)			(1,105)	(1,105)
Net cash used in the parent's financing activities		(361)		(361)			(361)	(361)
% impact on cash flow from the parent's financing activities		*-4780.0%*		*2028.1%*			*-98.8%*	*0.6%*
% impact on the parent's equity	*2.3%*	*19.4%*	*-1.8%*	*-8.2%*				
% impact on the parent's profit (loss) for the year					*-8.0%*	*116.7%*	*-1.7%*	*0.0%*

Loan assets relate to:

- current account relationships with the subsidiaries 24 ORE Cultura S.r.l., Food 24 S.r.l., Newton Management Innovation S.p.A., Newton Lab S.r.l., Next24 S.r.l., Ticket 24 ORE S.r.l., Il Sole 24 ORE Trading Network S.p.A. and Backtowork S.r.l. to maximise returns on subsidiaries' cash deposits. To its receivable balances, the parent applies an interest rate of the 1-month Euribor/365 basis plus 5.5%. To its payable balances, the parent applies an interest rate of 1-month Euribor/365 basis.

Trade/other receivables mainly relate to:

- amounts due from Newton Management Innovation S.p.A. and Newton Lab S.r.l. for conference services;
- amounts due from Backtowork S.r.l. for centralised services;
- amounts due from Sipi S.p.A. for the sale of advertising space;
- amounts due from Ticket 24 ORE S.r.l. for the tax consolidation;
- amounts due from 24 ORE Trading Network S.r.l. for credit notes to be received in relation to the contractual agreement on commercial and intermediation activity for the sale of Il Sole products.

Trade/other payables mainly relate to:

- payables to the subsidiary Il Sole 24 ORE UK Ltd., for the commercial intermediation activity relating to the sale of advertising space in the UK;
- payables to the subsidiary Il Sole 24 ORE Trading Network S.p.A. and payables deriving from the tax consolidation;
- payables to the subsidiary 24 ORE Cultura S.r.l. for the chargeback of personnel expense;
- payables to the subsidiary Newton Management Innovation S.p.A. for production services;
- payables to the subsidiary Ticket 24 ORE S.r.l. relating to the commercial services agreement.

Loans and borrowings relate to the current account with the subsidiaries Il Sole 24 ORE Trading Network S.p.A. and Ticket 24 ORE S.r.l.

Revenue and operating income mainly relate to:

- charging of centralised services to Group companies;
- sale of advertising space in publications of the company.

Costs mainly refer to:

- contractual agreement with the subsidiary Il Sole 24 ORE UK Ltd., for the commercial intermediation activity relating to the sale of advertising space in the UK;
- contractual agreement with the subsidiary Il Sole 24 ORE Trading Network S.p.A. for the commercial activity relating to the sale of Il Sole products;
- operations services (operational planning and coordination, sales management and customer services).
- press agency and editorial consulting costs.

In addition to the Chief Executive Officer, the key management personnel are three heads of business areas and two heads of central corporate functions. The costs refer to remuneration, social security contributions and post-employment benefits.

Financial income refers to the interest income on the loans and borrowings mentioned above and the collection of the dividend distributed by Newton Management Innovation S.p.A.

9.3 Events after the end of the year

In January 2016 the trade union and ministerial procedure was finalised for confirmation of the early retirement plan for 28 journalists.

An agreement was reached on 24 February for the early settlement of the Vendor Loan, with repayment by Team System of the entire principal of €22.5 million, plus €2 million interest. The original maturity of the Vendor Loan relating to sale of the Software Area was 15 November 2020. The full amount of €24.5 million was paid in a lump sum on 3 March 2016.

9.4 Disclosure pursuant to Consob regulation no. 11971 as amended

Fees for services provided by the independent auditors and other entities within their network

The table below was prepared pursuant to art. 149-*duodecies* of Consob Regulation no. 11971, as amended, and highlights the amounts pertaining to 2015 for audit services and other services provided by the independent auditors and the entities within their network.

INDEPENDENT AUDITOR FEES			
Service provided	Service provider	Recipient	Fees for 2015
Auditing	KPMG S.p.A.	Il Sole 24 ORE S.p.A.	184
	KPMG S.p.A.	Subsidiaries	62
Attestation services	KPMG S.p.A.	Il Sole 24 ORE S.p.A.	30
Other services	KPMG S.p.A.	Il Sole 24 ORE S.p.A.	-
	KPMG network	Il Sole 24 ORE S.p.A.	13
Total			**289**

9.5 Disclosures pursuant to Consob Resolution No. 15519 of 27 July 2006

STATEMENT OF FINANCIAL POSITION OF THE PARENT

(in thousands of euro)	Note (*)	31.12.2015	of which related parties	31.12.2014	of which related parties
ASSETS					
Non-current assets					
Property, plant and equipment	(1)	39,373	-	45,025	-
Goodwill	(2)	15,982	-	15,982	-
Intangible assets	(3)	59,306	-	59,376	-
Available-for-sale financial assets	(4)	948	-	909	-
Other non-current assets	(5)	32,163	-	31,975	-
Deferred tax assets	(6)	46,511	-	56,752	-
Total		**194,283**	**-**	**210,019**	**-**
Current assets					
Inventories	(7)	4,291	-	5,859	-
Trade receivables	(8)	89,811	1,074	98,000	274
Other receivables	(9)	6,416	932	8,111	-
Other current financial assets	(10)	17,262	17,262	3,543	3,543
Other current assets	(11)	1,829	-	2,757	-
Cash and cash equivalents	(12)	33,299	-	31,528	-
Total		**152,908**	**19,268**	**149,798**	**3,817**
Available-for-sale assets	-	-	-	-	-
TOTAL ASSETS		**347,191**	**19,268**	**359,817**	**3,817**

(*) Paragraph 8 of the Notes to the separate financial statements.

STATEMENT OF FINANCIAL POSITION OF THE PARENT (CONT.)					
(in thousands of euro)	Note	31.12.2015	of which related parties	31.12.2014	of which related parties
EQUITY AND LIABILITIES					
Equity					
Share capital	(14)	35,124	-	35,124	-
Equity reserves	(15)	82,981	-	98,814	-
Hedging and translation reserves	(16)	-	-	(14)	-
Other reserves	(17)	(7,948)	-	(8,931)	-
Loss for the year	(18)	(21,253)	-	(15,833)	
Total equity		**88,905**	**-**	**109,160**	**-**
Non-current liabilities					
Non-current financial liabilities	(19)	15,000	-	15,000	-
Employee benefits	(20)	24,057	304	26,752	348
Deferred tax liabilities	(6)	5,216	-	6,692	-
Provisions for risks and charges	(21)	5,352	-	8,197	-
Total		**49,625**	**304**	**56,640**	**348**
Current liabilities					
Bank overdrafts and loans - due within one year	(22)	49,970	-	16,633	-
Other current financial liabilities		7,324	7,324	1,889	1,889
Liabilities for financial instruments held for trading	(24)	-	-	19	-
Trade payables	(25)	118,511	910	137,759	1,355
Other payables	(26)	32,857	371	37,717	516
Total		**208,662**	**8,605**	**194,016**	**3,760**
Available-for-sale liabilities		-	-	-	-
Total liabilities		**258,287**	**8,909**	**250,656**	**4,108**
TOTAL EQUITY AND LIABILITIES		**347,191**	**8,909**	**359,817**	**4,108**

(*) Paragraph 8 of the Notes to the separate financial statements.

STATEMENT OF PROFIT OR LOSS OF THE PARENT							
(in thousands of euro)	Note (*)	2015	of which related parties	of which non-recurring	2014	of which related parties	of which non-recurring
1) Continuing operations							
Total revenue	**(27)**	**286,611**	**275**	**-**	**280,004**	**376**	**-**
Other operating income	(28)	15,143	1,424	-	12,764	920	-
Personnel expense	(29)	(97,143)	(7,225)	-	(99,097)	(8,362)	-
Change in inventories	(7)	(1,568)	-	-	786	-	-
Purchase of raw materials and consumables	(30)	(9,960)	(5)	-	(14,458)	-	-
Services	(31)	(157,363)	(17,426)	-	(157,627)	(9,653)	-
Use of third party assets	(32)	(22,146)	(139)	-	(22,511)	(55)	-
Other operating costs	(33)	(5,905)	(15)	-	(9,490)	(57)	-
Provisions	(21)	(854)	-	-	(2,307)	-	-
Allowance for impairment	(8)	(2,659)	-	-	(4,150)	-	(1,132)
Gross operating profit (loss)		**4,155**	**(23,111)**	**-**	**(16,085)**	**(16,831)**	**(1,132)**
Amortisation of intangible assets	(3)	(8,545)	-	-	(7,443)	-	-
Depreciation of property, plant and equipment	(1)	(7,375)	-	-	(7,561)	-	-
Net gains on disposal of non-current assets	(34)	1,118	-	-	105	-	-
Operating loss		**(10,647)**	**(23,111)**	**-**	**(30,984)**	**(16,831)**	**(1,132)**
Financial income	(35)	2,411	294	-	1,716	237	-
Financial expense	(35)	(3,762)	(2)	-	(2,655)	-	-
Net financial income/expense		**(1,351)**	**292**		**(939)**	**237**	
Other income (expenses) from investment assets and liabilities	(36)	63	63	-	13	-	-
Impairment losses on investments	(37)	(3,477)	-	-	-	-	-
Loss before tax		**(15,411)**	**(22,757)**	**-**	**(31,910)**	**(16,594)**	**(1,132)**
Income taxes	(38)	(5,841)	-	-	1,507	-	-
Loss from continuing operations		**(21,253)**	**(22,757)**	**-**	**(30,403)**	**(16,594)**	**(1,132)**
2) Discontinued operations							
Profit (loss) from discontinued operations	**-**	**-**	**-**	**-**	**14,570**	**(11,105)**	**-**
Loss for the year	**-**	**(21,253)**	**(22,757)**	**-**	**(15,833)**	**(27,699)**	**(1,132)**

(*) Paragraph 8 of the Notes to the separate financial statements.

STATEMENT OF CASH FLOWS OF THE PARENT					
(in thousands of euro)	Note	2015	Of which related parties	2014	Of which related parties
Loss before tax [a]		(15,411)	-	(17,340)	-
Adjustments [b]		**15,186**	**(44)**	**(3,301)**	**(161)**
Depreciation, amortisation and impairment losses	(1.3)	15,920	-	15,005	-
Gains	(1,3,34)	(1,118)	-	(105)	-
Profit (loss) from discontinued operations	-	-	-	(14,570)	-
Change in provisions for risks and charges	(21)	(2,845)	-	(4,856)	-
Change in employee benefits	(20)	(2,695)	(44)	2,412	(161)
Change in deferred tax assets/liabilities	(6.38)	1,160	-	(3,196)	-
Net financial income	(35)	1,351	-	2,024	-
Dividends received	(36)	(63)		-	
Impairment losses on investments	(37)	3,477	-	-	
Other adjustments		-	-	(14)	-
Changes in net working capital [c]		**(9,963)**	**(1,390)**	**(13,378)**	**(1,805)**
Change in inventories	(7)	1,568	-	(655)	-
Change in trade receivables	(8)	8,189	(800)	4,316	68
Change in trade payables	(25)	(19,248)	(446)	(1,404)	(1,573)
Income taxes paid		-	-	(929)	-
Other changes in net working capital		(473)	(145)	(14,706)	(300)
Total cash flows used in operating activities [d=a+b+c]		**(10,188)**	**(1,434)**	**(34,018)**	**(1,966)**
Cash flows from (used in) investing activities [e]		**(10,779)**	**-**	**69,450**	**-**
Investments in intangible assets and property, plant and equipment	(1.3)	(10,214)	-	(10,667)	-
Acquisitions/disposals of subsidiaries	(5)	(1,699)	-	(1,209)	-
Disposal of intangible assets and property, plant and equipment	(1,3,34)	1,130	-	164	-
Amounts collected on disposal of equity investments	-	-	-	80,961	-
Other changes in investing activities		5	-	201	-
Cash flows from (used in) financing activities [f]		**(351)**	**-**	**(14,725)**	**-**
Net financial interest paid	(35)	(3,303)	-	(2,024)	-
Dividends received	(36)	63		-	
Change in medium/long-term bank loans	-	-	-	15,000	-
Change in short-term bank loans and borrowings	(22)	1,964	-	(25,762)	-
Change in non-current financial assets	(24)	(19)	-	(86)	-
Change in share capital and reserves	(16.17)	997	-	(1,829)	-
Other changes in financing activities	-	(53)	-	(25)	-
Cash flows generated (used) during the year [g=d+e+f]		**(21,319)**	**(1,434)**	**20,706**	**(1,966)**
CASH AND CASH EQUIVALENTS:					
AT THE START OF THE YEAR		**24,100**	**-**	**3,394**	**-**
AT THE END OF THE YEAR		**2,781**	**-**	**24,100**	**-**
INCREASE (DECREASE) FOR THE YEAR		**(21,319)**	**-**	**20,706**	**-**

(*) Paragraph 8 of the Notes to the separate financial statements.
No atypical and/or unusual transactions were carried out with third parties, related parties or Group companies.

9.6 Net financial position (indebtedness)

The following table details the components of the net financial position (indebtedness):

NET FINANCIAL POSITION (INDEBTEDNESS)			
(in thousands of euro)	Note	31.12.2015	31.12.2014
Cash and cash equivalents		33,299	31,528
Bank overdrafts and loans - due within one year		(49,970)	(16,633)
Short-term loans and borrowings from others		(7,324)	(1,889)
Short-term loan assets		17,262	3,543
Short-term net financial position (indebtedness)		**(6,733)**	**16,549**
Non-current financial liabilities		(15,000)	(15,000)
Fair value changes in hedging instruments		-	(19)
Medium-long term net financial indebtedness		**(15,000)**	**(15,019)**
Net financial position (indebtedness)		**(21,733)**	**1,530**

9.7 Employees

The average number of employees by category was as follows:

EMPLOYEES						
AVERAGE HEADCOUNT	2015		2014		Change	
	Number	%	Number	%	Number	%
Managers	42.9	3.7%	47.4	4.0%	(4.6)	-9.6%
Journalists	343.2	29.7%	351.4	29.8%	(8.3)	-2.3%
White-collars	704.3	61.0%	696.0	59.1%	8.3	1.2%
Blue-collars	63.9	5.5%	83.8	7.1%	(19.8)	-23.7%
Total	**1,154.3**	**100.0%**	**1,178.6**	**100.0%**	**(24.3)**	**-2.1%**

9.8 Reclassified key financial statements figures of subsidiaries, associates and joint ventures

STATEMENT OF FINANCIAL POSITION

Company	Note	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities	Total equity	Total equity and liabilities
BacktoWork24 S.r.l.	(1)	361	812	1,173	(76)	(1,425)	(1,502)	329	(1,173)
Il Sole 24 ORE - Trading Network S.p.A.	(1)	34	9,369	9,404	(3,225)	(4,363)	(7,588)	(1,816)	(9,404)
Il Sole 24 Ore UK Ltd	(1)	6	1,343	1,348	-	(67)	(67)	(1,281)	(1,348)
Food 24 S.r.l.	(2)	812	490	1,302	(17)	(1,419)	(1,436)	134	(1,302)
24 ORE Cultura S.r.l.	(1)	5,836	15,441	21,277	(561)	(23,745)	(24,305)	3,028	(21,277)
Newton Management Innovation S.p.A.	(1)	227	2,722	2,949	(148)	(2,014)	(2,162)	(786)	(2,949)
Newton Lab S.r.l.	(1)	81	3,651	3,732	(66)	(3,307)	(3,373)	(360)	(3,732)
Ticket 24 ORE S.r.l.	(1)	48	3,374	3,422	(21)	(1,410)	(1,431)	(1,991)	(3,422)
Total subsidiaries	**(3)**	**7,404**	**37,203**	**44,607**	**(4,114)**	**(37,751)**	**(41,865)**	**(2,743)**	**(44,607)**
				-			-		-
Total associates		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total subsidiaries and associates		**8,391**	**37,213**	**45,604**	**(4,114)**	**(38,738)**	**(42,851)**	**(2,753)**	**(45,604)**

(1) Statutory figures adjusted for IFRS
(2) Company established in March 2015
(3) Next 24 S.r.l. was established in December 2015 and its first financial statements will be those at 31 December 2016.

STATEMENT OF PROFIT OR LOSS

Company	Note	Revenue	Gross operating profit (loss)	Operating profit (loss)	Profit (loss) before tax	Profit (loss) for the year	Attributable to non-controlling interests
BacktoWork24 S.r.l.	(1)	1,276	(642)	(659)	(673)	(676)	(68)
Il Sole 24 ORE - Trading Network S.p.A.	(1)	18,355	2,111	2,111	2,085	1,387	-
Il Sole 24 Ore UK Ltd	(1)	358	161	161	153	122	-
Food 24 S.r.l.	(2)	1,060	(328)	(383)	(410)	(419)	-
24 Ore Cultura S.r.l.	(1)	14,762	(7,955)	(8,116)	(7,038)	(7,125)	-
Newton Management Innovation S.p.A.	(1)	5,024	797	709	714	359	123
Newton Lab S.r.l.	(1)	8,571	66	14	(13)	(203)	(141)
Ticket 24 ORE S.r.l.	(1)	4,218	2,405	2,378	2,363	1,503	-
Total subsidiaries	**(3)**	**53,624**	**(3,385)**	**(3,785)**	**(2,818)**	**(5,054)**	**(86)**
Total associates		**-**	**-**	**-**	**-**	**-**	**-**
Total subsidiaries and associates		**53,624**	**(3,385)**	**(3,785)**	**(2,818)**	**(5,054)**	**(86)**

(1) Statutory figures adjusted for IFRS
(2) Company established in March 2015
(3) Next 24 S.r.l. was established in December 2015 and its first financial statements will be those at 31 December 2016.

CASH FLOWS						
(in thousands of euro)	Cash flow from (used in) operating activities	Cash flows from (used in) investing activities	Cash flow from (used in) financing activities	Increase (decrease) for the year	Dividends – attributable to owners of the parent	Dividends – attributable to non-controlling interests
BacktoWork24 S.r.l.	(487)	(30)	162	(355)	-	-
Il Sole 24 ORE - Trading Network S.p.A.	3,356	(1)	(28)	3,328	-	-
Il Sole 24 ORE UK Ltd	100	(0)	(8)	92	-	-
Food 24 S.r.l.	34	(867)	258	(576)	-	-
24 ORE Cultura S.r.l.	(9,555)	(3,599)	2,207	(10,947)	-	-
Newton Management Innovation S.p.A.	790	(65)	(415)	311	(62)	(278)
Newton Lab S.r.l.	256	(60)	(143)	53	(51)	(49)
Ticket 24 ORE S.r.l.	2,519	757	(14)	3,262	-	-

9.9 New financial reporting standards

Note that the IASB and the IFRIC have approved some changes to the IFRS currently in force and issued new IFRS and new IFRIC interpretations. As the effective date of these documents is deferred, they have not been adopted for the presentation of these consolidated financial statements, but will be applied from the pre-established date on which they become mandatory. The main changes concern:

IFRS, amendments and interpretations endorsed by the European Union, not yet in force and not adopted early by the Group

Amendments to IAS 19 Defined benefit plans: employee contributions. This amendment applies to employee contributions or to defined benefit plans. The aim of the amendments is to simplify the accounting for contributions that are independent of the number of years of service of the employee. For IASB the amendments enter into force for financial statements beginning on or after 1 July 2014; for the EU application begins from 1 February 2015.

Improvements to IFRS: 2010-2012 Cycle. On 12 December 2013 the IASB published the "Annual Improvements to IFRSs: 2010-2012 Cycle" which contains the amendments to standards as part of their annual improvement process. For IASB the amendments enter into force for financial statements beginning on or after 1 July 2014; for the EU application begins from 1 February 2015. The main changes concern:

- *IFRS 2 Share-Based Payments*: the definitions of "vesting condition" and "market condition" have been amended and additional definitions for "performance condition" and "service condition" have been added;
- *IFRS 3 Business combinations*: the amendments clarify that a contingent consideration classified as an asset or liability must be measured at fair value at every year end, and changes in fair value (other than period measurement adjustments) must be recognised in profit or loss;
- *IFRS 8 Operating Segments*: the amendments require an entity to disclose the measurements performed by management in application of the operating segment aggregation criteria, including a description of the aggregated operating segments and the profit indicators considered in determining whether these operating segments have similar profit characteristics;
- *IFRS 13 Fair value measurement*: the Basis for Conclusions has been amended to clarify that the option remains valid for recognition of current trade receivables and payables without recognising the discounting effects, if such effects prove immaterial;
- *IAS 16 Property, plant and equipment and IAS 38 Intangible assets*: the inconsistencies in the recognition of accumulated depreciation and amortisation when an item of property, plant and equipment or an intangible asset is subject to revaluation have been eliminated. The new requirements clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that the accumulated depreciation or amortisation is equal to the difference between the gross carrying amount and the carrying amount net of impairment losses recognised;

- *IAS 24 Related party disclosures*: the provisions applicable to the identification of related parties and the disclosure to be made are clarified when the assets of executives with strategic responsibilities are provided by a management entity (and not by an individual).

***Amendments to IFRS 11 Joint arrangements*:** these provide clarification on the accounting recognition of investments made in joint arrangements that constitute a business. The amendments will be applicable retroactively for annual periods beginning on or after 1 January 2016. Early application is permitted.

***Amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible assets*:** the amendments clarify that the use of revenue-based methods to calculate the depreciation or amortisation of an asset is not appropriate in that the revenue generated by a business activity that includes the use of an asset generally reflects factors different from the consumption of economic benefits deriving from that asset. This assumption, however, can be overcome in certain limited circumstances. The amendments apply to annual periods beginning on or after 1 January 2016; early application is permitted.

Amendment to IAS 27 Separate financial statements: the amendment allows entities to use the equity method for the recognition of investments in subsidiaries, joint ventures and associates in the separate financial statements. The amendments apply to financial statements beginning on or after 1 January 2016; early application is permitted.

Amendment to IAS 1 Presentation of financial statements: the main changes regard the presentation method and aggregation of items in the Statement of financial position and the Statement of comprehensive income. The amendments apply with effect from financial years beginning on or after 1 January 2016. Early application is permitted.

Improvements to IFRS: 2012-2014 Cycle

In September 2014 the IASB published the “Annual Improvements to IFRSs: 2012-2014 Cycle” which contains the amendments to standards as part of their annual improvement process. The amendments apply with effect from financial years beginning on or after 1 January 2016. Early application is permitted. The main changes concern:

- *IFRS 5 Non-current assets held for sale and discontinued operations*: the amendment introduces specific instructions in a case in which an entity reclassifies an asset (or disposal group) from held for sale to held-for-distribution (or vice versa), or when the recognition of a held-for-distribution asset has ceased;
- *IAS 19 Employee benefits*: clarifies that high quality corporate bonds used to determine the discount rate of post-employment benefits must be issued in the same currency used to pay the benefits;
- *IAS 34 Interim financial reporting*: clarifies the requirements in a case in which the necessary disclosure is presented in the interim financial report but outside the interim financial statements. The amendment requires that this disclosure is included through cross-

referencing from the interim financial statements to other parts of the interim financial report and that the report is made available to financial statements readers in the same manner and by the same deadlines as the interim financial statements;

- *IFRS 7 Financial instruments*: Disclosures: introduces clarification of the fact that a servicing contract constitutes a residual involvement in a transferred asset for the purpose of the disclosure necessary on transferred assets.

IFRS, amendments and interpretations not endorsed by the European Union, not yet in force and not adopted early by the Group

IFRS 14 Regulatory Deferral Accounts: IFRS 14, issued by the IASB in January 2014 allows only first-time adopters of IFRS to continue recognising amounts relating to the rate regulation in accordance with previous accounting standards adopted. In order to improve comparability with entities that already apply IFRS and do not recognise such amounts, the standards require that the effect of the rate regulation must be presented separately from other items. The standard will apply from 1 January 2016. Early application is permitted.

IFRS 15 Revenue from contracts with customers: this standard, introduced by the IASB in May 2014, introduces a general framework to establish if, when and to what extent revenue should be recognised. The standard replaces the recognition criteria stated in IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 13 Customer loyalty programmes. IFRS 15 will apply with effect from financial years beginning on or after 1 January 2017. Early application is permitted.

IFRS 9 Financial instruments: this standard replaces IAS 39 Financial instruments: Recognition and measurement, and introduces new instructions for the classification and measurement of financial instruments, as well as new general rules on hedging transactions. The new standard will be applicable retroactively from 1 January 2018. Early application is permitted.

Amendment to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures: the amendments discuss the recognition of aspects associated with the sale or transfer of assets between an investor and its associate or joint venture. The main consequence of the changes is that any gain or loss is recognised in full when the transaction involves a business. The amendments apply with effect from financial years beginning on or after 1 January 2016.

Amendment to IFRS 10 Consolidated financial statements, IFRS 12 Disclosure of interests in other entities and IAS 28 Investments in associates and joint ventures: applying the consolidation exception. The amendments regard investment entities and companies which, though not investment entities, have an equity investment or joint venture interest in an investment entity. The amendments apply with effect from financial years beginning on or after 1 January 2016. Early application is permitted.

IFRS 16 Leases: proposes substantial changes to the accounting treatment of lease arrangements in the leaseholder's financial statements, which will have to recognise the assets and liabilities arising from lease contracts in the statement of financial position, with no distinction between operating and finance leases. In particular, the leaseholder will have to recognise lease-related liabilities at the present value of future instalments. In addition, user rights on the asset referred to in the lease contract will need to be recognised under assets at the same value assigned to the related liabilities. After initial recognition, the user right will be amortised on a straight-line basis over the duration of the contract or, if less, over the useful life of the asset. The liability will gradually reduce as instalments are paid and interest on these will be recognised. To calculate the liability, account must be taken only of the fixed component of instalments envisaged in the contract and any inflation-linked component, but not of any variable components. Future payments determined in this manner will be discounted at the contractual rate or at the interest rate on the marginal loan of the leaseholder, throughout the period in which the contract cannot be cancelled. IASB expects the standard to be applied for financial years beginning on or after 1 January 2019. Early application is permitted for companies applying IFRS 15 Revenue from contracts with customers.

Amendment to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses*:* clarifies the accounting of deferred tax assets relating to debt instruments measured at fair value. The amendments apply with effect from financial years beginning on or after 1 January 2017. Early application is permitted.

The Group has begun to assess the impact resulting from introduction of the new standards and interpretations.

Milan, 16 March 2016

The Chairman of the Board of Directors

Benito BENEDINI

(signed on the original)

Certification of separate financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of 14 May 1999 as amended

1. The undersigned Donatella Treu, Chief Executive Officer, and Valentina Montanari, Manager in charge of financial reporting of Il Sole 24 ORE S.p.A., hereby certify, pursuant to, inter alia, the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998 [the Italian Consolidated Finance Act]:

• the adequacy in relation to the entity's characteristics; and

• the effective application of administrative and accounting procedures for preparation of the separate financial statements during 2015.

2. The adequacy of the administrative and accounting procedures used to prepare the separate financial statements as at and for the year ended 31 December 2015 has been assessed based on the methodological rules defined by Il Sole 24 ORE S.p.A. and consistently with the "Internal Control – Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally accepted benchmark framework for the internal control system.

3. It is further certified that:

3.1 The separate financial statements:

- have been drafted in compliance with the applicable International Financial Reporting Standards recognised in the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;
- are consistent with the corporate books and accounting records;
- give a true and fair view of the financial position, results of operations and cash flows of the issuer.

3.2 The Directors' Report contains a reliable analysis of the performance, results of operations and standing of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Milan, 16 March 2016

Chief Executive Officer	Manager in charge of financial reporting
Donatella TREU	Valentina MONTANARI
(signed on the original)	(signed on the original)

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Il Sole 24 Ore S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the 24 ORE Group (the "group"), which comprise the statement of financial position as at 31 December 2015, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The parent's directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and ownership structure with the consolidated financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the parent's directors, with the consolidated financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and ownership structure referred to above are consistent with the consolidated financial statements of the 24 ORE Group as at and for the year ended 31 December 2015.

Milan, 7 April 2016

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Il Sole 24 Ore S.p.A.

Report on the separate financial statements

We have audited the accompanying separate financial statements of Il Sole 24 Ore S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2015, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the separate financial statements

The company's directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the separate financial statements give a true and fair view of the company's financial position as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and ownership structure with the separate financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the company's directors, with the separate financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and ownership structure referred to above are consistent with the separate financial statements of Il Sole 24 Ore S.p.A. as at and for the year ended 31 December 2015.

Milan, 7 April 2016

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit

REPORT OF THE BOARD OF STATUTORY AUDITORS

TO THE SHAREHOLDERS OF IL SOLE 24 ORE S.P.A.

PURSUANT TO ART. 153 OF LEG. DECREE 58/98 AND ART. 2429, PARAGRAPH 3 OF THE ITALIAN CIVIL CODE

To the Shareholders,

By this report, prepared pursuant to art. 153 of Italian Legislative Decree 58/1998 (the Consolidated Finance Act) and also taking applicable Consob Recommendations into consideration, the Board of Statutory Auditors of Il Sole 24 ORE S.p.A. (hereinafter "Il Sole 24 ORE" or "the Company") informs you of the supervisory activities performed and their outcomes.

The separate financial statements at 31 December 2015 closed with a loss for the year of €21,253 thousand, compared to a loss of €15,833 thousand in the previous year. At consolidated level, the 24 ORE Group (hereinafter also referred to as "the Group") recorded a loss for the year of €24,012 thousand, compared to a loss of €9,811 thousand in the previous year.

The Report of the independent auditors KPMG S.p.A. (hereinafter also referred to as the "Independent Auditors") on the separate financial statements of Il Sole 24 ORE at 31 December 2015, issued on 7 April 2016, contains no matters of emphasis. Likewise, KPMG S.p.A.'s Report on the consolidated financial statements of the Group at 31 December 2015, issued on the same date, contains no matters of emphasis.

1. Supervision performed and information received.

During the year ended 31 December 2015, the Board of Statutory Auditors of Il Sole 24 ORE S.p.A. conducted the supervisory activities required by law, according to the principles of conduct of the Board of Statutory Auditors recommended by the Italian accounting profession. It attended the meetings of the corporate bodies, conducted regular checks and met the representatives of the independent auditors, the members of the Internal Control and Audit Committee, the Manager in charge of financial reporting, the members of the Supervisory Body established pursuant to Italian Legislative Decree 231/2001 and the main representatives of the various company departments, to exchange information on the activities carried out and on control programmes.

For this purpose, during the year the Board:

- met on 5 occasions. Note in particular that some of the Board of Statutory Auditors meetings were also attended by one or more representatives of the Independent Auditors;
- attended 6 meetings of the Board of Directors;
- attended 6 meetings of the Internal Control and Audit Committee;
- through the Chairman or other statutory auditor, attended 2 meetings of the Human Resources and Remuneration Committee;
- attended the Shareholders' Meeting called to approve the 2014 financial statements;
- maintained constant contact and held regular meetings with the Independent Auditors for the purpose of promptly exchanging data and information important for conducting the respective duties;
- maintained constant contact and held meetings with the Director responsible for the internal control system and with the Manager in charge of financial reporting;

- was in regular contact and meetings with the corresponding boards of the subsidiaries.

We obtained regular reports from the Directors on the general operating performance and business outlook, on the activities performed and on the more significanttransactions affecting the Company's financial position and performance executed, also through its subsidiaries, during the course of the year.

By the legally specified deadlines we received the half-year financial report and interim financial reports for the first and third quarters from the Board of Directors.

The information in question was obtained by means of checks and information provided by the Chief Executive Officer and by the managers of the departments concerned, at the meetings of the Internal Control and Audit Committee and of the other Committees established at Board level.

During meetings and contact with the Independent Auditors no censurable events emerged.

Note that as part of the Board of Statutory Auditors' activities, in 2015:

- no reports were received by the Board of Statutory Auditors, either directly or via the Company, pursuant to art. 2408 of the Italian Civil Code, or complaints from third parties;
- the opinions required by the law were issued;
- the Board of Statutory Auditors issued its justified opinion regarding appointment of the Independent Auditors, pursuant to art. 13, Italian Legislative Decree 39/2010.

The Company heads a Group of companies over which it exercises management and control and prepares the consolidated financial statements.

2. Significant transactions and events affecting the Company's and the Group's financial position and performance.

Details are provided below of the most significant events of the year affecting the Company's and the Group's financial position and performance, as reported by the Directors in the specific section of the Directors' Report.

- On 9 February 2015, the subsidiary 24 ORE Cultura S.r.l. acquired 100% of the quota capital of MostraMi S.r.l. (now Ticket 24 ORE S.r.l.), operating in the exhibition and events ticketing and reception sector, for €250 thousand.
- The Museo delle Culture - Mudec was inaugurated on 26 March with the opening of the *Africa e Mondi a Milano* exhibitions.
- On 21 October 2015, 24 ORE Cultura S.r.l. - which already held 51% of Food 24 S.r.l. - acquired the remaining 49% of the company's quota capital making it now wholly owned. The company operates in the entertainment and catering industry as part of Mudec.
- On 4 December 2015, Il Sole 24 ORE S.p.A. established Next 24 S.r.l., a company operating in the training sector, with a 100% interest in the quota capital of €10 thousand.
- On 11 December, the deed was signed for the merger of MostraMi S.r.l. into Shopping 24 S.r.l., whose company name was subsequently changed to Ticket 24 ORE S.r.l. The accounting and taxation effects of the merger apply from 1 January 2015.
- On 18 December 2015, Shopping 24 S.r.l. transferred a 90% interest in the quota capital of Backtowork S.r.l. to Next 24 S.r.l. for a nominal €90 thousand.
- 2015 saw the completion of the Radiocor Plus project which established the grouping into a single Group Agency - Radiocor Plus - of the regulatory, real economy and *Finanza e*

Mercati business areas, involving a total of 69 journalists. The organisational structure of the Group's journalism editorial staff was therefore simplified into three macro areas: the daily newspaper, Radiocor Plus and Radio24.

Details are provided below of the significant events after the end of the year as reported by the Directors in the specific section of the Directors' Report:

- in January 2016 the trade union and ministerial procedure was finalised for confirmation of the early retirement plan for 28 journalists;
- an agreement was reached on 24 February for the early settlement of the Vendor Loan, with repayment by Team System of the entire principal of €22.5 million, plus €2 million interest. The original maturity of the Vendor Loan relating to sale of the Software Area was 15 November 2020. The full amount of €24.5 million was paid in a lump sum on 3 March 2016.

<u>Opinion of the Board of Statutory Auditors</u>

In general, the Board believes that there has been compliance with the law, the By-laws and the principles of sound administration.

We have found no indication, nor received reports from the Board of Directors, the Independent Auditors or the Internal Control and Audit Committee, of the existence of atypical and/or unusual transactions performed with third parties, related parties or between Group companies.

The Directors have illustrated transactions of an ordinary nature, in particular in the Directors' Report and in the Notes to the consolidated financial statements of the 24 ORE Group and to the separate financial statements of Il Sole 24 ORE S.p.A., executed during the year with related parties or between Group companies. To the extent of our responsibilities, reference is made to these documents, in particular with regard to the description of their characteristics and the related effects on the Company's and Group's financial position and performance. With regard to these transactions, with the help of the Board of Directors and the Internal Control and Audit Committee, we checked the existence of and compliance with appropriate procedures to ensure that these transactions were concluded at suitable terms and in the Company's and Group's interest. To this end, we also monitored compliance with the principles stated in CONSOB regulation governing transactions with related parties, adopted with resolution no. 17221 of 12 March 2010 as amended (the "RPT Regulation"), the procedure relating to the "Regulation of Related Party Transactions" adopted by the Board of Directors in November 2010 and its application.

Information on transactions with related parties or Group companies, contained in particular in section 13.1 "Related Party Transactions" of the Notes to the consolidated financial statements of the 24 ORE Group, and in section 9.2 "Related Party Transactions" of the Notes to the separate financial statements of Il Sole 24 ORE S.p.A., is adequate in consideration of the Company's and Group's size and structure.

In turn, the Board of Statutory Auditors verified that the transactions complied with the law and the By-laws, and were not manifestly unwise or hasty, in potential conflict of interest, in conflict with resolutions adopted by the Shareholders' Meeting or such as to compromise the integrity of the corporate assets.

3. Performance for the year, financial position and results of operations and going concern assumption.

As stated previously, in 2015 the 24 ORE Group recognised a loss for the year of €24.012 million, compared to a loss of €9.811 million in the previous year.

The Directors' Report states that following the disposal of 24 ORE Software in 2014:

- the overall effects of this transaction on profit or loss were recorded in 2014 under *Loss from discontinued operations*;
- for the purpose of the Directors' Report, the effects of other non-recurring transactions on profit or loss were recognised in 2014 on a single line, *Loss from other discontinued assets*. These transactions include costs associated with the disposal of the Business Media business unit;
- with respect to figures indicated in the financial statements, the statement of profit or loss figures reported and commented in the Directors' Report, both consolidated and by business segment, are on a like-for-like basis for ease of comparison.

In 2015, the 24 ORE Group achieved consolidated revenue of €325.0 million, up by €12.6 million compared to 2014 (+4.0%). The innovative action taken by the daily newspaper with the series of 12 new specialist digital daily newspapers, combined with the paywall decision for the web site that generated 36,000 paid subscriptions, has led to a decisive strengthening in terms of current performance - also decidedly against the market trend - achieved from advertising, which recorded a growth of 11.2% in a market down by 2.2%.

The gross operating profit was €0.9 million, compared with a loss of €10.7 million recorded in 2014, recording an increase of €11.6 million. This result was achieved through increased revenue, particularly in advertising, training and digital products, as well as the constant focus on cost containment, optimisation of the organisational, production and distribution structure and on process efficiency in all the Group's areas. The result includes the gross operating loss of the Culture Area (€6.0 million), attributable largely to the lower profitability of exhibitions in 2015 compared to 2014, due to the reduced number of visitors, together with the business start-up costs at the Mudec.

The operating loss, recording an €11.5 million improvement on 2014 (+44.6%), was €14.3 million (€25.8 million loss in 2014).

The loss attributable to owners of the parent amounted to €24.0 million, compared with the €9.8 million loss in 2014 which had benefited from the gain from disposal of the Software Area. In addition, the 2015 loss includes negative income taxes of €8.1 million (a positive €1.5 million in 2014) due to the reduction in deferred tax assets following the drop in the IRES tax rate from 2017.

The net financial indebtedness amounted to €26.8 million, compared to a net financial position of €2.2 million at 31 December 2014, which had benefited from the amount collected on disposal of the Software Area in May 2014. Cash flows used in operating activities improved by €14.7 million compared to the previous year. Positive effects, compared to 2014, came from the improved operating profit and the lower absorption of net working capital. The absorption of liquidity was mainly due to investments and outflows for non-recurring expenses. Note that the net financial indebtedness fully complies with the covenants envisaged in the syndicated loan.

Equity totalled €87.2 million compared to €110.6 million at 31 December 2014. Equity attributable to non-controlling interests was a positive €0.5 million.

Total cash outflows stood at €27.1 million compared to cash inflows of €39.5 million in the previous year, which had benefited from proceeds from the sale of the Software Area for €95.0 million.
Cash flows used in operating activities improved by €14.7 million compared to the previous year. Positive effects, compared to the previous year, came from the lower absorption of net working capital and the improved operating profit. Non-recurring outflows amounted to €3.9 million.
Cash flows used in investing activities stood at €12.8 million, compared to cash flows from investing activities of €82.9 million in the previous year, which was affected by the €95.0 million collected on disposal of the Software Area. Investments for the year totalled €14 million. It should be noted that the production plant in Verona was sold for €1 million.
Cash flows used in financing activities stood at €1.1 million, compared to €15.4 million for the previous year.

In the extensive number of activities where it is present, the 24 ORE Group is exposed to a series of risks. Their identification, assessment and management involve the Group's Chief Executive Officer, also in her capacity as executive director of the internal control and risk management system as per the Corporate Governance Code of Borsa Italiana S.p.A., and the heads of business areas and central corporate functions.

As described in the Directors' Report, the major risk concerns the impact of the Italian and international macroeconomic crisis on the Group's financial position in terms of profitability and indebtedness (risks associated with the transition from traditional publishing formats to digital/online formats and risks associated with the trend in advertising revenue, daily newspaper circulation and relations with certain employee categories), on credit risk in relation to the extension of payment terms by customers, the potential increase of insolvency positions and on maintaining a high level of reliability and strong reputation of the brand and products, and on regulatory risk associated with potential liabilities arising from possible legal and tax disputes.

Also in light of the information provided in the *Financial instruments and risk management - Liquidity risk* paragraph of the Notes, the directors deem it reasonable to assume that the Group is able to obtain adequate financial resources to continue operating as a going concern in the foreseeable future and, as a result, they prepared the Group consolidated financial statements and the separate financial statements of the parent at 31 December 2015 on a going concern basis.

4. Organisational structure, internal control and risk management system and the administrative and accounting system.

With regard to the internal control and risk management system, in agreement with the guidelines defined by the Board of Directors with support from the Internal Control and Audit Committee, the Company organised a specific system to ensure correct corporate reporting and adequate monitoring of all Group activities and able to correctly identify the main risks to which the Company and its subsidiaries are exposed.
The management of elements that make up the internal control and risk management system is defined by a risk management process to render the control system dynamic.
As described in the 2015 Corporate Governance Report, the internal control and risk management system involves the following, each to the extent of their respective duties:
a) the Board of Directors, which plays a guiding role and assesses the adequacy of the system, within which it identifies:

(i) the Director assigned to the setup and maintenance of an effective internal control and risk management system that acts on the basis of the mandate issued by the Board, of which he/she is a member;
(ii) the Internal Control and Audit Committee, which has the duty of providing support - through appropriate investigation activities - for the assessments and decisions made by the Board of Directors regarding the internal control and risk management system, together with related approval of the periodic financial reports, and therefore acting as the operating terminal for Board of Directors decisions on issues under its responsibility;
b) the internal audit manager who, as person appointed by the Board to verify that the internal control and risk management system is functional and suitable, acts under the terms of instructions received from the management body to which it reports;
c) the other corporate roles and departments with specific duties relating to internal control and risk management, organised according to business size, complexity and risk profile;
d) the Board of Statutory Auditors, which supervises the efficiency of the internal control and risk management system.
In this respect, the Board of Directors, adopting the considerations expressed by the Internal Control and Audit Committee, assessed the adequacy of the organisational, administrative and accounting structure of the Company and its subsidiaries indicated by the Group system of directives and the internal procedures adopted by the Company.
At the same time, after examining the periodic reports on the internal control and risk management system and after consulting the related Committee, the Board of Directors considered that the risks affecting the Company, identified during that meeting, were - on the basis of the level of risk defined as compatible with the Company's strategic objectives - managed and monitored with a view to sound and correct management of the company.
The Board therefore assessed the internal control and risk management system adopted by the Company to be adequate, efficient and effectively functional with respect to the characteristics of the business and its adopted risk profile.
The financial reporting process is governed by the series of regulations and procedures, the fundamental aspects of which are defined in a Group accounting manual which contains the guidelines on financial recognition of the processes of the Company and its subsidiaries.
This manual is constantly updated on the basis of the reference accounting standards and applicable regulations.
The administrative and accounting procedures and the operating instructions are both prepared and constantly updated on the basis of identification and assessment of the processes of the Company and Group companies whose nature and type are significant for the purpose of financial reporting.

It is confirmed that, in compliance with the organisational and management model adopted by the Company for the prevention of offences envisaged in Italian Legislative Decree 231/2001 on corporate liability for offences committed by employees and collaborators, through the Supervisory Board set up specifically for this purpose, the Company has pursued supervisory action over the processes and procedures implemented so as to assess continued satisfaction of the requirements to prevent the significant offences referred to in the aforementioned decree. The members of the Supervisory Board are: Massimiliano Brullo (Internal Audit Manager), Massimo Laconca and Piergiorgio Re (external advisors). In this respect, during the year the Board of Statutory Auditors met regularly with the Supervisory Board with a view to mutual exchange of information on the activities conducted, and has read the Board's annual report of 9 December 2015 from which no censurable events or infringements of the Model adopted by the Company emerged, nor any action or conduct resulting in infringement of the provisions of Italian Legislative Decree 231/2001.

Furthermore, the Company has focused in particular on the issue of occupational health and safety.

With particular reference to administration, in the Report on Corporate Governance and Ownership Structure, the Board of Directors provides a detailed description of the main characteristics of the risk management and internal control systems in place in relation to the financial reporting process, consistent with the provisions of art. 123-bis of the Consolidated Finance Act.
At the meeting of 17 September 2013, pursuant to art. 154-bis of the Consolidated Finance Act, the Board of Directors appointed Valentina Montanari as Manager in charge of financial reporting. Valentina Montanari is currently the Company's Chief Financial Officer. With the Chief Executive Officer, the Manager in charge of financial reporting has also confirmed the following in a special report attached to the separate financial statements, the consolidated financial statements and the half-year financial report: (i) the adequacy and the effective application of the afore-mentioned administrative and accounting procedures during the period to which such financial reporting refers; (ii) the compliance of the contents of such reports with the applicable International Financial Reporting Standards enacted by in the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002; (iii) the correspondence of the reports with the corporate books and accounting records and that they give a fair and true view of the financial position, results of operations and cash flows of the Company and of the set of companies included in the scope of consolidation; (iv) that the Directors' Report to the separate and the consolidated financial statements contains a reliable analysis of the performance, results of operations and standing of the Company and the companies included in its scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed; (v) that the half-year directors' report contains references to the important events occurring in the first six months of the financial year and their impact on the condensed half-year financial statements, as well as a description of the principal risks and uncertainties for the remaining six months of the financial year and information on significant related-party transactions.

Given all of the above, to the extent of its duties the Board of Statutory Auditors has obtained information on and supervised over the adequacy of the organisational structure and instructions issued by the Company to the subsidiaries pursuant to art. 114, paragraph 2 of the Consolidated Finance Act, by means of direct observation, information gathering from the relevant department managers, and meetings with the Independent Auditors and the Manager in charge of financial reporting with a view to mutual exchange of significant data and information.

In addition and again to the extent of its duties, also in accordance with art. 19 of Italian Legislative Decree 39/2010, the Board has obtained information on and supervised over the adequacy and effectiveness of the internal control and risk management system, the activities performed by the Internal Control Manager and the administrative and accounting system, and the reliability of the latter in correctly representing operational events, by obtaining information from the related department managers, examining corporate documents and the work performed by the Independent Auditors, attending meetings of the Internal Control and Audit Committee and meetings with the Executive Director responsible for the internal control system and with the Manager in charge of financial reporting.

As a result of contact with the corresponding bodies of the subsidiaries, no aspects emerged that are worthy of comment.

Independent Auditors

The legally-required audit of the accounts for the period 2007-2015 is performed by KPMG S.p.A., the Independent Auditors appointed by the ordinary shareholders' meeting of 30 July 2007 pursuant to the provisions of art. 159 of the Consolidated Finance Act in force at that time.
From information obtained it can be confirmed that, consistently with details provided in the Notes to the consolidated financial statements of the 24 ORE Group and to the separate financial statements of the Company, in 2015 the Independent Auditors received total fees of €246,000 for the legally required audit of the financial statements of the Company and its subsidiaries. In addition to such fees and for the same period, KPMG S.p.A. also received the sum of €30,000 for attestation services relating to the costs for activities relating to verification of the 2015 ADS circulation figures and €13,000 for the ordinary and adaptive applied technical maintenance of the compliance management tool integrated on the Microsoft SharePoint 2010 platform. All the services were provided by KPMG S.p.A. or by its network partners.

On 31 March 2016 we received a notice confirming the independence of the Independent Auditors appointed to perform legally-required audits pursuant to art. 17, paragraph 9 a) of Italian Legislative Decree 39/2010, and no situations emerged that have compromised such independence or given rise to situations of incompatibility.

In accordance with art. 19, Italian Legislative Decree 39/2010, we also supervised the financial reporting process, in relation to which the Independent Auditors found no significant weaknesses in the internal control system pursuant to paragraph 3 of the afore-mentioned article.

We supervised the efficiency of the internal control system and the independent audit process, examining the audit plan with the Independent Auditors and discussing the activities undertaken.

During the systematic meetings between the Board of Statutory Auditors and the Independent Auditors pursuant to art. 150, paragraph 3 of the Consolidated Finance Act, no significant aspects emerged and no aspects were found worthy of comment in this report.

5. *Corporate Governance*

The Directors provide an annual report on corporate governance and ownership structure, the latest approved on 16 March 2016 and attached to the financial statements, providing details on the methods used to implement the corporate governance principles endorsed by Borsa Italiana.

This report proves suitable under the terms of art. 123-bis of the Consolidated Finance Act.

In their reports, the Independent Auditors confirmed that the Directors' Report and the information provided in the report on corporate governance and ownership structure pursuant to art. 123-bis, paragraphs 4 of Legislative Decree 58/98 are consistent with the separate and consolidated financial statements.

Given all of the above, the Board of Statutory Auditors verified the actual implementation methods for the corporate governance rules envisaged in the Corporate Governance Code issued by Borsa Italiana in March 2006, adopted by the Company with Board of Directors resolution dated 20 August 2007. As confirmed with the Board of Directors resolution of 14 December 2012, the Company adopted the changes to the Corporate Governance Code approved in December 2011 by the Corporate Governance Committee. On 9 July 2015 the Corporate Governance Committee of Borsa Italiana S.p.A. amended and supplemented the Corporate Governance Code for listed companies, the principles of which were adopted by the Company.

Pursuant to art. 123-bis of the Consolidated Finance Act, art. 89-bis of Consob’s Issuers Regulation and art. IA.2.6 of Borsa Italiana’s Corporate Governance Code, the Report on Corporate Governance was prepared, which in addition to describing the corporate governance system adopted by the Group contains information on the ownership structures, adoption of the Corporate Governance Code and compliance with the resulting commitments. This report can be consulted in the Governance section of the web site *www.gruppo24ore.com*.

The Board of Statutory Auditors also confirmed that the Remuneration Report pursuant to art. 123-ter of the Consolidated Finance Act and art. 84-quater of the Issuers Regulation has been prepared.

Based on declarations issued by directors qualifying as “independent”, the Board of Directors verified that the independence requirements envisaged in the Code were satisfied by each. This verification was performed in accordance with art. 3 of the Corporate Governance Code. Likewise, the continued independence of the Board of Statutory Auditors was also ascertained as envisaged by law and the Corporate Governance Code.

At least once a year the Board of Directors performs an assessment of the size, composition and functions of the Board itself and its Committees, if necessary issuing guidance on professional figures for which the Board believes a presence would be appropriate. From this assessment, conducted in reference to the year, a situation emerged that is fully adequate, particularly in reference to the effectiveness and efficiency of the activities of the Board and its Committees.

6. Concluding remarks on the supervisory activities performed and on the financial statements.

On 7 April 2016, the Independent Auditors issued their Reports on the separate financial statements of Il Sole 24 ORE S.p.A. at 31 December 2015 and on the consolidated financial statements of the 24 ORE Group at 31 December 2015. These reports contain no qualifying remarks or matters of emphasis. The separate and consolidated financial statements are accompanied by the statements of the Corporate Financial Reporting Manager and the Chief Executive Officer as envisaged in art. 154-bis of the Consolidated Finance Act.

Through direct verification and information obtained from the Independent Auditors and the Manager in charge of financial reporting, we confirmed compliance with the regulations on the presentation and format of the consolidated financial statements of the 24 ORE Group, the separate financial statements of Il Sole 24 ORE S.p.A. and the related Directors’ Report. Furthermore, during the course of supervisory activities conducted, no events emerged that would require report to the supervisory authorities or mention in this report.

To conclude, we confirm that our supervisory activities did not bring to light any omissions, censurable events or irregularities to be reported to the Shareholders.

Taking into consideration all of the above, to the extent of our responsibilities we can find no reason against approval of the separate and consolidated financial statements at 31 December 2015, accompanied by the Directors’ Report, nor any remarks regarding the Board of Directors’ proposal for covering the loss for the year.

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of 29 April 2013. Shareholders are therefore reminded that on approval of the financial statements at 31 December 2015 the term of office will end and a new Board of Statutory Auditors will need to be appointed during the next Shareholders' Meeting.

Milan, 7 April 2016

Board of Statutory Auditors (SIGNED ON THE ORIGINAL)

(Luigi Biscozzi) ____________________________ (Chairman)

(Maurilio Fratino) ____________________________ (Standing Auditor)

(Laura Guazzoni) ____________________________ (Standing Auditor)

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