SEMI-ANNUAL INTERIM FINANCIAL REPORT

AS OF 30 JUNE 2015

CIR

COMPAGNIE INDUSTRIALI RIUNITE

CONTENTS

This Semi-annual Interim Financial Report as of 30 June 2015 was prepared in accordance with Art. 154 ter of D.Lgs. 58/1998 and in conformity with applicable international accounting standards recognized in the European Union as per EU Regulation no. 1606/2002 of the European Parliament and Council of July 19 2002, and specifically with IAS 34 – Interim Financial Reporting, and also with the measures issued in implementation of Art. 9 of D. Lgs no. 38/2005.

This Semi-annual Interim Financial Report has been translated into English language solely for the convenience of international readers. In the event of any ambiguity the Italian text will prevail.

COMPAGNIE INDUSTRIALI RIUNITE
Limited-liability corporation - Share capital € 397,146,183.50 - Registered Office: Via Ciovassino, 1 – 20121 Milan - www.cirgroup.it
R.E.A. n. 1950112 – Milan Company Register / Fiscal Code / VAT no. 00519120018
Company subject to management and coordination by COFIDE – Gruppo De Benedetti S.p.A.
Office in Rome: Via del Tritone, 169 – 00187 Rome

ADMINISTRATIVE BODIES

BOARD OF DIRECTORS

Honorary Chairman and Director	CARLO DE BENEDETTI
Chairman	RODOLFO DE BENEDETTI **(*)**
Chief Executive Officer and General Manager	MONICA MONDARDINI **(*)**
Directors	MARISTELLA BOTTICINI **(2)** GIAMPIO BRACCHI **(1) (2)** EDOARDO DE BENEDETTI FRANCO DEBENEDETTI MARCO DE BENEDETTI SILVIA GIANNINI **(2)** FRANCO GIRARD STEFANO MICOSSI MICHAEL PISTAUER **(1) (3)** CLAUDIO RECCHI **(1)** GUIDO TABELLINI **(1)**
Secretary to the Board	MASSIMO SEGRE

BOARD OF STATUTORY AUDITORS

Chairman	PIETRO MANZONETTO
Statutory Auditors	ANNA MARIA ALLIEVI RICCARDO ZINGALES
Alternate Auditors	LUIGI MACCHIORLATTI VIGNAT LUCA VALDAMERI PAOLA ZAMBON

INDIPENDENT AUDITORS

DELOITTE & TOUCHE S.p.A.

Notice in accordance with the recommendation of Consob contained in its Communiqué no. DAC/RM/97001574 of 20 February 1997

(*) Powers as per Corporate Governance
(1) Member of the Appointments and Compensation Committee
(2) Member of the Internal Control and Risks Committee
(3) Lead Independent Director

INTERIM REPORT ON OPERATIONS

Introduction

During the first quarter of 2015 Sorgenia Group concluded its debt restructuring in agreement with its banks. Specifically, following the Milan Court's approval on 25 February 2015 of the debt restructuring plan under article 182-bis of the Bankruptcy Law, on 27 March the Shareholders' Meeting of Sorgenia approved the 2014 financial statements and the banks subscribed an increase in capital of some € 400 million and a convertible bond of some € 200 million via a conversion of their loans. At the same time, as had been envisaged, CIR transferred to the banks its entire indirectly held investment in Sorgenia. *Accordingly, CIR Group no longer holds an equity interest in the energy company.*

As a result, Sorgenia is no longer consolidated in the Interim Report as at 30 June 2015; on the other hand in the first half of 2014, reported for comparative purposes, the investment in Sorgenia was treated according to IFRS 5, i.e. as an assets held for sale.

1. Key figures

In the first half of 2015, the CIR Group achieved a turnover of € 1,290.7 million compared with € 1,203.2 million in the same period of 2014 (+7.3%). The increase is driven by Sogefi and KOS, which reported growth of 11.8% and 12.6% respectively.

Total consolidated gross margin (EBITDA) amounts to € 120.5 million, an increase of 14.7% compared with € 105.1 million in the first six months of last year. The growth is mainly due to the results obtained by the Sogefi and KOS Groups, while the Espresso Group's margin was broadly in line with that for the first half of 2014.

The **consolidated operating margin (EBIT)** was € 69.2 (5.4% of revenues) versus € 57.3 million (4.8% of revenues) in the same period of 2014; as for EBITDA, the change is due to Sogefi and KOS.

Consolidated net income amounted to € 36.4 on € 5.3 million in the same period of 2014.

The contribution **to consolidated net income** made by the CIR Group's industrial subsidiaries was positive for € 21.9 million compared with € 0.9 million in the first six months of last year.

The Espresso Group achieved a net result of € 22.1 million (€ 3.8 million in first half of 2014) thanks to the ability to maintain operating margins, despite the continuing difficulties in this sector, the reduction in financial expense and taxes and the gain on the disposal of Deejay TV (€ 9.3 million).

Sogefi reached a **net income** of € 9.7 million compared with a loss of € 7.3 million in the first half of 2014. The change is due to the growth in revenues, the slight improvement in profitability and a reduction in financial expenses, in particular with reference to the non-recurring charges.

Lastly, KOS posted a net result of € 7.6 million, with respect to € 6 million in first half 2014, thanks to the development of the company in the last two years, making possible a significant growth in revenues.

The parent company CIR S.p.A. and its non-industrial subsidiaries contributed net income of € 14.5 million compared with € 4.4 million in the first half of 2014; financial expense has decreased thanks to the bond buy-back of October 2014 and net financial income increased.

Net financial consolidated debt as at 30 June 2015 was € 209.5 million (€ 112.8 million at 31 December 2014); the rise of € 96.7 million is mainly attributable to KOS's acquisitions and to the purchase of treasury shares carried out in the period; the remaining portion of the increase is due to Sogefi, which recorded a seasonal increase in working capital and the payment of a provisional amount related to product quality warranty.

The net financial position of the parent company and its non-industrial subsidiaries at 30 June 2015 amounted to € 370.8 million, slightly down on € 379.5 million at the end of 2014 due to purchases of treasury shares for € 27.9 million .

Group equity at 30 June 2015 was € 1,123.3 million (€ 1,104.5 million at 31 December 2014).

The tables on the following pages provide a breakdown by business sector of the Group's results and financial position, a breakdown of the contribution made by the main subsidiaries and the aggregate results of CIR, the parent company, and the other non-industrial subsidiaries.

INCOME STATEMENT BY BUSINESS SECTOR AND CONTRIBUTIONS TO THE RESULTS OF THE GROUP

(in millions of euro)

CONSOLIDATED / AGGREGATE	*Revenues*	*Costs of production* (1)	*Other operating income and expense* (2)	*Adjustments to the value of investments consolidated at equity*	*Amortisation/depreciation and write-downs*	*EBIT*	*Net financial income and expense* (3)	*Dividends, net gains and losses from trading and valuing securities* (4)	*Income taxes*	*Income/(loss) from assets held for sale*	*Minority interests*	*Net result of the Group* 1st half 2015	*Net result of the Group* 1st half 2014
Espresso Group	305.7	(277.2)	0.3	2.2	(7.4)	23.6	(4.4)	9.4	(6.4)	(0.1)	(9.7)	12.4	2.1
Sogefi Group	763.7	(693.8)	(7.5)	--	(31.9)	30.5	(14.7)	--	(4.2)	--	(6.0)	5.6	(4.2)
KOS Group	217.3	(176.7)	(7.8)	--	(11.5)	21.3	(6.8)	--	(5.8)	--	(4.8)	3.9	3.0
Total for main subsidiaries	**1,286.7**	**(1,147.7)**	**(15.0)**	**2.2**	**(50.8)**	**75.4**	**(25.9)**	**9.4**	**(16.4)**	**(0.1)**	**(20.5)**	**21.9**	**0.9**
Other subsidiaries	4.0	(6.1)	2.6	--	(0.2)	0.3	(0.1)	--	(0.2)	--	0.1	0.1	0.6
Total subsidiaries	**1,290.7**	**(1,153.8)**	**(12.4)**	**2.2**	**(51.0)**	**75.7**	**(26.0)**	**9.4**	**(16.6)**	**(0.1)**	**(20.4)**	**22.0**	**1.5**
<u>CIR and other holding companies (5)</u>													
Revenues	--											--	--
Net operating costs		(6.8)										(6.8)	(8.4)
Other operating income & expense			0.6									0.6	1.5
Adjustments to the value of investments consolidated at equity				--								--	1.4
Amortisation/depreciation and write-downs					(0.3)							(0.3)	(0.4)
EBIT						(6.5)							
Net financial income & expense							3.1					3.1	(4.7)
Dividends and net gains from securities trading								17.8				17.8	11.0
Income taxes									--			--	3.4
Total of CIR and other holding companies before non-recurring items	**--**	**(6.8)**	**0.6**	**--**	**(0.3)**	**(6.5)**	**3.1**	**17.8**	**--**	**--**	**--**	**14.4**	**3.8**
Non-recurring items	--	--		--	--	--	--			--	-	--	--
Assets held for sale	--	--	--	--	--	--	--	--	--		-	--	--
Consolidated total for the Group	**1,290.7**	**(1,160.6)**	**(11.8)**	**2.2**	**(51.3)**	**69.2**	**(22.9)**	**27.2**	**(16.6)**	**(0.1)**	**(20.4)**	**36.4**	**5.3**

1) *This item is the sum of "changes in inventories", "costs for the purchase of goods", "costs for services" and "personnel costs" in the consolidated income statement This item does not take into consideration the € (1.2) million effect of intercompany eliminations.*

2) *This item is the sum of "other operating income" and "other operating costs" in the consolidated income statement.This item does not take into consideration the € 1.2 million effect of intercompany eliminations.*

3) *This item is the sum of "financial income" and "financial expense" in the consolidated income statement.*

4) *This item is the sum of "dividends", "gains from trading securities", "losses from trading securities" and "adjustments to the change of financial assets" in the consolidated income statement CIR S.p.A, CIR International S.A., CIGA Luxembourg S.A. and CIR Investimenti S.p.A..*

CONSOLIDATED FINANCIAL POSITION BY BUSINESS SECTOR

(in millions of euro)

CONSOLIDATED / AGGREGATE	30.06.2015							31.12.2014
	Fixed assets (1)	*Other net non-current assets and liabilities* (2)	*Net working capital* (3)	*Net financial position* (4)	*Total equity*	*Minority interests*	*Group equity*	Group equity
Sorgenia Group	--	--	--	--	--	--	--	**(1.2)**
Espresso Group	727.9	(178.4)	48.6	(5.0)	593.1	261.2	331.9	**316.9**
Sogefi Group	540.8	(23.0)	34.4	(348.0)	204.2	97.2	107.0	**93.1**
KOS Group	548.4	(25.8)	(31.9)	(231.0)	259.7	130.2	129.5	**128.6**
Other subsidiaries	4.2	3.6	(7.7)	3.7	3.8	(0.1)	3.9	**1.3**
Total subsidiaries	**1,821.3**	**(223.6)**	**43.4**	**(580.3)**	**1,060.8**	**488.5**	**572.3**	538.7
CIR and other holding companies								
Fixed assets	51.8				51.8		51.8	51.9
Other net non-current assets and liabilities		150.9			150.9		150.9	154.7
Net working capital			(22.5)		(22.5)		(22.5)	(20.3)
Net financial position				370.8	370.8		370.8	379.5
Consolidated total for the Group	**1,873.1**	**(72.7)**	**20.9**	**(209.5)**	**1,611.8**	**488.5**	**1,123.3**	**1,104.5**

1) This item is the sum of “intangible assets”, “tangible assets”, “investment property”, “investments in companies consolidated at equity” and “other equity investments" of the consolidated statement of financial position.

2) This item is the sum of “other receivables", "securities" and "deferred taxes" under non-current assets and of "other payables", "deferred taxes", "personnel provisions" and "provisions for risks and losses" under non-current liabilities of the consolidated statement of financial position *This item also includes the "assets held for sale" and "liabilities held for sale" in the consolidated statement of financial position.*

3) This item is the sum of “inventories”, “contract work in progress”, “trade receivables” and “other receivables" under current assets, and of “trade payables”, “other payables” and “provisions for risks and losses" under current liabilities in the consolidated statement of financial position.

4) This item is the sum of "financial receivables", "securities", "available-for-sale financial assets" and "cash and cash equivalents" under current assets, "bonds" and "other borrowings” under non-current liabilities, and “bank overdrafts”, “bonds” and “other borrowings” under current liabilities in the consolidated statement of financial position.

2. *Performance of the Group*

Consolidated revenues for the first half of 2015 amounted to € 1,290.7 million compared with € 1,203.2 million in the same period of 2014, an increase of € 87.5 million (+7.3%). Sogefi recorded an increase in turnover of 11.8%, KOS one of 12.6%, while the revenues of the Espresso Group fell by 5.3%, penalised by the continuing crisis in the whole sector. Revenues generated outside Italy accounted for 55.2% of the total, thanks to the international development of Sogefi.

Consolidated revenues is broken down by business sector as follows:

	1st half 2015	*%*	*1st half 2014*	*%*	*Absolute change*	*%*
Media						
Espresso Group	305.7	23.7	322.7	26.8	(17.0)	(5.3)
Automotive components						
Sogefi Group	763.7	59.2	683.0	56.8	80.7	11.8
Healthcare						
KOS Group	217.3	16.8	193.0	16.0	24.3	12.6
Other sectors	4.0	0.3	4.5	0.4	(0.5)	(11.1)
Total consolidated revenues	1,290.7	100.0	1,203.2	100.0	87.5	7.3
of which: ITALY	578.5	44.8	561.1	46.6	17.4	3.1
OTHER COUNTRIES	712.2	55.2	642.1	53.4	70.1	10.9

The **condensed consolidated income statement** of the CIR Group is as follows:

(in millions of euro)		*1st half 2015*	*%*	*1st half 2014 (*)*	*%*
Revenues		1,290.7	100.0	1,203.2	100.0
Consolidated EBITDA	*(1)*	**120.5**	**9.3**	**105.1**	**8.7**
Consolidated operating income (EBIT)		**69.2**	**5.4**	**57.3**	**4.8**
Financial management	*(2)*	4.3	0.3	(27.7)	(2.3)
Income taxes		(16.6)	(1.3)	(17.8)	(1.5)
Income/(loss) from assets held for sale		(0.1)	(0.0)	(2.1)	(0.2)
Net income including minority interests		**56.8**	**4.4**	**9.7**	**0.8**
Minority interests		(20.4)	(1.6)	(4.4)	(0.4)
Net income of the Group		**36.4**	**2.8**	**5.3**	**0.4**

1) This is the sum of "earnings before interest and taxes (EBIT)" and "amortisation, depreciation and write-downs" in the consolidated income statement.
2) This is the sum of "financial income", "financial expense", "dividends", "gains from trading securities", "losses from trading securities" and "adjustments to the value of financial assets" in the consolidated income statement.
(*) Figures for 2014 have been restated following the application of IFRS 5 carried out by the Espresso Group.

In the first half of 2015 **consolidated EBITDA** came in at € 120.5 million (9.3% of revenues) compared with € 105.1 million (8.7% revenues) in the first half 2014, an increase of € 15.4 million (+14.7%). The growth is mainly due to an improvement in the margins of Sogefi and KOS Groups, while Espresso Group's margin was broadly in line with that for the first half of 2014.

The **consolidated operating income (EBIT)** for the first half of 2015 was € 69.2 million (5.4% of revenues) versus € 57.3 million (4.8% of revenues) in the same period of 2014 (+20.8%); as for EBITDA, the change is due to subsidiaries Sogefi and KOS.

Financial management generated a net income of € 4.3 million compared with a charge of € 27.7 million in the first half of 2014. In detail:

- financial expense came to € 36.5 million compared with € 49.5 million in the first half of 2014. The reduction is due to the repurchase of CIR bonds during the second half of 2014, the reduction in financial expenses of the Espresso Group and the fading of non-recurring financial charges in the Sogefi Group;
- financial income came to € 13.6 million compared with € 13.4 million in the first half of 2014;
- net gains on trading of securities amounted to € 30.9 million compared with € 7.9 million in the first six months of 2014; in particular, the Espresso Group reported a gain of € 9.3 million arising from the disposal of Deejay TV and CIR recorded € 21.5 million from the sale of part of its hedge funds portfolio and private equity portfolio;
- negative adjustments to financial assets of € 3.7 million have been recorded compared with positive adjustments of € 0.5 million in the first half of 2014.

The **condensed consolidated statement of financial position of the CIR Group** as at 30 June 2015, with comparative figures at 31 December 2014, is as follows:

(in millions of euro) (1)	*30.06.2015*	*31.12.2014*
Fixed assets	1,873.1	1,773.7
Other net non-current assets and liabilities	(72.7)	(64.3)
Net working capital	20.9	(23.4)
Net invested capital	**1,821.3**	**1,686.0**
Net financial debt	**(209.5)**	**(112.8)**
Total equity	**1,611.8**	**1,573.2**
Group equity	1,123.3	1,104.5
Minority interests	488.5	468.7

1) *These figures are the result of a different aggregation of the items in the financial statements. For a definition, see the notes to the "Consolidated statement of financial position by business sector" shown earlier.*

Consolidated net invested capital at 30 June 2015 stood at € 1,821.3 million versus € 1,686 million at 31 December 2014, a rise of € 135.3 million.

The **consolidated net financial position** at 30 June 2015, as mentioned previously, showed net debt of € 209.5 million (compared with € 112.8 million at 31 December 2014) caused by:

- a financial surplus pertaining to CIR and its non-industrial subsidiaries of € 370.8 million, down slightly when compared with the 31 December 2014 figure of € 379.5 million. The change is mainly due to the rise in net flows generated by operations, € 19.2 million and the decrease in purchase of treasury shares in the half-year, € 27.9 million;
- total debt of the industrial subsidiaries of € 580.3 million compared with € 492.3 million at 31 December 2014. The increase of € 88 million is mainly attributable to disbursements made for acquisitions by the KOS Group (€ 71.5 million).
  The Sogefi Group recorded an increase in net debt of € 43.7 million, mainly attributable to a seasonal rise in working capital, to the outlay for restructuring charges recorded last year and the payment of provisional amounts in connection with costs relating to a quality issue of € 18 million. The Espresso Group, on the contrary, reduced its net debt by € 29.2 million thanks to

the collection of the shareholder-loan granted to Persidera S.p.A. and to the gain from the disposal of Deejay TV.

Total equity as at 30 June 2015 came to € 1,611.8 million compared with € 1,573.2 million at 31 December 2014, an increase of € 38.6 million.

Group equity as at 30 June 2015 amounted to € 1,123.3 million compared with € 1,104.5 million at 31 December 2014, a net increase of € 18.8 million.

Minority interests as at 30 June 2015 amounted to € 488.5 million compared with € 468.7 million at 31 December 2014, a net increase by € 19.8 million.

The notes to the financial statements explain how consolidated equity has evolved over time.

The **consolidated statement of cash flows** for the first half of 2015, prepared according to a "management" format which, unlike the version included in the financial statements, shows the changes in net financial position rather than the changes in cash and cash equivalents, can be summarised as follows:

(in millions of euro)	*1st half 2015*	*1st half 2014 (*)*
SOURCES OF FUNDS		
Result for the period including minority interests from continuing operations	56.9	11.8
Amortisation, depreciation, write-downs & other non-monetary changes	32.0	50.3
Self-financing	**88.9**	**62.1**
Change in working capital	**(23.7)**	**(75.3)**
CASH FLOW GENERATED BY OPERATIONS FROM CONTINUING OPERATIONS	**65.2**	**(13.2)**
Increases in capital	0.2	4.2
Liabilities related to discontinued operations	--	21.0
TOTAL SOURCES OF FUNDS FROM CONTINUING OPERATIONS	**65.4**	**12.0**
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(69.6)	(76.2)
Price paid for business combinations	(51.1)	--
Net financial position of acquired companies	(20.4)	--
Buy-back of own shares	(28.2)	(0.1)
Payment of dividends	(6.9)	(1.0)
Other changes	14.1	(5.3)
TOTAL APPLICATIONS OF FUNDS FROM CONTINUING OPERATIONS	**(162.1)**	**(82.6)**
FINANCIAL SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS	**(96.7)**	**(70.6)**
CASH FLOW / NET FINANCIAL POSITION FROM DISCONTINUED OPERATIONS	**--**	**1,859.3**
FINANCIAL SURPLUS (DEFICIT)	**(96.7)**	**1,788.7**
NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD	**(112.8)**	**(1,845.3)**
NET FINANCIAL POSITION AT THE END OF THE PERIOD	**(209.5)**	**(56.6)**

(*) Figures for 2014 have been restated following the application of IFRS 5 carried out by the Espresso Group.

In the first half of 2015, the change in the Group's net financial position shows a deficit of € 96.7 million, which is the result of sources of funding for € 65.4 million and loans of funds for a total of € 162.1 million.

Cash flow generated by operations includes an extraordinary item of € 11.8 million associated with the disposal of Deejay TV by Espresso and with the collection of the shareholder-loan granted to Persidera of € 21.3 million to reduce working capital.

Loans of funds equal to € 162.1 million, comprise investments for the acquisitions carried out by the KOS Group for € 71.5 million, and the buy-back of own shares made by CIR for € 27.9 million.

For a breakdown of the items making up the net financial position, reference should be made to the section containing the financial statements.

As at 30 June 2015 the CIR Group had 14,121 employees, compared with 13,846 as at 31 December 2014.

3. Performance of the Parent Company

The Parent Company CIR S.p.A. closes the first half 2015 with a net income of € 6.7 million compared with a net loss of € 2.5 million in the first half 2014, which was penalised by the repurchase of the Bond and the related financial expense.

The **condensed income statement** of CIR for the first half of 2015, compared with the first six months of 2014, is as follows:

(in millions of euro)		*1st half 2015*	*1st half 2014*
Net operating costs	*(1)*	(4.4)	(5.0)
Other operating costs, amortisation and depreciation	*(2)*	(1.0)	(1.2)
EBIT		**(5.4)**	**(6.2)**
Financial management results	*(3)*	11.0	0.3
Result before taxes		**5.6**	**(5.9)**
Income taxes		1.1	3.4
Net result		**6.7**	**(2.5)**

1) *This item is the sum of "sundry revenues and income", "cost for services" and "personnel costs" in the income statement of CIR S.p.A.*
2) *This item is the sum of "other operating costs" and "amortisation, depreciation and write-downs" in the income statement of CIR S.p.A.*
3) *This item is the sum of "financial income", "financial expense", "dividends", "gains from trading securities", "losses from trading securities" and "adjustments to the value of financial assets" in the income statement of CIR S.p.A.*

EBIT for the first half of 2015 was a loss of € 5.4 million compared with an operating loss of € 6.2 million in the first six months of 2014.

The financial management generated an income of € 11 million compared with € 3.3 million in the first half of 2014 This result was driven by net financial income of € 2.2 million (net financial expense of € 2.3 million in the first half 2014), dividends from subsidiaries for € 9.7 million (€ 7.6 million in the first half of 2014) and by negative adjustments of financial assets of € 1.1 million. In the first half of last year there were losses from trading securities for € 5 million.

In the first half of 2015 benefited from a positive net tax position of € 1.1 million, compared to € 3.4 million in the same period of 2014.

The **condensed statement of financial position** of CIR S.p.A. at 30 June 2015, with comparative figures as at 31 December 2014, is as follows:

(in millions of euro)	*30.06.2015*	*31.12.2014*
Fixed assets	873.6	782.2
Other net non-current assets and liabilities	8.9	253.1
Net working capital	146.5	(14.4)
Net invested capital	**1,029.0**	**1,020.9**
Net financial position	**18.8**	**47.2**
Equity	**1,047.8**	**1,068.1**

1) *This item is the sum of "intangible assets", "tangible assets", "investment property"and "equity investments" in the statement of financial position of* CIR S.p.A., the Parent Company.
2) *This item is the sum of "other receivables" and "deferred taxes" in the non-current assets and "personnel provisions" in the non-current liabilities of the statement of financial position of CIR S.p.A.*
3) *This item is the sum of "other receivables" in current assets and "other payables" and "provisions for risks and losses" in current liabilities in the statement of financial position of CIR S.p.A.*
4) *This item is the sum of "financial receivables", "securities", "available-for-sale financial assets" and "cash and cash equivalents" in the current assets, "bonds" in non-current liabilities and "borrowings" in current liabilities in the statement of financial position of CIR S.p.A.*

The net financial position at 30 June 2015 showed a surplus of € 18.8 million compared with € 47.2 million at 31 December 2014. The decrease is essentially due to the buy-back of treasury shares for € 27.9 million. Note that an important part of the liquidity of CIR and its non-industrial subsidiaries is held by CIR Investimenti and CIR International, both wholly-owned subsidiaries. As a whole, the net financial surplus of CIR and its non-industrial subsidiaries amounted to € 370.8 million at 30 June 2015.

Shareholders' equity has gone from € 1,068.1 million at 31 December 2014 to € 1,047.8 million at 30 June 2015, with a decrease due to the mentioned buy-back of own shares.

At 30 June 2015, the Company held 81,693,080 treasury shares (10.285% of the share capital) for a value of € 138 million, compared with 54,564,814 treasury shares (6.87% of the share capital) at 31 December 2014 for a value of € 110.4 million. The net increase of 27,127,266 shares was caused by the purchase of 27,332,543 shares less the exercise of stock grants for 205,277 shares.

4. Reconciliation of the Parent Company's financial statements with the consolidated financial statements

The following is a reconciliation between the net result and equity of the Group with the parent company's figures.

(in thousands of euro)	Net equity *30.06.2015*	*Net result 1st half 2015*	*Net equity 30.06.2014*	*Net result 1st half 2014*
Financial statements of CIR S.p.A. (parent company)	1,047,782	6,716	1,096,630	(2,521)
Dividends from consolidated companies	(9,703)	(9,703)	(7,580)	(7,580)
Net contribution of consolidated companies	134,232	38,223	107,461	15,429
Difference between the carrying values of investee companies and the portions of their equity included in the consolidation, net of their contributions	(50,207)	--	(58,914)	--
Other consolidation adjustments	1,166	1,166	--	--
Consolidated financial statements (Group share)	1,123,270	36,402	1,137,597	5,328

Main Group investments
at 30 June 2015

CIR

56.1% (*)	57.6% (*)	51.3% (*)	
Gruppo Editoriale L'Espresso Spa	SOGEFI	KOS	non-core Investments

BUSINESSES				
	All media sectors from dailies and periodicals to radio, internet and advertising	*Global automotive components supplier (filters, engine air, and cooling systems and suspensions*	*Nursing homes, rehabilitation and Hospital management*	• *Private Equity* • *Education*

(*) the percentage is calculated net of treasury shares

5. Performance of the business sectors

■ MEDIA

The Espresso Group closed the first half of 2015 with consolidated revenues of € 305.7 million, down by 5.3 % compared to € 322.7 million in the first half of 2014.

Group revenues are as follows:

(in millions of euro)	*1st half 2015*		*1st half 2014*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Circulation	109.3	35.7	114.8	35.6	(4.8)
Advertising	177.5	58.1	184.4	57.1	(3.7)
Add-ons	12.5	4.1	17.6	5.5	(29.0)
Other revenues	6.3	2.1	5.9	1.8	6.8
TOTAL	**305.7**	**100.0**	**322.7**	**100.0**	**(5.3)**

According to data released by Nielsen Media Research, overall advertising expenditure in the first five months of 2015 fell by 1.3% compared with the same period of 2014; although evolution is still negative, the decline was less marked than that registered in the previous year (-2.5%). All media, with the exception of the radio, recorded decreases: television (-0.7%), publishing (-5.0%) internet (-2.2%, excluding Search and Social segments). The radio reported a significant increase (+5.5% compared with the same period last year). In terms of circulation, the figures published by ADS (Accertamento Diffusione Stampa) for January-May 2015 show a 9.9% decline in sales of daily newspapers, in line with the trend reported in 2014. note that, at the same time, digital newspaper subscriptions are increasing, but up to date this has not been enough to offset the loss of copies in the traditional format and channel.

The Group's circulation revenues amounted to € 109.3 million, a decrease of 4.8% on the same period last year (€ 114.8 million), in a market that is continuing to see a significant reduction in the circulation of daily newspapers (-9.9%). La Repubblica, according to ADS figures, confirms its ranking as the top newspaper in terms of copies sold on the newsstands, subscriptions and other channels and, according to Audipress figures, as the top newspaper in the traditional format by number of 2,3 2,3 millions of readers The daily newspaper has 73 thousand subscribers to its digital products (Repubblica+ e Repubblica Mobile). The network of local papers, which according to Audipress surveys have an average of 2.9 million readers per day, reported a less negative performance in circulation than that of the sector. Overall, the Group had more than 100 thousand subscribers to the digital editions of its newspaper titles.

Advertising revenues declined by 3.7%; trends are conflicting: if radio and Internet have shown a positive trend, the publishing revenues reflect the still negative performance of the market. Radio grew by 3.5%, with a very positive performance of Radio Capital and m2o. The Internet, in contrast to the market, grew by 2.8% supported also by the confirmed leading positioning of Repubblica.it, the Total Digital Audience of which amounted to 1.6 million users per day, with a gap of 21% on the second website; the audience of digital local newspapers also has a positive trend reaching an average Total Digital Audience of 418 thousand users (+6% compared with the same period last year).

Costs decreased by 6.6%, as also revenues; fixed industrial costs, in particular, have fallen due to the ongoing reorganisation of the Group's production structure, as well as operating and administration costs, especially general expenses.

Consolidated EBITDA amounted to € 31 million, equal to that recorded in the first half of 2014.

Consolidated EBIT amounted to € 23.6 million, the same as that posted for the first half of the previous year. By business sector, earnings from publishing are holding up, while radio earnings have shown a recovery.

Financial expense declined from € 6.5 million of the first half of 2014 to € 4.4 million, thanks to a lower debt and to the new funding programme stipulated in 2014.

The TV channel Deejay TV was sold to Discovery Italy in the first half of 2015, generating a gain of € 9.3 million.

Considering the above, the consolidated net result came in at € 22.1 million, on € 3.8 million in the first half of 2014.

Net financial debt at 30 June 2015 amounted to € 5 million, and shows a further decline on € 34.2 million at 31 December 2014, thanks to the shareholder loan granted to Persidera of € 21.3 million and to the sale of Deejay TV, which resulted in a gain of € 11.8 million.

The Group had 2,276 employees at 30 June 2015, including those on fixed-term contracts, and the average number of employees was 4.0% lower compared to the first half of 2014.

As espected for the entire year, we expect a good result, excluding non-recurring items, in line with the previous year, despite an advertising market whose development in the next half-year remains uncertain.

▪ AUTOMOTIVE COMPONENTS

The consolidated turnover of the Group in the first half of 2015 amounted to € 763.7 million, up by 11.8% compared to the figure of € 683 million in the same period of 2014, thanks to the positive contribution of all geographical areas. Growth remains very significant even at constant exchange rates (+7.9%).

Group revenues are as follows:

(in millions of euro)	*1st half 2015*		*1st half 2014*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Engine systems	477.8	62.6	426.2	62.4	12.1
Suspension components	287.1	37.6	258.0	37.8	11.3
Intercompany	(1.2)	(0.2)	(1.2)	(0.2)	-
TOTAL	**763.7**	**100.0**	**683.0**	**100.0**	**11.8**

For the automotive sector, the first half of 2015 was characterised by a positive trend in almost all the major global markets, with an increase in production levels of passenger cars and light commercial vehicles in Europe (+4.9%), NAFTA (+2%) and Asia (+5.1%). The recession continued, however, in the South American market, with a fall in production of 15.8% compared with the same period of 2014.

Regarding Sogefi, the turnover (+11.8%) performed positively in Europe (revenues up by 10.4% to € 498.7 million; +9.1.7% at constant exchange rates), in North America (€ 120.8 million; +17.3%; +4.6% at constant exchange rates) and in Asia (€ 50.6 million; +35.7%; +15.8% at constant exchange rates). In South America Sogefi Group achieved an increase in revenue of 1.3% (+0.9% at constant exchange rates), despite the persistent weakness in the market. The Engine Systems Business Unit achieved an increase in revenue of 12.1% to € 477.8 million from € 426.2 million for the first half of 2014, whereas the Suspension Components Business Unit posted a revenue of € 287.1 million, up by 11.3% on the figure reported in the same period last year of € 258 million.

EBITDA came to € 62.4 million, recording a significant increase compared with the figure posted for the first half of 2014 of € 51.7 million.

Note that, in the first half of 2014, the group had incurred restructuring charges of € 14.4 million (€ 2 million in the first six months of 2015). In the first half of 2015, having analysed the overall exposure related to product quality issues, the company has prudently estimated to set aside the amount of € 12.8 million to the provision for product warranties. Without considering the above mentioned non-recurring charges in both periods, EBITDA for the first half of 2015 would amount to € 77.2 million, on € 65.8 million in the first half of the previous year, with an incidence on revenues increased to 10.1% (9.6% in the first half of 2014) due to the lower percentage of fixed costs which more than offset the declining trend in margins.

EBIT was € 30.5 million, compared with € 21.8 million in the first half of 2014.

The financial expense, which during the first half of 2014 was affected by non-recurring expense, dropped from € 21 million to € 14.7 million.

The consolidated net income came to € 9.7 million, compared with a loss of € 7.3 million in the first half of 2014.

Net financial debt at 30 June 2015 amounted to € 348 million, in line with 30 June 2014. The increase with respect to 31 December 2014 (€ 304.3 million) is attributable to a seasonal rise in working capital, to a cash outlay relating to restructuring charges recorded last year and to the outlay of € 18 million for the payment of provisional amounts in relation to the product quality issues.

The Sogefi Group had 6,736 employees at 30 June 2015 compared with 6,668 at 31 December 2014.

In the second half of 2015, in a global automotive market which is expected to grow, Sogefi foresees to continue its positive trend in North America and Europe. In China, the Group should see a further improvement in the trend, while it is probable that the South American market will have a weak performance.

▪ HEALTHCARE

In the first six months of 2015, the KOS Group achieved a consolidated turnover of € 217.3 million, up 12.6% from € 193 million in the same period last year.

Group revenues are as follows:

(in millions of euro)	1st half 2015		1st half 2014		Change
	Amounts	%	Amounts	%	%
Care homes	91.2	42.0	74.9	38.8	12.2
Rehabilitation	85.8	39.5	80.1	41.5	7.1
Acute/Hi-tech	40.3	18.5	38.0	19.7	6.1
TOTAL	**217.3**	**100.0**	**193.0**	**100.0**	**12.6**

The increase in revenue of € 24.3 million, is due to activities belonging to the 2013 scope of consolidation, € 3.4 million, and to those acquired or developed in 2014 and 2015, € 20.9 million. We point out the acquisition of the company Polo Geriatrico Riabilitativo in the first half of 2015. This company manages two facilities operating in the field of care homes for the elderly/rehabilitation centres with 416 beds in use, as well as the acquisition of Argento Vivo, which has two elderly/rehabilitation centres and a polyclinic, with a total of 297 beds.

The consolidated EBITDA (earnings before amortisation/depreciation, write-downs and provisions) amounted to € 34.1 million versus € 28 million of the first six months of 2014. Contributions to this increase of € 6.1 million included € 1.4 million of activities belonging to the scope of consolidation of 2013 and € 4.7 million those acquired and/or developed in 2014 and 2015.

Consolidated EBIT came to € 21.3 million, up by € 17.3 million on the same period last year.

Consolidated net income was € 7.6 million compared with € 6 million in the first six months of 2014.

At 30 June 2015 the KOS Group had net debt of € 231 million, compared with € 157 million at 31 December 2014. The increase is almost entirely due to the financial outlay for the two acquisitions mentioned above and new investments for the development or maintenance of the business.

The Group had 4,968 employees at 30 June 2015 compared with 4,708 at 31 December 2014.

The KOS Group currently manages 75 facilities, mainly in central and northern Italy, for a total of some 7,100 beds in use, with another 200 being built, and operates in three strategic business areas, in turn split into four segments:

1) *Care homes:* management of residential care homes for the elderly and psychiatric care communities, with 45 nursing facilities and 9 psychiatric rehabilitation facilities, for a total of 5,109 beds in use (of which 4,913 in care homes);
2) *Rehabilitation:* management of hospitals and rehabilitation centres, including 20 rehabilitation facilities (with three care homes for the elderly) and 14 hospitals, for a total of 1,858 beds;
3) *Hospital management:* hospital management and services for cancer care and diagnostics in 31 public and private structures.

Regarding to the business outlook, the growing demands for cuts in public spending, already partly introduced in certain regions where the Group operates, may reduce the resources allocated to public and private health spending; it is expected that the impact will not be significant for the KOS Group.

6. Non-core investments

They are represented by private equity fund investments, minority interests and other investments amounting to € 146 million at 30 June 2015, compared with € 150.9 million at 31 December 2014.

PRIVATE EQUITY

CIR International, a Group company, manages a diversified portfolio of investments in private equity funds. The overall fair value of the portfolio at 30 June 2015, based on the NAVs provided by the various funds, amounted to € 66.8 million, a decline of € 0.9 million compared to 31 December 2014. The increase is due to the increase in *fair value* of € 1.5 million, exchange gains of € 4 million and investments of € 0.6 million, the decrease derives from disposals of € 5.1 million and write-downs of € 1.9 million. Total distributions in the period, amounting to € 11.2 million, generated a capital gain of € 6.1 million. Outstanding commitments at 30 June 2015 amounted to € 6.5 million.

NON-STRATEGIC INVESTMENTS

Directly and indirectly, CIR holds investments in non-controlling interests for a total value of € 33.8 million at 30 June 2015. Specifically, it holds an investment of 17.39% in SEG (Swiss Education Group), one of the world's leading management training centres for the hospitality industry (hotels and restaurants). The value of the investment in education at 30 June 2015 amounted to € 22.5 million.

OTHER INVESTMENTS

In addition, CIR holds a portfolio of non performing loans totalling € 45.4 million at 30 June 2015, a decrease of € 3.9 million on 31 December 2014, having recorded inflows in line with expectations.

7. Significant events subsequent to 30 June 2015

No significant events have occurred subsequent to 30 June 2015.

8. Outlook for operations

The performance of the CIR Group in the last part of the year will be influenced by the evolution of the Italian economy, which will have a particularly significant impact on the media sector, as well as by the performance of the principal market for the automotive components sector.

During 2015, the Group should return to profit with respect to the loss of 2014, subject to extraordinary events that are not currently foreseeable.

9. Principal risks and uncertainties of the Group

The main risk factors to which the CIR Group is exposed are substantially the same as those that featured in 2014.
For a detailed description of these risks, please refer to the information contained in the Report of the Board of Directors which forms part of the financial statements at 31 December 2014.
For the risks linked to specific circumstances, please refer to Section 6 "Performance of the business sectors" of this report and explanatory notes at 30 June 2015.

10. Other information

TRANSACTIONS WITH GROUP COMPANIES AND RELATED PARTIES

On 28 October 2010 the Company adopted the Regulations on Related Party Transactions envisaged in Consob Resolution no. 17221 of 12 March 2010, as amended by Resolution no. 17389 of 23 June 2010. This procedure can be found in the Governance section of the Company's website (www.cirgroup.it).
The procedure lays down principles of conduct that the Company is required to adopt to ensure that related party transactions are handled properly. This means that it:
1. lays down the criteria and methods of identifying the Company's related parties;
2. establishes principles for identifying related party transactions;
3. governs the procedures for carrying out related party transactions;
4. establishes ways to ensure compliance with the related disclosure requirements.
The Board of Directors has also appointed a Related Party Transactions Committee, establishing that its members coincide with those of the Internal Control Committee, except for the system of substitutes envisaged in the procedures.

CIR S.p.A. provided management and strategic support services to its subsidiaries and associates during the half-year, which involved administrative and financial services, the purchase and sale of financial assets and providing guarantees, among other things.
Transactions with the parent company consisted of providing administrative and financial services and receiving operational support and communication services. The main concern of CIR and its counterparties in relation to these services is to ensure quality and a high level of efficiency of the services rendered, which derive from CIR's specific knowledge of the Group's business activities.
Note that CIR S.p.A. has signed lease contracts with subsidiaries and executives with strategic responsibilities within the Group.
The Group's related party transactions are settled at arm's length, taking into consideration the quality and the specific nature of the services provided.
See paragraph 27 "Related party transactions" for further details.
As regards the main transactions in equity investments, see the appropriate sections of the notes.
The CIR Group did not carry out any transactions with related parties, as defined by Consob, or with entities other than related parties that could be considered transactions of an atypical or unusual nature, except those related to normal business administration or such as to have a significant impact on the Group's results, assets and liabilities or financial situation.

OTHER

CIR S.p.A. – Compagnie Industriali Riunite has its registered office in Via Ciovassino 1, Milan, Italy.

CIR shares have been listed on the Milan Stock Exchange since 1973 (Reuters code: CIRX.MI, Bloomberg code: CIR IM).

This report for the period 1 January-30 June 2015 was approved by the Board of Directors on 27 July 2015.

CIR S.p.A. is subject to management and coordination by COFIDE – Gruppo De Benedetti S.p.A..

CIR GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2015

1. Consolidated statement of financial position

(in thousands of euro)

ASSETS	Notes		30.06.2015		31.12.2014
NON-CURRENT ASSETS			**2,155,321**		**2,070,948**
INTANGIBLE ASSETS	(7.a.)		1,039,199		977,733
TANGIBLE ASSETS	(7.b.)		660,137		622,271
INVESTMENT PROPERTY	(7.c.)		20,276		20,439
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	(7.d.)		147,749		148,301
OTHER EQUITY INVESTMENTS	(7.e.)		5,705		4,980
OTHER RECEIVABLES	(7.f.)		67,690		89,122
of which with related parties (*)	(7.f.)	*2,693*		*23,973*	
SECURITIES	(7.g.)		91,426		92,149
DEFERRED TAXES	(7.h.)		123,139		115,953
CURRENT ASSETS			**1,361,500**		**1,327,946**
INVENTORIES	(8.a.)		145,519		128,664
CONTRACT WORK IN PROGRESS			36,412		29,546
TRADE RECEIVABLES	(8.b.)		467,784		431,691
of which with related parties (*)	(8.b.)	*2,148*		*6,826*	
OTHER RECEIVABLES	(8.c.)		108,923		91,963
of which with related parties (*)	(8.c.)	--		*104*	
FINANCIAL RECEIVABLES	(8.d.)		28,549		10,017
SECURITIES	(8.e.)		147,270		137,918
AVAILABLE-FOR-SALE FINANCIAL ASSETS	(8.f.)		136,095		150,963
CASH AND CASH EQUIVALENTS	(8.g.)		290,948		347,184
ASSETS HELD FOR SALE	(8.h.)		26,910		2,539,260
ELIMINATIONS FROM AND TO DISCONTINUED OPERATIONS			--		(10,308)
TOTAL ASSETS			**3,543,731**		**5,927,846**

LIABILITIES AND EQUITY	Notes		30.06.2015		31.12.2014
EQUITY			**1,611,778**		**1,573,199**
SHARE CAPITAL ISSUED			397,146		397,146
less TREASURY SHARES			(40,847)		(27,283)
SHARE CAPITAL	(9.a.)		356,299		369,863
RESERVES	(9.b.)		328,916		307,108
RETAINED EARNINGS (LOSSES)	(9.c.)		401,653		450,886
NET INCOME FOR THE PERIOD			36,402		(23,399)
GROUP EQUITY			**1,123,270**		**1,104,458**
MINORITY INTERESTS			488,508		468,741
NON-CURRENT LIABILITIES			**990,167**		**1,000,286**
BONDS	(10.a.)		281,986		270,568
OTHER BORROWINGS	(10.b.)		326,348		337,950
OTHER PAYABLES			6,958		7,102
DEFERRED TAXES	(7.h.)		148,650		143,036
PERSONNEL PROVISIONS	(10.c.)		144,689		143,720
PROVISIONS FOR RISKS AND LOSSES	(10.d)		81,536		97,910
CURRENT LIABILITIES			**941,786**		**855,611**
BANK OVERDRAFTS			52,054		15,671
BONDS	(11.a.)		4,838		4,677
OTHER BORROWINGS	(11.b.)		147,131		130,028
of which to related parties (*)	(11.b.)	--		--	
TRADE PAYABLES	(11.c.)		444,697		417,002
of which to related parties (*)	(11.c.)	*1,091*		*7,504*	
OTHER PAYABLES	(11.d.)		216,388		205,578
of which to related parties (*)	(11.d.)	--		--	
PROVISIONS FOR RISKS AND LOSSES	(10.d.)		76,678		82,655
LIABILITIES HELD FOR SALE	(8.h.)		--		2,509,058
ELIMINATIONS FROM AND TO DISCONTINUED OPERATIONS			--		(10,308)
TOTAL LIABILITIES AND EQUITY			**3,543,731**		**5,927,846**

(*) As per Consob Resolution no. 6064293 of 28 July 2006

2. Consolidated income statement

(in thousands of euro)

	Notes		1st half 2015		1st half 2014
SALES REVENUES	(12)		1,290,737		1,203,189
of which from related parties (*)	(12)	--		--	
CHANGE IN INVENTORIES			10,670		4,082
COSTS FOR THE PURCHASE OF GOODS	(13.a.)		(483,935)		(434,030)
of which to related parties (*)	(13.a.)	--		--	
COSTS FOR SERVICES	(13.b.)		(324,172)		(301,396)
of which from related parties (*)	(13.b.)	*(1,112)*		*(3,187)*	
PERSONNEL COSTS	(13.c.)		(361,930)		(347,366)
OTHER OPERATING INCOME	(13.d.)		34,723		18,014
of which from related parties (*)	(13.d.)	*957*		*1,352*	
OTHER OPERATING EXPENSE	(13.e.)		(47,694)		(38,858)
of which to related parties (*)	(13.e.)	--		--	
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(7.d.)		2,157		1,441
AMORTISATION, DEPRECIATION & WRITE-DOWNS			(51,330)		(47,790)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)			**69,226**		**57,286**
FINANCIAL INCOME	(14.a.)		13,629		13,379
of which with related parties (*)	(14.a.)	*5,353*		*5,094*	
FINANCIAL EXPENSE	(14.b.)		(36,512)		(49,498)
of which with related parties (*)	(14.b.)	*(4,989)*		*(4,989)*	
DIVIDENDS			246		74
of which with related parties (*)		--		--	
GAINS FROM TRADING SECURITIES	(14.c.)		32,776		11,453
LOSSES FROM TRADING SECURITIES	(14.d.)		(2,147)		(3,641)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			(3,720)		484
INCOME BEFORE TAXES			**73,498**		**29,537**
INCOME TAXES	(15)		(16,561)		(17,745)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY			**56,937**		**11,792**
INCOME/(LOSS) FROM ASSETS HELD FOR SALE			(94)		(2,059)
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS			**56,843**		**9,733**
- (NET INCOME) LOSS OF MINORITY INTERESTS			(20,441)		(4,405)
- NET INCOME OF THE GROUP			**36,402**		**5,328**
BASIC EARNINGS (LOSS) PER SHARE (in euro)	(16)		0.0501		0.0072
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	(16)		0.0501		0.0071

(*) As per Consob Resolution no. 6064293 of 28 July 2006

3. Consolidated statement of comprehensive income

(in thousands of euro)

	1st half 2015	*1st half 2014*
Net income/(loss) of the period of continuing operations	56,937	11,792
Items of other comprehensive income that cannot be reclassified to profit and loss		
Actuarial gains (losses)	(1,522)	(1,090)
Taxes on other comprehensive income that cannot be reclassified to profit and loss	305	218
Other items of comprehensive income that can be reclassified to profit and loss		
Exchange differences on translation of foreign operations	8,111	3,580
Net change in fair value of available-for-sale financial assets	(6,602)	(1,593)
Net change in cash flow hedge reserve	4,174	(1,156)
Items of other comprehensive income	--	--
Taxes on items of other comprehensive income that can be reclassified to profit and loss	(1,149)	289
Total items of other comprehensive income of the period of continuing operations	**3,317**	**248**
Items of statement of comprehensive income - discontinued operations	**14,262**	**(5,206)**
TOTAL STATEMENT OF COMPREHENSIVE INCOME OF THE PERIOD	**74,516**	**6,834**
Total comprehensive income attributable to:		
Shareholders of the parent company	46,223	3,848
Minority interests	28,293	2,986
BASIC COMPREHENSIVE EARNINGS PER SHARE (in euro)	0.0637	0.0052
DILUTED COMPREHENSIVE EARNINGS PER SHARE (in euro)	0.0636	0.0052

(in thousands of euro)

	1st half 2015	*1st half 2014*
OPERATING ACTIVITY		
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS - CONTINUING OPERATIONS	56,937	11,792
ADJUSTMENTS:		
AMORTISATION, DEPRECIATION & WRITE-DOWNS	51,330	47,790
SHARE OF RESULTS OF COMPANIES CONSOLIDATED AT EQUITY	(2,157)	(1,441)
ACTUARIAL VALUATION OF STOCK OPTION/STOCK GRANT PLANS	2,268	2,847
CHANGES IN PERSONNEL PROVISIONS, PROV. FOR RISKS & LOSSES	(21,382)	(1,099)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	3,720	(484)
INCREASE (DECREASE) IN NON-CURRENT RECEIVABLES/PAYABLES	19,380	(51,634)
(INCREASE) DECREASE IN NET WORKING CAPITAL	(43,114)	(23,637)
CASH FLOW FROM OPERATING ACTIVITY - CONTINUING OPERATIONS	66,982	(15,866)
of which:		
- interest received (paid)	(17,408)	(21,235)
- income tax payments	(12,279)	(12,013)
INVESTING ACTIVITY		
PRICE PAID FOR BUSINESS COMBINATIONS	(51,139)	--
NET FINANCIAL POSITION OF ACQUIRED COMPANIES	(20,405)	--
(PURCHASE) SALE OF SECURITIES	4,503	(28,395)
PURCHASE OF FIXED ASSETS	(70,320)	(78,223)
CASH FLOW FROM INVESTING ACTIVITY - CONTINUING OPERATIONS	(137,361)	(106,618)
FINANCING ACTIVITY		
INFLOWS FOR CAPITAL INCREASES	206	4,207
OTHER CHANGES IN EQUITY	14,140	(5,345)
CASH AND CASH EQUIVALENTS RELATED TO DISCONTINUED OPERATIONS	--	(217)
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS/FINANCIAL RECEIVABLES	(1,452)	13,822
BUY-BACK OF OWN SHARES	(28,226)	(81)
DIVIDENDS PAID	(6,908)	(1,046)
CASH FLOW FROM FINANCING ACTIVITY - CONTINUING OPERATIONS	(22,240)	11,340
INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS	(92,619)	(111,144)
NET CASH AND CASH EQUIVALENTS - OPENING BALANCE OF DISCONTINUED OPERATIONS	--	95,134
NET CASH AND CASH EQUIVALENTS - OPENING BALANCE	331,513	762,985
NET CASH AND CASH EQUIVALENTS - CLOSING BALANCE	238,894	746,975

(in thousands of euro)	*Attributable to shareholders of the parent company*							*Minority interests*	*Total*
	Share capital issued	*less treasury shares*	*Share capital*	*Reserves*	*Retained earnings (losses)*	*Net income (Loss) of the period*	*Total*		
BALANCE AT 31 DECEMBER 2013	397,146	(24,764)	372,382	302,231	725,603	(269,210)	1,131,006	471,340	1,602,346
Capital increases	--	--	--	--	--	--	--	5,170	5,170
Dividends to Shareholders	--	--	--	--	--	--	--	(3,153)	(3,153)
Retained earnings	--	--	--	--	(269,210)	269,210	--	--	--
Unclaimed dividends as per Art. 23 of the Articles of Association	--	--	--	--	--	--	--	--	--
Adjustment for treasury share transactions	--	(2,519)	(2,519)	4,399	(6,863)	--	(4,983)	--	(4,983)
Movements between reserves	--	--	--	(1,356)	1,356	--	--	--	--
Notional cost of stock options and stock grants credited	--	--	--	2,604	--	--	2,604	--	2,604
Effects of equity changes in subsidiaries	--	--	--	1,346	--	--	1,346	(9,271)	(7,925)
Comprehensive result for the year									
Fair value measurement of hedging instruments	--	--	--	(4,865)	--	--	(4,865)	(4,429)	(9,294)
Fair value measurement of securities	--	--	--	5,666	--	--	5,666	501	6,167
Securities fair value reserve released to income statement	--	--	--	(1,370)	--	--	(1,370)	--	(1,370)
Effects of equity changes in subsidiaries	--	--	--	--	--	-- --	--	--	--
Currency translation differences	--	--	--	11,239	--	--	11,239	3,374	14,613
Actuarial gains (losses)	--	--	--	(12,786)	--	--	(12,786)	(9,637)	(22,423)
Result for the period	--	--	--	--	--	(23,399)	(23,399)	14,846	(8,553)
Total comprehensive result for the period	--	--	--	*(2,116)*	--	*(23,399)*	*(25,515)*	*4,655*	*(20,860)*
BALANCE AT 31 DECEMBER 2014	*397,146*	*(27,283)*	*369,863*	*307,108*	*450,886*	*(23,399)*	*1,104,458*	*468,741*	*1,573,199*
Capital increases	--	--	--	--	--	--	--	206	206
Dividends to Shareholders	--	--	--	--	--	--	--	(6,908)	(6,908)
Retained earnings	--	--	--	--	(23,399)	23,399	--	--	--
Unclaimed dividends as per Art. 23 of the Articles of Association	--	--	--	--	--	--	--	--	--
Adjustment for treasury share transactions	--	(13,564)	(13,564)	13,911	(28,283)	--	(27,936)	--	(27,936)
Movements between reserves	--	--	--	(2,449)	2,449	--	--	--	--
Notional cost of stock options and stock grants credited	--	--	--	932	--	--	932	--	932
Effects of equity changes in subsidiaries	--	--	--	(407)	--	--	(407)	(1,824)	(2,231)
Comprehensive result for the year									
Fair value measurement of hedging instruments	--	--	--	11,153	--	--	11,153	6,379	17,532
Fair value measurement of securities	--	--	--	8,189	--	--	8,189	(41)	8,148
Securities fair value reserve released to income statement	--	--	--	(14,867)	--	--	(14,867)	--	(14,867)
Effects of equity changes in subsidiaries	--	--	--	--	--	-- --	--	--	--
Currency translation differences	--	--	--	6,048	--	--	6,048	2,029	8,077
Actuarial gains (losses)	--	--	--	(701)	--	--	(702)	(515)	(1,217)
Result for the period	--	--	--	--	--	36,402	36,402	20,441	56,843
Total comprehensive result for the period	--	--	--	*9,822*	--	*36,402*	*46,223*	*28,293*	*74,516*
BALANCE AT 30 JUNE 2015	*397,146*	*(40,847)*	*356,299*	*328,917*	*401,653*	*36,402*	*1,123,270*	*488,508*	*1,611,778*

6. Explanatory notes

1. *STRUCTURE OF THE FINANCIAL STATEMENTS*

These condensed interim consolidated financial statements have been prepared in accordance with international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board ("IASB") and with the related interpretation of the International Financial Reporting Interpretations Committee (IFRIC) and ratified by the European Union in force at 30 June 2015. Please refer to the section entitled "Adoption of new accounting standards, interpretations and amendments" for an illustration of the new standards into force with effect from 1 January 2015. In particular, note that the adoption of the new standards had no impact on the Group's equity and income statement.
These interim financial statements have been prepared on a condensed basis in accordance with IAS 34 "Interim Financial Reporting". Being condensed, they do not include all of the information required for annual reports and should be read in conjunction with the financial statements for the year ended 31 December 2014.

The interim consolidated financial statements at 30 June 2015 include the parent company CIR S.p.A. (hereinafter "CIR") and its subsidiaries, and were prepared using the accounts of the individual companies included in the scope of consolidation; these correspond to their separate interim financial statements or the consolidated statements of sub-groups, examined and approved by their respective boards and amended and re-stated where necessary to bring them into line with the accounting principles listed below and, where compatible, with Italian regulations.

The presentation criteria adopted are as follows:

- The statement of financial position is organised by matching items on the basis of current and non-current assets and liabilities;
- The income statement is shown by type of expenditure;
- The statement of cash flows has been prepared using the indirect method;
- The statement of changes in equity gives a breakdown of the changes that took place in the period and in the previous year;
- The statement of comprehensive income shows the income items that are suspended in equity.

These condensed interim consolidated financial statements have been prepared in thousands of euro, which is the Group's "functional" and "presentation" currency in accordance with IAS 21, except where indicated otherwise.

It should also be noted that some valuation processes, particularly the more complex ones such as the determination of impairment of non-current assets, are generally carried out only when preparing the annual financial statements, when all the necessary information is more likely to be available with a reasonable degree of accuracy, except in cases where there are indications of impairment that requires an immediate assessment of any permanent losses.
Income taxes are recognised on the basis of the best estimate of the weighted average tax rate for the entire year.

AS regards the Espresso Group, on 30 June 2014, the integration between the network operator activities of Rete A S.p.A. and Telecom Italia Media Broadcasting (TIMB), a subsidiary of Telecom Italia Media, was completed. This integration was achieved by the Espresso Group contributing

100% of its shares in Rete A to TIMB. As a result, TIMedia and the Espresso Group now hold 70% and 30% respectively of Persidera, the new name of TIMB.

On 30 January 2015, the transfer of ownership of All Music, a company of the Espresso Group that produces Deejay TV, a generalist TV channel, to Discovery Italia. This transaction was considered highly probable at the end of the previous year.

In light of the above transactions and in accordance with IFRS 5 - *"Non-current assets held for sale and discontinued operations"*, the two companies representing the television business of the Espresso Group has been recognised as *"Discontinued Operations"* and has been represented as such in the consolidated financial statements as at 31 December 2014. .

For comparative purposes, the revenue and expense items, related to discontinued operations as at 30 June 2015 have been reclassified to "Income (loss) from assets held for sale".

The following tables show the impact of applying IFRS 5 "*Non-current assets held for sale and discontinued operations*" on the statement of income, statement of comprehensive income and statement of cash flows of the CIR Group in the 1st half of 2014.

Note that "*Income (Loss) from assets held for sale*" at 30 June 2014 included revenues and expenses of the Sorgenia Group.

At 30 June 2015 *"Assets and liabilities held for sale"* only included the balances related to "*Non performing loans*".

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)	*CIR*	*Scope of Media CGU (Espresso)*	*CIR net of the Media CGU*
	1st half 2014	*1st half 2014*	*1st half 2014*
SALES REVENUES	1,212,990	(9,801)	1,203,189
CHANGE IN INVENTORIES	4,082	--	4,082
COSTS FOR THE PURCHASE OF GOODS	(434,077)	47	(434,030)
COSTS FOR SERVICES	(306,682)	5,286	(301,396)
PERSONNEL COSTS	(348,241)	875	(347,366)
OTHER OPERATING INCOME	18,340	(326)	18,014
OTHER OPERATING EXPENSE	(40,144)	1,286	(38,858)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	1,441	--	1,441
AMORTISATION, DEPRECIATION & WRITE-DOWNS	(55,670)	7,880	(47,790)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	**52,039**	**5,247**	**57,286**
FINANCIAL INCOME	13,258	121	13,379
FINANCIAL EXPENSE	(49,532)	34	(49,498)
DIVIDENDS	74	--	74
GAINS FROM TRADING SECURITIES	11,453	--	11,453
LOSSES FROM TRADING SECURITIES	(3,641)	--	(3,641)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	1,999	(1,515)	484
INCOME BEFORE TAXES	**25,650**	**3,887**	**29,537**
INCOME TAXES	(15,851)	(1,894)	(17,745)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY	**9,799**	**1,993**	**11,792**
INCOME (LOSS) FROM DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE	(66)	(1,993)	(2,059)
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	**9,733**	**--**	**9,733**
- (NET INCOME) LOSS OF MINORITY INTERESTS	(4,405)	--	(4,405)
- NET INCOME (LOSS) OF THE GROUP	**5,328**	**--**	**5,328**

Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)	*CIR*	*Scope of Media CGU (Espresso)*	*CIR net of the Media CGU*
	1st half 2014	*1st half 2014*	*1st half 2014*
Income/(Loss) for the period of continuing operations	9,799	1,993	11,792
Other items of comprehensive income that cannot be reclassified to profit and loss			
Actuarial gains (losses)	(1,090)	--	(1,090)
Taxes on other items of comprehensive income that cannot be reclassified to profit and loss	218	--	218
Other items of comprehensive income that can be reclassified to profit and loss			
Exchange differences on translation of foreign operations	3,580	--	3,580
Net change in fair value of available-for-sale financial assets	(1,593)	--	(1,593)
Net change in cash flow hedge reserve	(1,156)	--	(1,156)
Items of other comprehensive income	--	--	--
Taxes on items of other comprehensive income that can be reclassified to profit and loss	289	--	289
Total items of other comprehensive income of the period of continuing operations	**248**	**--**	**248**
Items of statement of comprehensive income - discontinued operations	**(3,213)**	**(1,993)**	**(5,206)**
TOTAL STATEMENT OF COMPREHENSIVE INCOME OF THE PERIOD	**6,834**	**--**	**6,834**
Total comprehensive income attributable to:			
Shareholders of the parent company	3,848	--	3,848
Minority interests	2,986	--	2,986

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euro)	*CIR*	*Scope of Media CGU (Espresso)*	*CIR net of the Media CGU*
	1st half 2014	*1st half 2014*	*1st half 2014*
OPERATING ACTIVITY			
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS - CONTINUING OPERATIONS	9,799	1,993	11,792
ADJUSTMENTS:			
AMORTISATION, DEPRECIATION & WRITE-DOWNS	55,670	(7,880)	47,790
SHARE OF RESULTS OF COMPANIES CONSOLIDATED AT EQUITY	(1,441)	--	(1,441)
ACTUARIAL VALUATION OF STOCK OPTION/STOCK GRANT PLANS	2,847	--	2,847
CHANGES IN PERSONNEL PROVISIONS, PROV. FOR RISKS & LOSSES	(955)	(144)	(1,099)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(1,999)	1,515	(484)
INCREASE (DECREASE) IN NON-CURRENT RECEIVABLES/PAYABLES	(51,634)	--	(51,634)
(INCREASE) DECREASE IN NET WORKING CAPITAL	(22,847)	(790)	(23,637)
CASH FLOW FROM OPERATING ACTIVITY - CONTINUING OPERATIONS	(10,560)	(5,306)	(15,866)
INVESTING ACTIVITY			
(PURCHASE) SALE OF SECURITIES	(28,364)	(31)	(28,395)
PURCHASE OF FIXED ASSETS	(79,406)	1,183	(78,223)
CASH FLOW FROM INVESTING ACTIVITY - CONTINUING OPERATIONS	(107,770)	1,152	(106,618)
FINANCING ACTIVITY			
INFLOWS FOR CAPITAL INCREASES	4,207	--	4,207
OTHER CHANGES IN EQUITY	(5,345)	--	(5,345)
CASH AND CASH EQUIVALENTS RELATED TO DISCONTINUED OPERATIONS	(217)	--	(217)
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS/FINANCIAL RECEIVABLES	13,822	--	13,822
BUY-BACK OF OWN SHARES	(81)	--	(81)
DIVIDENDS PAID	(1,046)	--	(1,046)
CASH FLOW FROM FINANCING ACTIVITY CONTINUING OPERATIONS	11,340	--	11,340
INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS	(106,990)	(4,154)	(111,144)
NET CASH AND CASH EQUIVALENTS - OPENING BALANCE - OF DISCONTINUED OPERATIONS	90,980	4,154	95,134
NET CASH AND CASH EQUIVALENTS - OPENING BALANCE	762,985	--	762,985
NET CASH AND CASH EQUIVALENTS - CLOSING BALANCE	746,975	--	746,975

2. CONSOLIDATION PRINCIPLES

2.a. Consolidation methods

IFRS 10, in force from 1 January 2014, partially replaces IAS 27, "Consolidated and Separate Financial Statements", and completely replaces SIC 12 "Consolidation - Special Purpose Entities", and introduces a single control model that applies to all entities, including those previously considered special purpose in accordance with SIC 12.
Under the new definition of "control", an investor controls an investee when it has power over the relevant activities, is exposed to variable returns arising from its involvement with the investee and has the ability to affect those returns by exercising its power over the investee.

Subsidiaries are fully consolidated from the date on which the Group takes control and are de-consolidated when such control ceases to exist.
Consolidation is on a line-by-line basis.

The main criteria used when applying this method are the following:

- the carrying value of each investment is eliminated against the Group's share of its equity and the difference between the acquisition cost and net equity of investee companies is posted, where appropriate, to the asset and liability items included in the consolidation. If there is a balance left over, it is posted to income if negative or to assets as goodwill if positive. Goodwill is tested for impairment based on its recoverable value;
- significant transactions between consolidated companies are eliminated on consolidation, as are receivables and payables and unrealised profits on transactions between Group companies, net of tax;
- minority interests in equity and the net result for the period are shown separately in the consolidated statement of financial position and income statement.

<u>Associates</u>
All companies in which the Group has a significant influence, without having control, in accordance with IAS 28, are considered associates. Significant influence is presumed to exist when the Group has between 20% and 50% of the voting rights (excluding cases of joint control). Associates are consolidated using the equity method from the date on which the Group acquires significant influence in the associate and are de-consolidated from the moment when this influence no longer exists.
The main criteria used when applying the equity method are the following:

- the carrying value of each investment is eliminated against the Group's share of its equity and any positive difference identified at the time of the acquisition, net of any impairment; the corresponding share of the net income or loss for the period is posted to the income statement. If the Group's portion of the associate's accumulated losses exceeds the carrying value of the investment, the investment is written off and any further losses are not recorded, unless the Group has a contractual obligation to do so;
- any unrealised gains and losses generated by transactions between Group companies are eliminated, except where the losses reflect impairment of the associate's assets;
- the accounting policies of associates are amended, where necessary, to bring them into line with those of the Group.

Joint ventures

IFRS 11, in force since 1 January 2014, replaces IAS 31, "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities - Non-cash contributions by the venturers", and has eliminated the possibility of adopting the proportional consolidation method, requiring the transition to the equity method for consolidating jointly controlled entities.

2.b. Translation of foreign companies' financial statements into euro

Foreign subsidiaries' financial statements (assuming they do not operate in a hyperinflationary economy as defined by IAS 29) get translated into euro at the year-end exchange rate for the statement of financial position and at the average exchange rate for the income statement. Any exchange differences arising on translation of shareholders' equity at the year-end exchange rate and of the income statement at the average rate are posted to "Other reserves" in equity.

The main exchange rates used are the following:

	30.06.2015		*31.12.2014*	
	Average exchange rate	*30.06.2015*	*Average exchange rate*	*31.12.2014*
US dollar	1.1158	1.1189	1.3285	1.2141
Swiss franc	1.05673	1.0413	1.2146	1.2024
GB pound	0.7320	0.7114	0.8061	0.7789
Brazilian real	3.3012	3.4699	3.1198	3.2207
Argentine peso	9.8338	10.1657	10.7596	10.2754
Chinese renminbi	6.9363	6.9367	8.1733	7.5358
Indian rupee	70.0771	71.1744	80.9717	76.7460
New Romanian leu	4.4474	4.4725	4.4439	4.4829
Canadian dollar	1.3766	1.3839	1.4657	1.4063
Mexican peso	16.8805	17.5346	17.6523	17.8667
Hong Kong dollar	8.6460	8.6738	10.2891	9.4171

2.c. Scope of consolidation

The consolidated financial statements at 30 June 2015 and the consolidated financial statements of the previous year are the result of consolidating CIR (Parent Company) and all of the companies directly or indirectly controlled, jointly controlled or associated as of those dates. Assets and liabilities scheduled for disposal are reclassified to specific asset and liability items to highlight these circumstances.

A list of the equity investments included in the scope of consolidation, with an indication of the consolidation method used, is given in the appropriate section of this report, along with a list of those that have been excluded.

With reference to the provisions of IFRS 12, the following is the disclosure on non-controlling interests present in minority interests and associates deemed relevant for the Group.

The Group has defined as relevant for these purposes the companies representing at least 2% of total assets, net of assets held for sale, or 5% of total Group revenues.

As at 30 June 2015 there are no relevant companies with significant non-controlling interests.

Among relevant associates, Persidera S.p.A. (interest held through the Espresso Group) meets the above requirements; its figures at 30 June 2015 are given below.

Persidera S.p.A. (interest held through the Espresso Group)

(in thousands of euro)	*30/06/2015*
Revenues	42,381
Net income	6,770
Comprehensive income	6,770
Non-current assets	158,320
Current assets	46,128
Total assets	**204,448**
Non-current liabilities	65,943
Current liabilities	45,334
Total liabilities	**111,277**

Change in the scope of consolidation

The main changes in the scope of consolidation compared with the previous year concern the following:

- *MEDIA*

On 30 January 2015, the transfer of ownership of All Music, a company of the Espresso Group that produces Deejay TV, a generalist TV channel, to Discovery Italia.

- ***AUTOMOTIVE COMPONENTS***

During the first half of 2015, Allevard Rejna Autosuspensions S.A. increased its stake in Allevard IAI Suspensions Pvt Ltd from 73.91% to 74.23% and its interest in S.ara Composite S.A.S. from 93.71% to 94.12%.
During the period, the merger of the Indian companies Sogefi M.N.R. Filtration India Pvt Ltd and Systèmes Moteurs India Pvt Ltd was completed.
There were no further changes in the scope of consolidation during the period.

- ***HEALTHCARE***

As regards the RSA area, the acquisition of 96% of "Polo Geriatrico Riabilitativo S.p.A." was completed; this company manages 2 structures in Milan and in Cinisello Balsamo (MI). On 16 April the company Argento Vivo S.r.l. was acquired. This company manages two structures in Milan and Bollate (MI).

- ***OTHER COMPANIES***

After the increase in capital of 15 May 2015, the investment in Southlands S.r.l. is held 71.428% by the Parent Company CIR S.p.A. and 28.572% by Lake Leman International School S.A.; previously it was 100% held by Lake Leman International School S.A..

3. ACCOUNTING POLICIES

3.a. Intangible assets (IAS 38)

Intangible assets are recognised only if they can be separately identified, if it is likely that they will generate future economic benefits and if the cost can be measured reliably.
Intangible assets with a defined useful life are valued at purchase or production cost, net of amortisation and accumulated impairment.

Intangible assets are initially recognised at purchase or production cost.
Purchase cost is represented by the fair value of the means of payment used to purchase the asset and any additional direct cost incurred to prepare the asset for use. The purchase cost is the equivalent price in cash at the date of recognition; where payment is deferred beyond normal terms of credit, the difference compared with the cash price is recognised as interest for the whole period of deferment.
Amortisation is calculated on a straight-line basis over the expected useful life of the asset and starts when the asset is ready for use.
Intangible assets with an indefinite useful life are not amortised, but monitored constantly for impairment. It is mainly the Espresso Group's newspaper/magazine titles and TV/radio frequencies that are considered intangible assets with an indefinite useful life.
The carrying value of intangible assets is maintained to the extent that there is evidence that this value can be recovered through use; to this end, an impairment test is carried out at least once a year to check that the intangible asset is able to generate future cash flows.
Development costs are recognised as intangible assets when their cost can be measured reliably, when there is a reasonable assumption that the asset can be made available for use or for sale and that it is able to generate future benefits. Once a year or any time it appears to be justified, capitalised costs are impairment tested.
Research costs are charged to the income statement as and when they are incurred.

Trademarks and licences, which are initially recognised at cost, are subsequently accounted for net of amortisation and accumulated impairment. The period of amortisation is defined as the lower of the contractual duration for use of the licence and the useful life of the asset.
Software licences, including associated costs, are recognised at cost and are recorded net of amortisation and any accumulated impairment.
"Customer relationships" represents the value assigned during the purchase price allocation process to the customer portfolio of the Systèmes Moteurs Group at the date of acquisition of control.
"Name" represents the value assigned during the purchase price allocation process to the name "Systèmes Moteurs" at the date of acquisition of control.

<u>Goodwill</u>
In the event of the acquisition of companies, the identifiable assets, liabilities and contingent liabilities acquired are recognised at their fair value as at the acquisition date. The positive difference between the acquisition cost and the Group's share of the fair value of these assets and liabilities is classified as goodwill and recorded in the statement of financial position as an intangible asset. Any negative difference ("badwill") is posted to the income statement at the time of acquisition.
After initial recognition, goodwill is measured at cost less any accumulated impairment. Goodwill always refers to identified income-producing assets, whose ability to generate income and cash flow is monitored constantly for impairment.
See paragraph 3.x. below (Business Combinations and Goodwill).

3.b. Tangible assets (IAS 16)

Tangible assets are recognised at purchase price or production cost, net of accumulated depreciation.
Cost includes associated expenses and any direct and indirect costs incurred at the time of acquisition and needed to make the asset ready for use. Financial charges relating to specific loans for long-term investments are capitalised up to the date when the assets become operational.
When there are contractual or compulsory obligations for decommissioning, removing or clearing sites where fixed assets are installed, the value recognised also includes a discounted estimate of the costs that will be incurred for their disposal.
Fixed assets are depreciated each year on a straight-line basis over the residual useful life of the assets.
Land, assets under construction and advance payments are not depreciated.
Land and buildings not used for corporate operating purposes are classified under a separate asset item and accounted for on the basis of IAS 40 "Investment property" (see paragraph 3.e. below).
In the event of circumstances that suggest that an asset has been impaired, its carrying value is checked against its recoverable value (i.e. fair value or value in use, whichever is the higher). Fair value can be established on the basis of values expressed by an active market, recent transactions or the best information available at the time with a view to determining the potential proceeds of selling the asset. Value in use is determined by discounting the cash flows expected from using the asset, applying best estimates of its residual useful life and a rate that takes into account the implicit risk of the specific business sectors in which the Group operates. This valuation is carried out for each individual asset or for the smallest identifiable cash generating unit (CGU).
If there is a negative difference between these values and the carrying value, the asset is written off; if subsequently the reasons for the impairment no longer apply, the asset is revalued. Such write-downs and revaluations are posted to the income statement.

3.c. Government grants

Government grants are recognised when there is a reasonable degree of certainty that the recipient will comply with the conditions for the grant, whether or not there is a formal resolution awarding it; in other words, when it is highly likely that the grant will be received.
Capital grants are recognised in the statement of financial position either as deferred income, which is then transferred to the income statement over the useful life of the asset being financed, thereby reducing the depreciation charge, or by deducting them directly from the asset in question.
Government grants obtainable in the form of a reimbursement of expenses and costs already incurred or to provide immediate support for the recipient without there being any future costs related to the grant, are recognised as income in the period in which they can be claimed.

3.d. Leased assets (IAS 17)

Lease contracts for assets where the lessee substantially assumes all the risks and rewards of ownership are classified as finance leases. Where such finance leases exist, the asset is recognised at the lower of its fair value and the present value of the minimum lease payments stipulated in the contracts. Total lease payments are allocated between the financial element and the capital to be reimbursed in such a way as to obtain a constant rate of interest on the outstanding debt. The residual lease payments, net of financial charges, are classified as borrowings. The interest expense is charged to the income statement over the period of the lease. Assets acquired under finance leases are depreciated to an extent consistent with the nature of the asset. Lease contracts in which the lessor substantially retains the risks and rewards of ownership, on the other hand, are classified as operating leases and payments made under such leases are charged to the income statement on a straight-line basis over the period of the lease.
In the event of a sale and leaseback agreement, any difference between the selling price and the carrying value of the asset is not recognised to the income statement unless the asset itself suffers an impairment loss.

3.e. Investment property (IAS 40)

Investment property is property (land or a building, or part of a building, or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.
The cost of an investment property is represented by its purchase price, as well as any improvements, replacements and extraordinary maintenance.
For self-constructed investment property, an estimate is made of all costs incurred up to the date on which the construction or development is finished. Until that date, IAS 16 applies.
In the case of an asset held under a finance lease, the initial cost is determined according to IAS 17 as the lower of the fair value of the property and the present value of the minimum lease payments due.
The Group has opted for the cost method to be applied to all investment property held. Under the cost method, the value is measured net of depreciation and any impairment losses.

3.f. Impairment of intangible and tangible assets (IAS 36)

At least once a year the Group verifies whether the carrying value of intangible and tangible assets (including capitalised development costs) are recoverable, in order to determine whether the assets

have suffered impairment. If such evidence exists, the carrying value of the assets is reduced to its recoverable value.
An intangible asset with an indefinite useful life is tested for impairment at least once a year; more frequently if there is any sign that it may have suffered a loss in value.
When it is not possible to estimate the recoverable value of an individual asset, the Group estimates the recoverable value of the cash generating unit to which the asset belongs.
The recoverable value of an asset is the higher of its fair value less costs to sell and its value in use.
To determine the value in use of an asset, the Group calculates the present value of estimated future cash flows, applying a discount rate that is consistent with the cash flows and which reflects the current market assessment of the time value of money and the specific risks of the business sector.
An impairment loss is recognised if the recoverable value is lower than the carrying value.
If at a later date the loss on an asset (other than goodwill) no longer exists or is less than it was, the carrying value of the asset or of the cash generating unit is written up to the new estimated recoverable value, though it cannot exceed the value that it would have had if no impairment loss had been recognised. The reversal of an impairment loss is recognised immediately in the income statement.

3.g. Other investments

Investments in companies where the Parent Company does not exercise a significant influence are accounted for in accordance with IAS 39, which means that they are classified as available for sale and measured at fair value, or at cost if the fair value or market price cannot be reliably estimated.

3.h. Receivables and payables (IAS 32, 39 and 21)

Receivables and payables are initially recognised at their fair value, which usually corresponds to the nominal value. Receivables are adjusted, where necessary, to their estimated realisable value. Subsequently, receivables and payables are measured at amortised cost.
Receivables and payables in foreign currencies are initially accounted for at the rates of exchange in force on the transaction date. They are then adjusted to the period-end exchange rates and any exchange gains and losses are recognised to the income statement (see paragraph 3.u. below).

3.i. Securities (IAS 32 and 39)

In accordance with IAS 32 and IAS 39, investments in companies other than subsidiaries and associates are classified as available-for-sale financial assets and measured at fair value.
Gains and losses resulting from fair value adjustments are recorded in a special equity reserve. In the event of impairment losses or when the assets are sold, the gains and losses previously recognised to equity are transferred to the income statement.
Note that purchases and sales are recognised on the trade date.
This category also includes financial assets bought or issued and then classified either as held for trading or at fair value through profit and loss according to the fair value option".
For further details of the accounting treatment of financial assets, we would refer readers to the specific note on "Financial Instruments".

3.l. Income taxes (IAS 12)

Current taxes are provided for on the basis of a realistic estimate of taxable income under current tax regulations of the country in which the company is based, taking into account any exemptions and tax credits that may be claimed.

Deferred taxes are calculated on the basis of any temporary differences (taxable or deductible) between the carrying values of assets and liabilities and their tax bases and are classified as non-current assets and liabilities.
A deferred tax asset is recognised to the extent that taxable income will probably be available in the future to offset deductible temporary differences.
The carrying value of deferred tax assets is subject to periodic analysis and is reduced to the extent that it is no longer probable that there will be sufficient taxable income to take advantage of the deferred tax asset.

3.m. Inventories (IAS 2)

Inventories are shown at the lower of weighted average purchase or production cost and their estimated realisable value.

3.n. Cash and cash equivalents (IAS 32 and 39)

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into cash and which have an insignificant risk of changes in value.

3.o. Equity

Ordinary shares are recorded at their nominal value. Costs directly attributable to the issuance of new shares are deducted from equity reserves, net of any related tax benefit.
Treasury shares are shown separately as a deduction from reserves; any subsequent sale, reissuance or cancellation will not have any impact on the income statement, only on equity.
Unrealised gains and losses on financial assets classified as "available for sale" are recognised, net of tax, under equity in the fair value reserve.
The reserve is reversed to the income statement when the financial asset is realised or impairment to it is recognised.

The hedging reserve is formed when fair value changes are recognised on derivatives which have been designated as "cash flow hedges" or "hedges of net investments in foreign operations" for the purposes of IAS 39).
The portion of gains and losses considered "effective" is recognised to equity and is reversed to the income statement as and when the elements being hedged are in turn recognised to the income statement, or when the subsidiary is sold.

When a subsidiary prepares its financial statements in a currency different from the Group's functional currency, the subsidiary's financial statements are translated and any translation differences are recognised in a special reserve. When the subsidiary is sold the reserve is reversed to the income statement, accounting for any gains or losses on the disposal.
"Retained earnings (losses)" include accumulated earnings and balances transferred from other reserves when these are released from any previous limitations.
This item also shows the cumulative effect of any changes in accounting principles and/or the correction of errors, which are accounted for in accordance with IAS 8.

3.p. Borrowings (IAS 32 and 39)

Loans are initially recognised at cost, represented by their fair value net of any transaction costs incurred. Subsequently, borrowings are measured at amortised cost calculated by applying the effective interest rate method, taking into consideration any issuance costs incurred and any premium or discount applied at the time the instrument is settled.

3.q. Provisions for risks and losses (IAS 37)

Provisions for risks and losses refer to liabilities which are probable, but where the amount and/or maturity is uncertain. They are the result of past events which will cause a future cash outflow. Provisions are recognised exclusively in the presence of a current obligation to third parties, whether legal or implicit, which implies an outflow and when a reliable estimate of the amount involved can be made. The amount recognised as a provision is the best estimate of the disbursement required to settle the obligation as at the reporting date. The provisions recognised are reviewed at the close of each accounting period and adjusted to represent the best current estimate. Changes in the estimate are recognised to the income statement.

When the estimated outflow relating to the obligation is expected in a time horizon longer than normal payment terms and the discount factor is significant, the provision represents the present value, discounted at a nominal risk-free rate, of the expected future outflows to settle the obligation.

Contingent assets and liabilities (potential assets and liabilities, or those not recognised because no reliable estimate can be made) are not recognised. However, adequate disclosure on such items is provided.

3.r. Revenues and income (IAS 18)

Revenues from the sale of goods are recognised at the time ownership and the risks related to the goods are transferred, net of returns, discounts and rebates.

Service revenues are recognised at the time the service is provided, based on its stage of completion at the reporting date.

Income from dividends, interest and royalties is recognised as follows:

- dividends, when the right to receive payment is established (with a balancing entry under receivables when distribution is approved);
- interest, using the effective interest rate method (IAS 39);
- royalties, on an accrual basis, in accordance with the underlying contractual agreement.

3.s. Employee benefits (IAS 19)

Benefits to be paid to employees on termination of their employment and other long term benefits are subject to actuarial valuation.
Following this methodology, liabilities recognised represent the present value of the obligation adjusted for any actuarial gains or losses not accounted for.

Finance Law no. 296/2006 made important changes to employee leaving indemnity (TFR) regulations, introducing the option for workers to transfer their indemnity maturing after 1 January 2007 to selected pension schemes. Therefore, all employee leaving indemnity accrued as at 31 December

2006 for employees who exercised this option, while remaining within the sphere of defined benefit plans, was determined using actuarial methods that exclude the actuarial/financial components relating to future changes in salary.
EU Regulation 475/2012 endorsed the amendments to IAS 19 - Employee Benefits, as approved by the IASB on 16 June 2011, with the aim of promoting the understanding and comparability of financial statements, particularly with reference to defined benefit plans. The most important change is the elimination of the different accounting treatments that were permitted for recording defined benefit plans and the consequent introduction of a single method that envisages immediate recognition in the statement of comprehensive income of any actuarial gains or losses that arise from measuring the obligation. Compared with the previous accounting treatment adopted by the Group, the main impact is the elimination of the "corridor method", with immediate recognition in the statement of comprehensive income, and therefore in equity, of changes in the value of the obligations and the plan assets. The elimination of this method had an impact on Group equity at the date of first application of the new standard, as actuarial gains and losses not previously recognised under the corridor method have now been recognised.

IFRS 2 "Share-based Payment" issued in February 2005 with validity from 1 January 2005 (revised version effective 1 January 2010) requires that application should be retrospective in all cases where stock options were assigned after 7 November 2002 and where the vesting conditions of the plans had not yet matured at the effective date.
In accordance with this standard, the CIR Group now measures and recognises the notional cost of stock options and stock grants to the income statement under personnel costs and apportions them throughout the vesting period of the benefit, with a balancing entry in the appropriate equity reserve.
The cost of the option is determined at the award date of the plan, applying special models and multiplying by the number of options exercisable over the reference period, assessed with the aid of appropriate actuarial variables.
Similarly, the cost resulting from the assignment of phantom stock options is determined in relation to the fair value of the options at the assignment date and is recognised to the income statement under personnel costs over the vesting period of the benefit; unlike for stock options and stock grants, the balancing entry is recorded under liabilities (other personnel provisions) and not in an equity reserve. Until this liability is extinguished its fair value is recalculated at each reporting date and on the date of actual disbursement and all fair value changes are recognised to the income statement.
Similarly, the cost resulting from the assignment of phantom stock options is determined in relation to the fair value of the options at the assignment date and is recognised to the income statement under personnel costs over the vesting period of the benefit; unlike for stock options and stock grants, the balancing entry is recorded under liabilities (other personnel provisions) and not in an equity reserve. Until this liability is extinguished its fair value is recalculated at each reporting date and on the date of actual disbursement and all fair value changes are recognised to the income statement.

3.t. Derivatives (IAS 32 and 39)

Derivatives are measured at fair value.

The Group uses derivatives mainly to hedge risks, in particular interest rate, foreign exchange and commodity price risks. Classification of a derivative as a hedge is formally documented, stating the effectiveness of the hedge.

For accounting purposes hedging transactions can be classified as:

- "fair value hedges – where the effects of the hedge are recognised to the income statement;
- "cash flow hedges – where the fair value change of the effective portion of the hedge is recognised directly to equity, while the non-effective part is recognised to the income statement.
- "hedges of a net investment in a foreign operation – where the fair value change of the effective portion of the hedge is recognised directly to equity, while the non-effective part is recognised to the income statement.

3.u. Foreign currency translation (IAS 21)

The Group's functional currency is the euro and this is the currency in which its financial statements are prepared. Group companies prepare their financial statements in the currencies used in their respective countries.

Transactions carried out in foreign currencies are initially recognised at the exchange rate on the date of the transaction.
At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on that date.
Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate prevailing on the date of the transaction.
Non-monetary items measured at fair value are translated using the exchange rate at the date on which the carrying values were measured.

The assets and liabilities of Group companies whose functional currency is not the euro are measured as follows:
assets and liabilities are translated using the exchange rate prevailing at the reporting date;
costs and revenues are translated using the average exchange rate for the period.
Exchange rate differences are recognised directly to a special equity reserve.
Should an investment in a foreign operation be sold, the accumulated exchange rate differences recognised in the equity reserve are reversed to the income statement.

3.v. Non-current assets held for sale (IFRS 5)

A non-current asset is held for sale if its carrying value will be recovered principally through a sale rather than through its use in the business. For this condition to be satisfied the asset must be immediately saleable in its present condition and a sale must be considered highly likely.
Assets or groups of discontinued assets that are classified as held for sale are valued at the lower of their carrying value and the expected realisable value, less costs to sell.
Individual assets or those that form part of a group classified as held for sale are not depreciated.
Presentation of these assets in the financial statements involves showing the after-tax income and losses resulting from the sale on a separate line in the income statement. Similarly, the assets and liabilities have to be shown on a separate line in the statement of financial position.

3.w. Earnings per share (IAS 33)

Basic earnings per share are determined by dividing net income attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares in circulation during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares in circulation to take into account all potential ordinary shares, for example deriving from the possible exercise of assigned stock options that could have a dilutive effect.

3.x. Business combinations and Goodwill

Business acquisitions are recognised using the purchase and acquisition method in compliance with IFRS 3, on the basis of which the acquisition cost is equal to the fair value on the date of exchange of the assets transferred and the liabilities incurred or assumed. Any transaction costs relating to business combinations are recognised to the income statement in the period they are incurred.
Contingent consideration is included as part of the transfer price of the net assets acquired and is measured at fair value at the acquisition date. Similarly, if the business combination agreement envisages the right to receive repayment of certain elements of the price if certain conditions are met, this right is classified as an asset by the purchaser.
Any subsequent changes in this fair value are recognised as an adjustment to the original accounting treatment only if they are the result of more or better fair value information and if this takes place within twelve months of the acquisition date; all other changes must be recognised to the income statement.
In the event of a step acquisition of a subsidiary, the minority interest previously held (recognised up to that point according to IAS 39 – Financial Instruments: Recognition, IAS 28 – Investments in Associates or IFRS 11 – *Joint Arrangements – Accounting for acquisitions of interests in joint operations*) is treated as if it had been sold and repurchased at the date that control is acquired. The investment is therefore measured at its fair value on the date of "transfer" and any gains and losses resulting from this measurement are recognised to the income statement. Moreover, any amount previously recognised in equity as "Other comprehensive gains and losses", is reclassified to the income statement following the sale of the asset to which it refers. The goodwill (or income in the case of badwill) arising on conclusion of the deal with subsequent acquisition is calculated as the sum of the price paid for the acquisition of control, the value of minority interests (measured using one of the methods permitted by the accounting standard) and the fair value of the minority interest previously held, net of the fair value of the identifiable net assets acquired.

The identifiable assets, liabilities and contingent liabilities of the acquired business which meet the conditions for recognition are accounted for at their fair value on the date of acquisition. Any positive difference between the acquisition cost and the fair value of the Group's share of net assets acquired is recognised as goodwill or, if negative, charged to the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment. Goodwill always refers to identified income-producing assets, whose ability to generate income and cash flow is monitored constantly for impairment.
The accounting treatment of the acquisition of any further investment in companies already controlled are considered transactions with shareholders and therefore any differences between acquisition costs and the carrying value of the minority interests acquired are recognised in Group equity. Likewise, sales of minority interests not involving loss of control do not generate gains/losses in the income statement, but rather changes in Group equity.

The initial allocation to assets and liabilities as mentioned above, using the option given in IFRS 3, can be performed on a provisional basis by the end of the year in which the transaction is completed; the values provisionally assigned on initial recognition can be adjusted within twelve months of the date on which control was acquired.

3.y. Use of estimates

The preparation of financial statements and explanatory notes in accordance with IFRS requires management to make estimates and assumptions which affect the values of the assets and liabilities shown in them, as well as the disclosures made regarding contingent assets and liabilities as of the reporting date.
The estimates and assumptions used are based on experience and other factors considered relevant. The actual results could differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected in the income statement in the period in which the amendment is made if the review only affects that period, or in subsequent periods if the amendment affects both the current and future years.
The items mainly affected by this use of estimates are goodwill, deferred taxes, provisions for risks and losses, personnel provisions and the fair value of financial instruments, stock options, phantom stock options and stock grants.
See the notes on these specific items for further details.

4. FINANCIAL INSTRUMENTS

Financial instruments take on a particular significance in the CIR Group's economic and financial structure. For this reason, management felt that it would be useful to devote a special section to accounting standards IAS 32 and IAS 39, to help readers understand better the financial issues involved.

According to IAS 32 financial instruments are classified into four categories:

a) financial instruments measured at fair value through profit and loss (FVTPL) in application of the fair value option: either designated as such or held for trading;
b) Investments held to maturity (HTM);
c) loans and receivables (L&R);
d) available-for-sale financial assets (AFS).

Classification depends on the intended use of the financial instrument within the context of the Company's financial management and each involves a different type of measurement for accounting purposes. Financial transactions are recognised on the basis of their value date.

Financial instruments at fair value through profit and loss
Financial instruments are classified as such if they satisfy one of the following conditions:

- they are held for trading;
- they are designated as such under the fair value option, on the assumption that the fair value can be reliably determined.

Trading generally means frequent buying and selling with the aim of generating profit on short-term price fluctuations.
Derivatives are included in this category unless they are designated as hedge instruments.
The initial designation of financial instruments, other than derivatives and those held for trading, as instruments at fair value through profit and loss under the fair value option is limited to those that meet the following conditions:

a) designation under the fair value option eliminates or significantly reduces an accounting mismatch;

b) a group of financial assets, financial liabilities or both are managed and their performance is measured on a fair value basis in accordance with a documented investment risk strategy, and;

c) an instrument contains an embedded derivative which meets particular conditions.

The designation of an individual instrument to this category is final, it is made at the time of initial recognition and cannot be modified.

Investments held to maturity
This category includes non-derivative instruments with fixed or determinable payments and a fixed maturity, which the Company intends and is able to hold to maturity.
These instruments are measured at amortised cost and constitute an exception to the general principle of measurement at fair value.
Amortised cost is determined by applying the effective interest rate of the financial instrument, taking into account any discounts received or premiums paid at the time of purchase, and recognising them throughout the entire life of the instrument until its maturity.
Amortised cost represents the initial recognition value of a financial instrument, net of any capital repayments and any impairment, plus or minus cumulative differences between its initial value and its value at maturity calculated using the effective interest rate method.
The effective interest rate method is a way of calculating the financial charges to be assigned to a particular period.
The effective interest rate is the rate that gives a correct present value to expected future cash flows until maturity, so as to obtain the net present carrying value of the financial instrument.
If even only one instrument belonging to this category is sold before maturity, for a significant amount and where there is no special justification for its disposal, the so-called "tainting rule" gets applied: this requires that the whole portfolio of securities classified as Held To Maturity be reclassified and measured at fair value, after which this category cannot be used for the next two years.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not held for trading.
The category includes trade receivables (and payables).
Measurement of these instruments, except for those classified as current assets or liabilities (within twelve months), is made by applying the amortised cost method, using the effective interest rate and taking into account any discounts received or premiums paid at the time of acquisition and recognising them throughout the entire life of the instrument until its maturity.

Available-for-sale financial assets
This is a “residual” category which includes non-derivative financial instruments that are designated as available for sale and not included in any of the previous categories.
Available-for-sale financial instruments are recognised at their fair value plus any transaction costs.
Gains and losses are recognised to a separate equity item until the financial instruments are sold or suffer impairment. In such cases, the gains and losses accrued to equity up to that point are released to the income statement.

Investments in financial assets can only be derecognised (i.e. eliminated from the financial statements) when the contractual rights to receive their respective financial cash flows have expired or when the financial asset is transferred to third parties together with all associated risks and benefits.

Fair value

Fair value, as defined by IFRS 13, is the price that would be received for the sale of an asset or that would be paid to transfer a liability in an regular transaction between market participants at the measurement date.

The fair value of financial liabilities due and payable on demand (e.g. demand deposits) is not less than the amount payable on demand, discounted from the first date on which payment could be required.

For financial instruments quoted in active markets, the fair value is determined on the basis of official prices in the principal market to which the Group has access (mark to market).

A financial instrument is considered quoted in an active market if quoted prices are readily and regularly available from a quotation system, dealers, brokers, etc., and these prices represent actual and regular market transactions. If there is no quoted market price in an active market for a financial instrument taken as a whole, but there is one for some of its components, the fair value is determined on the basis of the specific market prices of its components.

If there are no observable prices in an active market for an identical item owned by another operator as an asset, or if prices are not available, using other observable inputs such as quoted prices in an inactive market for the identical item owned by another operator as an asset, the Group will assess the fair value using another valuation technique, such as:

- an income approach (for example, a technique that takes into account the present value of future cash flows that a market participant would expect to receive from owning a financial liability, an equity instrument or an asset);
- a market approach (for example, using quoted prices for similar liabilities or equity instruments owned by third parties as assets);
- valuations performed using, in all or in part, inputs not taken from parameters that are observable on the market, for which use is made of estimates and assumptions developed by the evaluator (Mark to Model). The Group uses valuation models (mark to model) that are generally accepted and used by the market. The models include techniques based on the discounting of future cash flows and estimates of volatility (if there is an optional component); these are subject to revision from time to time in order to ensure consistency with the objectives of the valuation.

These methods use inputs based on prices set in recent transactions and/or prices/quotations for instruments that have similar characteristics in terms of risk profile.

As a further guarantee of the objectivity of valuations derived from valuation models, the Group uses fair value adjustments (FVAs) to take into account the risks associated primarily with the limited liquidity of the positions, the valuation models used and counterparty risk.

The choice between these techniques is not optional, as they have to be applied in hierarchical order: if, for example, is a price quoted in an active market is available, the other valuation techniques cannot be used.

As regards the determination of the fair value of derivative contracts, default risk, which is reflected through credit value adjustments (CVA) and debit value adjustments (DVA), has to be taken into consideration.

IFRS 13 provides for the classification of the instruments being measured at fair value according to the observability of the inputs used for pricing them.

The fair value hierarchy has three levels:

- Level 1: the fair value of instruments classified in this level is determined based on (unadjusted) quoted prices that can be observed in active markets;
- Level 2: the fair value of instruments classified in this level is determined based on valuation models that use inputs that can be observed in active markets (other than the quoted prices included in Level 1, observable either directly or indirectly).
- Level 3: the fair value of instruments classified in this level is determined based on valuation models that primarily use inputs that can not be observed in active markets. The valuations are based on various inputs, not all directly derived from observable market parameters, and involve estimates and assumptions on the part of the evaluator.

5. ACCOUNTING STANDARDS, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The criteria for making estimates and measurements are reviewed periodically, based on historical experience and other factors such as expectations of possible future events that are reasonably likely to take place.
If first-time application of a standard affects the current year or the previous one, the effect is shown by indicating the change caused by any transitional rules, the nature of the change, a description of the transitional rules, which may also affect future years, and the amount of any adjustments to years prior to those being presented.
If a voluntary change of a standard affects the current or previous year, the effect is shown by indicating the nature of the change, the reasons for adopting the new standard, and the amount of any adjustments to years prior to those being presented.
In the event of a new standard or interpretation issued but not yet in force, an indication is given of the fact, its potential impact, the name of the standard or interpretation, the date on which it will come into force and the date of its first-time application.
A change in accounting estimate involves giving an indication of the nature and impact of the change. Estimates are used mainly in the recognition of asset impairment, provisions for risks, employee benefits, taxes and other provisions and allowances. Estimates and assumptions are reviewed regularly and the effects of any such changes are reflected in the income statement.
Lastly, the treatment of accounting errors involves an indication of the nature of the error and the amount of the adjustments to be made at the beginning of the first reporting period after they were discovered.

6. ADOPTION OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

The following accounting standards, amendments and interpretations were applied for the first time by the Group with effect from 1 January 2015:

- 20 May 2013 saw the publication of the interpretation **IFRIC 21 - *Levies***, which provides clarification on when to recognise a liability related to taxes (other than income taxes) imposed by a government agency. The standard addresses both the liabilities for taxes that fall within the scope of IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets* and those for which the timing and amount of the taxes are certain. The interpretation will apply retrospectively to annual periods beginning on or after 17 January 2014. Adoption of this new interpretation did not have any impact on the consolidated financial statements of the Group.

- On 12 December 2013, the IASB published its "Annual Improvements to IFRS: 2011-2013 Cycle" which incorporate the changes to standards as part of the annual refinement process. The main changes concern:
  - IFRS 3 Business Combinations – Scope exception for joint ventures. The amendment clarifies that paragraph 2(a) of IFRS 3 excludes the formation of all types of joint arrangement, as defined by IFRS 11, from the scope of IFRS 3;
  - IFRS 13 Fair Value Measurement – Scope of portfolio exception (para. 52). The amendment clarifies that the portfolio exception included in paragraph 52 of IFRS 13 applies to all contracts included within the scope of IAS 39 (or IFRS 9) regardless of whether they meet the definition of financial assets and liabilities provided by IAS 32;
  - IAS 40 *Investment Properties – Interrelationship between IFRS 3 and IAS 40*. 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 within the scope of IFRS 3, it is necessary to refer to the specific instructions provided by IFRS 3 or IAS 40.

The amendments are effective for annual periods beginning on or after 1 January 2015. Adoption of these amendments did not have any impact on the consolidated financial statements of the Group.

Accounting standards, amendments and IFRS and IFRIC interpretations endorsed by the European Union, but not yet applicable on a compulsory basis and not adopted early by the group at 30 June 2015:

- On 21 November 2013 the IASB issued an amendment to IAS 19 "***Defined Benefit Plans: Employee Contributions***", which aims to present the contributions (relating only to the service provided by the employee during the year) made by employees or third parties to defined benefit plans to reduce the service cost for the year in which the contribution is paid. The need for this proposal arose with the introduction of the new IAS 19 (2011), where it is believed that such contributions are to be interpreted as part of a post-employment benefit, rather than as a short term benefit, and should therefore be spread over the employee's period of service. The amendments are effective for annual periods beginning on or after 1 February 2015. The Directors are currently assessing the potential effects of this amendment on the Group's consolidated financial statements.

- On 12 December 2013, the IASB published its "***Annual Improvements to IFRSs: 2010-2012 Cycle***" which incorporate the changes to standards as part of the annual refinement process. The main changes concern:
  - IFRS 2 *Share Based Payments – Definition of vesting condition.* Changes have been made to the definition of "vesting condition" and "market condition" and the definitions of "performance condition" and "service condition" have been added (they were previously included in the definition of "vesting condition");
  - IFRS 3 *Business Combinations – Accounting for contingent consideration*. The amendment clarifies that contingent consideration as part of a business combination classified as a financial asset or liability has to be remeasured at fair value at each balance sheet date and any changes in fair value are recognised in the income statement or among the elements of comprehensive income based on the requirements of IAS 39 (or IFRS 9);
  - IFRS 8 *Operating Segments – Aggregation of operating segments*. The amendments require an entity to provide disclosures about the assessments made by management in applying the criteria for the aggregation of operating segments, including a description of the operating segments being aggregated and of the economic indicators considered in determining whether such operating segments have "similar economic characteristics;

-IFRS 8 *Operating Segments – Reconciliation of total of the reportable segments' assets to the entity's assets*. The amendments clarify that the reconciliation between the total assets of the operating segments and the total assets of the entity only has to be presented if the total assets of the operating segments are regularly reviewed by the chief operating decision maker;

-IFRS 13 *Fair Value Measurement – Short-term receivables and payables*. The Basis for Conclusions of this standard have been amended to clarify that, with the issuance of IFRS 13 and consequent changes to IAS 39 and IFRS 9, the possibility of accounting for current trade receivables and payables without booking the effects of discounting remains valid, if these effects are not material;

- IAS 16 *Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization*. The changes have eliminated the inconsistencies in the recognition of depreciation or amortization when a tangible or intangible asset is revalued. The requirements arising from amendments clarify that the gross carrying amount of the asset has to be adjusted in proportion to the revaluation of the net carrying amount of the asset and that the accumulated depreciation or amortization is equal to the difference between the gross and net carrying amounts, net of any impairment losses that have been accounted for;

- IAS 24 *Related Party Disclosures – Key management personnel*. This clarifies that in the event that the services of key management personnel are provided by an entity (and not by an individual), this entity is to be considered a related party.

The amendments are effective for annual periods beginning on or after 1 February 2015. The Directors are currently assessing the potential effects of these amendments on the Group's consolidated financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS OF IFRS NOT YET ENDORSED BY THE EUROPEAN UNION

At the date of these consolidated half-yearly financial statements, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the following amendments and standards.

- On 30 January 2014, the IASB issued **IFRS 14 *- Regulatory Deferral Accounts*** which only allows those who adopt IFRS for the first time to continue recognising the amounts related to so-called "rate regulation activities" in accordance with the previous accounting principles. Given that neither the Company nor the Group are a first-time adopter, this standard is not applicable.

- On 6 May 2014 the IASB issued a number of amendments to **IFRS 11** – "***Joint Arrangements – Accounting for acquisitions of interests in joint operations***" relating to the accounting for the purchase of interests in a joint operation whose activities constitute a business as intended in IFRS 3. The amendments require that in these circumstances the principles set out in IFRS 3 on accounting for the effects of a business combination are to be applied.

  These amendments will be applicable from 1 January 2016, but earlier application is permitted. Directors do not expect any impact on the Group's consolidated financial statements from the application of these amendments.

- On 12 May 2014 the IASB issued a number of amendments to **IAS 16 – *"Property, plant and Equipment"*** and to **IAS 38 *Intangible Assets – "Clarification of acceptable methods of depreciation and amortisation"***. The amendments to IAS 16 lay down that revenues are not an appropriate basis on which to calculate depreciation, because, according to the amendment, the revenue generated by an asset that includes the use of the asset being depreciated generally reflect factors other than just consumption of the economic benefits of the asset. The amendments to IAS 38 introduce a presumption that a depreciation method based on revenues is generally considered inappropriate for the same reasons as for the amendments made to IAS 16. In the case of intangible assets, this presumption can also be rebutted, but only in limited and specific circumstances.

These amendments will be applicable from 1 January 2016, but earlier application is permitted. Directors do not expect any impact on the Group's consolidated financial statements from the application of these amendments.

- On 28 May 2014, the IASB issued **IFRS 15** - ***Revenue from Contracts with Customers*** which will replace IAS 18 - *Revenue* and IAS 11 - *Construction Contracts*, as well as the interpretations: IFRIC 13 - *Customer Loyalty Programmes*, IFRIC 15 - *Agreements for the Construction of Real Estate*, IFRIC 18 - *Transfers of Assets from Customers* and SIC 31 - *Revenues-Barter Transactions Involving Advertising Services*. The standard lays down a new model of revenue recognition that will apply to all contracts with customers, except for those that fall within the scope of other IAS/IFRS as leases, insurance contracts and financial instruments. The basic steps for the recognition of revenue under the new model are:
  - ✓ identification of the contract with the customer;
  - ✓ identification of the performance obligations laid down in the contract;
  - ✓ determination of the price;
  - ✓ allocation of the price to the performance obligations laid down in the contract;
  - ✓ the method of recognition of the revenues when the entity meets each performance obligation.

This standard will be applicable from 1 January 2017, but earlier application is permitted (in May 2015 IASB issued an Exposure Draft proposing to postpone the date of first application to 1 January 2018). The Directors are of the opinion that application of IFRS 15 could have a significant impact on the amounts booked as revenues and on the related disclosures to be made in the Group's consolidated financial statements. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis of its contracts with customers.

- On 30 June 2014, the IASB issued a number of amendments to **IAS 16 - *Property, Plant and Equipment*** and **IAS 41 - *Agriculture - Bearer Plants***. The amendments require that bearer plants, i.e. fruit trees that will give rise to annual harvests (such as grapevines or hazelnut trees) should be accounted for in accordance with IAS 16 (rather than IAS 41). This means that such assets should be valued at cost rather than at fair value less costs to sell (however, the revaluation method proposed by IAS 16 for the valuation of such assets can be used). The proposed changes are confined to the plants used to produce seasonal fruits and not to be sold as living plants or harvested as agricultural produce. These plants also fall under the scope of IAS 16 during the phase of biological maturation, i.e. up to the point that they are able to generate agricultural produce.

  These amendments will be applicable from 1 January 2016, but earlier application is permitted. Directors do not expect any impact on the Group's consolidated financial statements from the application of these amendments.

- On 24 July 2014 the IASB issued the final version of **IFRS 9 – *Financial instruments***. The document includes the results of steps relating to classification and measurement, impairment and hedge accounting, of the IASB's project to replace IAS 39. This new standard, which replaces the previous versions of IFRS 9, has to be applied in financial statements beginning on or after 1 January 2018.

Following the financial crisis of 2008, on the request of the main financial and political institutions, the IASB launched the project to replace IFRS 9 and proceeded in stages. In 2009, the IASB published the first version of IFRS 9 that was only the classification and measurement of financial assets; later, in 2010, it published the criteria for the classification and measurement of financial liabilities and derecognition (the latter transposed unchanged from IAS 39). In 2013, IFRS 9 was amended to include the general hedge accounting model. Following the current issue, which also includes impairment, IFRS 9 is to be considered complete, except for the criteria regarding macro hedging, for which the IASB has launched a separate project.

The standard introduces new criteria for the classification and measurement of financial assets and liabilities. More specifically, the new standard uses a single approach based on how financial instruments are managed and on the characteristics of the contractual cash flows of financial assets to determine how they should be measured, replacing the various different rules envisaged in IAS 39. For financial liabilities, on the other hand, the main change concerns the accounting treatment of changes in the fair value of a financial liability designated at fair value through profit and loss, when they are due to a change in the credit rating of the said liability. Under the new standard, these changes have to be recognised in "Other comprehensive income" and no longer in the income statement.

With reference to the impairment model, the new standard requires loan losses to be estimated on the basis of the expected losses (and not incurred losses), using information that has adequate support, available without unreasonable effort or expense, and that includes historic, current and prospective figures. The standard requires that this impairment model apply to all financial instruments, namely financial assets carried at amortised cost, to those measured at fair value through other comprehensive income, and to receivables arising from leases and trade receivables.

Lastly, the standard introduces a new model of hedge accounting to adapt the requirements of the current IAS 39 which were sometimes considered too stringent and unsuitable to reflect companies' risk management policies. The main changes in the document concern:

- increase in the types of transactions eligible for hedge accounting, also including the risks of non-financial assets/liabilities eligible to be managed in hedge accounting;
- change in the method of accounting for forward contracts and options when included in a hedge accounting relationship in order to reduce the volatility of the income statement;
- changes in the effectiveness test by replacing the current procedures based on the 80-125% parameter with the principle of "economic relationship" between the hedged item and the hedging instrument; in addition, an assessment of the retrospective effectiveness of the hedging relationship will not be required any more;

A greater flexibility in the new accounting rules is offset by additional disclosure requirements about the company's risk management activities. The Directors are of the opinion that application of IFRS 9 could have a significant impact on the amounts and disclosures to be reported in the Group's consolidated financial statements. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis.

- On 11 September 2014 the IASB issued an amendment to **IFRS 10 and IAS 28 - *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture***. This document was published in order to resolve the current conflict between IAS 28 and IFRS 10.

According to IAS 28, the gain or loss resulting from the sale or transfer of a non-monetary asset to a joint venture or associate in exchange for a share in the latter's capital is limited to the share held in joint venture or associate by other investors not involved in the transaction. On the other hand, IFRS 10 requires the recording of the entire gain or loss in the event of loss of control of a subsidiary, even if the entity continues to hold a non-controlling stake in it, also including in these circumstances the sale or transfer of a subsidiary to a joint venture or associate. The changes foresee that when there is a sale/transfer of an asset or a subsidiary to a joint venture or associate, the measurement of the gain or loss to be recognised in the financial statements of the assignor/transferor depends on the fact that the assets or the subsidiary sold/transferred constitute or do not constitute a business, as understood in IFRS 3. In the event that the assets or the subsidiary sold/transferred represent a business, the entity has to recognise the gain or loss on the entire investment held; whereas, if it does not, the portion of the gain or loss related to the share still held by the entity has to be eliminated. The amendments will apply from 1 January 2016, though it is expected that first application will be postponed. Directors do not expect any impact on the Group's consolidated financial statements from the application of these amendments.

- On 25 September 2014 the IASB issued the document ***"Annual Improvements to IFRSs: 2012-2014 Cycle"***. The amendments introduced by this document have to be applied for years beginning on 1 January 2016 or after.

  The document introduces changes to the following standards:

  - IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. The amendment introduces specific guidelines to the principle in the case that an entity reclassifies an asset (or a disposal group) from "held-for-sale" to "held-for-distribution" (or vice versa), or when an asset no longer meets the requirements for classification as "held-for-distribution". The changes define that (i) such reclassifications should not be considered as a change to a sales plan or to a distribution plan and that the same criteria for classification and measurement remain valid; (ii) assets that no longer meet the criteria for classification as "held-for-distribution" should be treated in the same way as an asset that ceases to be classified as "held-for-sale";
  - IFRS 7 – *Financial Instruments: Disclosure*. The amendments govern the introduction of additional guidelines to clarify whether a servicing contract constitutes a continuing involvement in a transferred asset for the purposes of the disclosure requirements on the assets transferred. It is also clarified that the disclosure on the off-setting of financial assets and liabilities is not normally explicitly requested for interim financial statements. However, this disclosure may be needed to fulfil the requirements of IAS 34, in the event that it represents significant information;
  - IAS 19 – *Employee Benefits*. The document introduces amendments to IAS 19 to clarify that the high quality corporate bonds used to determine the discount rate of post-employment benefits should be in the same currency as is used for payment of the benefits. The amendments clarify that the breadth of the market for high quality corporate bonds to be considered is at the currency level;
  - IAS 34 – *Interim Financial Reporting*. This document introduces amendments to clarify the requirements to be met in the event that the disclosure requirement is submitted as part of the interim financial report, but outwith the interim financial statements. The amendment specifies that this disclosure can be included through a cross-reference from the interim financial statements to other parts of the interim financial report and that this document is available to readers of the financial statements in the same manner and according to the same timetable as the interim financial statements.

    The Directors are currently assessing the potential effects of these amendments on the Group's consolidated financial statements.

- On 18 December 2014 the IASB issued amendments to **IAS 1 - *Disclosure Initiative***. The objective of the amendments is to provide clarifications about certain disclosures that could be perceived as impediments to clear and intelligible financial statements. The amendments are as follows:
  - Materiality and aggregation: it is explained that a company should not make information more obscure by aggregating or disaggregating it and that materiality considerations apply to the financial statements, notes and specific disclosure requirements of IFRS. The disclosures specifically required by IFRS only have to be provided if the information is material;
  - Statement of financial position and statement of comprehensive income: it is clarified that the list of entries specified by IAS 1 for these tables can be disaggregated and aggregated as appropriate. There is also a guideline on the use of subtotals within statements;
  - Presentation of elements of Other Comprehensive Income ("OCI"): it is explained that the share of OCI of associates and joint ventures consolidated using the equity method must be presented in aggregate in a single item and then divided between components subject or not subject to reclassifications to the income statement;
  - Explanatory notes: it is clarified that entities have flexibility in defining the structure of the notes and provides a guideline on setting up the notes in a systematic order, for example:
    - ✓ Giving prominence to those that are more relevant to understanding the economic and financial position (e.g. grouping together information on particular activities);
    - ✓ Grouping together items that are measured in the same way (e.g. assets measured at fair value);
    - ✓ Following the order of the elements presented in the tables.

  The amendments introduced by this document have to be applied for years beginning on 1 January 2016 or after. The Directors do not expect these changes to have a significant impact on the consolidated financial statements.

- On 18 December 2014 the IASB issued the document "Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)", containing amendments related to issues arisen after the application of the consolidation exception granted to investment entities. The amendments introduced by this document have to be applied for years beginning on 1 January 2016 or after. The Directors do not expect these changes to have a significant impact in the Group's consolidated financial statements as the Company does not satisfy the definition of an investment entity.

7. NON-CURRENT ASSETS

7.a. Intangible assets

	Opening position			Changes for the period							Closing position		
	Original cost	*amortisation and write-downs*	*Net balance 31/12/2014*	*Acquisitions*	*Business combinations/disposals*		*rate differences*	*Other changes*	Net disposals cost	*amortisation and write-downs*	*Original cost*	*Accumulated amortisation and write-downs*	*Net balance 31/12/2014*
(in thousands of euro)					*increases*	*decreases*							
Start-up and expansion costs	36	(36)	--	--	--	--	--	--	--	--	36	(36)	--
Capitalised development costs													
- purchased	--	--	--	--	--	--	--	--	--	--	--	--	--
- produced internally	171,610	(93,836)	77,774	9,895	--	--	1,243	1,222	(83)	(10,355)	184,037	(104,341)	79,696
Industrial patents and intellectual property rights	47,072	(14,537)	32,535	1,582	--	--	5	143	--	(1,811)	48,977	(16,523)	32,454
Concessions, licences, trademarks and similar rights	79,457	(66,074)	13,383	676	11	--	20	282	--	(1,368)	80,458	(67,454)	13,004
Titles and trademarks	388,002	--	388,002	--	--	--	--	--	--	--	388,002	--	388,002
Frequencies	87,234	--	87,234	44	--	--	--	--	--	--	87,278	--	87,278
Goodwill	389,724	(47,089)	342,635	44,085	10,980	--	766	2	--	(366)	538,209	(140,107)	398,102
Assets in progress and advance payments													
- purchased	3,792	--	3,792	1,382	--	--	100	(337)	(26)	--	4,911	--	4,911
- produced internally	16,095	(728)	15,367	5,170	--	--	347	(1,221)	--	(176)	20,452	(965)	19,487
Other	26,400	(9,389)	17,011	130	250	--	36	(466)	--	(696)	27,040	(10,775)	16,265
Total	**1,209,422**	**(231,689)**	**977,733**	**62,964**	**11,241**	**--**	**2,517**	**(375)**	**(109)**	**(14,772)**	**1,379,400**	**(340,201)**	**1,039,199**

The intangible assets increase from € 977,733 thousand at 31 December 2014 to € 1,039,199 thousand at 30 June 2015, mainly because of the acquisitions carried out by the KOS Group.

Amortisation rates

Description	*%*
Capitalised development costs	20-33%
Industrial patents and intellectual property rights	4-20%
Concessions, licences, trademarks and similar rights	16-30%
DTV frequencies	5%
Other intangible assets	16-30%

Goodwill, trademarks and other assets with an indefinite useful life

A more detailed analysis of the main items making up intangible assets with an indefinite useful life is given in the following charts.

Titles and trademarks:

(in thousands of euro)	*30.06.2015*	*31.12.2014*
la Repubblica	229,952	229,952
Local newspapers	154,741	154,741
Other titles and trademarks	3,309	3,309
Total	**388,002**	**388,002**

Frequencies:

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Radio frequencies	87,278	87,234
Total	**87,278**	**87,234**

Goodwill:

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Media Sector (Editoriale L'Espresso Group)	33,653	33,653
Healthcare sector (Kos Group)	231,898	176,431
Automotive sector (Sogefi Group)	128,638	128,638
Other investments	3,913	3,913
Total	**398,102**	**342,635**

The increase in "Goodwill" in the Healthcare segment refers to the acquisition of Polo Geriatrico Riabilitativo S.p.A. (€ 28,190 thousand) and Argento Vivo S.r.l. (€ 26,875 thousand). The companies acquired were included in the consolidated financial statements on the date when the risks and benefits were transferred to the Group, which generally coincides with the acquisition date. The cost of the business combination has been allocated to the assets, liabilities and intangible assets not recorded in the financial statements of the acquired companies, within the limits of their fair value. The residual amount has been attributed to goodwill. Considering the complexity of the valuation process, international accounting standards allow the definitive allocation to be made within twelve months from the acquisition date.

Goodwill has been allocated to the CGUs that were identified in the same way that management of the Parent Company operates and manages its assets, based on the Group's operating sectors. The above chart shows the allocation of goodwill by Group operating sector.

In order to perform the impairment test of goodwill and other intangible assets with an indefinite useful life, the recoverable value of each cash generating unit, defined in accordance with IAS 36, was estimated with reference to its value in use or its fair value less selling costs and having regard - where applicable in the specific circumstances - for the guidelines contained in the document entitled “Impairment test of goodwill in the context of crises in the financial markets and the real economy: guidelines” issued by the O.I.V. (Italian Valuation Board).
Value in use was calculated by discounting to present value future cash flows generated by the unit in the production phase and at the time of its disposal, using an appropriate discount rate (discounted cash flow or DCF method). More specifically, in accordance with what is required by international accounting standards, to test the value, cash flows were considered without taking into account inflows and outflows generated by financial management or any cash flows relating to tax management. The cash flows to be discounted are therefore distinctive, unlevered operating cash flows (as they refer to individual units).
The cash flows of the single operating units were extrapolated from the budgets and forecasts made by the management of the operating units concerned. These plans were then processed on the basis of economic trends recorded in previous years and using the forecasts made by leading analysts on the outlook for the respective markets and more in general on the evolution of each business sector.
To give a fair estimate of a CGU's value in use, we had to assess its expected future cash flows, expected changes in the amount and timing of these flows, the discount rate to be used and any other risk factors affecting the unit

In order to determine the discount rate to be used, we calculated the weighted average cost of capital (WACC) invested at sector level, regardless of the financial structure of the individual company or subgroup. More specifically, the discount rate used for the Media sector was determined gross of tax (pre-tax WACC), whereas for the other sectors the after-tax WACC was used, thereby expressing future cash flows on a consistent basis in these cases.

The fair value less costs to sell of an asset or group of assets (e.g. a CGU) is best expressed in the price established by a "binding sale agreement in an arm's length transaction", net of any direct disposal costs. If this information was not available, the fair value net of costs to sell was determined in relation to the following trading prices, in order of importance:

- the current price traded on an active market;
- prices for similar transactions executed previously;
- the estimated price based on information obtained by the company.

The recoverable value of each asset was estimated with reference to the higher of its fair value less costs to sell or its value in use, if both were available.

As required by IAS 36, goodwill is tested for impairment at least once a year, except in cases where there are indications that require an immediate assessment of possible impairment losses.
At 30 June 2015, in light of the trends in sales and margins of the CGUs during the first half of 2015, also in relation with their respective plans, there were no indications that suggested that the impairment test was no longer valid, nor that the amounts were no longer reasonable.

7.b. Tangible assets

(in thousands of euro)	*Opening position*			*Changes for the period*								*Closing position*		
	Original cost	*Accumulated depreciation and write-downs*	*Net balance 31/12/2014*	*Acquisitions*	*Business combinations/disposals*		*Capitalised financial charges*	*Exchange rate differences*	*Other changes*	*Net disposal cost*	*Depreciation and write-downs*	*Original cost*	*Accumulated depreciation and write-downs*	*Net balance 31/12/2014*
					increases	*decreases*								
Land	47,157	(522)	46,635	--	1,302	--	--	137	338	(4)	--	48,930	(522)	48,408
Buildings used for operating purposes	339,270	(149,744)	189,526	400	18,914	--	--	708	13,307	(10)	(5,698)	373,026	(155,879)	217,147
Plant and machinery	950,545	(728,142)	222,403	8,878	3,555	--	--	2,399	7,167	(15)	(21,838)	996,371	(773,822)	222,549
Industrial and commercial equipment	128,627	(99,588)	29,039	4,498	238	--	--	867	1,758	(11)	(3,328)	135,721	(102,660)	33,061
Other assets	246,734	(193,446)	53,288	3,893	851	--	--	233	1,162	(80)	(5,321)	251,052	(197,026)	54,026
Assets in progress and advance payments	82,108	(728)	81,380	26,490	--	--	--	834	(23,747)	(11)	--	85,674	(728)	84,946
Total	**1,794,441**	**(1,172,170)**	**622,271**	**44,159**	**24,860**	**--**	**--**	**5,178**	**(15)**	**(131)**	**(36,185)**	**1,890,774**	**(1,230,637)**	**660,137**

Tangible assets increase from € 622,271 thousand as at 31 December 2014 to € 660,137 thousand as at 30 June 2015.

DEPRECIATION RATES

Description	*%*
Buildings used for operating purposes	3.00%
Plant and machinery	10.00-25.00%
Other assets:	
- Electronic office equipment	20.00%
- Furniture and fittings	12.00%
- Motor vehicles	25.00%

7.c. Investment property

	Opening position			Changes for the period								Closing position		
	Original cost	*Accumulated depreciation and write-downs*	*Net balance 31/12/2014*	*Acquisitions*	*Business combinations/disposals*		*Capitalised financial charges*	*Exchange rate differences*	*Other changes*	*Net disposal cost*	*Depreciation and write-downs*	*Original cost*	*Accumulated depreciation and write-downs*	*Net balance 31/12/2014*
(in thousands of euro)					*increases*	*decreases*								
Land and buildings	27,989	(7,550)	20,439	209	--	--	--	--	--	--	(372)	28,198	(7,922)	20,276
Total	**27,989**	**(7,550)**	**20,439**	**209**	**--**	**--**	**--**	**--**	**--**	**--**	**(372)**	**28,198**	**(7,922)**	**20,276**

Investment property decrease from € 20,439 thousand as at 31 December 2014 to € 20,276 thousand as at 30 June 2015, mainly due to depreciation for the period.
The market value is considerably higher than the carrying value.

DEPRECIATION RATES

Description	*%*
Buildings	3.00%

The position of leased assets and of restrictions applied to all tangible assets on account of guarantees and commitments at 30 June 2015 and 31 December 2014 is as follows:

(in thousands of euro)	*Gross leasing amount*		*Accumulated depreciation*		*Restrictions for guarantees and commitments*	
	30.06.2015	*31.12.2014*	*30.06.2015*	*31.12.2014*	*30.06.2015*	*31.12.2014*
Land	7,046	5,864	--	--	--	--
Buildings	56,990	34,133	9,040	7,338	131,178	131,178
Plant and machinery	8,170	7,624	4,571	3,890	162,531	162,531
Other assets	1,648	1,641	866	824	183	183
Assets in progress and advance payments	30,728	30,728	--	--	--	--

7.d. Investments in companies consolidated at equity

(in thousands of euro)

	Balance 31.12.2014	*Increases (Decreases)*	*Write-downs*	*Dividends*	*Pro-rata* share of result		*Other changes*	*Balance 30.06.2015*
					Loss	*Income*		
Persidera S.p.A.	130,103	--	--	(2,856)	--	2,031	--	129,278
Editoriale Libertà S.p.A.	13,920	--	--	(350)	--	172	--	13,742
Editoriale Corriere di Romagna S.r.l.	3,058	--	--	--	--	16	--	3,074
Altrimedia S.p.A.	681	--	--	--	--	18	--	699
Le Scienze S.p.A.	143	--	--	(71)	--	--	--	72
Apokos Rehab PVT Ltd	191	568	--	--	--	--	--	759
Huffingtonpost Italia S.r.l.	205	--	--	--	(80)	--	--	125
Devil Peak S.r.l.	--	--	--	--	--	--	--	--
Mark IV Asset (Shanghai) Auto Parts Co. Ltd	--	--	--	--	--	--	--	--
KTP Global Finance S.C.A.	--	--	--	--	--	--	--	--
Total	**148,301**	**568**	**--**	**(3,277)**	**(80)**	**2,237**	**--**	**147,749**

7.e. Other investments

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Ansa S. Coop. A.R.L.	2,209	2,209
Emittenti Titoli S.p.A.	132	132
Other	3,364	2,639
Total	**5,705**	**4,980**

The carrying values correspond to the cost, reduced where necessary for impairment, and are essentially considered to be equivalent to their fair value.

7.f. Other receivables

"Other receivables" at 30 June 2015 had a balance of € 67,690 thousand, compared with € 89,122 thousand at 31 December 2014.

At 30 June 2015, this item includes the following:
- € 16,890 thousand (€ 18,496 thousand at 31 December 2014) of unsecured and mortgage-backed receivables of the securitisation company Zeus Finance S.r.l.;

- a loan from CIR International S.A. in favour of Swiss Education Group AG for € 3,545 thousand (3,545 thousand as at 31 December 2014);
- € 23,368 thousand relating to the receivable from the vendor of the shares in Systèmes Moteurs S.A.S. (booked as part of the Purchase Price Allocation of the Systèmes Moteurs Group) for the recovery of costs arising from disputes about product quality, based on the guarantees provided by the vendor. Sogefi S.p.A. has initiated an international arbitration procedure, which is still underway, for the recovery of the receivable, as required by the purchase agreement.
- € 11,158 thousand of amounts due from the Treasury to the Sogefi Group, relating to tax receivables for research and development of the French subsidiaries, VAT receivable of Sogefi Auto Parts Co. and tax receivables on the purchase of assets by the Brazilian subsidiaries;

Please note that the balance at 31 December 2014 included a shareholder loan granted by Gruppo Editoriale L'Espresso S.p.A. to Persidera S.p.A. for € 21,300 thousand, which was repaid during the first half.

7.g. Securities

"Securities" as at 30 June 2015 amounted to € 91,426 thousand, compared with € 92,149 thousand at 31 December 2014, and refer mainly to investments in private equity funds and minority shareholdings. These investments were measured at fair value recognising to the fair value reserve an amount, net of tax, of € 18,877 thousand (€ 17,219 thousand as at 31 December 2014). During the period, gains for € 6,065 thousand (€ 5,696 thousand in 2014) were realised and booked to item 14.c.: "Gains on securities trading".

As at 30 June 2015, the residual commitment for investment in private equity funds amounted to € 6.5 million.

Certain securities whose fair value is unknown have been recognised at purchase cost.

7.h. Deferred taxes

The amounts refer to taxes resulting from deductible temporary differences and losses carried forward, deemed to be recoverable.
The breakdown of "Deferred tax assets and liabilities" by type of temporary difference is as follows:

(in thousands of euro)	30.06.2015		31.12.2014	
	Total temporary differences	Tax effect	Total temporary differences	Tax effect
Deductible temporary differences from:				
- write-down of current assets	39,572	11,259	39,440	11,406
- write-down of fixed assets	49,487	15,101	50,011	15,479
- revaluation of current liabilities	30,844	9,237	34,852	9,970
- revaluation of personnel provisions	73,390	19,786	70,172	19,179
- revaluation of provisions for risks and losses	88,960	28,507	87,112	27,563
- revaluation of long-term borrowings	--		--	--
- write-down of financial instruments	1,020	289	1,945	543
- tax losses from previous years	130,273	38,960	106,422	31,813
Total deferred tax assets	**413,546**	**123,139**	**389,954**	**115,953**
Taxable temporary differences from:				
- revaluation of current assets	804	219	774	209
- revaluation of fixed assets	445,130	138,214	431,023	133,010
- write-down of current liabilities	55,713	8,618	101,465	8,033
- valuation of personnel provisions	4,833	1,326	4,827	1,327
- write-down of provisions for risks and losses	416	132	416	132
- revaluation of financial instruments	1,042	141	1,407	325
Total deferred tax liabilities	**507,938**	**148,650**	**539,912**	**143,036**
Net deferred taxes		**(25,511)**		**(27,083)**

Deferred tax assets have been recognised, at operational sub-group level, with reference to their recoverability based on the related business plans. Prior-year losses not used in the calculation of deferred taxes relate to CIR International for approximately € 438 million, which can be carried forward without any limit, and to other Group companies for € 89 million. No deferred tax assets were calculated for these losses because present conditions are such that there is no certainty that they can be recovered.

The changes in "Deferred tax assets and liabilities" during the year were as follows:

(in thousands of euro)	*Balance at 31.12.2014*	*Use of deferred taxes from prior periods*	*Deferred taxes generated in the period*	*Exchange rate differences and other movements*	*Balance at 30.06.2015*
Deferred tax assets:					
- income statement	92,495	(3,253)	2,601	5,975	97,818
- equity	23,458	(10)	1,060	813	25,321
Deferred tax liabilities:					
- income statement	(123,855)	1	(2,934)	459	(126,329)
- equity	(19,181)	33	(47)	(3,126)	(22,321)
Net deferred taxes	(27,083)				(25,511)

8. *CURRENT ASSETS*

8.a. Inventories

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Raw materials, secondary materials and consumables	76,607	65,569
Work in progress and semi-finished goods	15,712	13,557
Finished goods and goods for resale	53,200	49,531
Advance payments	--	7
Total	**145,519**	**128,664**

The value of inventories is shown net of any write-downs made either in past years or this period and takes into account the degree of obsolescence of finished goods, goods for resale and secondary materials.

8.b. Trade receivables

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Receivables - customers	465,636	424,865
Receivables - parent companies	35	--
Receivables - subsidiaries and joint ventures	--	4,380
Receivables - associates	2,113	2,446
Total	**467,784**	**431,691**

"Receivables - customers" are interest-free and have an average maturity in line with market conditions.
Trade receivables are shown net of any write-downs that take credit risk into account. During the first half of 2015, accruals were made to the provision for the write-down of receivables for a total of € 1,857 thousand (€ 2,039 thousand during the first half of 2014).

"Receivables from parent companies" refer to services provided by CIR S.p.A. in favour of its parent company, COFIDE S.p.A., during the first half.
The item “Receivables - subsidiaries and joint ventures” at 31 December 2014 relates to receivables from the Sorgenia Group, cashed during the period.

8.c. Other receivables

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Receivables - associates	104	104
Tax receivables	52,065	46,758
Other receivables	56,754	45,101
Total	**108,923**	**91,963**

8.d. Financial receivables

"Financial receivables" incresed from € 10,017 thousand at 31 December 2014 to € 28,549 thousand at 30 June 2015. This item includes € 10,547 thousand which relates to the fair value measurement of the Cross Currency Swap contracts designated as hedge accounting, taken out by the Sogefi Group for the purpose of hedging the interest rate and currency risk on the private bond placement of USD 115 million, € 11,583 thousand of receivables due to the Kos Group by factoring companies for non-recourse assignments, and € 3,006 thousand relating to the amount owed to the Espresso Group for the sale of All Music.

8.e. Securities

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Italian Government securities or similar securities	2,570	2,591
Investment funds and similar funds	78,187	57,736
Bonds	35,458	24,096
Certificates of deposit and other securities	31,055	53,495
Total	**147,270**	**137,918**

The fair value measurement of "Securities" led to a positive adjustment to the income statement of € 1,781 thousand.

8.f. Available-for-sale financial assets

This item totals € 136,095 thousand and refers for € 51,918 thousand to shares in hedge funds and redeemable shares in asset management companies held by CIR International S.A. The degree of liquidity of the investment is a function of the time required for the redemption of the funds, which normally varies from one to three months.
The fair value measurement of these funds involved a total value adjustment of € 9,683 thousand (€ 17,914 thousand at 31 December 2014). During the period, gains for € 16,679 thousand (€ 5,163 thousand in 2014) were realised and booked to item 14.c.: “Gains from securities trading”.
This item also includes € 84,177 thousand for five life insurance policies with leading insurance companies taken out by Cir Investimenti S.p.A., for which € 865 thousand have been booked.

8.g. Cash and cash equivalents

They rose from € 347,184 thousand at 31 December 2014 to € 290,948 thousand at 30 June 2015.

A breakdown of the changes is given in the statement of cash flows.

8.h. Assets and liabilities held for sale

The balance at 30 June 2015 refers to “Non performing loans”.
CIR decided last year to terminate this line of business and to manage its residual investments through the securitisation company Zeus Finance S.r.l..
Remember that, in pursuance of the provisions of IFRS 5, the figures at 31 December 2014 also included the assets and liabilities relating to the Sorgenia Group.

9. EQUITY

9.a. Share capital

The share capital at 30 June 2015 amounts to € 397,146,183.50, the same as at 31 December 2014, and is made up of 794,292,367 shares with a nominal value of € 0.50 each.

At 30 June 2015 the Company held 81,693,080 treasury shares (10.285% of the share capital) for a value of € 138,033 thousand, compared with 54,565,814 treasury shares (6.87% of the share capital) for a value of € 110,443 thousand at 31 December 2014. The net increase was caused by the purchase of 27,332,543 shares less the exercise of stock grants for 205,277 shares.

In application of IAS 32, treasury shares held by the Parent Company are deducted from total equity.

The share capital is fully subscribed and paid up. None of the shares are subject to any rights, privileges or limitations on the distribution of dividends, with the exception of treasury shares.

Note that for a period of five years from 30 June 2014 the Board of Directors was authorised to increase the share capital once or more by a maximum of € 500 million (nominal value) and for a further maximum of € 20 million (nominal value) in favour of directors, employees of the Company, its subsidiaries and parent companies.

Regarding the stock option plans and stock grants, at 30 June 2015 there were 44,146,288 options outstanding, corresponding to an equivalent number of shares.

The "Stock option and stock grant reserve" refers to the notional value of the incentives assigned to employees and agreed after 7 November 2002.

9.b. Reserves

The changes and breakdown of "Reserves" are as follows:

(in thousands of euro)	*Share premium reserve*	*Legal reserve*	*Fair value reserve*	*Translation reserve*	*Reserve for treasury shares*	*Stock option and stock grant reserve*	*Other reserves*	*Total reserves*
Balance at 31 December 2013	**36,265**	**115,969**	**18,940**	**(21,389)**	**24,764**	**21,707**	**105,975**	**302,231**
Increases in capital	--	--	--	--	--	--	--	--
Unclaimed dividends as per Art. 23 of the Articles of Association	--	--	--	--	--	--	--	--
Fair value measurement of hedging instruments	--	--	(4,865)	--	--	--	--	(4,865)
Fair value measurement of securities	--	--	5,666	--	--	--	--	5,666
Securities *fair value* reserve released to income statement	--	--	(1,370)	--	--	--	--	(1,370)
Adjustment for treasury share transactions	1,880	--	--	--	2,519	--	--	4,399
Movements between reserves	--	--	--	--	--	(1,356)	--	(1,356)
Notional cost of stock options credited	--	--	--	--	--	2,604	--	2,604
Effects of changes in equity of subsidiaries	--	--	29	68	--	--	1,249	1,346
Actuarial gains (losses)	--	--	--	--	--	--	(12,786)	(12,786)
Currency translation differences	--	--	87	11,152	--	--	--	11,239
Balance at 31 December 2014	**38,145**	**115,969**	**18,487**	**(10,169)**	**27,283**	**22,955**	**94,438**	**307,108**
Increases in capital	--	--	--	--	--	--	--	--
Unclaimed dividends as per Art. 23 of the Articles of Association	--	--	--	--	--	--	--	--
Fair value measurement of hedging instruments	--	--	11,153	--	--	--	--	11,153
Fair value measurement of securities	--	--	8,189	--	--	--	--	8,189
Securities *fair value* reserve released to income statement	--	--	(14,867)	--	--	--	--	(14,867)
Adjustment for treasury share transactions	347	--	--	--	13,564	--	--	13,911
Movements between reserves	--	--	--	--	--	(2,449)	--	(2,449)
Notional cost of stock options credited	--	--	--	--	--	932	--	932
Effects of changes in equity of subsidiaries	--	--	12	21	--	--	(440)	(407)
Actuarial gains (losses)	--	--	--	--	--	--	(702)	(702)
Currency translation differences	--	--	29	6,019	--	--	--	6,048
Balance at 30 June 2015	**38,492**	**115,969**	**23,003**	**(4,129)**	**40,847**	**21,438**	**93,296**	**328,916**

The "Fair value reserve", net of tax, was positive for € 23,003 thousand and referred (in positive) to the measurement of "Securities" in item 7.g. for € 18,877 thousand and of "Available-for-sale financial assets" in item 8.f. for € 9,683 thousand and (in negative) to the measurement of hedges for € 5,556 thousand and of "Securities" in item 8.e. for € 1 thousand.

The "Translation reserve" had a negative balance of € 4,129 thousand as at 30 June 2015 with the following breakdown:

(in thousands of euro)	*31.12.2014*	*Increases*	*Decreases*	*30.06.2015*
Sogefi Group	(12,441)	2,032	--	(10,409)
KOS Group	199	82	--	281
CIR Ventures	(2,071)	100	--	(1,971)
CIR International	4,012	3,990	--	8,002
Sorgenia Group	22	--	(22)	--
Other	110	--	(142)	(32)
Total	**(10,169)**	**6,204**	**(164)**	**(4,129)**

“Other reserves” are made up as follows:

(in thousands of euro)	
Reserve for capital increases	3
Statutory reserve	164
Reserve for the difference between the carrying values of investee companies and the respective portions of consolidated equity	93,129
Total	**93,296**

The changes in treasury shares during the year were as follows:

(in thousands of euro)	*Number of shares*	*Value*
Balance as at 31 December 2014	54,565,814	110,443
Increases/(decreases)	27,127,266	27,590
Balance as at 30 June 2015	**81,693,080**	**138,033**

9.c. Retained earnings (losses)

The changes in Retained earnings (losses) are shown in the "Statement of Changes in Equity”, which also include movements for the purchase of treasury shares.

10. NON-CURRENT LIABILITIES

10.a. Bonds

The breakdown of "Bonds", net of intercompany eliminations, is as follows:

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Gruppo Editoriale L'Espresso S.p.A. Convertible Bond 2.625% 2014/2019	77,607	75,760
SOGEFI S.p.A. Bond 2013/2020 in USD	102,444	94,359
SOGEFI S.p.A. Bond 2013/2020	24,928	24,922
SOGEFI S.p.A. 2% Bond 2014/2021	77,007	75,527
Total	**281,986**	**270,568**

In application of IAS 32 and 39, the original values of bond issues were written down to take into account expenses incurred and issue discounts.

As regards the Sogefi S.p.A. 2% Bond 2014/2021, please note that following the resolution of the Board of Directors on 19 January 2015 and the signing of a formal renunciation (or "deed poll") under English law, which took place on 28 January 2015, Sogefi S.p.A. unilaterally waived the right to redeem the convertible bonds in cash rather than in ordinary shares in the event of the conversion rights being exercised under the loan regulations. This waiver is final, irrevocable and unconditional. Under English law, this waiver has the same effect as amending the loan regulations.

On 28 January 2015 the fair value option (calculated using the same model applied at 31 December 2014) amounted to € 9,090 thousand. This had a positive effect on the 2015 income statement of € 1,450 thousand. Moreover, given that the signing of the deed pool had a similar effect to the amendment to the bond regulation, Sogefi S.p.A. has reconsidered the liability-equity classification made upon initial recognition of the option (as the call option in favour of the Company no longer exist in an irrevocable, final and unconditional way). So on that date Sogefi S.p.A. reclassified the amount of this option (€ 9,090 thousand) to equity.

As regards the Sogefi S.p.A. 2.625% Bond 2014/2019 issued by Gruppo Editoriale L'Espresso S.p.A., please note that following the resolution of the Board of Directors on 21 January 2015 and the signing of a formal renunciation (or "deed poll") under English law, which took place on 29 January 2015, Gruppo Editoriale L'Espresso S.p.A. unilaterally waived the right to redeem the convertible bonds in cash rather than in ordinary shares in the event of the conversion rights being exercised under the loan regulations. This waiver is final, irrevocable and unconditional. Under English law, this waiver has the same effect as amending the loan regulations.

On 28 January 2015 the fair value option (calculated using the same model applied at 31 December 2014) amounted to € 4,290 thousand. This had a negative impact on the 2015 income statement of € 0.4 million. Moreover, given that the signing of the deed pool had a similar effect to the amendment to the bond regulation, Gruppo Editoriale L'Espresso S.p.A. has reconsidered the liability-equity classification made upon initial recognition of the option (as the call option in favour of the Company no longer exist in an irrevocable, final and unconditional way). So on that date Gruppo Editoriale L'Espresso S.p.A. reclassified the amount of this option (€ 4,290 thousand) to equity.

10.b. Other borrowings

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Collateralised bank loans	43,414	43,585
Other bank loans	175,180	187,649
Leases	90,706	72,540
Other payables	17,048	34,176
Total	**326,348**	**337,950**

This item mainly consist of borrowing by the Sogefi Group (€ 116,857 thousand), the KOS Group (€ 208,447 thousand) and in favour of Southlands S.r.l. (€ 1,044 thousand). "Other payables" include € 12,430 thousand relating to the fair value of derivative contracts hedging interest rate risk.

10.c. Personnel provisions

The details of this item are as follows:

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Employee leaving indemnity (TFR)	84,043	87,310
Pension funds and similar obligations	60,646	56,410
Total	**144,689**	**143,720**

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Opening balance	143,720	128,535
Provision for labour provided during the period	10,641	20,075
Increases for interest	1,399	3,454
Actuarial gains or losses	1,522	21,633
Benefits paid	(8,335)	(12,218)
Increases or decreases due to changes in the scope of consolidation	94	(633)
Discontinued operations	--	(2,302)
Other changes	(4,352)	(14,824)
Closing balance	**144,689**	**143,720**

10.d. Provisions for risks and losses

The breakdown and changes in the non-current part of these provisions are as follows:

(in thousands of euro)	*Provision for pending disputes*	*Provision for restructuring charges*	*Provision for other risks*	*Total*
Balance as at 31 December 2014	14,932	19,296	63,682	97,910
Provisions made during the period	796	21	13,446	14,263
Used	(609)	(8,749)	(19,049)	(28,407)
Exchange rate differences	(19)	(135)	(29)	(183)
Other changes	(1,765)	(656)	374	(2,047)
Balance as at 30 June 2015	13,335	9,777	58,424	81,536

The provision for other risks includes the provision for product warranties allocated by the Sogefi Group to cover claims from two customers relating to the supply from 2010 of a defective part by the subsidiary Systèmes Moteurs S.A.S., acquired by the Sogefi Group in July 2011. In the company's opinion, the defect was caused by a thermostat at the base of the component, made by a supplier of Systèmes Moteurs S.A.S., considering that responsibility for the defect derived from a subcomponent produced by the supplier, in 2012 Systèmes Moteurs S.A.S. started a lawsuit against the supplier in a French court, asking for a refund of any compensation that it might have to pay to the customers (the amount of the claim was subsequently updated as a result of requests from car manufacturers to Systèmes Moteurs S.A.S.).

The lawsuit involved a technical inspection by an expert appointed by the Court on 6 June 2012, with a view to defining technical responsibility for the defect. Proceedings on the merits have therefore been suspended, pending the expert's report.
The management, supported by the company, believes that the expert appointed by the Court will recognise the prevailing technical responsibility of the firm that supplied the component

On 9 July 2014, the two customers intervened in the proceedings by asking for the expert appraisal also to define the compensation due to them. Until that date, the two customers had not established any litigation against Systèmes Moteurs S.A.S. but had submitted claims for damages out of court.

The request for damages made to the Court by the first customer is approximately € 43 million, to which has to be added a further € 11.1 million for loss of image and financial charges. In January 2015 the customer anticipated informally that it intended to claim a further € 30 million for costs relating to recall campaigns that was about to launch. On 21 April 2015 that customer has updated its formal requests to the competent Court as follows: The € 43 million of damages requested have been updated to € 43.3 million; the request for costs of any future campaigns and future repairs has been formally confirmed for an amount of € 35.5 million; the claim for reputational damage and financial expense has been reduced from € 11.1 million to € 6.7 million; lastly, € 68.2 million has been claimed for lost profits. The likelihood of a liability as a result of the claim for lost profits is considered remote.

As for the second customer involved in this case, the claim submitted to the Court is for approximately € 40 million. The most recent claim lodged with the Court on 27 February 2015 has been increased to € 42.3 million.

Pending the Court's final decision and while not admitting its responsibility, Systèmes Moteurs S.A.S. has concluded an agreement with the second customer, which included payment of a "provisional amount" of € 8 million, until final quantification by the Court. If the Court's quantification comes to less than the amounts already paid, the customer will reimburse Systèmes Moteurs S.A.S., otherwise Systèmes Moteurs SAS will top up its payment. The customer has undertaken not to launch any other recall campaigns.

Similarly, on 24 February 2015, an agreement was signed with the first customer for a solution in line with the agreement already defined with the other customer. The hypothesis provides for a payment of € 10 million by way of provisional amount to be adjusted based on the judgement of the Court. Based on the above information, at 31 December 2014, we deemed it prudent to increase the provision for product warranties from € 12.6 million to € 18 million The provision has been used for € 18 million to pay these provisional amounts.

Having analysed the overall exposure to issues of product quality, at 30 June 2015 Sogefi decided for prudence to allocate € 12.8 million to the provision for product warranties.

With reference to the compensation expected from the seller of the shares in Systèmes Moteurs, as well as from the supplier of the sub-component, it should be noted that following completion of the process of determining the fair value of identifiable assets acquired and liabilities assumed by the Systèmes Moteurs Group, the Sogefi Group recorded in its consolidated financial statements an indemnification asset under IFRS 3.27 and 28, having received from the seller Dayco Europe S.r.l. contractual guarantees relating to defective products outstanding at the date of acquisition, including the one described above, for a total of € 23.4 million (compared with a total fair value of contingent liabilities of € 25.1 million).

At 30 June 2015 this indemnification asset was assessed according to IFRS 3.57, continuing to consider it recoverable on the basis of the contractual guarantees given by the seller and the above evaluations.

Note that having submitted a claim to the seller, Sogefi S.p.A. opened an international arbitration procedure, which is still in progress, for recovery of the amount due by the seller of the shares of Systèmes Moteurs S.A.S., as foreseen in the purchase agreement. It is expected that the parties will file final briefs in October 2015, which will be followed by the ruling of the arbitration panel.

These are complex procedures, which include an assessment of the technical, legal and market aspects; there is considerable uncertainty about what the final decisions by the French court and the arbitration panel will be. The estimate of the risk provision and the recovery of the assets that have been recognised is based on the best information available during preparation of the financial statements. They are subject to evolution over time on the basis of events as they materialise.

The breakdown and changes in the current part of these provisions are as follows:

(in thousands of euro)	*Provision for pending disputes*	*Provision for restructuring charges*	*Provision* for *other risks*	*Total*
Balance at 31 December 2014	5,935	18,993	57,727	82,655
Provisions made during the period	138	--	2,292	2,430
Used	(2,945)	(2,861)	(5,876)	(11,682)
Exchange rate differences	--	--	52	52
Other changes	1,904	--	1,319	3,223
Balance at 30 June 2015	**5,032**	**16,132**	**55,514**	**76,678**

Apart from the libel disputes regarding the Espresso Group, which are typical of all publishing businesses, the provision for disputes pending also covers risks for litigation of a commercial nature and labour suits.

The provision for restructuring charges includes amounts set aside for restructuring plans that have been publicly announced and communicated to the parties concerned and refers in particular to the production reorganisation projects involving companies of the Sogefi and Espresso Groups.
The provision for other risks is mainly to cover tax disputes pending with local tax authorities.

11. *CURRENT LIABILITIES*

11.a. Bonds

This items refers to the current portion of the Gruppo Editoriale L'Espresso S.p.A. Bond Loan. 2014/2019.

11.b. Other borrowings

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Collateralised bank loans	11,157	29,227
Other bank loans	96,996	63,447
Leases	9,335	7,538
Other borrowings	29,643	29,816
Total	**147,131**	**130,028**

This item mainly refers to € 88,888 thousand to loans within the Sogefi Group, to € 33,770 thousand to loans within the Kos Group and to € 23,974 thousand to loans within the Espresso Group.

11.c. Trade payables

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Payables - parent companies	199	96
Payables - subsidiaries and joint ventures	9	5,937
Payables - associates	883	1,471
Payables - suppliers	439,515	406,509
Advance payments	4,091	2,989
Total	**444,697**	**417,002**

"Payables - parent companies" mainly refer to operational support and communication services received by CIR S.p.A and to a rent agreement signed by Gruppo Editoriale L'Espresso S.p.A. with Cofide S.p.A..

As at 31 December 2014 "Payables - subsidiaries and joint ventures" related for € 5,926 thousand to payables of CIR S.p.A. to the Sorgenia Group, including € 5,905 thousand from taking part in the CIR tax consolidation, paid in June 2015.

11.d. Other payables

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Due to employees	86,587	77,580
Tax payables	39,714	31,941
Social security payables	40,980	48,692
Other payables	49,107	47,365
Total	**216,388**	**205,578**

NOTES ON THE INCOME STATEMENT

12. REVENUES

■ BREAKDOWN BY BUSINESS SECTOR

(in millions of euro)	*1st half 2015*		*1st half 2014*		*Change*
	amount	*%*	*amount*	*%*	*%*
Media	305.7	23.7	322.7	26.8	(5.3)
Automotive components	763.7	59.2	683.0	56.8	11.8
Healthcare	217.3	16.8	193.0	16.0	12.6
Other	4.0	0.3	4.5	0.4	(11.1)
Total consolidated revenues	**1,290.7**	**100.0**	**1,203.2**	**100.0**	**7.3**

■ BREAKDOWN BY GEOGRAPHICAL AREA

(in millions of euro)

1st half 2015	*Total revenues*	*Italy*	*Other countries European*	*North America*	*South America*	*Asia*	*Other countries*
Media	305.7	305.7	--	--	--	--	--
Automotive components	763.7	57.1	441.6	120.9	90.4	50.6	3.1
Healthcare	217.3	212.5	3.5	--	--	1.3	--
Other	4.0	3.2	0.8	--	--	--	--
Total consolidated revenues	**1,290.7**	**578.5**	**445.9**	**120.9**	**90.4**	**51.9**	**3.1**
Percentages	100.0%	44.8%	34.6%	9.4%	7.0%	4.0%	0.2%

1st half 2014	*Total revenues*	*Italy*	*Other countries European*	*North America*	*South America*	*Asia*	*Other countries*
Media	322.7	322.7	--	--	--	--	--
Automotive components	683.0	44.8	406.8	103.1	89.2	37.3	1.8
Healthcare	193.0	189.2	3.1	--	--	0.7	--
Other	4.5	4.4	0.1	--	--	--	--
Total consolidated revenues	**1,203.2**	**561.1**	**410.0**	**103.1**	**89.2**	**38.0**	**1.8**
Percentages	100.0%	46.6%	34.1%	8.6%	7.4%	3.2%	0.1%

The types of products marketed by the Group and the nature of its business sectors mean that revenue flows are reasonably linear throughout the period and are not subject to any particular cyclical phenomena on a like-for-like basis.

13. OPERATING COSTS AND INCOME

13.a. Costs for the purchase of goods

Costs for the purchase of goods increased from € 434,030 thousand in the first half of 2014 to € 483,935 thousand in the same period of 2015. The increase is mainly attributable to the Sogefi Group.

13.b. Costs for services

This item decreased from € 301,396 thousand in the first half of 2014 to € 324,172 thousand in the first half of 2015, as can be seen from the following breakdown:

(in thousands of euro)	*1st half 2015*	*1st half 2014*
Services from the Parent Company	90	210
Technical and professional consulting	41,560	42,898
Distribution and transport costs	20,080	18,581
Outsourcing	23,886	25,633
Other expenses	238,556	214,074
Total	**324,172**	**301,396**

The increase is mainly attributable to the Sogefi Group.

13.c. Personnel costs

Personnel costs amounted to € 361,930 thousand in the first half of 2015 (€ 347,366 thousand in the first half of 2014) and are as follows:

(in thousands of euro)	*1st half 2015*	*1st half 2014*
Salaries and wages	254,177	243,510
Social security contributions	81,350	79,452
Employee leaving indemnity	9,417	9,239
Pensions and similar benefits	1,224	1,702
Valuation of stock option plans	2,268	2,847
Other costs	13,494	10,616
Total	**361,930**	**347,366**

The increase is mainly attributable to the Sogefi Group.

The average number of employees of the Group in the first half of 2015 was 14,003 (13,834 in the first half of 2014).

13.d. Other operating income

This item can be broken down as follows:

(in thousands of euro)	*1st half 2015*	*1st half 2014*
State grants	513	554
Capital gains on asset disposals	1,700	51
Miscellaneous gains and other income	32,510	17,409
Total	**34,723**	**18,014**

"Miscellaneous gains and other income" include the use of the provisions for restructuring and product warranties recorded by the Sogefi Group during the period as specified in paragraph 10.d. "Provisions for risks and losses".

13.e. Other operating expense

This item can be broken down as follows:

(in thousands of euro)	*1st half 2015*	*1st half 2014*
Write-downs and losses on receivables	1,841	1,358
Allocations to provisions for risks and losses	14,359	575
Indirect taxes	15,564	14,204
Restructuring charges	1,880	9,475
Capital losses on asset disposals	285	1,019
Miscellaneous losses and other costs	13,765	12,227
Total	**47,694**	**38,858**

The increase in the "Allocations to provisions for risks and losses" is principally attributable to the Sogefi Group.

"Restructuring charges" relate to the costs involved in the restructuring plans already being implemented by the Sogefi Group.

14. FINANCIAL INCOME AND EXPENSE

14.a. Financial income

This item is made up of:

(in thousands of euro)	*1st half 2015*	*1st half 2014*
Interest income on bank accounts	959	3,645
Interest on securities	1,097	1,337
Other interest income	7,230	5,930
Interest rate derivatives	2,736	2,149
Exchange gains	1,607	263
Other financial income	--	55
Total	**13,629**	**13,379**

14.b. Financial expense

This item includes the following:

(in thousands of euro)	*1st half 2015*	*1st half 2014*
Interest expense on bank accounts	7,861	8,543
Interest expense on bonds	9,687	16,904
Other interest expense	4,107	3,903
Interest rate derivatives	3,281	7,547
Exchange losses	67	715
Other financial expenses	11,509	11,886
Total	**36,512**	**49,498**

The reduction in “Interest expense on bonds” is attributable to the early repayment of the CIR 5.75% 2004/2024 bond on 16 October 2014.

14.c. Gains from trading securities

The breakdown of "Gains from trading securities" is as follows:

(in thousands of euro)	*1st half 2015*	*1st half 2014*
Shares and options - subsidiaries	9,345	--
Other securities and other gains	23,431	11,453
Total	**32,776**	**11,453**

“Shares and options - subsidiaries” refers to gains related to the sale of All Music and Discovery Italy.

14.d. Losses from trading securities

The breakdown of "Losses from trading securities" is the following:

(in thousands of euro)	*1st half 2015*	*1st half 2014*
Shares and options - other companies	2,038	21
Other securities and other losses	109	3,620
Total	**2,147**	**3,641**

15. INCOME TAXES

Income taxes can be broken down as follows:

(in thousands of euro)	*1st half 2015*	*1st half 2014*
Current taxes	18,975	12,536
Deferred taxes	(2,807)	(31,938)
Prior year taxes	393	37,147
Total	**16,561**	**17,745**

16. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income for the period attributable to the ordinary shareholders by the weighted average number of shares in circulation. Diluted earnings per share is calculated by dividing net income for the period attributable to the ordinary shareholders by the weighted average number of ordinary shares in circulation during the period, adjusted for the dilutive effect of outstanding options. Treasury shares are not included in the calculation.
The Company has only one category of potential ordinary shares, those deriving from stock option and stock grant plans assigned to employees.
The dilutive effect that these ordinary shares to be issued or assigned to stock option and stock grant plans will have on earnings per share is not significant.
In calculating the average number of options, the average fair value of the shares for each financial year was used. The average fair value of CIR's ordinary shares in the first half of 2015 amounted to € 1.0223 compared with an average fair value of € 1.1083 in the first half of 2014.
The following chart provides information on the shares used to calculate basic and diluted earnings per share.

<u>Basic earnings (loss) per share</u>

	1st half 2015	*1st half 2014*
Net income attributable to the shareholders (in thousands of euro)	36,402	5,328
Weighted average number of ordinary shares in circulation	726,053,726	744,961,646
Basic earnings per share (euro)	**0.0501**	**0.0072**

	1st half 2015	*1st half 2014*
Net income from the statement of comprehensive income attributable to the shareholders (in thousands of euro)	46,223	3,848
Weighted average number of ordinary shares in circulation	726,053,726	744,961,646
Basic earnings per share (euro)	**0.0637**	**0.0052**

Diluted earnings (loss) per share

	1st half 2015	*1st half 2014*
Net income attributable to the shareholders (in thousands of euro)	36,402	5,328
Weighted average number of ordinary shares in circulation	726,053,726	744,961,646
Weighted average number of options	2,402,714	4,152,327
No. of shares that could have been issued at fair value	(1,887,592)	(3,871,875)
Adjusted weighted average number of shares in circulation	726,568,848	745,242,098
Diluted earnings (loss) per share (in euro)	**0.0501**	**0.0071**

	1st half 2015	*1st half 2014*
Net income from the statement of comprehensive income attributable to the shareholders (in thousands of euro)	46,223	3,848
Weighted average number of ordinary shares in circulation	726,053,726	744,961,646
Weighted average number of options	2,402,714	4,152,327
No. of shares that could have been issued at fair value	(1,887,592)	(3,871,875)
Adjusted weighted average number of shares in circulation	726,568,848	745,242,098
Total diluted earnings (loss) per share (euro)	**0.0636**	**0.0052**

17. DIVIDENDS PAID

The Company did not distribute any dividends during the first half of 2015.

18. FINANCIAL RISK MANAGEMENT: ADDITIONAL DISCLOSURES

The CIR Group operates in various industry and service sectors, both nationally and internationally, so its business is exposed to various kinds of financial risk, including market risk (exchange rate risk and price risk), credit risk, liquidity risk and interest rate risk.
The Group uses hedging derivatives to minimise certain types of risks.
Risk management is carried out by the central finance and treasury function on the basis of policies approved by top management and communicated to the subsidiaries on 25 July 2003.

18.a. Market risk

- Foreign currency risk

As the Group operates internationally, Sogefi in particular, it is exposed to the risk that fluctuations in exchange rates could affect the fair value of some of its assets and liabilities. The Sogefi Group produces and sells mainly in the Euro Area, but it is subject to foreign currency risk, especially versus the GB pound, Brazilian real, US dollar, Argentine peso, Chinese renminbi and Canadian dollar.
Regarding the exchange rate risk associated to translation of the financial statements of international subsidiaries, the operating companies generally have a high degree of convergence between the currencies of their sourcing costs and their sales revenues, are active both in their own domestic markets and abroad and, if necessary, can arrange funding locally.

18.b. Credit risk

Credit risk can be valued both in commercial terms by customer type, contractual terms and sales concentration, and in financial terms by type of counterparty used in financial transactions. There is no significant concentration of credit risk within the Group.
Some time ago adequate policies were put in place to ensure that sales are made to customers of good rating. The counterparties for derivative products and cash transactions are exclusively financial institutions with a high credit rating. The Group has policies that limit credit exposure to individual financial institutions.
Credit risk can vary depending on the business sector concerned. In the “Automotive Components” sector there is no excessive concentration of credit risk since the Original Equipment and After-market distribution channels with which it operates are car manufacturers or large purchasing groups without any particular concentration of risk.
The “Media” sector does not have any significant areas of credit risk and in any event the Group adopts operating procedures that prevent the sale of products or services to customers without an adequate credit profile or collateral.
The “Healthcare” sector does not present any concentration of credit risk because credit exposure is spread over a large number of customers and counterparties, especially in the residential care homes sector. The hospital sector, however, has a higher concentration of risk because most counterparties are local health authorities.
Since 2006 the CIR Group has been acquiring and managing non-performing loans and has put in place procedures for measuring and establishing the fair value of its portfolios.

18.c. Liquidity risk

Prudent management of liquidity risk implies maintaining sufficient liquidity and negotiable securities and ensuring an adequate supply of credit facilities to ensure adequate funding.
The Group systematically meets its maturities and commitments, and such conduct enables it to operate on the market with the necessary flexibility and reliability to maintain a correct balance between funding and deployment of its financial resources.
The companies heading up the three main business sectors manage their own liquidity risk directly and independently. Tight control is exercised over the net financial position and its movements in the short, medium and long term. In general, the CIR Group follows an extremely prudent financial policy using mainly medium/long-term funding structures.
Treasury management is centralised for each of the operating groups.

18.d. Interest rate risk (fair value and cash flow)

Interest rate risk depends on fluctuations in market rates, which can cause changes in the fair value of cash flows of financial assets or liabilities.
Interest rate risk mainly concerns long-term bonds issued at a fixed rate, which exposes the Group to the risk of fluctuations in their fair value as interest rates change.
In line with the Group's risk management policies, the Parent Company and the subsidiaries have entered into various IRS contracts and other types of derivatives over the years in order to hedge interest rate risk on their bond issues and bank borrowings.

18.e. Derivatives

Derivatives are measured at fair value.

For accounting purposes hedging transactions can be classified as:
- fair value hedges, if they are subject to price changes in the market value of the underlying asset or liability;
- cash flow hedges, if they are entered into against the risk of changes in cash flows from an existing asset and liability, or from a future transaction;
- hedges of net investments in foreign operations, if they are entered into to protect against foreign currency risk from the translation of subsidiaries' equity denominated in a currency other than the Group's functional currency.

For derivatives classified as fair value hedges, gains and losses resulting from both the determination of their market value and the adjustment to fair value of the element underlying the hedge are recognised to the income statement.
For instruments classified as cash flow hedges (interest rate swaps), gains and losses from marking them to market are recognised directly to equity for the part which "effectively" hedges the underlying risk, while any "non-effective" part is recognised to the income statement.

For instruments classified as hedges of a net investment in a foreign operation, gains and losses from marking them to market are recognised directly to equity for the part which "effectively" hedges the underlying risk, while any "non-effective" part is recognised to the income statement.
On initial recognition under hedge accounting, derivatives are accompanied by an effective hedging relationship which designates the individual derivative as a hedge and specifies its effectiveness parameters in relation to the financial instrument being hedged.
Hedge effectiveness is tested at regular intervals, with the effective part of the relationship being recognised to equity and the ineffective part, if any, to the income statement. More specifically, the hedge is considered effective when the change in fair value or in the cash flows of the instrument being hedged is "almost entirely" offset by the change in fair value or cash flows of the hedging instrument, and when the results achieved are in a range of 80%-125%.

18.f. Capital ratios

The management modulates the use of leverage to guarantee solidity and flexibility in the capital structure of CIR and its financial holding companies, measuring the ratio of funding sources to investment activity.

18.g. Borrowing conditions

Some of the Group's borrowing agreements contain special clauses which, in the event of failure to comply with certain economic and financial covenants, give the lending banks an option to claim immediate repayment if the company involved does not immediately remedy the infringement of such covenants as required under the terms and conditions of the agreements.
As at 30 June 2015 all the contractual clauses relating to medium and long term financial liabilities were fully complied with by the Group.

Below is a summary of the main covenants relating to the borrowings of the operating sub-holding companies outstanding at period end.

▪ Espresso Group

The Convertible Bond 2014/2019 and related interest payments are not backed by specific guarantees nor are there any covenants or clauses that could trigger early repayment.

▪ Sogefi Group

The covenants relating to the borrowing outstanding at year end are described below:
- loan of € 60,000 thousand - Intesa Sanpaolo S.p.A.: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5;
- loan of € 15,000 thousand - Banco do Brasil S.A.: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;
- loan of € 20,000 thousand - Mediobanca S.p.A.: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;
- loan of € 50,000 thousand - Unicredit S.p.A.: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;
- loan of € 55,000 thousand - BNP Paribas S.A.: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;
- loan of € 30,000 thousand - Société Générale S.A.: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;
- bond of USD 115,000 thousand: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;
- bond of € 25,000 thousand: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4.

  As at 30 June 2015, these covenants were all respected.

▪KOS Group

The Kos Group has undertaken to comply with the following covenants relating to some of its loans:

- a line of credit obtained by the parent company KOS: ratio of consolidated net financial position to consolidated EBITDA of less than 3.47 and ratio of EBITDA and financial expense of more than 5.44;
- Loan obtained by Istituto di Riabilitazione Santo Stefano S.r.l.: ratio of net financial position to EBITDA of less than 4.2 and ratio of consolidated net financial position to consolidated equity of less than 1.2;
- Loan obtained by Istituto di Riabilitazione Santo Stefano S.r.l.: ratio of net financial position to EBITDA of less than 4 and ratio of EBITDA to financial expense of more than 3.5;
- loan obtained by Residenze Anni Azzurri S.r.l.: ratio of net financial position to EBITDA of less than 4 and ratio of EBITDA to financial expense of more than 3.5;
- Loan obtained by Medipass S.p.A.: ratio of net financial position to EBITDA of less than 2.6 and ratio of consolidated net financial position to consolidated shareholders' equity of less than 2.2 and a Debt Service Coverage Ratio of more than 1.

  At 30 June 2015, these covenants were all respected.

Certain loan agreements also contain negative pledge, *pari passu* and change of control clauses, as well as limitations on the distribution of dividends. At the date of preparation of this report there have not been any breaches of these clauses and covenants.

18.h. Measurement of financial assets and liabilities and fair value hierarchy

The fair value of financial assets and liabilities is calculated as follows:

- the fair value of financial assets and liabilities with standard terms and conditions listed on an active market is measured on the basis of prices published on the active market;
- the fair value of other financial assets and liabilities (except for derivatives) is measured using commonly accepted valuation techniques based on analytical models using discounted cash flows, which as variables use prices observable in recent market transactions and broker listed prices for similar instruments.
- the fair value of derivatives that are listed on an active market is measured on the basis of market prices; if no prices are published, different approaches are used according to the type of instrument.

In particular, for the measurement of certain investments in bond instruments with no regular market, i.e. where there is an insufficient number of frequent transactions with a bid-ask spread and a sufficiently limited volatility, the fair value of these instruments is measured principally on the basis of prices supplied by leading international brokers at the company's request. These prices are then validated by comparing them with market prices, even if limited in number, or with prices that are observable for other instruments with similar characteristics.

In measuring investments in private equity funds, fair value is determined on the basis of the NAV communicated by the fund administrators at the reporting date. Where such information is not available at the reporting date, the last official communication is used, though it must not be more than three months old at the reporting date and, if necessary, validated against more recent information made available to investors by the fund administrators.

No transfers were made between the different levels of the fair value hierarchy during the first half of 2015. Regarding the financial assets classified as Level 3, they refer to venture capital investments which are measured using some inputs that are not observable on the market. These investments are held by the Group through CIR Ventures for investments in companies operating in the information technology sector (for a total of € 1,131 thousand), and the investment in Swiss Education Group AG (for a total of € 17,605 thousand).

The following table shows changes in financial assets measured at fair value (Level 3) during the period:

FINANCIAL ASSETS (Level 3**)**

	Held for trading	*Measured at fair value*	*Available for sale*	*Hedges*
Opening position	--	--	18,647	--
Increases				
- Purchases	--	--	--	--
- Gains recognised to:				
income statement (1)	--	--	--	--
- of which gains	--	--	--	--
equity (2)	--	--	--	--
Transferred from other levels	--	--	--	--
Other increases	--	--	89	--
Decreases				
- Sales	--	--	--	--
- Repayments			--	
- Losses recognised to:				
Income statement (3)	--	--	--	--
- of which losses	--	--	--	--
Equity (4)	--	--	--	--
Transferred from other levels	--	--	--	--
Closing position	--	--	**18,736**	--

(1-3) Increases/decreases in financial assets are recognised to the income statement under the following headings:

- *Item 14.c.: Gains from trading securities*
- *Item 14.d.: Losses from trading securities*
- *Item 14.e.: Adjustments to the value of financial assets*

(2-4) The gains and losses related to changes in fair value are recognised under item 9.b. "Reserves - Fair value reserves" - with the exception of impairment losses which are recognised under item 14.e. "Adjustments to the value of financial assets" until the asset is transferred, at which time the cumulative increases and decreases recorded in the valuation reserves are recognised as gains or losses in items 14.c. "Gains from trading securities" and 14.d. "Losses from trading securities".

19. GUARANTEES AND COMMITMENTS

As at 30 June 2015 the position of guarantees and commitments was the following:

▪CIR and financial holding companies

Commitments for private equity fund investments by CIR International for € 6.5 million.

▪Espresso Group

Apart from liens on printing plants and rotary presses given to banks to cover loans taken out in 2005, as at 30 June 2015 the Group had outstanding commitments of € 5,252 thousand in relation to:

- contracts for the purchase of plants and other printing equipment for € 628 thousand mainly for the Repubblica division;
- guarantees given for € 4,624 thousand which mainly relate to guarantees issued by the Parent Company and the subsidiary Elemedia, A. Manzoni&C., Finegil Editoriale, particularly the Nord-Est, Nuova Sardegna and Seta divisions;

▪ Sogefi Group

1. Operating leases

For accounting purposes, leases and rental contracts are classified as operating leases when the following conditions apply:

- a significant part of the risks and benefits of ownership are retained by the lessor;
- there are no bargain purchase options for the asset at the end of the lease;
- the duration of the contract does not cover most of the useful life of the asset being leased or rented.

Instalment payments for operating leases are booked to the income statement in line with the underlying contracts.

The main operating leases outstanding as at 30 June 2015 refer to the following subsidiaries:

- Sogefi (Suzhou) Auto Parts Co. Ltd for the lease of two production sites located in Wujiang, for which the contract terminates in September 2033. At 30 June 2015 the residual instalments amount to € 16,886 thousand, of which € 788 thousand due within one year. The increase is mainly due to the exchange rate. The Group has not given any form of guarantee on this contract;
- Filtrauto S.A. for the lease of the Guyancourt production site. The contract terminates in May 2021 and at 30 June 2015 the residual instalments amount to € 4,452 thousand, of which € 778 thousand due within one year. The Group has not given any form of guarantee on this contract;
- Allevard Federn GmbH for the lease of the Volklingen production site. The contract expires in May 2020. The residual instalments at 30 June 2015 amount to € 2,017 thousand, of which € 384 thousand due within one year. The Group has not given any form of guarantee on this contract;
- Sogefi Engine Systems Canada Corp. for the lease of the Montreal production site. The contract terminates in December 2015 and at 30 June 2015 the residual instalments amount to € 752 thousand due within one year. The Group has not given any form of guarantee on this contract;

- Allevard Sogefi U.S.A. Inc. for the lease of the production site in Prichard (West Virginia). The contract terminates in May 2019 and the residual instalments at 30 June 2015 amount to € 1,389 thousand, of which € 355 thousand due within one year. Against this contract, Sogefi S.p.A. has issued a guarantee for approximately 71% of the residual lease instalments. The guarantee is renewed at the end of each year based on the residual amount outstanding. There are no restrictions of any kind connected with this kind of leasing and, at the end of the contract, the US company will have the right to buy the property at its market value.

2. Investment commitments

As at 30 June 2015 there are binding commitments for investments relating to the purchase of tangible assets of € 1,092 thousand.

3. Guarantees given

Details of these guarantees are as follows:

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Sureties given to third parties	1,918	1,893
Other unsecured guarantees given to third parties	9,714	9,714
Secured guarantees given for borrowings shown in the financial statements	5,826	7,122

Sureties refer to operating lease contracts and to guarantees given to certain customers and lease contracts; sureties are shown at the value of the outstanding commitment as of the reporting date.
"Other unsecured guarantees given to third parties" refer to the commitment of LPDN GmbH to the staff pension fund of the two business divisions at the time of the acquisition in 1996. This commitment is covered by contractual obligations on the part of the vendor, which is a leading German company.
The secured guarantees relate exclusively to the subsidiaries Sogefi Engine Systems Canada Corp., Allevard IAI Suspensions Private Ltd, United Springs BV and Sogefi M.N.R. Engine Systems Pvt Ltd which, for the loans obtained, have granted to the lenders secured guarantees over their tangible assets, inventories and trade receivables.

4. Other risks

As at 30 June 2015 the Sogefi Group hold assets belonging to third parties on its own companies for € 10,168 thousand.

▪ KOS Group

The following is a breakdown of the bank guarantees and other sureties given by KOS S.p.A. for a total of € 2,262 thousand:

- a guarantee in favour of the Municipality of Sanremo as a security deposit for urbanisation works, for € 225 thousand;
- a guarantee on behalf of Residenze Anni Azzurri S.r.l. for the lease of Santegidio S.r.l. (Scarnafigi), for € 100 thousand;
- a guarantee on behalf of Residenze Anni Azzurri S.r.l. for the Rivarolo property lease, for € 75 thousand;
- a guarantee on behalf of Residenze Anni Azzurri S.r.l. for the Rivarolo business unit lease, for € 35 thousand;
- a guarantee on behalf of Residenze Anni Azzurri S.r.l. for the Dormelletto property lease, for € 200 thousand;
- an omnibus guarantee on behalf of Medipass S.p.A. in its relations with the Venice Health Authority, for € 700 thousand;
- a guarantee on behalf of Immobiliare Durini for the rental of offices in Via Durini, for € 46 thousand;
- a guarantee on behalf of Istituto di Riabilitazione S. Stefano for the lease of Villa Rosa for € 314 thousand;
- a guarantee on behalf of Istituto di Riabilitazione S. Stefano for the lease of the building in Ancona for € 309 thousand;
- a guarantee on behalf of Istituto di Riabilitazione S. Stefano for the rent of Ville di Nozzano for € 65 thousand;
- a guarantee on behalf of Residenze Anni Azzurri for the lease of the building in San Faustino for € 72 thousand.

Bank guarantees given by other Group companies for € 10,648 thousand, with the following breakdown:

- a guarantee given by Residenze Anni Azzurri S.r.l. to guarantee care home lease payments, for € 9,743 thousand;
- a guarantee given by companies of the Istituto di Riabilitazione S. Stefano Group for € 905 thousand;

As at 30 June 2015, other commitments and risks amounted to € 6,124 thousand, mainly related to:

- assets on free loan for € 2,442 thousand;
- guarantees issued by Suzzara Hospital in favour of F.lli Montecchi, for € 953 thousand;
- commitments relating to the refurbishment of the Suzzara hospital, for contracts already signed at 31 December 2014, for € 76 thousand;
- contractual commitments for technology upgrades to equipment, where necessary, for approximately € 1,474 thousand. Given the current status of the contracts, there is no reason to consider this commitment probable;

- counter-guarantee commitments for the successful completion of structural works for € 2,891 thousand;
- third-party commitments to sell for € 246 thousand.

The Group carries on its business activities in premises, some of which are owned, others rented. Lease contracts vary in duration from 3 to 9 years and are generally renewable. Of the 45 care homes for the elderly in operation at the reporting date, 10 are owned, while 7 of the 28 functional and psychiatric rehabilitation facilities are owned (including two residential care homes for the elderly). The other facilities (day hospitals, psychiatric treatment communities, diagnostics departments) are generally leased.

20. INFORMATION ON THE BUSINESS SECTOR

The business sectors coincide with the groups of companies that CIR S.p.A. controls. In detail:
- the Espresso Group: media;
- the Sogefi Group: automotive components;
- the Kos Group: healthcare.

From a geographical point of view, with the exception of the Sogefi Group, business is conducted almost exclusively in Italy.

Income statement and balance sheet information by business segment is provided in the Report on Operations, whereas details of revenues by geographical area (secondary sector) can be found in Note 12.

21. JOINT VENTURES AND SUBSIDIARIES

The Group does not hold equity investments in joint ventures as at 30 June 2015.

22. NET FINANCIAL POSITION

The net financial position is analysed as follows:

(in thousands of euro)			*31.12.2015*		*31.12.2014*
A.	Cash and bank deposits		290,948		347,184
B.	Other cash equivalents		136,095		150,963
C.	Securities held for trading		147,270		137,918
D.	Cash and cash equivalents (A) + (B) + (C)		574,313		636,065
E.	Current financial receivables		28,549		10,017
F.	Current bank payables	(*)	(160,207)		(108,345)
G.	Bonds		(4,838)		(4,677)
H.	Current portion of non-current debt		(38,978)		(37,354)
I.	Other current borrowings		--		--
J.	**Current financial debt (F) + (G) + (H) + (I)**		(204,023)		(150,376)
K.	**Current net financial position (J) + (E) + (D)**		398,839		495,706
L.	Non-current bank borrowings	(**)	(218,594)	(**)	(231,234)
M.	Bonds issued		(281,986)		(270,568)
N.	Other non-current payables	(**)	(107,754)	(**)	(106,716)
O.	**Non-current financial debt (L) + (M) + (N)**		(608,334)		(608,518)
P.	**Net financial position (K) + (O)**		(209,495)		(112,812)

(*) 108,153 thousand (€ 160,207- € 52,054) is classified in the Statement of Financial Position under "Other borrowings".
(**) Classified under "Other borrowings" – Non-current liabilities

23. DISPUTES

Certain Group companies have legal disputes pending, against which their Boards have set aside risk provisions for amounts that are considered appropriate, taking into account the opinion of their consultants regarding the likelihood that significant liabilities will actually occur.
In particular, the Rome Regional Tax Commission filed its judgement no. 64/9/12 on 18 May 2012, on its resumption, with regard to the investigations into 1991 IRPEG and ILOR; these investigations gave rise to the following main findings:

- the Tax Authorities challenged the tax benefits resulting from the reorganisation of the Editoriale L'Espresso Group that followed the break-up of the Mondadori Group (in particular, the benefits arising from the merger of Editoriale La Repubblica S.p.A. with Cartiera di Ascoli S.p.A., which then adopted its name);
- they also challenged the benefits relating to transactions involving beneficial interests in shares with foreign entities, especially those relating to the tax credit on dividends and related withholding taxes, as well as the accrued interest.

As regards the beneficial interest in shares, the Group has been making provisions since 2008, considering that, according to the evolution of the related jurisprudence, the additional taxes assessed and related interest charged were to be considered a "probable risk" (the provisions did not

only involve 1991, but also the next three fiscal years, for which the Tax Authorities challenged the same types of benefits), unlike the penalties for which the risk was considered "possible".
On the first matter, which only concerns 1991, the risk has always been considered "remote", in light of the technical evaluation of items in dispute and the outcome of the various levels of justice. Bear in mind that:

- the facts were first being evaluated by the criminal court for alleged tax fraud and the proceedings were concluded with a judgement of nonsuit by the GUP (the magistrate who presides over the preliminary hearing). This was definitively confirmed by the Court of Appeal on 9 December 1999, fully acquitting all of the directors and statutory auditors;
- the tax assessments of first and second instance were both favourable to the Group, in 1998 and 2000 respectively; subsequently, in 2007 the Supreme Court cancelled the judgement of second instance, referring it to the Regional Tax Commission, though it only decided on procedural matters without affecting the merits of the case in any way.

Regarding above mentioned, judgement, the Regional Tax Commission upheld the position of the Tax Authorities in relation to the most important item in dispute from an economic point of view, which concerned the corporate restructuring, whereas it dismissed the question concerning beneficial interests. Re-evaluating the situation as of 30 June 2015, this judgement indicates a maximum amount at risk of € 369.4 million (of which additional taxes assessed of € 121.4 million, interest of € 126.5 million and penalties of € 121.4 million): this value comes from the fact that the Tax Authorities did not just deny the tax benefits (deemed not due) based on the higher values recorded on allocation of the "cancellation deficit" as part of the merger process, but - unexpectedly - demanded the immediate and full liability to taxation of this deficit as being devoid of any income value, treating it as though it were a capital gain that had been "realized".
On 27 June 2012 the Company filed an appeal against the judgement of second degree with the Supreme Court and on 28 June 2012 it applied to the Rome Regional Tax Commission for a suspension of the effects of the judgement pursuant to article 373 of the Code of Civil Procedure; the application has been accepted by the Rome Regional Tax Commission by order filed on 19 July 2012.
Being well aware of the fiscal and statutory legitimacy of the transactions contested by the Tax Authorities, also on the basis of technical evaluations obtained from independent professionals, the Group has confirmed its assessment as "probable" of the degree of risk involved in the treatment of beneficial interests in shares (even though successful on this point before the Regional Tax Commission). As a result of the recent and established positions of the Supreme Court, the same level of risk was extended to the penalties, while the risk in relation to corporate restructuring operations, where the Group has been unsuccessful, is considered to be merely "possible".
For matters relating to the beneficial interests in shares, up to 31 December 2012 the Group had set aside an amount of € 34.2 million (to cover the risks related to the amortisation of the cost incurred for the purchase of the beneficial interest, the tax credit on the dividends, the withholding taxes incurred, the related accrued interest and penalties), with reference to all tax periods assessed. At 30 June 2015, the Group provided € 173 thousand for accumulated interest; the provision at 30 June 2015 amounted to € 34,939 thousand.
The Sogefi Group is monitoring environmental matters at certain production locations for which no significant costs are expected.
Sogefi Filtration Ltd acquired the assets and liabilities of Filtrauto UK Ltd in 2004, therefore becoming the employer for the purposes of the Filtrauto UK Limited Staff Pension Scheme and Filtrauto UK Limited Works Pension Scheme. These schemes are defined-benefit plans.
Between 1990 and 2006 the employer and the trustees of the above pension schemes obtain professional advice from leading firms regarding the equalisation of the conditions of the schemes, as required by regulatory changes.

It has emerged that such equalisation might not have been applied correctly.
Sogefi Filtration Ltd has therefore presented a protective claim to the Birmingham High Court.
The Court might conclude that the equalisation has been applied properly, or that it is possible to make an adjustment, perhaps resulting in a contingent liability. In this last case, the evidence is considered to support the probability that any liability will be almost entirely recoverable from the advisors.
An initial approximate assessment of the maximum potential liability, before the probable recovery from the advisors, is about Euro 1.9 million.
In January 2014 Sogefi S.p.A. received two notices of assessment from the tax authorities that disallowed the tax deductibility for IRES purposes and the related deductibility for VAT purposes of the cost of services provided by CIR S.p.A. in 2009, amounting to Euro 1.8 million.
Based on the opinion expressed by a tax advisor, the directors consider these assessments to be unfounded and inconsistent with the applicable tax regulations. Accordingly, they consider the risk of losing the case to be possible but not probable.
For this reason, Sogefi S.p.A. has not recorded any related tax provisions in the interim financial statements at 30 June 2015.
Note that those assessments have already been discussed by the Provincial Tax Commission with a favourable outcome for the Company. The Tax Authorities have appealed against this result to the Regional Tax Commission; the company will appear in court to defend itself.

24. DISCLOSURES REGARDING SHARE-BASED INCENTIVE PLANS

24.a. Incentive plans for employees as at 30 June 2015 (CIR)

The following table shows the incentive plans of the parent company CIR:

STOCK OPTION PLANS OUTSTANDING AS AT 30 JUNE 2015

	Options in circulation at start of period		Options granted during the period		Options exercised during the period		Options expired during the period		Options in circulation at end of period			Options exercisable at end of period	
	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Average strike price	Average duration (years)	No. of options	Weighted average strike price
Stock Option Plan 6 September 2004	1,432,200	1.56	-	-	-	-	1,432,200	1.56	-	-	-	-	-
Stock Option Plan 11 March 2005	3,014,200	2.34	-	-	-	-	-	-	3,014,200	2.34	0.25	3,014,200	2.34
Stock Option Plan 6 September 2005	2,125,000	2.49	-	-	-	-	-	-	2,125,000	2.49	0.67	2,125,000	2.49
Stock Option Plan 2006 - 1st tranche	2,175,000	2.50	-	-	-	-	-	-	2,175,000	2.50	1.51	2,175,000	2.50
Stock Option Plan 2006 - 2nd tranche	2,175,000	2.47	-	-	-	-	-	-	2,175,000	2.47	2.00	2,175,000	2.47
Extraordinary Stock Option Plan 1st tranche	3,050,000	3.0877	-	-	-	-	-	-	3,050,000	3.0877	2.25	3,050,000	3.0877
Extraordinary Stock Option Plan 2nd tranche	3,050,000	2.7344	-	-	-	-	-	-	3,050,000	2.7344	2.75	3,050,000	2.7344
Extraordinary Stock Option Plan 3rd tranche	3,110,000	1.6806	-	-	-	-	-	-	3,110,000	1.6806	3.25	3,110,000	1.6806
Extraordinary Stock Option Plan 4th tranche	2,203,500	1.0718	-	-	-	-	-	-	2,203,500	1.0718	3.75	2,203,500	1.0718
1st tranche 2009	1,947,800	0.9907	-	-	-	-	-	-	1,947,800	0.9907	4.25	1,947,800	0.9907
2nd tranche 2009	3,136,000	1.5449	-	-	-	-	-	-	3,136,000	1.5449	4.67	3,136,000	1.5449
1st tranche 2010	3,206,000	1.6208	-	-	-	-	-	-	3,206,000	1.6208	5.26	3,206,000	1.6208
2nd tranche 2010	3,128,000	1.4982	-	-	-	-	-	-	3,128,000	1.4982	5.67	3,128,000	1.4982
Total	**33,752,700**	**1.9966**	**-**	**-**	**-**	**-**	**1,432,200**	**1.56**	**32,320,500**	**2.0160**	**3.13**	**32,320,500**	**2.0160**

STOCK GRANT PLANS AS AT 30 JUNE 2015

	Financial instruments in circulation at start of period		Financial instruments granted during the period		Financial instruments exercised during the period		Financial instruments expired in the period		Financial instruments in circulation at end of period			Financial instruments exercisable at end of period	
	No. of Units	Initial value	No. of Units	Initial value	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Initial value	Average duration (years)	No. of Units	Initial value
Stock Grant Plan 2011	1,605,762	1.6391	-	-	47,537	1.6391	1,391,600	1.6391	166,625	1.6391	5.84	166,625	1.6391
Stock Grant Plan 2012	3,939,908	1.0263	-	-	157,740	1.0263	140,580	1.0263	3,641,588	1.0263	6.83	440,262	1.0263
Stock Grant Plan 2013	3,305,116	0.8003	-	-	-	-	129,115	0.8003	3,176,001	0.8003	7.84	-	-
Stock Grant Plan 2014	2,036,574	1.1300	-	-	-	-	75,000	1.1300	1,961,574	1.1300	9.01	-	-
Stock Grant Plan 2015	-	-	1,880,000	1.0916	-	-	-	-	1,880,000	1.0916	9.83	-	-
Stock Grant Plans 2015 reserved to the General Manager	-	-	1,000,000	1.0940	-	-	-	-	1,000,000	1.0940	9.83	-	-
Total	**10,887,360**	**1.0675**	**2,880,000**	**1.0924**	**205,277**	**1.1682**	**1,736,295**	**1.5051**	**11,825,788**	**1.0075**	**8.18**	**606,887**	**1.6391**

24.b. Incentive plans for employees as at 30 June 2015 (Espresso Group)

The chart below shows the stock option plans of the Espresso Group:

STOCK OPTION PLANS FOR EMPLOYEES AS AT 30 JUNE 2015

	Options in circulation at start of period		Options granted during the period		Options cancelled during the period		Options exercised during the period		Options in circulation at end of period			Options exercisable at end of period	
	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	Average duration (years)	No. of options	Weighted average strike price
Stock option plan 23 February 2005	830,000	4.75	--	--	--	--	--	--	830,000	4.75	0.25	830,000	4.75
Stock option plan 27 July 2005	855,000	4.65	--	--	--	--	--	--	855,000	4.65	0.50	855,000	4.65
Stock option plan 2006 - 1st tranche	850,000	4.33	--	--	--	--	--	--	850,000	4.33	1.50	850,000	4.33
Stock option plan 2006 - 2nd tranche	850,000	3.96	--	--	--	--	--	--	850,000	3.96	2.00	850,000	3.96
Extraordinary stock option plan 2009 - 1st tranche	1,267,500	3.84	--	--	--	--	--	--	1,267,500	3.84	2.25	1,267,500	3.84
Extraordinary stock option plan 2009 - 2nd tranche	1,267,500	3.60	--	--	--	--	--	--	1,267,500	3.60	2.75	1,267,500	3.60
Extraordinary stock option plan 2009 - 3rd tranche	1,515,000	2.22	--	--	--	--	--	--	1,515,000	2.22	3.25	1,515,000	2.22
Extraordinary stock option plan 2009 - 4th tranche	820,950	1.37	--	--	--	--	--	--	820,950	1.37	3.75	820,950	1.37
Ordinary stock option plan 2009 - 1st tranche	485,150	1.00	--	--	--	--	--	--	485,150	1.00	4.25	485,150	1.00
Ordinary stock option plan 2009 - 2nd tranche	2,152,200	1.86	--	--	--	--	--	--	2,152,200	1.86	4.75	2,152,200	1.86
Ordinary stock option plan 2010 - 1st tranche	2,417,500	2.25	--	--	--	--	--	--	2,417,500	2.25	5.25	2,417,500	2.25
Ordinary stock option plan 2010 - 2nd tranche	2,085,400	1.58	--	--	--	--	--	--	2,085,400	1.58	5.75	2,085,400	1.58
Total	**15,396,200**	**2.73**			**--**	**--**	**--**	**--**	**15,396,200**	**2.73**	**3.57**	**15,396,200**	**2.73**

STOCK GRANT PLANS FOR EMPLOYEES AS AT 30 JUNE 2015

	Units in circulation at start of period		Units granted during the period		Units cancelled during the period		Units exercised during the period		Units in circulation at end of period		Units exercisable at end of period	
	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of options	Weighted average strike price
2011												
Time-based units	304,686	1.81	--	--	--	--	114,062	1.81	190,624	1.81	190,624	1.81
Performance-based units	612,500	1.81	--	--	--	--	--	--	612,500	1.81	--	--
2012												
Time-based units	771,093	0.98	--	--	--	--	257,507	0.98	513,586	0.98	187,836	0.98
Performance-based units	775,624	0.98	--	--	--	--	257,507	0.98	518,117	0.98	192,367	0.98
2013												
Time-based units	697,500	0.83	--	--	--	--	--	--	697,500	0.83	87,196	0.83
Performance-based units	697,500	0.83	--	--	--	--	--	--	697,500	0.83	--	--
2014												
Time-based units	725,000	1.70	--	--	--	--	--	--	725,000	1.70	--	--
Performance-based units	725,000	1.70	--	--	--	--	--	--	725,000	1.70	--	--
2015												
Time-based units	--	--	710,000	1.24	--	--	--	--	710,000	1.24	--	--
Performance-based units	--	--	710,000	1.24	--	--	--	--	710,000	1.24	--	--

24.c. Incentive plans for employees as at 30 June 2015 (Sogefi Group)

The following table shows the total number of options outstanding with respect to the stock grant plans for the period 2011-2014:

	30 June 2015	*31 December 2014*
Not exercised/not exercisable at the start of the year	2,024,254	2,483,088
Granted in the period	--	378,567
Cancelled in the period	(162,122)	(504,125)
Exercised in the period	(92,545)	333,276
Not exercised/not exercisable at the end of the period	1,769,587	2,024,254
Exercisable at the end of the period	324,368	247,203

The following table shows the total number of options outstanding and refers to the plans of the period 2005-2010 with their average strike price:

	30 June 2015	
	No. of options	*Average strike price*
Not exercised/not exercisable at the start of the year	4,863,937	3.26
Granted in the period	--	--
Cancelled in the period	(169,400)	4.70
Exercised in the period	(97,000)	1.49
Not exercised/not exercisable at the end of the period	4,597,537	3.25
Exercisable at the end of the period	4,597,537	3.25

The line “Not exercised/not exercisable at the end of the period” refers to the total amount of the options net of those exercised or cancelled during the current or prior years.
The line “Exercisable at the end of the period” refers to the total amount of the options vested at the end of the year but not yet exercised.

The following table gives a breakdown of the number of *phantom stock options as at* 30 June 2015:

	30 June 2015
Not exercised/not exercisable at the start of the year	840,000
Granted in the period	--
Cancelled in the period	--
Exercised in the period	--
Not exercised/not exercisable at the end of the period	840,000
Exercisable at the end of the period	840,000

24.d. Incentive plans for employees as at 30 June 2015 (KOS Group)

The following table shows the stock option plans of the KOS Group:

STOCK OPTION PLANS AS AT 30 JUNE 2015

	Options in circulation at start of period		*Options granted during the period*		*Options exercised during the period*		*Options expired during the period*		*Options in circulation at end of period*			*Options exercisable at end of period*		*Expiry date*	
	No. of options	*Weighted average strike*	*No. of options*	*Weighted average*	*No. of options*	*Weighted average*	*No. of options*	*Weighted average*	NumberNo. of options	*Weighted average strike*	*Average duration*	*No. of options*	*Weighted average strike*	*Vesting date (100%)*	*Expiry date*
Stock Option Plan 2007	420,000	3.40	--	--	--	--	--	--	420,000	3.40	5.3	420,000	3.40	30/09/2010	30/09/2020
Stock Option Plan 10	4,070,000	3.75	--	--	--	--	--	--	4,070,000	3.75	5.5	4,070,000	3.75	31/12/2014	31/12/2020
Stock Warrants Plan 2010	635,000.00	3.75	--	--	--	--	--	--	635,000	3.75	5.5	635,000	3.75	31/12/2014	31/12/2020
Total	**5,125,000**	**3.72**	--	--	--	--	--	--	**5,125,000**	**3.72**	**5.5**	**5,125,000**	**3.72**		

25. SUBSEQUENT EVENTS

Regarding subsequent events, refer to the appropriate paragraph of the interim report on operations. Note that the interim report, of which the interim financial statements at 30 June 2015 is an integral part, was approved by the Board of Directors on 27 July 2015.

26. SIGNIFICANT NON-RECURRING EVENTS AND ATYPICAL AND/OR UNUSUAL TRANSACTIONS

No non-recurring items have been included in the operating result for the period.

Moreover, note that no atypical and/or unusual transactions have taken place.

27. RELATED PARTY TRANSACTIONS

Information regarding the impact that related party transactions have on the financial and equity situation and on the result for the period are provided in the comment on the individual items of the financial statements. The section "Other information" in the interim report on operations shows the various types of transactions with related parties, whereas the amounts involved are shown in the notes.

The following chart gives a summary of transactions with related parties:

CONSOLIDATED INCOME STATEMENT - Related-party transactions

(in thousands of euro)	*Sales revenues*	*Costs for the purchase of*	*Costs for services*	*Other operating costs*	*Other operating income*	*Financial income*	*Financial expense*	*Dividends*
Parent companies	--	--	(133)	--	35	--	--	--
Subsidiaries	--	--	--	--	--	--	--	--
Associates	--	--	(979)	--	872	5,353	(4,989)	--
Joint ventures	--	--	--	--	--	--		--
Other related parties	--	--	--	--	50	--	--	
Total	--	--	(1,112)	--	957	5,353	(4,989)	--

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Related-party balances

	Non-current assets	*Current assets*		*Non-current liabilities*	*Current liabilities*		
(in thousands of euro)	*Other receivables*	*Trade receivables*	*Other receivables*	*Other borrowings*	*Other borrowings*	*Trade payables*	*Other payables*
Parent companies	--	35	--	--	--	199	--
Subsidiaries	--	--	--	--	--	9	--
Associates	2,693	2,113	104	--	--	883	--
Joint ventures	--	--	--	--	--	--	--
Other related parties	--	--	--	--	--	--	--
Total	2,693	2,148	104	--	--	1,091	--

28. *KEY FIGURES FROM THE 2014 FINANCIAL STATEMENTS OF THE PARENT COMPANY COFIDE S.P.A.* (ART. 2497- BIS PARA. 4 OF THE CIVIL CODE)

STATEMENT OF FINANCIAL POSITION

(in euro)

ASSETS	*31.12.2014*
NON-CURRENT ASSETS	593,792,474
CURRENT ASSETS	13,144,028
TOTAL ASSETS	606,936,502

LIABILITIES AND EQUITY	
EQUITY	559,079,652
NON-CURRENT LIABILITIES	45,145,588
CURRENT LIABILITIES	2,711,262
TOTAL LIABILITIES AND EQUITY	606,936,502

INCOME STATEMENT

(in euro)

		%(**)	*2014*
SUNDRY REVENUES AND INCOME			420,889
of which: sundry revenues and income with related parties (*)	*349,760*	83.10%	
COSTS FOR THE PURCHASE OF GOODS			(39,201)
COSTS FOR SERVICES			(1,750,684)
of which: from related parties (*)	*(302,194)*	17.26%	
PERSONNEL COSTS			(171,811)
OTHER OPERATING EXPENSE			(463,630)
AMORTISATION, DEPRECIATION & WRITE-DOWNS			(65,474)
EBIT			(2,069,911)
FINANCIAL INCOME			45,868
FINANCIAL EXPENSE			(2,150,152)
DIVIDENDS			29,939
of which: from related parties (*)	--	--	
GAINS FROM TRADING SECURITIES			1,668,903
of which: from related parties (*)	--	--	
LOSSES FROM TRADING SECURITIES			--
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			(485,299)
INCOME / (LOSS) BEFORE TAXES			(2,960,652)
INCOME TAXES			--
NET INCOME (LOSS) FOR THE YEAR			(2,960,652)

(*) As per Consob Resolution no. 6064293 of 28 July 2006
(**) Incidence rate

The key figures of the parent company COFIDE S.p.A. shown in the summary table above, as required by article 2497-bis of the Italian Civil Code, are taken from its financial statements for the year ended 31 December 2014. For a correct and complete understanding of the financial position of COFIDE S.p.A. at 31 December 2014 and of its result for the year ended on that date, reference should be made to its financial statements accompanied by the reports of the statutory auditors and of the independent auditors, which are available at the Company's registered office and at the offices of Borsa Italiana.

CERTIFICATION OF THE SEMI-ANNUAL INTERIM FINANCIAL REPORT AS OF 30 JUNE 2015 IN ACCORDANCE WITH ART. 154 BIS OF D. LGS 58/98

1. The undersigned, Monica Mondardini, as Chief Executive Officer and Giuseppe Gianoglio as executive responsible for the preparation of the financial statements of CIR S.p.A., hereby certify, also taking into account the provision of Art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February1998:

- the appropriateness, in relation to the characteristics of the business, and
- effective application of the administrative and accounting procedures for the preparation of the Semi-annual Interim Financial Report as of 30 June 2015, during the course of period 1 January 2015 – 30 June 2015.

2. On this subject no aspects emerged that needed to be notified.

3. We also certify that the consolidated financial statements as of 30 June 2015:

- are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- agree with the balances on the books of account and accounting entries;
- are able to give a true and fair view of the financial position, results and cash flows of the issuer.

The Semi-annual report on operation as of 30 June 2015 includes a reliable analysis of the Company's performance and results of operations, as well as the general situation of the issuer, together with a description of the principal risks and uncertainties to which it is exposed.

Milan, 27 July 2015

Monica Mondardini Chief Executive Officer	Giuseppe Gianoglio Executive responsible for the preparation of the company's financial statements

CIR GROUP

FINANCIAL STATEMENTS OF THE PARENT COMPANY AS AT 30 JUNE 2015

STATEMENT OF FINANCIAL POSITION

INCOME STATEMENT

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CASH FLOWS

STATEMENT OF CHANGES IN EQUITY

1. Statement of financial position

(in euro)

ASSETS		*%(**)*	*30.06.2015*		*%(**)*	*31.12.2014*
NON-CURRENT ASSETS			**883,342,816**			**1,036,056,445**
INTANGIBLE ASSETS			81,065			87,075
TANGIBLE ASSETS			2,514,231			2,593,248
INVESTMENT PROPERTY			15,171,319			15,255,491
EQUITY INVESTMENTS			855,767,290			764,224,676
OTHER RECEIVABLES			354,274			245,702,361
of which with related parties (*)	-	--		*245,348,090*	99.9	
DEFERRED TAXES			9,454,637			8,193,594
CURRENT ASSETS			**200,293,123**			**86,303,362**
OTHER RECEIVABLES			181,451,374			39,071,320
of which with related parties (*)	*164,600,987*	90.7		*20,897,176*	53.5	
FINANCIAL RECEIVABLES			--			--
of which with related parties (*)	--	--		--	--	
SECURITIES			--			--
CASH AND CASH EQUIVALENTS			18,841,749			47,232,042
TOTAL ASSETS			**1,083,635,939**			**1,122,359,807**

LIABILITIES AND EQUITY		*%(**)*	*30.06.2015*		*%(**)*	*31.12.2014*
EQUITY			**1,047,781,962**			**1,068,070,075**
SHARE CAPITAL ISSUED			397,146,184			397,146,184
less TREASURY SHARES			(40,846,540)			(27,282,907)
SHARE CAPITAL			356,299,644			369,863,277
RESERVES			379,122,510			366,729,209
RETAINED EARNINGS (LOSSES)			305,643,667			358,854,045
NET INCOME (LOSS) FOR THE PERIOD			6,716,141			(27,376,456)
NON-CURRENT LIABILITIES			**910,123**			**855,706**
BONDS			--			--
DEFERRED TAXES			--			--
PERSONNEL PROVISIONS			910,123			855,706
CURRENT LIABILITIES			**34,943,854**			**53,434,026**
BANK OVERDRAFTS			--			--
BORROWINGS			--			--
of which from related parties (*)	--	--		--	--	
OTHER PAYABLES			22,778,507			40,418,679
of which to related parties (*)	*14,072,675*	61.8		*30,141,264*	74.6	
PROVISIONS FOR RISKS AND LOSSES			12,165,347			13,015,347
TOTAL LIABILITIES AND EQUITY			**1,083,635,939**			**1,122,359,807**

(*) As per Consob Resolution no. 6064293 of 28 July 2006
(**) Incidence rate

2. Income Statement

(in euro)

		%(**)	1st half 2015		%(**)	1st half 2014
SUNDRY REVENUES AND INCOME			1,414,319			2,324,034
of which sundry revenues and income with related parties (*)	*1,093,138*	77.3		*2,035,608*	87.6	
COSTS FOR SERVICES			(2,861,882)			(3,894,858)
of which from related parties (*)	*(90,000)*	3.1		*(210,000)*	5.4	
PERSONNEL COSTS			(2,955,193)			(3,451,910)
OTHER OPERATING EXPENSE			(661,121)			(773,919)
AMORTISATION, DEPRECIATION & WRITE-DOWNS			(320,891)			(372,711)
EBIT			**(5,384,768)**			**(6,169,364)**
FINANCIAL INCOME			2,225,154			5,466,780
of which with related parties (*)	*2,124,422*	95.5		*4,231,452*	77.4	
FINANCIAL EXPENSE			(11,683)			(7,745,319)
DIVIDENDS			9,907,024			7,613,738
of which from related parties (*)	*9,702,864*	97.9		*7,579,959*	99.6	
GAINS FROM TRADING SECURITIES			--			--
LOSSES FROM TRADING SECURITIES			--			(5,039,899)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			(1,166,000)			--
INCOME (LOSS) BEFORE TAXES			**5,569,727**			**(5,874,064)**
INCOME TAXES			1,146,414			3,352,860
NET INCOME/(LOSS) FOR THE PERIOD			**6,716,141**			**(2,521,204)**

BASIC EARNINGS (LOSS) PER SHARE (in euro)	0.0093	(0.0034)
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	0.0092	(0.0034)

(*) As per Consob Resolution no. 6064293 of 28 July 2006
(**) Incidence rate

3. Statement of Comprehensive Income

(in euro)

	1st half 2015	*1st half 2014*
Net income for the period	6,716,141	(2,521,204)
Items of other comprehensive income	--	--
Items of other comprehensive income for the period,net of tax	--	--
TOTAL STATEMENT OF COMPREHENSIVE INCOME OF THE PERIOD	**6,716,141**	**(2,521,204)**
BASIC COMPREHENSIVE EARNINGS (LOSS) PER SHARE (in euro)	0.0093	(0.0034)
DILUTED COMPREHENSIVE EARNINGS (LOSS) PER SHARE (in euro)	0.0092	(0.0034)

4. Statement of cash flows

(in euro)

		1st half 2015		1st half 2014
OPERATING ACTIVITY				
NET INCOME FOR THE PERIOD		6,716,141		(2,521,204)
ADJUSTMENTS:				
AMORTISATION, DEPRECIATION & WRITEDOWNS		320,891		372,711
ACTUARIAL VALUATION OF STOCK OPTION PLANS		932,313		1,325,695
ALLOCATION TO PERSONNEL PROVISIONS		96,989		101,803
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS		1,166,000		--
(INCREASE) DECREASE IN NET WORKING CAPITAL		(3,050,681)		(23,439,271)
of which with related parties	*(774,310)*		*(30,116,106)*	
CASH FLOW FROM OPERATING ACTIVITY		6,181,653		(24,160,266)
of which:				
- interest received (paid)		242,855		(399,226)
- dividends received		9,907,024		7,613,738
- income tax receipts (payments)*		2,382,094		--
INVESTING ACTIVITY				
(PURCHASE) SALE OF CURRENT SECURITIES		--		--
(PURCHASE) SALE OF FIXED ASSETS		(81,860,306)		(58,630)
CASH FLOW FROM INVESTING ACTIVITY		(81,860,306)		(58,630)
FINANCING ACTIVITY				
REPAYMENT (GRANTING) OF LOANS TO SUBSIDIARIES		75,350,000		32,500,000
REPURCHASE OF BOND LOAN		--		(84,906,764)
BUY-BACK OF OWN SHARES		(27,936,567)		--
OTHER CHANGES		(125,073)		(60,044)
CASH FLOW FROM FINANCING ACTIVITY		47,288,360		(52,466,808)
INCREASE (DECREASE) IN NET CASH & CASH EQUIVALENTS		(28,390,293)		(76,685,704)
NET CASH AND CASH EQUIVALENTS - OPENING BALANCE		47,232,042		239,576,122
NET CASH AND CASH EQUIVALENTS - CLOSING BALANCE		18,841,749		162,890,418

** The amounts refer to the current tax assets received as a result of the tax consolidation.*

5. Statement of changes in equity

(in euro)	*Share capital issued*	*less treasury shares*	*Share capital*	*Reserves*	*Retained earnings (losses)*	*Net income for the period*	*Total*
BALANCE AS AT 31 DECEMBER 2013	397,146,184	(24,764,288)	372,381,896	361,081,558	208,995,463	155,366,261	1,097,825,178
Capital increases	--	--	--	--	--	--	--
Dividends to Shareholders	--	--	--	--	--	--	--
Retained earnings	--	--	--	--	155,366,261	(155,366,261)	--
Unclaimed dividends as per Art. 23 of the Articles of Association	--	--	--	--	--	--	--
Adjustment for treasury share transactions	--	(2,518,619)	(2,518,619)	4,399,475	(6,863,208)		(4,982,352)
Notional cost of stock options and stock grants credited	--	--	--	2,603,705	--	--	2,603,705
Movements between reserves	--	--	--	(1,355,529)	1,355,529		--
Result for the period	--	--	--	--	--	(27,376,456)	(27,376,456)
BALANCE AS AT 31 DECEMBER 2014	397,146,184	(27,282,907)	369,863,277	366,729,209	358,854,045	(27,376,456)	1,068,070,075
Capital increases	--	--	--	--	--	--	--
Dividends to Shareholders	--	--	--	--	--	--	--
Retained earnings	--	--	--	--	(27,376,456)	27,376,456	--
Unclaimed dividends as per Art. 23 of the Articles of Association	--	--	--	--	--	--	--
Adjustment for treasury share transactions	--	(13,563,633)	(13,563,633)	13,910,480	(28,283,414)		(27,936,567)
Notional cost of stock options and stock grants credited	--	--	--	932,313	--	--	932,313
Movements between reserves	--	--	--	(2,449,492)	2,449,492		--
Result for the period	--	--	--	--	--	6,716,141	6,716,141
BALANCE AS AT 30 JUNE 2015	397,146,184	(40,846,540)	356,299,644	379,122,510	305,643,667	6,716,141	1,047,781,962

LIST OF EQUITY INVESTMENTS

AS AT 30 JUNE 2015

Persuant to Art. 38.2 Italian Legislative Decree 127/91

SUBSIDIARIES CONSOLIDATED USING THE FULL LINE-BY-LINE METHOD

(in euro or foreign currency)

Name of Company	*Registered office*	*Share capital*	*Currency*	*Parent Company*	*% of ownership*
CIR GROUP					
CIR INTERNATIONAL S.A.	Luxembourg	15,000,000.00	€	CIR S.p.A.	100.00
CIRINVEST S.r.l.	Italy	119,764.00	€	CIR S.p.A.	100.00
CIGA LUXEMBOURG S.à.r.l.	Luxembourg	1,000,000.00	€	CIR S.p.A.	100.00
NEXENTI ADVISORY S.r.l.	Italy	100,000.00	€	CIR S.p.A.	100.00
NEXENTI S.r.l.	Italy	50,000.00	€	CIR S.p.A.	100.00
JUPITER MARKETPLACE S.r.l.	Italy	100,000.00	€	NEXENTI S.r.l.	100.00
CIR INVESTIMENTI S.p.A.	Italy	12,426,162.00	€	CIR S.p.A.	100.00
LAKE LEMAN INTERNATIONAL SCHOOL S.A.	Svwitzerland	3,695,000.00	Chf	CIR S.p.A.	94.59
SOUTHLANDS S.r.l.	Italy	50,000.00	€	CIR S.p.A.	71.43
				LAKE LEMAN INTERNATIONAL SCHOOL S.A.	28.57
					100.00
ESPRESSO GROUP					
GRUPPO EDITORIALE L'ESPRESSO S.p.A. (*)	Italy	61,805,893.20	€	CIR S.p.A.	53.58
FINEGIL EDITORIALE S.p.A.	Italy	128,798,515.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	99.78
S.E.T.A. S.p.A.	Italy	774,750.00	€	FINEGIL EDITORIALE S.p.A.	71.00
A. MANZONI & C. S.p.A.	Italy	15,000,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
ROTOCOLOR S.p.A.	Italy	23,000,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
SOMEDIA S.p.A.	Italy	677,608.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
ELEMEDIA S.p.A.	Italy	25,000,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
MO-NET S.r.l.	Italy	35,800.00	€	ELEMEDIA S.p.A.	51.00
SOGEFI GROUP					
SOGEFI S.p.A. (**)	Italy	61,630,948.60	€	CIR S.p.A.	56.03
SOGEFI REJINA S.p.A.	Italy	21,978,316.00	€	SOGEFI S.p.A.	99.88
FILTRAUTO S.A.	France	5,750,000.00	€	SOGEFI S.p.A.	99.99
SOGEFI FILTRATION Ltd	UK	5,126,737.00	£GBP	SOGEFI S.p.A.	100.00
SOGEFI FILTRATION S.A.	Spain	12,953,713.60	€	SOGEFI S.p.A.	86.08
				FILTRAUTO S.A.	13.92
					100.00
SOGEFI FILTRATION d.o.o.	Slovenia	10,291,798.00	€	SOGEFI S.p.A.	100.00
ALLEVARD REJNA AUTOSUSPENSIONS S.A.	France	34,000,000.00	€	SOGEFI S.p.A.	99.99
SOGEFI PURCHASING S.A.S.	France	100,000.00	€	SOGEFI S.p.A.	100.00
ALLEVARD SOGEFI U.S.A. Inc.	United States	20,055,000.00	$USA	SOGEFI S.p.A.	100.00
SYSTÈMES MOTEURS S.A.S.	France	54,938,125.00	€	SOGEFI S.p.A.	100.00
SOGEFI FILTRATION DO BRASIL Ltda	Brazil	29,857,374.00	Real	SOGEFI FILTRATION S.A.	99.99
				ALLEVARD MOLAS DO BRAZIL Ltda	0.01
					100.00
SOGEFI FILTRATION ARGENTINA S.A.	Argentina	10.691.607.00	Pesos	SOGEFI FILTRATION DO BRASIL Ltda	91.90
				FILTRAUTO S.A.	7.28
				SOGEFI REJNA S.p.A.	0.81
					99.99
SHANGHAI SOGEFI AUTO PARTS Co., Ltd	China	13,000,000.00	$USA	SOGEFI S.p.A.	100.00
SOGEFI (SUZHOU) AUTO PARTS CO., Ltd	China	15,000,000.00	$USA	SOGEFI S.p.A.	100.00
ALLEVARD SPRINGS Ltd	UK	4,000,002.00	£GBP	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	99.99
ALLEVARD FEDERN GmbH	Germany	50,000.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	100.00
ALLEVARD REJNA ARGENTINA S.A.	Argentina	600,000.00	Pesos	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	89.97
				ALLEVARD MOLAS DO BRAZIL Ltda	10.00
					99.97
IBERICA DE SUSPENSIONES S.L. (ISSA)	Spain	10,529,668.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	50.00

(in euro or foreign currency)

Name of Company	***Registered office***	***Share capital***	***Currency***	***Parent Company***	***% of ownership***
ALLEVARD MOLAS DO BRAZIL Ltda	Brazil	37,161,683.00	Real	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	99.99
				ALLEVARD SPRINGS Co. Ltd	0.01
					100.00
UNITED SPRINGS Ltd	UK	6,500,000.00	£GBP	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	100.00
UNITED SPRINGS B.V.	Netherlands	254,979.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	100.00
SHANGHAI ALLEVARD SPRING Co. Ltd	China	5,335,308.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	60.58
UNITED SPRINGS S.A.S.	France	10,218,000.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	100.00
LUHN & PULVERMACHER – DITTMANN & NEUHAUS GmbH	Germany	50,000.00	€	ALLEVARD FEDERN GmbH	100.00
S.ARA COMPOSITE S.A.S.	France	8,500,000.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	94.12
SOGEFI M.N.R. ENGINE SYSTEMS INDIA Pvt Ltd	India	21,254,640.00	Inr	FILTRAUTO S.A.	45.00
				SYSTÈMES MOTEURS S.A.S.	24.98
				SYSTEMES MOTEURS CHINA S.à.r.l.	0.02
					70.00
ALLEVARD IAI SUSPENSIONS PRIVATE Ltd	India	294,500,000.00	Inr	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	74.23
SOGEFI ENGINE SYSTEMS CANADA CORP.	Canada	39,393,000.00	Cad	SYSTÈMES MOTEURS S.A.S.	100.00
SOGEFI ENGINE SYSTEMS USA INC.	United States	100.00	$USA	SYSTÈMES MOTEURS S.A.S.	100.00
SYSTÈMES MOTEURS CHINA S.à.r.l.	Luxembourg	12,500.00	€	SYSTÈMES MOTEURS S.A.S.	100.00
SOGEFI ENGINE SYSTEMS MEXICO S.DE R.L.DE C.V.	Mexico	3,000.00	Mxn	SOGEFI ENGINE SYSTEMS CANADA CORP.	99.97
				SYSTÈMES MOTEURS S.A.S.	0.03
					100.00
S.C. SYSTÈMES MOTEURS S.r.l.	Romania	7,087,610.00	Ron	SYSTÈMES MOTEURS S.A.S.	99.99
				SOGEFI FILTRATION S.A.	0.01
					100.00
SOGEFI ENGINE SYSTEMS HONG KONG Ltd	Hong Kong	1,000.00	Hkd	SYSTÈMES MOTEURS CHINA S.à.r.l.	100.00

(*) 56.13 % net of own shares held as tresury stock
(**) 57.65 % net of own shares held as tresury stock

(in euro or foreign currency)

Name of Company	***Registered office***	***Share capital***	***Currency***	***Parent Company***	***% of ownership***
KOS GROUP					
KOS S.p.A.	Italy	8,565,211.70	€	CIR S.p.A.	51.26
OSPEDALE DI SUZZARA S.p.A.	Italy	120,000.00	€	KOS S.p.A	99.90
MEDIPASS S.r.l.	Italy	700,000.00	€	KOS S.p.A	100.00
ELSIDA S.r.l.	Italy	100,000.00	€	MEDIPASS S.r.l.	100.00
MEDIPASS HEALTHCARE LTD	UK	3,477.00	£GBP	MEDIPASS S.r.l.	89.99
CLEARMEDI HEALTHCARE LTD	India	8,996,069.59	Inr	MEDIPASS S.r.l.	74.06
				CLEARVIEW HEALTHCARE LTD	25.94
					100.00
MEDIPASS HEALTHCARE LEEDS & BELFAST LTD	UK	1,000.00	£GBP	MEDIPASS HEALTHCARE LTD	55.00
MEDIPASS LEEDS LTD (già HTI LEEDS)	UK	2.00	£GBP	MEDIPASS HEALTHCARE LEEDS &BELFAST LTD	100.00
MEDIPASS BELFAST LTD (già HTI IRELAND)	UK	2.00	£GBP	MEDIPASS HEALTHCARE LEEDS &BELFAST LTD	100.00
RESIDENZE ANNI AZZURRI S.r.l.	Italy	27,079,034.00	€	KOS S.p.A	100.00
POLO GERIATRICO RIABILITATIVO S.p.A.	Italy	320,000.00	€	RESIDENZE ANNI AZZURRI S.r.l.	96.00
ARGENTO VIVO S.r.l.	Italy	510,000.00	€	RESIDENZE ANNI AZZURRI S.r.l.	100.00
CLEARVIEW HEALTHCARE LTD	Italy	4,661,880.00	Inr	MEDIPASS S.r.l.	85.19
HSS REAL ESTATE S.r.l.	Italy	2,064,000.00	€	KOS S.p.A	100.00
ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	Italy	2,550,000.00	€	KOS S.p.A	100.00
ABITARE IL TEMPO S.r.l.	Italy	100,826.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	54.00
SANATRIX S.r.l.	Italy	843,700.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	76.97
SANATRIX GESTIONI S.r.l.	Italy	300,000.00	€	SANATRIX S.r.l.	99.61
JESILAB S.r.l.	Italy	80,000.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	100.00
FIDIA S.r.l.	Italy	10,200.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	60.00
KOS SERVIZI SOCIETÀ CONSORTILE a r.l.	Italy	115,000.00	€	KOS S.p.A	3.68
				RESIDENZE ANNI AZZURRI S.r.l.	46.12
				ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	36.93
				MEDIPASS S.r.l.	2.07
				OSPEDALE DI SUZZARA S.p.A.	2.15
				SANATRIX GESTIONI S.r.l.	3.02
				ABITARE IL TEMPO S.r.l.	4.94
				FIDIA S.r.l.	0.43
				JESILAB S.r.l.	0.43
				ELSIDA S.r.l.	0.23
					100.00
CIR INTERNATIONAL GROUP					
CIR VENTURES L.P.	United States	1,261,046.00	$USA	CIR INTERNATIONAL S.A.	99.20

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

CONSOLIDATED USING THE EQUITY METHOD

(in euro or foreign currency)

Name of Company	Registered office	Share capital	Currency	Parent Company	% of ownership
CIR GROUP					
DEVIL PEAK S.r.l.	Italy	65,990.00	€	NEXENTI S.r.l.	36.92
ESPRESSO GROUP					
LE SCIENZE S.p.A.	Italy	103,400.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	50.00
HUFFINGTONPOST ITALIA S.r.l.	Italy	250,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	49.00
EDITORIALE CORRIERE ROMAGNA S.r.l.	Italy	1,756,766.00	€	FINEGIL EDITORIALE S.p.A.	49.00
EDITORIALE LIBERTÀ S.p.A.	Italy	1,000,000.00	€	FINEGIL EDITORIALE S.p.A.	35.00
ALTRIMEDIA S.p.A.	Italy	517,000.00	€	FINEGIL EDITORIALE S.p.A.	35.00
PERSIDERA S.p.A.	Italy	21,428,572.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	30.00
SOGEFI GROUP					
MARK IV ASSET (Shanghai) AUTO PARTS Co. Ltd	China	10,000,000.00	Rmb	SOGEFI ENGINE SYSTEMS HONG KONG Ltd	50.00
CIR INTERNATIONAL GROUP					
KTP GLOBAL FINANCE S.C.A.	Luxembourg	566,573.75	€	CIR INTERNATIONAL S.A.	47.55
KOS GROUP					
APOKOS REHAB PVT Ltd	India	34,999,880.00	Inr	KOS S.p.A.	50.00

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

CONSOLIDATED AT COST(*)

(in euro or foreign currency)

Name of Company	*Registered office*	*Share capital*	*Currency*	*Parent Company*	*% of ownership*
GRUPPO ESPRESSO					
ENOTRYA S.r.l. *(in liquidazione)*	Italy	78,000.00	€	ELEMEDIA S.p.A.	70.00
CELLULARMANIA.COM S.r.l. *(in liquidazione)*	Italy	10,400.00	€	ELEMEDIA S.p.A.	100.00
KSOLUTIONS S.p.A. *(in liquidazione)*	Italy	100,000.00	€	ELEMEDIA S.p.A.	100.00
CLUB D.A.B. ITALIA – CONSORTILE S.p.A.	Italy	240,000.00	€	ELEMEDIA S.p.A.	37.50
GOLD 5 S.r.l.	Italy	250,000.00	€	A. MANZONI & C. S.p.A.	20.00
GRUPPO KOS					
OSIMO SALUTE S.p.A.	Italy	750,000.00	€	ABITARE IL TEMPO S.r.l.	25.50
GRUPPO CIR INTERNATIONAL					
PHA – Participations Hotelieres Astor (In liquidazione)	France	12,150.00	€	CIR INTERNATIONAL S.A.	100.00
KTP GLOBAL FINANCE MANAGEMENT S.A.	Luxembourg	31,000.00	€	CIR INTERNATIONAL S.A.	46.00

(*) investments which are not significant, non-operational, or that have been recently acquired, unless stated otherwise.

INVESTMENTS IN OTHER COMPANIES

CONSOLIDATED AT COST

(in euro or foreign currency)

Name of Company	*Registered office*	*Share capital*	*Currency*	*Parent Company*	*% of ownership*
ESPRESSO GROUP					
AGENZIA A.N.S.A. S. COOP. a.r.l.	Italy	11,305,851.65	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	4.02
				FINEGIL EDITORIALE S.p.A.	12.80
				S.E.T.A. S.p.A.	2.67
					19.49
CONSULEDIT S. CONSORTILE a.r.l. *(in liquidazione)*	Italy	20,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	6.64
				FINEGIL EDITORIALE S.p.A.	5.48
				S.E.T.A. S.p.A.	0.49
					12.61
IMMOBILIARE EDITORI GIORNALI S.r.l.	Italy	830,462.00	€	S.E.T.A. S.p.A.	0.17
				FINEGIL EDITORIALE S.p.A.	0.12
					0.29
TRENTO PRESS SERVICE S.r.l.	Italy	260,000.00	€	S.E.T.A. S.p.A.	14.40
AGENZIA INFORMATIVA ADRIATICA d.o.o.	Slovenia	12,768.00	€	FINEGIL EDITORIALE S.p.A.	19.00
AUDIRADIO S.r.l. *(in liquidazione)*	Italy	258,000.00	€	A. MANZONI & C. S.p.A.	7.50
PRESTO TECHNOLOGIES Inc. *(non operativa)*	United States	7,663,998.40	$USA	ELEMEDIA S.p.A.	7.83
D-SHARE S.r.l.	Italy	104,235.25	€	ELEMEDIA S.p.A.	9.43
TELELIBERTÀ S.p.A.	Italy	2,200,000.00	€	FINEGIL EDITORIALE S.p.A.	4.32
PREMIUM PUBLISHER NETWORK CONSORZIO	Italy	19,426.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	16.96
CONSORZIO EDICOLA ITALIANA	Italy	60,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	16.67
SOGEFI GROUP					
UMC & MAKKAWI SPRING MANUFACTURING Co., Ltd	Sudan	900,000.00	SDP	SOGEFI REJNA S.p.A.	25.00
AFICO FILTERS S.A.E.	Egypt	11,000,000.00	EGP	SOGEFI REJNA S.p.A.	22.62
KOS GROUP					
FONDO SPAZIO SANITÀ	Italy	18,000,000.00	€	IST. DI RIABILITAZIONE S. STEFANO S.r.l.	0.88
			€	RESIDENZE ANNI AZZURRI S.r.l.	1.10
					1.98

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND IN OTHER COMPANIES

NON INCLUDING IN THE CONSOLIDATED STATEMENTS

(in euro or foreign currency)

Name of Company	***Registered office***	***Share Capital***	***Currency***	***Parent Company***	***% of ownership***
CIR GROUP					
FINAL S.A. *(in liquidazione)*	France	2,324,847.00	€	CIGA LUXEMBOURG S.à.r.l.	47.73
CIR INTERNATIONAL GROUP					
FOOD CONCEPTS HOLDING SA	Luxembourg	5,540,513.00	€	CIR INTERNATIONAL S.A.	19.00

REPORT OF THE INDIPENDENT AUDITORS

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
CIR S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of CIR S.p.A. and its subsidiaries (the "CIR Group"), which comprise the statement of financial position as of June 30, 2015 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the CIR Group as at June 30, 2015 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Milan, Italy
July 31, 2015

This report has been translated into the English language solely for the convenience of international readers.

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