COFIDE
Gruppo De Benedetti

CONSOLIDATED FINANCIAL STATEMENTS, SEPARATE FINANCIAL STATEMENTS AND REPORT ON OPERATIONS 2014

COFIDE - Gruppo De Benedetti S.p.A.

Share Capital € 359,604,959

Register of Companies ref. no. and Tax Code 01792930016

A company subject to management and coordination by FRATELLI DE BENEDETTI S.a.p.A.

Registered office and operations centre
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This Annual Report and Financial Statements as of 31 December 2014 were prepared as per the terms of Art. 154 ter of D.Lgs. 58/98 and were drawn up in accordance with international accounting standards applicable as recognized by the European Union in Regulation (EC) no. 1606/2002 of the European Parliament and the Council, of July 19 2002, as well as with the measures issued in implementation of Art. 9 of D. Lgs. No 38/2005.

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

ADMINISTRATIVE BODIES

BOARD OF DIRECTORS

Honorary Chairman and Director	CARLO DE BENEDETTI
Chairman	RODOLFO DE BENEDETTI **(*)**
Directors	SILVIA CANDIANI FRANCESCA CORNELLI **(1) (2)** MASSIMO CREMONA **(1) (2) (3)** EDOARDO DE BENEDETTI MARCO DE BENEDETTI PAOLA DUBINI **(1) (2)** PIERLUIGI FERRERO FRANCESCO GUASTI JOSEPH OUGHOURLIAN ROBERTO ROBOTTI **(2)**
Secretary to the Board	MASSIMO SEGRE

BOARD OF STATUTORY AUDITORS

Chairman	RICCARDO ZINGALES
Statutory Auditors	TIZIANO BRACCO ANTONELLA DELLATORRE
Alternate Auditors	LUIGI NANI LUIGI MACCHIORLATTI VIGNAT PAOLA ZAMBON

INDEPENDENT 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

COFIDE – GRUPPO DE BENEDETTI S.p.A.
Milano – Via Ciovassino 1
Share Capital: Euro 359,604,959.00 fully paid up – Company Register and Tax Code. No. 01792930016
Company subject to management and coordination by F.lli De Benedetti S.a.p.A.

NOTICE OF ANNUAL GENERAL MEETING

The Shareholders are invited to attend the Ordinary and Extraordinary Annual General Meeting on April 24 2015 at 3.00 p.m., at the first call, in the Palazzo delle Stelline Congress Centre, Corso Magenta 61, Milan and, if necessary, at the second call on **April 27 2015, same time and place**, to discuss and pass resolution on the following

AGENDA

Ordinary Part

1. Financial Statements for the year ended December 31 2014. Resolutions on the same.
2. Proposal to cancel the resolution of June 30 2014 regarding the authorization to buy back and dispose of own shares and proposal for a new authorization.
3. Compensation Report.

Extraordinary Part

4. Amendments to the Company Bylaws as per the terms of Art. 127-quinquies of D.Lgs.no. 58 of February 24 1998.

INFORMATION ON THE SHARE CAPITAL

The share capital amounts to € 359,604,959.00 and consists of 719,209,918 ordinary shares each with a nominal value of € 0.50 and with voting rights.

ATTENDING THE SHAREHOLDERS' MEETING IN PERSON AND BY PROXY

Entitlement to take part in the Meeting and exercise a vote is attested by a notification – made by an authorized intermediary as per the terms of Art. 22 of Joint Consob-Bank of Italy Measure of October 22 2013 – in favour of the individual who has the right to vote based on evidence available at the close of business Wednesday April 15 2015, the seventh trading day preceding the date fixed for the first call of the Shareholders' Meeting. Any persons who obtain entitlement only after that date will not have the right to attend or vote at the Meeting.
To make it easier to check their entitlement to take part in the proceedings of the Meeting, participants are requested to show their copy of the notice made to the Company which the authorized intermediary, in accordance with current regulations, is required to make available to them.
Any holders of shares that have not yet been dematerialized should first present their share certificates to an authorized intermediary for input into the centralized clearing system in electronic form, in accordance with the provisions of Article 17 of the above-mentioned Measure, and should request that the notification be sent in as above.
Persons with voting rights can appoint a proxy to represent them at the Shareholders' Meeting in accordance with Art. 2372 of the Civil Code and with any other rules or regulations applicable. The proxy form at the bottom of the notification issued by the authorized intermediary may be used or alternatively there is a proxy form which can be downloaded from the company website www.cofide.it in the section Corporate Governance. The proxy form can be sent by registered post with advice of receipt (A.R.) to the Registered Office of the Company or, alternatively, may be sent to the certified e-mail address segre@legalmail.it. If the proxy gives or sends the Company a copy of the proxy

form, he or she must certify under his or her own responsibility that the copy corresponds to the original and confirm the identity of the person appointing such proxy.
In accordance with legislation on the subject, Shareholders can, without incurring any charges, appoint as proxy Studio Segre S.r.l. as the Representative Designated by the Company as per the terms of Art. 135-*undecies* of D.Lgs no. 58/1998 and subsequent amendments and additions ("TUF"). The proxy is appointed by signing the appropriate form available in the above-mentioned section of the website. The signed document must be sent to the Designated Representative, Studio Segre S.r.l. – Via Valeggio, 41 – 10129 Turin by registered post with advice of receipt (A.R.) or sent by e-mail to the certified address segre@legalmail.it by the end of the second trading day before the date fixed for the Shareholders' Meeting even at the second call (i.e. by Wednesday April 22 2015 for the first call and by Thursday April 23 2015 for the second call). The proxy is not valid for the motions for which no voting instructions have been given. The proxy and the voting instructions are revocable until the dates by which they must be given.
The notice sent to the company by the authorized intermediary attesting the Shareholder's entitlement to attend the meeting is needed even when the Designated Representative of the Company is appointed as proxy. Therefore, in the absence of the above-cited notification the proxy will not be valid.

RIGHT TO ASK QUESTIONS ON THE ITEMS ON THE AGENDA

Shareholders who wish to ask questions regarding the items on the Agenda of the Shareholders' Meeting may send their questions by registered post with advice of receipt (A.R.) to the Company's Registered Office or by certified e-mail to the address segre@legalmail.it attaching either the certification issued by an authorized intermediary proving that they are entitled to exercise this right or the notification attesting their entitlement to attend the Shareholders' Meeting and to exercise their right to vote. Questions must be received by the close of the third day preceding the date fixed for the first call of the meeting, i.e. by April 21 2015.
The Company will give its response during the Shareholders' Meeting at the latest. Questions with the same content will receive a single response.

ADDITIONS TO THE AGENDA
AND PRESENTATION OF NEW RESOLUTION PROPOSALS

As per the terms of Art. 126-*bi*s of the TUF, Shareholders representing even jointly at least one fortieth of the share capital may request, within ten days of the publication of this notice, an addition to the items on the Agenda to be dealt with, indicating in their request the further items proposed, or they may submit proposed resolutions on subjects already on the Agenda. It should be remembered, however, that any such addition is not allowed for the items on which the Shareholders, as per the terms of the law, vote on a proposal made by the Directors or on a plan or a report prepared by the same, other than those included in Art. 125-*ter*, paragraph 1 of the TUF.
Requests should be made by registered post with advice of receipt (A.R.) to the Registered Office of the Company or by certified e-mail to the address segre@legalmail.it and must be accompanied by a report on the subject being put forward as well as by the certification(s) issued by an authorized intermediary attesting the person's entitlement to exercise this right. Notice will be given of any additions to the Agenda and of any new proposed resolutions in the same form as those on this notice of meeting, at least fifteen days before the date fixed for first call of the Shareholders' Meeting, by which time the report prepared by the proposers of the same will be made available to the public.

DOCUMENTATION

The documentation relating to the items on the Agenda, as required by current legislation, which includes, among other things, the complete text of the proposed resolutions, will be available to the public as per the terms of the law at the Company's Registered Office (in Milan, Via Ciovassino 1), from Borsa Italiana S.p.A. (through publication via the SDIR-NIS system), via the authorized storage mechanism 1INFO and on the Company website www.cofide.it in the section Corporate Governance. Shareholders have the right to obtain a copy of this documentation.

The Company Bylaws are available on the Company website www.cofide.it in the section Corporate Governance.

Milan, March 25 2015

For the Board of Directors
The Chairman – Rodolfo De Benedetti

Introduction

During 2014, Sorgenia prepared a debt restructuring plan which was agreed with its banks and then presented to the Milan Court on 19 November for approval of the restructuring plan pursuant to article 182-bis of the Bankruptcy Law. On 25 February the Milan Court granted approval of the Sorgenia Group's debt restructuring plan.

At the end of this operation, and particularly after the 2014 financial statements have been approved by the Shareholders' Meeting of Sorgenia and after completion of the increase in capital, CIR will no longer hold any shares in Sorgenia by virtue of the agreements reached with Sorgenia's banks on 23 July 2014.

For this reason, the Cofide Group has applied IFRS 5 for the consolidation of the Sorgenia Group, starting with the interim report at 30 June 2014. According to this standard, the Sorgenia Group has to be classified as assets held for sale. Sorgenia's results are therefore no longer included in Cofide's consolidated financial statements on a line-by-line basis, but listed on a single line in the balance sheet called "Assets/liabilities held for sale" separate from other assets and liabilities. The same presentation is used in the income statement. For comparative purposes, we have also reclassified the consolidated income statement for the equivalent period last year in the same way, as required by IFRS 5. The notes to the statement of financial position reflect this reclassification.

Shareholders,

The Cofide Group made a consolidated net loss of € 14.5 million in 2014, compared with a loss of € 130.4 million in 2013.
The consolidated result was essentially attributable to CIR, which reported a net loss of € 11.5 million (net loss of € 131.5 million in 2013) and to the net loss of Cofide of € 3 million (net income of € 1.1 million in 2013).

In 2014, the consolidated net result of the CIR Group was a loss of € 23.4 million compared with a consolidated net loss of € 269.2 million in 2013. The results of 2013 and 2014 were both affected by significant non-recurring charges: excluding these items, the 2014 consolidated net result would have been positive for € 12.0 million, compared with a consolidated net loss of € 32.6 million in the previous year.
Bear in mind that the net result in 2013 featured two non-recurring items with opposite signs: on the one hand, the negative effect of write-downs mainly related to Sorgenia; on the other, the positive impact of the final sentence in the Lodo Mondadori, leading to a net of € -236.6 million. The € -35.4 million of non-recurring items in 2014 relate to the charge incurred for the repurchase of the CIR S.p.A. 2024 bond (€ -14.6 million) and the write-down of assets in the form of non-performing loans (€ -20.8 million), classified as assets are held for sale.

The contribution made by the Group's industrial subsidiaries was positive for € 13.1 million, compared with a negative contribution of € 516.8 million in 2013. Excluding the € - 491 million of extraordinary items in 2013, the contribution in 2014 shows a significant improvement compared to the loss of € 25.8 million.
Espresso achieved a better result than in 2013 despite the crisis in the publishing industry, KOS posted a profit substantially in line with that of the previous year, while Sogefi reported a decrease in profit, mainly due to the negative trend in the South American market and restructuring charges.
As regards Sorgenia, given its imminent exclusion from the scope of consolidation and thanks to write-down made in 2013 it has not had any economic impact.
The holding CIR (including non-industrial subsidiaries) recorded a loss of € 36.5 million compared to a profit of € 247.6 million in 2013, which had benefited from non-recurring items, in particular the compensation of the Lodo Mondadori. Excluding non-recurring items in both years, the loss falls from € 6.8 million in 2013 to € 1.1 million in 2014.

Cofide Group equity at 31 December 2014 was € 528.4 million versus € 535.9 million at 31 December 2013.

At 31 December 2014, the consolidated net debt of Cofide, the parent company, stood at € 32.8 million (€ 31.0 million at 31 December 2013).

The parent company Cofide S.p.A. closed 2014 with a net loss of € 3 million compared with net income of € 1.1 million in 2013.

The operating subsidiaries are active in the following areas: media (publishing, radio and internet), automotive components (engine systems and suspension components) and healthcare (care homes, rehabilitation centres and high-tech services).

In order to provide further information on the financial performance of Cofide in 2014, the income statement and balance sheet are provided with a breakdown showing the contribution of the subsidiaries to the net result and equity of Cofide.

The **income statement** is as follows:

(in millions of euro)	*2014*	*2013*
Contributions of investments in subsidiaries:		
- Cir S.p.A.	(11.5)	(131.5)
TOTAL CONTRIBUTIONS	**(11.5)**	**(131.5)**
Net gains and losses on trading and the valuation of securities	1.2	4.0
Net financial income and expense	(2.1)	(0.7)
Net operating costs	(2.1)	(2.1)
RESULT BEFORE TAXES	**(14.5)**	**(130.3)**
Income taxes	--	(0.1)
NET RESULT	**(14.5)**	**(130.4)**

The **statement of financial position** at 31 December 2014 shows equity of € 528.4 million, Parent Company net debt of € 32.8 million and long-term financial assets of € 561.7 million.

(in millions of euro)	*31.12.2014*	*31.12.2013*
Cir S.p.A.	543.1	552.4
LONG-TERM EQUITY INVESTMENTS	**543.1**	**552.4**
Other long-term financial assets	18.6	15.0
TOTAL FINANCIAL ASSETS	**561.7**	**567.4**
Tangible assets	1.3	1.2
Net receivables and payables	(1.8)	(1.7)
NET INVESTED CAPITAL	**561.2**	**566.9**
Financed by:		
Equity	**528.4**	**535.9**
Net financial debt	**(32.8)**	**(31.0)**

"Other financial assets" consist entirely of the investment made by Cofide in the Jargonnant real estate fund, which at 31 December 2014 amounted to € 18.6 million. The increase from € 15 million at 31 December 2013 was principally due to the change in fair value made during the year.

1. Performance of the Group

Consolidated revenues for 2014 amounted to € 2,392.6 million compared with € 2,403.4 million in 2013, a decrease of € 10.8 million (-0.4%). Espresso has seen a 6.6% decline in revenues, whereas Sogefi's increased by 1.1%, those of KOS by 5.3%. Revenues generated outside Italy accounted for 53.3% of the total, thanks to the international development of Sogefi.

Consolidated revenues can be broken down as follows:

(in millions of euro)	*2014*	*%*	*2013*	*%*	*Change* absolute	%
Media						
Espresso Group	643.5	26.9	689.1	28.7	(45.6)	(6.6)
Automotive components						
Sogefi Group	1,349.4	56.4	1,335.0	55.5	14.4	1.1
Healthcare						
KOS Group	392.4	16.4	372.5	15.5	19.9	5.3
Other sectors	7.3	0.3	6.8	0.3	0.5	7.3
Total consolidated revenues	2,392.6	100.0	2,403.4	100.0	(10.8)	(0.4)
of which: ITALY	1,117.0	46.7	1,135.6	47.3	(18.6)	(1.6)
OTHER COUNTRIES	1,275.6	53.3	1,267.8	52.7	7.8	0.6

The condensed **consolidated income statement** is as follows:

(in millions of euro)	*2014*	*%*	*2013*	*%*
Revenues	2,392.6	100.0	2,403.4	100.0
Consolidated EBITDA *(1)*	**194.7**	**8.1**	**186.9**	**7.8**
Consolidated operating income (EBIT)	**78.5**	**3.3**	**15.0**	**0.6**
Financial management *(2)*	(43.1)	(1.8)	(28.6)	(1.2)
Non-recurring income (expense)	--		491.3	20.4
Income taxes	(28.6)	(1.2)	(183.6)	(7.6)
Income (loss) from assets held for sale	(18.3)	(0.8)	(1,054.1)	(43.8)
Net income including minority interests	**(11.5)**	**(0.5)**	**(760.0)**	**(31.6)**
Minority interests	(3.0)	(0.1)	629.6	26.2
Net income of the Group	**(14.5)**	**(0.6)**	**(130.4)**	**(5.4)**

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.*

Consolidated EBITDA in 2014 came to € 194.7 million (8.1% of revenues) compared with € 186.9 million in 2013 (7.8% of revenues), an increase of € 7.8 million (+4.2%). The growth is mainly due to the improvement in the margin of the Espresso and KOS Groups and of CIR, which in 2013 suffered from non-recurring charges related to the Lodo Mondadori. These factors more than offset the decline in the Sogefi Group's profitability.

Consolidated (EBIT) in 2014 came to € 78.5 million compared with € 15.0 million in 2013. The 2013 figure included write-downs of € 70 million, mainly for the goodwill of the Espresso Group, whereas in 2014 there are write-downs of € 17.7 million as the result of impairment tests. Excluding these write-downs, EBIT increases from € 85.0 million in 2013 to € 96.2 million, reflecting the positive trend in EBITDA.

Financial management generated a net charge of € 43.1 million compared with one of € 28.6 million in 2013; In detail:

- financial expense came to € 97.1 million compared with € 87.0 million in 2013. The increase is mainly due to one-off charges resulting from refinancing the debt of the operating groups, particularly Sogefi and Espresso;
- financial income came to € 55.9 million compared with € 54.3 million in 2013; recurring income declined by around € 10 million, from € 36.3 million to € 24.8 million, due to lower available liquidity (due to the payment of charges relating to the "Lodo Mondadori" and the repurchase of the CIR S.p.A. 2024 bond) as well as to the general decrease in interest rates; there was non-recurring income for a total of € 31.1 million due to the remeasurement at fair market value of the derivative embedded in the convertible bonds issued by Espresso and Sogefi in 2014, whereas in 2013 there was non-recurring income of € 18 million;
- net gains on trading of securities amounted to € 2.5 million compared with € 12.6 million in 2013. The figure reflects the charge of € 21.1 million incurred in 2014 for the repurchase of the CIR S.p.A. 2024 bond, while income in particular from hedge funds has increased by about € 8 million;
- negative adjustments to financial assets of € 4.5 million have also been recorded, compared with negative adjustments of € 8.4 million in 2013, mainly because of write-downs of investments in venture capital companies charged in 2013.

The condensed consolidated statement of financial position of the Cofide Group at 31 December 2014, with comparative figures at 31 December 2013, is as follows:

(in millions of euro) (1)	*31.12.2014*	*Pro-forma 31.12.2013*	*31.12.2013*	*of which Sorgenia*
Fixed assets	1,775.0	1,814.6	3,270.3	1,455.7
Other net non-current assets and liabilities	(46.1)	(120.2)	52.6	181.7
Net working capital	(24.8)	(87.5)	139.2	226.6
Net invested capital	**1,704.1**	**1,606.9**	**3,462.1**	**1,864.0**
Net financial debt	**(145.6)**	**(21.1)**	**(1,876.3)**	**(1,855.2)**
Total equity	**1,558.5**	**1,585.8**	**1,585.8**	**8.8**
Equity of the Group	528.4	535.9	535.9	--
Minority interests	1,030.1	1,049.9	1,049.9	8.8

Net invested capital at 31 December 2014 amounted to € 1,704.1 million compared with € 3,462.1 million at 31 December 2013, which included € 1,864 million relating to the Sorgenia Group, now reclassified as assets/liabilities held for sale. The increase in 2014 amounted to € 97.2 million, in particular due to the payment of taxes and legal fees in connection with the Lodo Mondadori.

The **consolidated net financial position** at 31 December 2014 showed net debt of € 145.6 million (compared with € 1,876.3 million at 31 December 2013) caused by:

- debt of € 32.8 million for Cofide, the parent company, compared with € 31.0 million at 31 December 2013;

- a financial surplus for CIR and the other holding companies of € 379.5 million, down compared with € 538.0 million at 31 December 2013, mainly due to the "Lodo Mondadori" charges mentioned previously;
- total debt of the operating groups (excluding the Sorgenia Group) of € 492.3 million compared with € 528.1 million at 31 December 2013. The reduction of € 35.8 million is mainly due to the improvement in the Espresso Group's indebtedness.

Total equity at 31 December 2014 came to € 1,558.5 million compared with € 1,585.8 million at 31 December 2013, a decrease of € 27.3 million.

Group equity at 31 December 2014 amounted to € 528.4 million compared with € 535.9 million at 31 December 2013, the net decrease of € 7.5 million is mainly due to the result for the period and, to a lesser extent, the purchase of treasury shares.

Minority interests at 31 December 2014 amounted to € 1,030.1 million compared with € 1,049.9 million at 31 December 2013, a net decrease of € 19.8 million.

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

The **consolidated statement of cash flows** for 2014, 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)	*2014*	*2013*
SOURCES OF FUNDS		
Result for the period including minority interests from continuing operations	6.8	294.2
Amortisation, depreciation, write-downs & other non-monetary changes	116.0	170.6
Self-financing	**122.8**	**464.8**
Change in working capital and other non-current assets and liabilities	**(91.2)**	**150.9**
CASH FLOW GENERATED BY OPERATIONS FROM CONTINUING OPERATIONS	**31.6**	**615.7**
Increases in capital	5.2	3.2
TOTAL SOURCES OF FUNDS	**36.8**	**618.9**
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(158.6)	(117.1)
Price paid for business combinations	(9.6)	--
Net debt of acquired companies	(0.6)	--
Buy-back of own shares	(7.0)	(1.1)
Payment of dividends	(3.2)	(12.0)
Other changes in equity	6.4	72.8
TOTAL APPLICATIONS OF FUNDS	**(172.6)**	**(57.4)**
FINANCIAL SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS	**(135.8)**	**561.5**
CASH FLOW / NET FINANCIAL POSITION FROM DISCONTINUED OPERATIONS	**11.3**	**1,955.0**
FINANCIAL SURPLUS (DEFICIT)	**(124.5)**	**2,516.5**
NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD	**(21.1)**	**(2,537.6)**
NET FINANCIAL POSITION AT THE END OF THE PERIOD	**(145.6)**	**(21.1)**

A breakdown of the net financial position is given in the notes to the financial statements.

In 2014, the change in the Group's net financial position shows a deficit of € 135.8 million, which is the result of sources of funding for € 36.8 million and applications for a total of € 172.6 million.

The cash flow generated by operations, € 31.6 million, reflects a change in working capital for payment during the year of € 135 million relating to taxes and amounts due to professionals accrued at 31 December 2013 for the definitive conclusion of the "Lodo Mondadori" dispute, which in 2013 had resulted in a positive cash flow of € 491 million.
Net investments in fixed assets mainly concern the Sogefi Group for € 84 million, the KOS Group for € 50 million and the Espresso Group for € 15 million.

At 31 December 2014 the Cofide Group had 13,848 employees, compared with 14,114 at 31 December 2013.

2. *Performance of the Parent Company*

The Parent Company Cofide S.p.A. closed 2014 with net loss of € 3 million compared with a net income of € 1.1 million in 2013, and equity of € 559.1 million at 31 December 2014 (€ 557.3 million at 31 December 2013).

The **condensed income statement** of Cofide S.p.A., with comparative figures from 2014, is as follows:

(in millions of euro)	*2014*	*2013*
Net operating costs *(1)*	(1.6)	(1.6)
Other operating costs, amortisation and depreciation *(2)*	(0.5)	(0.5)
Financial management *(3)*	(0.9)	3.3
Result before taxes	**(3.0)**	**1.2**
Income taxes	--	(0.1)
Net result	**(3.0)**	**1.1**

1)This item is the sum of "sundry revenues and income", "costs for the purchase of goods", "costs for services" and "personnel costs" in the income statement of Cofide S.p.A..
2)This item is the sum of "other operating costs" and "amortisation, depreciation and write-downs" in the income statement of Cofide 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 Cofide S.p.A..

Financial management generated a net charge of € 0.9 million compared with a positive value of € 3.3 million last year The reduction is due to lower gains on securities trading and valuation of securities on the previous financial year.

The **condensed statement of financial position** of Cofide S.p.A. at 31 December 2014, with comparative figures as at 31 December 2013, is as follows:

(in millions of euro)	*31.12.2014*	*31.12.2013*
Fixed assets *(1)*	575.1	575.0
Other net non-current assets and liabilities *(2)*	18.2	14.9
Net working capital *(3)*	(1.4)	(1.6)
Net invested capital	**591.9**	**588.3**
Net financial position *(4)*	**(32.8)**	**(31.0)**
Equity	**559.1**	**557.3**

1) This item is the sum of "intangible assets", "tangible assets", "investment property" and "equity investments in subsidiaries" in the statement of financial position of Cofide S.p.A., the Parent Company..
2) This item is the sum of "securities" and "other receivables" in non-current assets and "other payables" and "personnel provisions" in non-current liabilities in the statement of financial position of Cofide S.p.A., the Parent Company..
3) This item is the sum of "other receivables" in current assets and "trade payables" and "other payables" in current liabilities in the statement of financial position of Cofide S.p.A., the Parent Company..
4) This item is the sum of "securities" and "cash and cash equivalents" in current assets, "other borrowings" in non-current liabilities and "overdrafts" in current liabilities in the statement of financial position of Cofide S.p.A., the Parent Company..

At 31 December 2014, the consolidated net debt of Cofide, the parent company, stood at € 32.8 million (€ 31 million at 31 December 2013).

The change in equity from € 557.3 million at 31 December 2013 to € 559.1 million at 31 December 2014 reflects the net result for the period, negative for € 3 million, net of the positive change in the fair value reserve € 4.8 million.

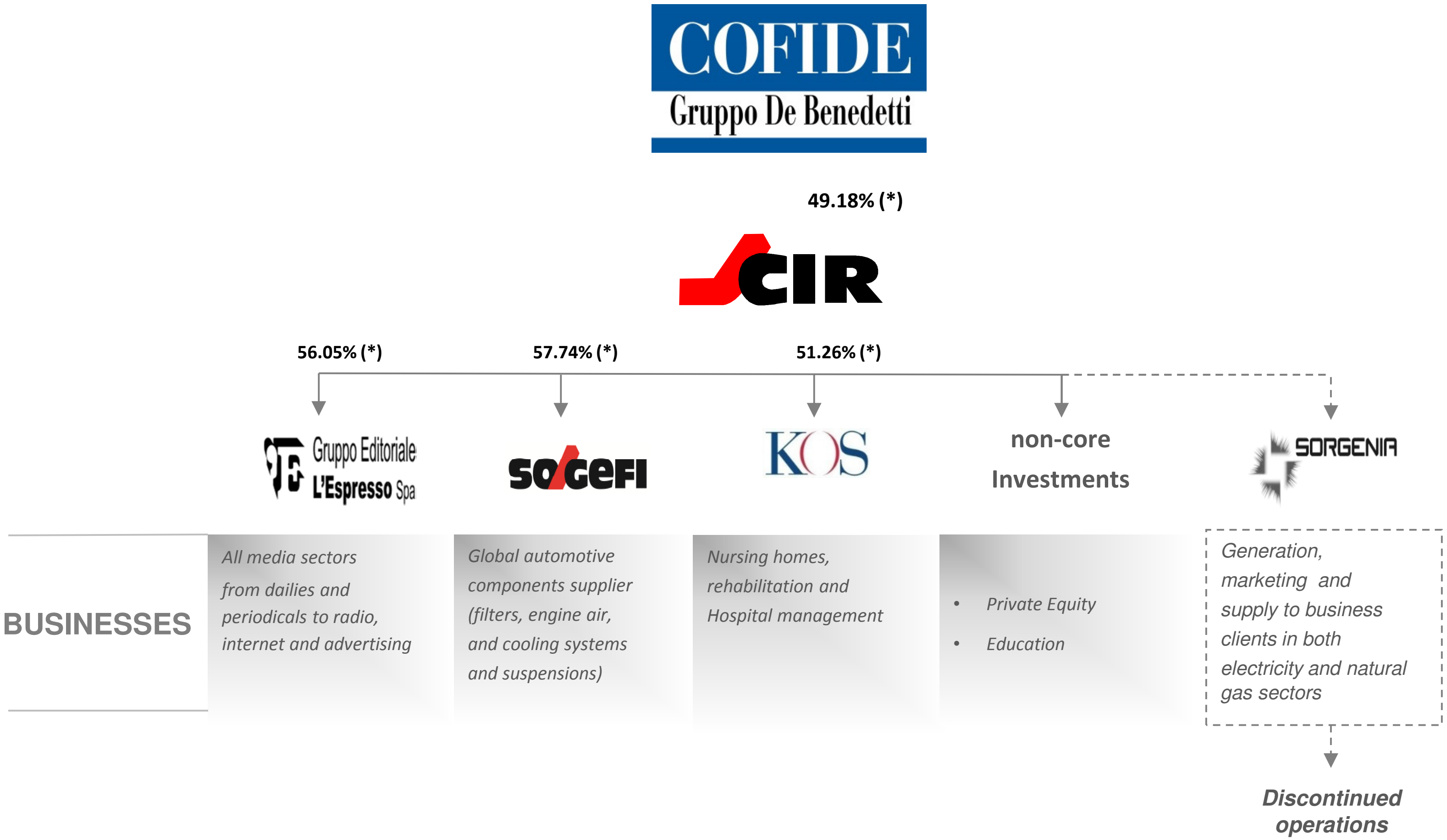
3. Reconciliation of the Parent Company's financial statements with the consolidated financial statements

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

(in thousands of euro)

	Equity 31.12.2014	*Net result 2014*
Financial statements of Cofide S.p.A. (Parent Company)	559,079	(2,961)
- Dividends from consolidated companies	-	-
- Net contribution of consolidated companies	45,432	(11,507)
- Difference between the carrying values of investee companies and the portions of their equity included in the consolidation, net of their contributions	(76,122)	-
- Other consolidation adjustments	-	-
Consolidated financial statements (Group share)	528,389	(14,468)

Main Group investments
at 31 December 2014



(*) the percentage is calculated net of treasury shares

4. Performance of the subsidiaries

CIR GROUP - The CIR Group reported a consolidated net loss of € 23.4 million in 2014 compared with a consolidated net loss of € 269.2 million in 2013. Both periods were affected by significant non-recurring charges: excluding these items, the 2014 consolidated net result would have been positive for € 12.0 million, compared with a consolidated net loss of € 32.6 million the previous year.

Bear in mind that the net result in 2013 featured two non-recurring items with opposite signs: on the one hand, the negative effect of write-downs mainly related to Sorgenia; on the other, the positive impact of the final sentence in the Lodo Mondadori, leading to a net negative balance of € -236.6 million. The € -35.4 million of non-recurring items in 2014 relate to the charge incurred for the repurchase of the CIR S.p.A. 2024 bond (€ -14.6 million) and the write-down of assets in the form of non-performing loans (€ -20.8 million), which are held for sale.

The contributions made to the consolidated net result and equity of the CIR Group are summarised below by sector:

(in millions of euro)	*2014*	*2013*
CONTRIBUTIONS TO NET RESULT		
Espresso Group	4.8	2.1
Sogefi Group	2.1	12.2
KOS Group	6.3	6.1
Sorgenia Group	(0.1)	(46.2)
Total for main subsidiaries	**13.1**	**(25.8)**
Other subsidiaries	(6.7)	(6.4)
CIR and other holding companies	**5.6**	**(0.4)**
Non-recurring items	(22.8)	254.4
Assets held for sale	(12.6)	(491.0)
Net result of the CIR Group	**(23.4)**	**(269.2)**

The contribution made by the industrial subsidiaries was positive for € 13.1 million, compared with a loss of € 25.8 million in the previous year (excluding extraordinary items negative for € 491 million).

Espresso achieved a better result than in 2013 despite the crisis in the publishing industry, KOS posted a profit substantially in line with that of the previous year, while Sogefi reported a decrease in profit, mainly due to the negative trend in the South American market and restructuring charges.
As regards Sorgenia, its imminent exclusion from the scope of consolidation has not had any economic impact thanks to write-down made in 2013.

Consolidated equity went from € 1,131.0 million at 31 December 2013 to € 1,104.5 million at 31 December 2014, a net decrease of € 26.5 million.

(in millions of euro)	31.12.2014	31.12.2013
CONTRIBUTIONS TO EQUITY		
Espresso Group	316.9	313.5
Sogefi Group	93.1	97.7
KOS Group	128.6	123.2
Sorgenia Group	(1.2)	0.1
Other subsidiaries	1.3	(3.2)
Total subsidiaries	**538.7**	**531.3**
CIR and financial holding companies	**565.8**	**599.7**
- invested capital	186.3	61.7
- net financial position	379.5	538.0
Equity of the CIR Group	**1,104.5**	**1,131.0**

There now follows a more in-depth analysis of the business sectors of the CIR Group.

MEDIA

Bear in mind that following the integration of the network operators' activities in Persidera in June 2014 and the transfer of ownership of All Music to Discovery Italia in January 2015, these operations were classified as "Assets/Liabilities held for sale".

In 2014, in a general economic climate still of recession, the publishing sector continued to report negative performance, which affected both advertising and circulation of newspapers and magazines.
According to Nielsen Media Research figures, advertising investment declined by 2.5% compared with 2013, with even greater cuts in advertising costs by the telecommunications, transport, fashion and cosmetics sectors.
For television and radio, advertising was substantially in line with 2013 (-0.5% and -1.8% respectively) while advertising in the printed press again declined significantly (-8.5%), affecting both daily newspapers and magazines (-9.7% and -6.5%), and both national advertising and local advertising (-8.2% and -9.3%). Internet advertising increased slightly (+2.1%).
As for circulation, ADS (Accertamento Diffusione Stampa) figures show a decline in sales of daily newspapers of 11.4% in 2014; note that, at the same time, digital newspaper subscriptions are increasing, but to date this has not been enough to offset the loss of copies in the traditional format and channel.

The Espresso Group closed 2014 with a consolidated turnover of € 643.5 million, down by 6.6% from € 689.1 million in 2013 as a result of the crisis affecting the entire industry.

Group revenues are as follows:

(in millions of euro)	*2014*		*2013*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Circulation	232.9	36.2	248.0	36.0	(6.1)
Advertising	365.6	56.8	395.5	57.4	(7.6)
Add-ons	32.8	5.1	33.6	4.9	(2.4)
Other revenues	12.1	1.9	11.9	1.7	1.7
TOTAL	643.5	100.0	689.1	100.0	(6.6)

Circulation revenues, amounting to € 232.9 million, went down by 6.1% compared with last year (€ 248 million), in a market that, as stated above, continues to show a significant decline in the number of copies of newspapers sold (-11.4%). *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, according to Audipress figures, as the top newspaper in the traditional format by number of readers. The average number of subscribers to its digital products rose by 9% compared with 2013 and at the end of 2014 was in the region of 86 thousand.
The network of local papers, which according to Audipress surveys have an average of 3 million readers per day, reported a better performance in circulation than that of the sector as a whole with a gradual increase in digital subscriptions, although the latter are less significant than those of the national newspaper.
Overall, at the end of 2014, the Group had more than 108 thousand subscribers to the digital editions of its newspaper titles.

Advertising revenues declined by 7.6%, with the internet at +4.9%, radio substantially in line with last year and the printed press at -10.0%.
Regarding the internet, the position of the group in the sector showed further growth: Repubblica.it, whose average Total Digital Audience in 2014 was 1.6 million unique users per day, confirmed its position as leader among Italian news websites; growth in the audience of the local newspaper websites was also significant, with an average Total Digital Audience of 406 thousand unique users on a daily basis.

Despite the negative evolution of the market, which has had a significant impact on revenues, the Espresso Group closed 2014 with a positive result that was slightly better than that of the previous year.

Costs went down by 6.5%, which was substantially the same as the decline in revenues. Fixed industrial costs, in particular, have fallen thanks to the ongoing reorganisation of the Group's production structure, whereas distribution costs have been cut thanks to rationalisation of transport, administration and other operating costs mainly thanks the measures taken to hold down labour costs.

Consolidated EBITDA amounted to € 59.8 million, with respect to an improvement on € 55.1 million in 2013.

Consolidated EBIT came to € 29.9 million and includes € 14.4 million of goodwill write-downs of titles as a result of impairment tests. Net of this item, the operating result was € 44.3 million, up from € 37.8 million in the previous year.

Consolidated net income amounted to € 8.5 million compared with € 3.7 million the previous year.

Consolidated net financial debt amounted to € 34.2 million at 31 December 2014, with a further reduction of € 39.3 million compared with € 73.5 million at the end of 2013. The financial surplus for the period from current operations came to € 24.8 million, to which should be added the effect of the fair market value of the call option embedded in the bond.

Excluding the sold activities, at 31 September 2014 the Group had 2,310 employees, including those on fixed-term contracts, compared with 2,398 at 31 December 2013.

In a sector like publishing, which in 2014 again showed recessionary trends in both circulation and advertising, the Espresso Group managed to achieve a net positive result and a slight increase in profitability, thanks to a further reduction in fixed costs.

During 2014 the Espresso Group successfully completed two transactions of strategic importance: the integration of its network operator businesses with those of Telecom Italia Media, creating the main independent network operator in Italy (Persidera), the refinancing of the Parent Company, through the issue of a five-year Convertible Bond for a nominal amount of € 100 million and the completion of a program for the sale of the receivables of A. Manzoni & C., both through factoring deals (contracts already signed) and securitisation deals (being defined). As from 2015 the Group will have significantly lower financial expense than it has currently.

After the close of the year 2014, on 30 January 2015, the Espresso Group and Discovery Italia completed the change of ownership of All Music, the company that produces *Deejay TV*, a generalist TV channel. Under the deal the new publisher Discovery Italia will produce the channel in partnership with Elemedia (the company that produces the radio and television channels of the Espresso Group) continuing to use the *Deejay TV* brand. *Deejay TV* will thus be able to benefit from the experience and competence of Discovery Italia, which, while maintaining the characteristics of the channel, will enhance its target and content.

The Board of Directors of L'Espresso, which met on 25 February 2015, proposed not to distribute any dividend for 2014.

Lastly, regarding the outlook for the year 2015, evidence available today does not indicate any change in the trends that characterized 2014 but only a reduction of the decline.

AUTOMOTIVE COMPONENTS

In 2014 world production of cars and light commercial vehicles grew by 3.1% compared with 2013, with performance differing in the various geographical areas. More specifically, the car market was positive in North America and Asia, with growth in production volumes compared with 2013 of 5% and 6.5% respectively. In South America, especially in Brazil and Argentina, the sharp slowdown of the market compared with 2013 continued, with the production of passenger cars and commercial vehicles down in the year by 16.5%. In Europe the market grew by 5.7% in 2014, thanks partly to the recovery in light commercial vehicles (+13%) and to the recovery from the low volumes of last year.

In 2014, revenues of the Sogefi Group amounted to € 1,349.4 million, +1.1% compared with 2013 and +4.7% at constant exchange rates. These revenues benefited from the positive performance of non-European markets, particularly the growth in North America and Asia, with revenues up by 10.6% and 39.5% respectively, which offset the sharp decline in South America (-19.2%). In Europe, revenues rose slightly (+1.5% to € 872.1 million). Despite the negative effect of exchange rates, the impact of non-European countries on the total revenues of the Sogefi group remained substantially stable at 35.4% (35.6% in 2013).

The breakdown of the Sogefi Group's consolidated turnover by business sector is as follows:

(in millions of euro)	*2014*		*2013*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Engine systems	844.9	62.7	818.6	61.4	3.2
Suspension components	506.6	37.5	518.6	38.8	(2.3)
Intercompany	(2.1)	(0.2)	(2.2)	(0.2)	n.a.
TOTAL	1,349.4	100.0	1,335.0	100.0	1.1

In 2014, the Engine Systems Business Unit reported revenues of € 844.9 million, up by 3.2% on 2013 (+6.3% at constant exchange rates), benefiting from business growth in markets outside Europe – mainly the US, China and India – and from a positive contribution by the aftermarket; The Suspension Components Business Unit closed 2014 with revenues of € 506.6 million, down by 2.3% on 2013, but up by 2.1% at constant exchange rates.

In 2014 consolidated EBITDA came in at € 109.5 million, down by 15.5% from € 129.5 million in 2013. The decline was primarily due to the lower contribution made by countries outside the euro area, as well as the slowdown in the South American market and the unfavourable exchange rate effect (€ -15 million). Pre-restructuring EBITDA was € 129.3 million (€ 147.3 million in 2013; -12.2%), with an incidence on revenues of 9.6% compared with 11% in 2013.

Consolidated EBIT totalled € 48.3 million (€ 69.1 million in 2013). Pre-restructuring EBIT was € 69.4 million (€ 88.3 million in 2013; -21.4%), with an incidence on revenues of 5.1% compared with 6.6% in 2013.

Net financial expense amounted to € 26.8 million in 2014 (€ 28.4 million in 2013), benefiting from non-recurring items with a net balance of € 4.8 million; these include, in particular, the non-recurring income of € 14 million relating to the periodic mark to market of the derivative embedded in the convertible bond (remeasurement in accordance with the accounting standards when there is a settlement option of payment in cash).

The consolidated net result was a positive € 3.6 million (€ 21.1 million in 2013).

Net financial debt stood at € 304.3 million at 31 December 2014, in line with the figure at year-end 2013 (€ 304.6 million) and showing an improvement compared with the figure at 30 September 2014 (€ 348.5 million). The positive change in the quarter was due to the seasonal improvement in working capital combined with the benefit resulting from the mark-to-market of the derivative embedded in the convertible bond.

Group equity at 31 December 2014 was € 161.2 million versus € 168.5 million at 31 December 2013.

The Sogefi group had 6,668 employees at the end of 2014 compared with 6,834 at 31 December 2013.

The Board of Directors of the Parent Company Sogefi, which met on 23 February 2015, proposed not distributing any dividend, with the aim of reducing debt, given the cash disbursements expected to take place in 2015 following the efficiency enhancing actions taken by the company in Europe in

2014 to achieve a production capacity more in line with current levels of demand.

In 2015, in a global car market that appears to be growing, Sogefi expects to continue the positive trends seen in North America, China and India. In Europe, the company should see some improvement in the trend over last year, while the South American market remains very uncertain.

HEALTHCARE

Since 2009, expenditure by Italy's National Health Service has registered a progressive reduction compared with the annual growth rate recorded up to that moment (about 4%), with a parallel decrease in public funding. The downward trend was further consolidated following the "stability laws" (i.e. budgets) and the spending review of the various governments that over the last four years have imposed major spending cuts in the health sector.

The extended health care cost containment has led to a reorganisation of services based on the reduction of hospital beds, an increase in outpatient activities and growth in intermediate structures to ensure better care for the elderly who are no longer self-sufficient. At the same time, private operators have had to deal with a review of accreditation systems, the introduction of expenditure ceilings and doing away with the lack of periodic tariff update. The effect on households, with particular reference to those that are not self-sufficient, has been an increase in co-payment for services, a slowdown in access to services because of long waiting lists, and consequently a search for alternative solutions that are more affordable and flexible (informal home care).

In this context, in 2014 the Kos Group achieved revenues of € 392.4 million, compared with € 372.5 million the previous year, an increase of 5.3%, thanks to growth in its three lines of business.

Group revenues are as follows:

(in millions of euro)	*2014*		*2013*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Care homes	153.4	39.1	149.9	40.2	2.4
Rehabilitation	161.3	41.1	147.8	39.7	9.1
Acute/Hi-tech	77.7	19.8	74.8	20.1	3.9
TOTAL	392.4	100.0	372.5	100.0	5.3

Consolidated EBITDA came to € 54.4 million, up by 7.7% on € 50.5 million in 2013, principally because of the change in the scope of consolidation and business developments that took place in previous years.

Consolidated EBIT came to € 33.5 million (8.5% of revenues) versus € 30.4 million (8.2% of revenues) last year, principally because of the change in the scope of consolidation.

Consolidated net income amounted to € 12.3 million, up compared with € 11.8 million the previous year.

At 31 December 2014 the KOS Group had net debt of € 157 million, compared with € 155.7 million at 31 December 2013.

At 31 December 2014 consolidated equity amounted to € 250.8 million versus € 240.3 million at 31 December 2013.

The Group had 4,708 employees at 31 December 2014 compared with 4,291 at 31 December 2013.

In 2014, new care homes started operations in Montecosaro (MC) and Bergamo and the private neuropsychiatric hospital "Villa Azzurra" in Riolo Terme (RA) was acquired. In the area of cancer care and diagnostics, work continues in India with the joint venture ClearMedi Healthcare Ltd and in the United Kingdom with the subsidiary Medipass Healthcare Ltd. Moreover, at the beginning of 2015, the Group bought two facilities in Lombardy (operating in the field of care homes and rehabilitation).

The KOS Group currently manages 73 facilities, mainly in central and northern Italy, for a total of some 6,820 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 43 nursing facilities and 9 psychiatric rehabilitation facilities, for a total of 4,818 beds in use (of which 4,379 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 1,872 beds;
3) *Hospital management:* management of a hospital and hi-tech services in 31 public and private facilities.

ENERGY

In 2014 the Sorgenia Group had consolidated revenues of € 1,844.8 million, 19.5% down on 2013 (€ 2,292.5 million), due to the continuing decline in thermal power generation volumes and the reduction in group sales of electricity to the consumer sector.

For the Sorgenia Group, EBITDA amounted to € 80.7 million compared with a negative figure of € 234.7 million in 2013, which was penalised by write-downs of investments carried at equity. The total gross EBITDA (which takes into account the result of the entire "Renewable Energy" segment classified in the 2014 financial statements of the Sorgenia Group as assets held for sale) amounted to € 106.8 million compared with a negative value of € 226 million in 2013.

Consolidated EBIT was € 8.2 million compared with a negative figure of € 577.8 million in 2013 at Sorgenia Group level.

The consolidated net loss amounted to € 79.3 million compared with a consolidated net loss of € 783.4 million in 2013.

As regards the CIR Group, the contribution made by the Energy sector in 2014 was more or less zero, considering the impact of applying IFRS 5 in the 2013 consolidated financial statements.

At 31 December 2014, consolidated net debt amounted to € 1,679.5 million, a decrease of € 120 million compared with € 1,799.5 million at 31 December 2013, mainly due to reclassification of the "Renewable energy" segment under assets/liabilities held for sale.

The Group had 285 employees at 31 December 2014 compared with 402 at 31 December 2013.

Note that the financial statements of Sorgenia still form part of CIR's consolidated financial statements, but no longer on a line-by-line basis in accordance with IFRS 5.

NON-CORE INVESTMENTS

They are represented by private equity, minority interests and other investments amounting to € 150.9 million at 31 December 2014, compared with € 179.9 million at 31 December 2013.

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 31 December 2014, based on the NAVs provided by the various funds, came to € 67.7 million, an increase of € 3.8 million compared with 31 December 2013. The return on this portfolio during the year was € 5.9 million.

Outstanding commitments at 31 December 2014 amounted to € 6.8 million.

NON-STRATEGIC INVESTMENTS

Directly and indirectly, CIR holds investments in non-controlling interests for a total value of € 33.9 million at 31 December 2014. In particular, CIR has a 17.39% stake in SEG (Swiss Education Group), one of the world's leading management training centres for the hospitality industry (hotels and restaurants), with 5,000 students from 80 different countries enrolled in its five renowned facilities in Switzerland. The value of the investment, including a loan of € 3.5 million, amounted to € 21.1 million at 31 December 2014.

The result of non-strategic investments in 2014 was a loss of € 1.4 million.

OTHER INVESTMENTS

In addition, CIR holds a portfolio of non performing loans totalling € 49.3 million at 31 December 2014. During the last quarter of 2014, it was decided to go ahead with the sale of the non-performing loans portfolio, so its value was assessed with a view to its liquidation, resulting in an impairment loss of € 20.8 million.

5. Significant events which occurred after the close of the year

As regards significant events that took place after 31 December 2014, information is provided in the part of the report on the segment performance of the Espresso, Sogefi and KOS groups.

6. Outlook for operations

The performance of the Cofide Group in 2015 will be affected by how the Italian economy evolves, which will have a particularly significant impact on the media and healthcare sectors, as well as by the performance of the South American market for the automotive components sector. The Group should return to profit during the year, subject to extraordinary events that are not currently foreseeable.

7. Principal risks and uncertainties to which Cofide S.p.A. and the group are exposed

Risks connected with the results of the Group

The Cofide Group operates, among other things, in the automotive components sector, which is subject to cyclical factors, and in the media sector which is highly sensitive to trends in the economic cycle.

It is difficult to forecast the extent and duration of these various cycles. However, any macroeconomic event, such as a significant decline in a particular market, volatility in the financial markets, a rise in energy prices, fluctuations in commodity prices, etc. could have an impact on the Group's prospects and business activities, as well as on its results and financial position.

Risks connected with borrowing requirements

The Cofide Group expects to be able to meet its borrowing requirements in terms of maturing loans and investment needs with its operating cash flows, available liquidity and by renewing or refinancing its bank loans or bonds. Even in the current market context, the Group aims to maintain a sufficient capacity to generate funds from ordinary operations.

The Group invests any free cash flow, spreading its investments over a suitable number of prime counterparties, matching the residual life of these investments with the maturity of its obligations on the funding side. However, in light of the current financial crisis, it cannot be ruled out that there may be banking or money market situations that could obstruct the normal functioning of the financial system.

Risks connected with fluctuations in exchange and interest rates

A significant part of Group borrowings involves the payment of interest at floating rates, mainly linked to Euribor. So any rise in interest rates could result in higher funding costs or more costly debt refinancing on the part of Group companies.

In order to limit the risk of interest rate fluctuations, the Group uses interest rate derivatives to keep them within a predetermined range.

Some Group companies, particularly in the Sogefi Group, do business in European countries that do not belong to the Euro-zone and non-EU countries that use different currencies, exposing them to the risk of fluctuations in foreign exchange rates against the euro. In line with its risk management policies, the Group takes out hedges to limit this risk.

Despite this hedging, sudden fluctuations in exchange or interest rates could have a negative impact on the Group's economic and financial results.

Risks connected with customer and supplier relations
In its relations with customers, the Group manages the demand concentration by suitably diversifying its customer portfolio, both geographically and in terms of distribution channels. In relations with suppliers the approach differs according to the business sector. For example, the Sogefi Group diversifies its sourcing by using several suppliers operating in different parts of the world, which enables the Group to reduce its risk of commodity price fluctuation and avoid relying too heavily on key suppliers.

Risks connected with competitiveness in the Group's business sectors
The Group operates in markets with genuine entry barriers against new competitors thanks to technology or quality gaps, the need to make substantial initial investments and the fact that it operates in sectors that are highly regulated, requiring special authorisations from the competent authorities.
It is important underline how the ability to develop and deliver innovative products would allow Group companies to achieve results in line with the strategic forecasts.

Risks connected with environmental policies
The Group operates in sectors that are subject to a host of environmental rules and regulations (at local, national and supranational level) and they are often revised to become more restrictive. Having to comply with these regulations, especially if they continue to change, could lead to very high costs that potentially could impact the Group's profit margins.

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Cofide S.p.A., as the Parent Company, is exposed to substantially the same risks and uncertainties as described above for the Group.

8. Other information

Treasury shares

At 31 December 2014 the Parent Company did not hold any treasury shares or shares in its parent company, nor did it buy or sell any such shares during the year, whether directly or through a trust company or nominee.

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.Cofide.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.
Transactions with subsidiaries during the year ended 31 December 2014 related mainly to:

- operational support and communication services for € 350 thousand provided by Cofide S.p.A. to CIR S.p.A.;
- financial, legal and administrative assistance services for € 302 thousand provided by CIR S.p.A. to Cofide S.p.A.;
- property income of € 29 thousand related to a building rented by Cofide S.p.A. to Gruppo Editoriale l'Espresso S.p.A.

No transactions involving treasury shares were carried out during the year. As can be seen from the statement of financial position, no treasury shares are held at 31 December 2014.

Pursuant to the law, we would point out that no transactions were carried out during the year ended 31 December 2014 with the ultimate parent company Carlo De Benedetti & Figli S.a.p.A., which performs management and coordination activities.

The Cofide 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, outwith normal business administration or such as to have a significant impact on the Group's results, assets and liabilities or financial situation.

Share-based incentive plans

The Cofide Group has introduced share-based incentive plans represented by shares of the Cir Group and its main subsidiaries for members of Group company management. Further information on these plans is available in the notes to the consolidated financial statements.

Report on Corporate Governance

The Cofide Group's corporate governance model is based on the guidelines contained in the Code of Conduct prepared by the Corporate Governance Committee of Borsa Italiana (the Italian Stock Exchange) and published in December 2011 with the additions and adjustments needed to reflect the Group's characteristics.
In compliance with regulatory requirements, an "Annual Report on Corporate Governance" is prepared each year with a general description of the corporate governance system adopted by the Group. It also gives information on the ownership structure and compliance with the Code of Conduct, including the main governance practices followed and the characteristics of the risk management and internal control system applied to the financial disclosure process.

Note that the full text of the "2014 Annual Report on Corporate Governance" was approved in full by the Board of Directors' Meeting convened to approve the draft financial statements at 31 December 2014.

The Annual Report on Corporate Governance will be available to anybody on request, subject to the conditions laid down by Borsa Italiana for its publication. The Report is also available in the Governance section of the Company's website (www.Cofide.it)

As regards Legislative Decree 231/01, which was issued to bring the law on the administrative liability of legal entities into line with the international conventions signed by Italy, on 7 March 2003 the Company's Board of Directors adopted a Code of Ethics for the Cofide Group, which is published as an attachment to the "Annual Report on Corporate Governance". It lays down the values to be

followed by the Group in the pursuit of its objectives and establishes binding principles of conduct for its Directors, employees and other stakeholders. On 5 September 2003, the Board of Directors approved the "Organisational Model - the Model of Organisation and Management as per Legislative Decree 231/01", which is in line with the instructions laid down in the decree to ensure fairness and transparency in the conduct of business and corporate activities.
This Organisational Model is constantly updated by the Board of Directors as the scope of this legislation is extended.

In relation to the obligations set out in Art. 2.6.2, paragraph 8 of the Rules of Borsa Italiana, taking into account the provisions of Articles 36 and 37 of Consob Resolution 16191, we hereby confirm that there is no hindrance to the listing of Cofide shares on the MTA market organised and managed by Borsa Italiana S.p.A., given that the non-EU foreign subsidiaries, which are particularly significant for Cofide, publish their own articles of association and the composition and powers of their administrative bodies according to the legislation applicable to them or voluntarily, they provide the Company's auditors with the information necessary to carry out their audit on the annual and interim accounts of Cofide, and they have a suitable administrative and accounting system to provide the Company's Management and its auditors with the economic, balance sheet and financial figures needed to prepare the consolidated financial statements. Furthermore, as regards the fact that the Company is subject to management and coordination by its parent company Carlo De Benedetti & Figli S.a.p.A., the Company has fulfilled all the disclosure requirements of Article 2497-bis of the Civil Code, it has the power to negotiate independently with customers and suppliers, it has no centralised treasury function in common with Carlo De Benedetti & Figli and the Board of Directors, out of a total of 11 members, has 6 who possess the requisites of independence and are thus sufficient to guarantee that their judgment has a significant weight in the decision-making process of the Board.

Preparation of the "Security Policy Document"

As regards compliance with personal data processing regulations under Legislative Decree no. 196/03, the Personal Data Protection Code, Decree Law 5 of 9 February 2012, known as the "Simplification Decree" repealed the obligation to prepare a Security Policy Document. All of the other obligations remain valid.
However, the fact that this document is no longer required does not reduce the level of monitoring of compliance with these regulations.
Compliance with the Personal Data Protection Code is verified by means of the risk analysis document, which is prepared once a year, and a separate data processing map, which is updated whenever there are changes.

Research and development

Research and development at Group level in 2014 was concentrated principally in the components sector. In the Sogefi Group, R&D expenditure for the year amounted to € 35.3 million (€ 35.0 million the previous year), mainly oriented towards product innovation. In particular, the Sogefi Group has a number of product and process innovations in the pipeline that our main competitors do not have, such as new elastic suspension components made of composite materials, a new oil cooling technology through the use of aluminium foam and an innovative system for reducing particulate emissions.

Other

Cofide S.p.A. has its registered office in Via Ciovassino 1, Milan, Italy.

Cofide shares, which have been quoted on the Milan Stock Exchange since 1985, since 2004 have been traded on the Ordinary Segment – MTA (Reuter code: COFI.MI, Bloomberg code: COF IM).

This report for the period 1 January-31 December 2014 was approved by the Board of Directors on 9 March 2015.

9. Proposed allocation of the 2014 net income

Shareholders,

The financial statements for the year ended 31 December 2014, which we submit for your approval, closed with a loss of € 2,960,651.71 which we propose to cover in full through the use of retained earnings, which therefore will decrease from € 36,430,705.92 to € 33,470,054.21.

The Board of Directors

Milan, 9 March 2015

COFIDE GROUP

Consolidated financial statements

At 31 December 2014

STATEMENT OF FINANCIAL POSITION

INCOME STATEMENT

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CASH FLOW

STATEMENT OF CHANGES IN EQUITY

EXPLANATORY NOTES

1. Consolidated statement of financial position

(in thousands of euro)

ASSETS	*Notes*		*31.12.2014*		*31.12.2013*
NON-CURRENT ASSETS			**2,090,919**		**3,791,617**
INTANGIBLE ASSETS	(7.a.)		977,733		1,161,522
TANGIBLE ASSETS	(7.b.)		622,695		1,998,818
INVESTMENT PROPERTY	(7.c.)		21,291		22,310
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	(7.d.)		148,301		81,988
OTHER EQUITY INVESTMENTS	(7.e.)		4,980		5,636
OTHER RECEIVABLES	(7.f.)		89,239		234,043
of which with related parties (*)	(7.f.)	*23,973*		*18,125*	
SECURITIES	(7.g.)		110,727		94,319
DEFERRED TAXES	(7.h.)		115,953		192,981
CURRENT ASSETS			**1,340,994**		**2,830,738**
INVENTORIES	(8.a.)		128,664		160,945
CONTRACTED WORK IN PROGRESS			29,546		30,926
TRADE RECEIVABLES	(8.b.)		431,691		1,192,627
of which with related parties (*)	(8.b.)	*6,826*		*28,895*	
OTHER RECEIVABLES	(8.c.)		92,181		210,029
of which with related parties (*)	(8.c.)	*104*		*589*	
FINANCIAL RECEIVABLES	(8.d.)		10,017		1,433
SECURITIES	(8.e.)		149,044		175,670
AVAILABLE-FOR-SALE FINANCIAL ASSETS	(8.f.)		150,966		98,013
CASH AND CASH EQUIVALENTS	(8.g.)		348,885		961,095
ASSETS HELD FOR SALE	(8.h.)		2,539,260		--
ELIMINATION RELATED TO DISCONTINUED OPERATIONS			(10,308)		--
TOTAL ASSETS			**5,960,865**		**6,622,355**

LIABILITIES AND EQUITY			*31.12.2014*		*31.12.2013*
EQUITY			**1,558,457**		**1,585,807**
SHARE CAPITAL	(9.a.)		359,605		359,605
RESERVES	(9.b.)		89,883		82,858
RETAINED EARNINGS (LOSSES)	(9.c.)		93,369		223,785
NET INCOME (LOSS) FOR THE YEAR			(14,468)		(130,360)
GROUP EQUITY			**528,389**		**535,888**
MINORITY INTERESTS			1,030,068		1,049,919
NON-CURRENT LIABILITIES			**1,045,432**		**1,375,915**
BONDS	(10.a.)		270,568		365,558
OTHER BORROWINGS	(10.b.)		382,650		541,674
OTHER PAYABLES			7,137		964
DEFERRED TAXES	(7.h.)		143,313		215,120
PERSONNEL PROVISIONS	(10.c.)		143,854		128,711
PROVISIONS FOR RISKS AND LOSSES	(10.d.)		97,910		123,888
CURRENT LIABILITIES			**858,226**		**3,660,633**
BANK OVERDRAFTS			15,671		194,114
BONDS	(11.a.)		4,677		230,719
OTHER BORROWINGS	(11.b.)		130,955		1,780,434
of which to related parties (*)	(11.b.)	--		--	
TRADE PAYABLES	(11.c.)		417,191		1,011,769
of which to related parties (*)	(11.c.)	*7,408*		*860*	
OTHER PAYABLES	(11.d.)		207,077		334,231
of which to related parties (*)	(11.d.)	--		*1,211*	
PROVISIONS FOR RISKS AND LOSSES	(10.d.)		82,655		109,366
LIABILITIES HELD FOR SALE	(8.h.)		2,509,058		--
ELIMINATION RELATED TO DISCONTINUED OPERATIONS			(10,308)		--
TOTAL LIABILITIES AND EQUITY			**5,960,865**		**6,622,355**

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

2. Consolidated income statement

(in thousands of euro)

	Notes		***2014***		***2013 (**)***
SALES REVENUES	(12)		2,392,620		2,403,400
of which from related parties (*)	(12)	--		--	
CHANGE IN INVENTORIES			(2,821)		(10,259)
COSTS FOR THE PURCHASE OF GOODS	(13.a.)		(852,212)		(832,123)
of which to related parties (*)	(13.a.)	--		--	
COSTS FOR SERVICES	(13.b.)		(630,821)		(661,830)
of which from related parties (*)	(13.b.)	*(2,075)*		*(1,718)*	
PERSONNEL COSTS	(13.c.)		(658,094)		(663,671)
OTHER OPERATING INCOME	(13.d.)		38,606		34,856
of which from related parties (*)	(13.d.)	*2,080*		*3,140*	
OTHER OPERATING EXPENSE	(13.e.)		(95,989)		(86,245)
of which to related parties (*)	(13.e.)	--		--	
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(7.d.)		3,455		2,811
AMORTISATION, DEPRECIATION & WRITE-DOWNS			(116,226)		(171,907)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)			**78,518**		**15,032**
FINANCIAL INCOME	(14.a.)		55,901		54,299
of which with related parties (*)	(14.a.)	*10,637*		*12,298*	
FINANCIAL EXPENSE	(14.b.)		(97,062)		(86,996)
of which with related parties (*)	(14.b.)	*(10,061)*		*(11,839)*	
DIVIDENDS			368		544
of which with related parties (*)		--		--	
GAINS FROM TRADING SECURITIES	(14.c.)		25,839		18,211
LOSSES FROM TRADING SECURITIES	(14.d.)		(23,698)		(6,202)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(14.e.)		(4,481)		(8,414)
NON-RECURRING INCOME (EXPENSE)	(14.f.)		--		491,312
INCOME (LOSS) BEFORE TAXES			**35,385**		**477,786**
INCOME TAXES	(15)		(28,628)		(183,591)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY			**6,757**		**294,195**
INCOME/(LOSS) FROM ASSETS HELD FOR SALE			(18,271)		(1,054,139)
NET INCOME (LOSS) FOR THE YEAR INCLUDING MINORITY INTERESTS			**(11,514)**		**(759,944)**
- MINORITY INTERESTS			(2,954)		629,584
- NET INCOME (LOSS) OF THE GROUP			**(14,468)**		**(130,360)**
BASIC EARNINGS (LOSS) PER SHARE (in euro)	(16)		(0.0201)		(0.1813)
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	(16)		(0.0201)		(0.1813)

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

(**) The 2013 figures have been restated following the application of IFRS 5.

3. Consolidated statement of comprehensive income

(in thousands of euro)

	2014	*2013*
Income/(Loss) for the period from continuing operations	6,757	294,195
Items of other comprehensive income		
Items that will not be reclassified to the income statement		
Actuarial gains (losses)	(28,435)	6,991
Tax effect of items that will not be reclassified to the income statement	6,012	(2,270)
Subtotal of items that will not be reclassified to the income statement	(22,423)	4,721
Items that may be reclassified to the income statement		
Exchange differences on translation of foreign operations	14,937	(22,857)
Net change in fair value of available-for-sale financial assets	8,354	9,083
Net change in cash flow hedge reserve	810	(729)
Items of other comprehensive income	--	--
Tax effect of items that may be reclassified to the income statement	(555)	283
Subtotal of items that may be reclassified to the income statement	23,546	(14,220)
Total items of comprehensive income of the period	1,123	(9,499)
TOTAL STATEMENT OF COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS	**7,880**	**284,696**
TOTAL STATEMENT OF COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	**(26,944)**	**(989,176)**
TOTAL STATEMENT OF COMPREHENSIVE INCOME OF THE PERIOD	**(19,064)**	**(704,480)**
Total comprehensive income attributable to:		
Shareholders of the parent company	(10,751)	(115,323)
Minority interests	(8,313)	(589,157)
BASIC COMPREHENSIVE EARNINGS PER SHARE (in euro)	(0.0149)	(0.1603)
DILUTED COMPREHENSIVE EARNINGS PER SHARE (in euro)	(0.0149)	(0.1603)

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4. Consolidated statement of cash flows

(in thousands of euro)

	2014	*2013 (*)*
OPERATING ACTIVITY		
NET INCOME (LOSS) FOR THE YEAR INCLUDING MINORITY INTERESTS - CONTINUING OPERATIONS	6,757	294,195
ADJUSTMENTS:		
AMORTISATION, DEPRECIATION & WRITE-DOWNS	116,226	171,907
SHARE OF RESULTS OF COMPANIES CONSOLIDATED AT EQUITY	(3,455)	(2,811)
ACTUARIAL VALUATION OF STOCK OPTION/STOCK GRANT PLANS	5,121	5,561
CHANGES IN PERSONNEL PROVISIONS, PROV. FOR RISKS & LOSSES	(9,506)	(20,552)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	4,481	8,414
INCREASE (DECREASE) IN NON-CURRENT RECEIVABLES/PAYABLES	(30,028)	59,944
(INCREASE) DECREASE IN NET WORKING CAPITAL	(61,130)	90,907
CASH FLOW FROM OPERATING ACTIVITY - CONTINUING OPERATIONS	**28,466**	**607,565**
of which:		
- interest received (paid)	(56,759)	(39,614)
- income tax payments	(137,332)	(39,248)
INVESTING ACTIVITY		
PRICE PAID FOR BUSINESS COMBINATIONS	(9,625)	--
NET FINANCIAL POSITION OF ACQUIRED COMPANIES	(600)	--
(PURCHASE) SALE OF SECURITIES	(30,625)	266,203
PURCHASE OF FIXED ASSETS	(151,188)	(133,013)
CASH FLOW FROM INVESTING ACTIVITY - CONTINUING OPERATIONS	**(192,038)**	**133,190**
FINANCING ACTIVITY		
INFLOWS FOR CAPITAL INCREASES	5,170	3,246
OTHER CHANGES IN EQUITY	6,475	72,767
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS/FINANCIAL RECEIVABLES	(373,943)	(549,155)
BUY-BACK OF OWN SHARES OF GROUP COMPANIES	(7,026)	(1,064)
DIVIDENDS PAID	(3,153)	(11,982)
CASH FLOW FROM FINANCING ACTIVITY - CONTINUING OPERATIONS	**(372,477)**	**(486,188)**
INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS	**(536,049)**	**254,567**
NET CASH AND CASH EQUIVALENTS - OPENING BALANCE OF DISCONTINUED OPERATIONS	**11,302**	**98,529**
NET CASH & CASH EQUIVALENTS - OPENING BALANCE	**857,961**	**504,865**
NET CASH & CASH EQUIVALENTS - CLOSING BALANCE	**333,214**	**857,961**

(*) The figures at 31 December 2013 have been restated following the application of IFRS 5.

5. Consolidated statement of changes in equity

(in thousands of euro)	*Attributable to shareholders of the parent company*					*Minority interests*	*Total*
	Share capital	*Reserves*	*Retained earnings (losses)*	*Net income (losses) for the year*	*Total*		
BALANCE AT 31 DECEMBER 2012	**359,605**	**66,752**	**280,308**	**(56,288)**	**650,377**	**1,648,243**	**2,298,620**
Capital increases	--	--	--	--	--	3,246	3,246
Dividends to Shareholders	--	--	--	--	--	(11,982)	(11,982)
Retained earnings	--	235	(56,523)	56,288	--	--	--
Effects of equity changes in subsidiaries	--	834	--	--	834	(431)	403
Comprehensive result for the year							
Fair value measurement of hedging instruments	--	14,878	--	--	14,878	42,833	57,711
Fair value measurement of securities	--	6,418	--	--	6,418	9,751	16,169
Securities fair value reserve released to income statement	--	(1,798)	--	--	(1,798)	(1,883)	(3,681)
Effects of equity changes in subsidiaries	--	1,472	--	--	1,472	4,429	5,901
Currency translation differences	--	(7,219)	--	--	(7,219)	(18,138)	(25,357)
Actuarial gains (losses)	--	1,286	--	--	1,286	3,435	4,721
Result for the year	--	--	--	(130,360)	(130,360)	(629,584)	(759,944)
Total comprehensive result for the year	--	*15,037*	--	*(130,360)*	*(115,323)*	*(589,157)*	*(704,480)*
BALANCE AT 31 DECEMBER 2013	**359,605**	**82,858**	**223,785**	**(130,360)**	**535,888**	**1,049,919**	**1,585,807**
Capital increases	--	--	--	--	--	5,170	5,170
Dividends to Shareholders	--	--	--	--	--	(3,153)	(3,153)
Retained earnings	--	56	(130,416)	130,360	--	--	--
Effects of equity changes in subsidiaries	--	3,252	--	--	3,252	(13,555)	(10,303)
Comprehensive result for the year							
Fair value measurement of hedging instruments	--	(2,392)	--	--	(2,392)	(6,902)	(9,294)
Fair value measurement of securities	--	7,543	--	--	7,543	3,381	10,924
Securities fair value reserve released to income statement	--	(674)	--	--	(674)	(696)	(1,370)
Effects of equity changes in subsidiaries	--	--	--	--	--	--	--
Currency translation differences	--	5,527	--	--	5,527	9,086	14,613
Actuarial gains (losses)	--	(6,287)	--	--	(6,287)	(16,136)	(22,423)
Result for the year	--	--	--	(14,468)	(14,468)	2,954	(11,514)
Total comprehensive result for the year	--	*3,717*	--	*(14,468)*	*(10,751)*	*(8,313)*	*(19,064)*
BALANCE AT 31 DECEMBER 2014	**359,605**	**89,883**	**93,369**	**(14,468)**	**528,389**	**1,030,068**	**1,558,457**

6. Explanatory Notes

1. STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

These 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 31 December 2014. 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 2014. In particular, note that the adoption of the new standards had no impact on the Group's equity and income statement.

The consolidated financial statements at 31 December 2014 include the parent company Cofide S.p.A. (hereinafter “Cofide”) and its direct and indirect subsidiaries, and were prepared using the accounts of the individual companies included in the scope of consolidation; these correspond to their separate 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. Please note that the company Lake Leman International School S.A. closes its financial statements on 31 July. The company prepares a reporting package at 31 December for the consolidated financial statements.

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 year and in the previous year;
- The statement of comprehensive income shows the income items that are suspended in equity.

These 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.

The consolidated financial statements have been prepared with a view to the planned exit of Sorgenia S.p.A. from the scope of the CIR Group as a result of the agreement between shareholders and lenders concerning the financial restructuring of the group headed up by that company. In particular, as the requirements of IFRS 5 "Non-current assets held for sale and discontinued operations" are satisfied, the Energy sector is shown as a Discontinued Operation. At 31 December 2014, no additional economic effects resulting from the inclusion of the assets and liabilities of the Energy Sector have been recorded in the consolidated financial statements in accordance with the provisions of IFRS 5. This considering the adjustments already made in the previous year and given the agreements between the shareholders and financial institutions as part of the financial restructuring, including the agreement of 23 July 2014, definitively confirmed by the shareholders' meeting of Sorgenia on 18 December 2014, whose decisions were subject to approval of the restructuring by the Milan Court pursuant to art. 182 bis of the Bankruptcy Law. In particular, the approval, which was given on 25 February, has effectively unblocked all of the formal operations necessary for the transfer of ownership to the new shareholders. This will take place over the coming weeks with no additional charges for the CIR Group, consequently:

- the income statement and statement of comprehensive income at 31 December 2014 and, for comparative purposes at 31 December 2013, the revenue and expense items, as well as the adjustment of the carrying amount to fair value less costs to sell, of the activities that constitute the discontinued operations have been reclassified to "*Income (loss) from discontinued operations*";

- in the statement of financial position, the assets and liabilities attributable to the Energy sector have been reclassified as *"Assets and liabilities held for sale*";
- in the statement of cash flows for the period ended 31 December 2014 and, for comparative purposes for the period ended 31 December 2013, the individual cash flows generated by the activities constituting the discontinued operations have been reclassified to *"Cash flows from discontinued operations".*

For further details, please see Note 1.a "Important information about the Energy Sector".

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 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 these financial statements.

This representation entailed the following:

- for 2014, and, for comparative purposes 2013, the revenue and expense items, related to discontinued operations have been reclassified to "Income (loss) from held for sale",
- the current and non-current assets of All Music were reclassified in December 2014 to *"Assets held for sale"*, whereas Rete A's net equity was deconsolidated from 30 January 2014;
- the liabilities, excluding equity, of All Music were reclassified in December 2014 to *"Liabilities held for sale"*, whereas Rete A's net equity was deconsolidated from 30 January 2014.

Note that as regards the assets in "Non-performing loans", the subsidiary CIR has decided to discontinue this line of business and to manage the investments that remain through the securitisation company Zeus Finance S.r.l.. During the fourth quarter of the year, following receipt of several expressions of interest from specialised investors, it was decided to initiate negotiations with a view to selling the assets. These negotiations have led to agreement for the sale of the portfolio at significantly lower values than the carrying amount of the loans in the financial statements, which were based on discounted cash flows. The difference was recognised during the year, even if the sale has not yet been completed; this is in accordance with IFRS 5, at the same time reclassifying these loans under assets held for sale.

1.a. Important information about the Energy Sector

For the Energy Sector, which in the CIR Group coincides with the scope of the sub-holding company Sorgenia, 2014 was a year of general crisis that hit consumption, demand and investment. The energy sector, which by nature has a high correlation with gross domestic product, was also hit by the difficult economic situation.
Many market players suffered a further reduction in margins, particularly with respect to thermoelectric power generation, and had to account for significant write-downs, especially for acquisitions made prior to the economic downturn at pre-crisis prices that were way above current market prices.
Sorgenia has been involved more than others in this serious situation. Paradoxically, one of its weaknesses was that, by nature, it was a young operator, set up in 1999 with the liberalisation of the market, devoid of a regulated portfolio and with a less solid financial position than that of its competitors.
The economic downturn, the high price of natural gas and the drastic change in the market scenario - caused by the rapid growth in renewable energy sources and by a drastically lower demand for energy than forecast just a few years beforehand – significantly reduced margins and cash generation in the sector.
Sorgenia found itself unable to meet the repayment schedule for the loans it took out for the construction of four combined cycle thermoelectric power plants and to finance expenditure in the field of renewables and on exploration & production projects.
With the aim of dealing with the gradual deterioration of its financial difficulties, in the second half of 2013 the board of directors of **Sorgenia** S.p.A. ("Sorgenia" or the "Company") started taking action to turn things round that culminated in the initiation of a process to restructure the Group's debt in order to restore equilibrium to its financial position. In particular, after having examined the causes of the crisis, the Board of Directors took immediate action to save the Company, which primarily consisted of: (i) drawing up a new business plan with the help of leading independent experts; (ii) the appointment of a financial advisor, Lazard S.p.A. (the "**Advisor**") as well as a legal advisor, Latham & Watkins, to assist Sorgenia in the restructuring/refinancing of the Group's borrowings, (iii) implementation, with the assistance of its advisors, of a financial manoeuvre, based on the new plan, to cut back on the debt exposure and rebalance the financial situation of Sorgenia S.p.A., Sorgenia Power S.p.A. and Sorgenia Puglia S.p.A ("**Sorgenia Power**" and "**Sorgenia Puglia**” respectively”); and (iv) the initiation - with the support of the financial advisor and legal consultants - of negotiations with the main creditors, particularly with the Lending Banks of Sorgenia S.p.A., Sorgenia Power and Sorgenia Puglia (the "**Lending Banks**") in accordance with the legal instrument identified for the solution of the crisis and the first results of the analysis carried out in connection with the financial manoeuvre.
On 3 December 2013, Sorgenia sent a proposed agreement to the Lending Banks for a moratorium on the payment of interest, fees and principal, where due by Sorgenia, Sorgenia Power and Sorgenia Puglia, from 3 December 2013 to 1 July 2014, while continuing to operate under the existing arrangements with regard to factoring, derivatives and the sale of receivables. The Company's management followed up this request on 18 December 2013 by presenting to the Lending Banks the guidelines of the new business plan - approved by Sorgenia's Board of Directors on 27 November 2013 - and an initial hypothesis for a financial manoeuvre to be agreed with the banks. A brief summary of the new business plan presented to the Lending Banks envisages:

i) priority to be given to the commercial development of the large corporate and small and medium-sized enterprise (SME) markets, these being market segments in which the Company has operated since it was set up, and a gradual reduction of the consumer market (represented by private customers, households and micro-enterprises with limited energy consumption);
ii) focusing on electricity generation - through its four natural gas combined-cycle plants (CCGT), which feature a high level of flexibility and efficiency - and on energy management;
iii) renegotiation of the natural gas supply agreement with ENI S.p.A;
iv) the disposal of all assets relating to the generation of renewable energy sources, in Italy and abroad, and a halt to all initiatives concerning hydrocarbon exploration and production (E&P);

v) a significant simplification of the corporate structure and a reduction in all operating costs from 2014.

The financial manoeuvre hypothesis presented highlighted an amount of excess debt of € 600 million on total debt of € 1.8 billion.
The negotiations on the terms and conditions of a moratorium and stand-still agreement were immediately initiated and a mandate was granted to PricewaterhouseCoopers ("PwC") for the development of an independent business review ("IBR") on the assumptions underlying the business plan and, therefore, on the viability of the business plan prepared by the Company's management for: (i) preparation of the IBR, involving a comprehensive analysis of the Group's business plan, with particular attention, among other things, on a review of the relationships between the various Group companies and on the functioning of the procedures for the procurement of gas; and (ii) preparation of a liquidity report with a detailed analysis of the Group's liquidity plan and its short-term financial requirements.
In this context, during the last few months of 2013 there was a reduction in the credit facilities provided by the banks, as well as a reduction in the availability of endorsement credit lines.
Even though this squeeze on Sorgenia's financing, in the space of just a few months, has caused substantial financial stress, leading to a significant deterioration in the Company's profit margins, forcing it to cut back its core business, for which there is a physiological need for substantial lines of credit, especially endorsement credits, Sorgenia continued to operate as a going concern, mainly thanks to its own ability to generate cash.
After continuous discussions and negotiations with the Lending Banks' advisors and the shareholders, the legal and financial advisors of the Lending Banks outlined a financial manoeuvre ("**Financial Manoeuvre**") with - very briefly - the following characteristics:

i) a single tranche capital increase via a cash injection of 400 million euro, without any share premium, offered under option to the shareholders, to be paid up in cash and/or, in the event of the failure by the shareholders to exercise, in whole or in part, the unopted rights, by means of the offset of the amount due for the subscription price for the shares against part of the amounts due to Sorgenia's Lending Banks;

ii) the issuance of a "convertendo" bond for a total of 200 million euro, for the subscription and paying up by Sorgenia's Lending Banks, offsetting the amount of the debt relating to the subscription price of the bonds against part of the loans owed to them by the Company, with a 10-year duration, a rate of 4% payable on maturity and a right of conversion if the consolidated net debt/equity ratio is higher than 2 or if there is a lack of liquidity at the expiry date;

iii) changes to certain financial terms and conditions applicable to short term credit facilities, making them less favourable, and an improvement in medium/long-term conditions;

iv) for Sorgenia Power, an extension of the expiry date of the debt until the end of 2025 with a possible further extension of two years and a reduction in current economic conditions;

v) for Sorgenia Puglia, an extension of the expiry date of the debt until the end of 2025 with a possible further extension of two years and a reduction in current economic conditions.

On 23 July 2014, a moratorium and Stand-Still agreement was signed by the Lending Banks, Sorgenia, Sorgenia Power and Sorgenia Puglia, under which for the entire period up to 31 October 2015 of the Moratorium and Stand-Still Agreement (the "**Moratorium and Stand-Still Period**"):

i) a moratorium was granted to the Company on repayment (1) of debt principal and interest in relation to the respective medium term lines of credit, and (2) of the debts of the companies involved in the transaction related to or arising from derivative contracts in relation to their maturity (and/or the closure of derivatives governed by them) during the Moratorium and Stand-Still Period, namely the periodic payment of interest, fees, spreads and any other amounts due in respect of derivative agreements up to 30 September 2013 (the "Reference Date") and during the Moratorium and Stand-Still Period;

ii) agreement was reached to suspend the short-term cash lines of credit, without affecting the Lending Banks' commitment not to revoke their short-term lines of credit in existence at the reference date and not to require repayment of the principal owed under these lines at the date of signing the Moratorium and Stand-Still Agreement;

iii) there were no changes to the sureties, autonomous guarantees payable on first demand and other commitments already in existence at the Reference Date based on the endorsement lines of credit, or commitments released, issued or renewed after the Reference Date;

iv) Sorgenia's revolving factoring facilities were maintained for a maximum consideration payable on revolving receivables sold not exceeding Euro 15,000,000, at the operating and contractual conditions foreseen in the factoring agreement between Sorgenia and Ifitalia - International Factors Italy S.p.A. at the same time as the Moratorium and Stand-Still Agreement; and

v) new finance was granted, pursuant to art. 182-*quater*, paragraph 2 of the Bankruptcy Act, to Sorgenia and, under certain conditions, to other Group companies, by some of the Lending Banks in the form of new endorsement lines of credit or endorsement lines of credit existing at the Reference Date and subsequently revoked, access to which was restored, up to a total of Euro 65 million, subject to presentation of the request for approval of the restructuring agreement, which at the time was still being discussed.

At the same time that the Moratorium and Stand-Still Agreement was being signed, on 23 July 2014 CIR, Verbund and Sorgenia Holding, on the one hand, and the Lending Banks, on the other hand, entered into an agreement with a view to best execution of the Financial Manoeuvre, extended on 28 October 2014 (hereinafter, the ''Agreement with the Shareholders"), under which - among other things - Verbund and Sorgenia Holding undertook to exercise the voting rights attached to the Sorgenia shares held by them (while CIR and Verbund undertook to ensure that Sorgenia Holding exercised the voting rights attached to the shares it held at the extraordinary shareholders' meeting of Sorgenia) in favour of the proposed resolutions contained in it, according to the terms and conditions laid down in it.

On 29 July 2014 Sorgenia concluded with Eni North Africa BV and Eni S.p.A.:

(i) an agreement to terminate from 1 August 2014 the contract for the sale of natural gas from Libya signed on 1 December 2000 by Sorgenia, as the buyer, and Eni North Africa BV, as the seller, and any amending, integrative, executive or otherwise ancillary deed to that contract; and (ii) three different interim agreements for the supply of gas from Eni S.p.A. to Sorgenia for the period from 1 August 2014 to 31 December 2014, which took effect subject to the issuance and delivery to Eni S.p.A., by 29 July 2014, of one or more first demand bank guarantees for a total of Euro 26,000,000 issued by some of the Lending Banks on 28-29 July 2014 and delivered to Eni S.p.A. on 29 July, thereby making these interim agreements effective.

After the signing of the Moratorium and Stand-still Agreement, the Companies and their financial and legal advisors continued their negotiations with the Lending Banks and, on 14 November 2014, entered into a debt restructuring agreement, pursuant to art. 182-bis of the Bankruptcy Law, which reflects the substance of the provisions contained in the various agreements mentioned above, i.e. the Financial Manoeuvre, the Agreement with the Shareholders and the Agreement with Eni North Africa BV and Eni S.p.A. (the

"**Restructuring Agreement**"). The Restructuring Agreement was published in the Milan Companies Register on 18 November 2014. On 19 November 2014, each of the Companies filed with the Bankruptcy Section of the Court of Milan an application for approval of the Restructuring Agreement, depositing the documents required by arts. 161 and 182-*bis* of the Bankruptcy Law, including the report on the accuracy of the corporate data and on the viability of the Restructuring Agreement drawn up for each of the Companies by Prof. Enrico Laghi, a professional listed in the register of auditors who fulfils the requirements of art. 67, paragraph 3 (d) of the Bankruptcy Law, sworn under oath on 12 November 2014.
Under the Restructuring Agreement, its effectiveness is subject, among other things, to (i) evidence of filing by 10 January 2015 with the Milan Companies Register of the resolutions relating to the increase in capital and the "convertendo" loan mentioned in the Financial Manoeuvre, and to certain changes to the articles of association, explained in greater detail below, to be adopted by Sorgenia's extraordinary shareholders' meeting by 19 December 2014 with the unanimous vote of Sorgenia Holding and Verbund AG, subject to approval of the Restructuring Agreement no longer subject to protest (the "**Sorgenia Shareholders' Resolutions**"); and (ii) evidence filing with the Milan Companies Register of the resolutions approving the Sorgenia Shareholders' Resolutions passed by the special meetings of holders of the classes of shares outstanding at the date of passing the Sorgenia Shareholders' Resolutions whose rights are affected by the Sorgenia Shareholders' Resolutions (the "**Resolutions of the Special Meetings**");
On 18 December 2014, the extraordinary general meeting of Sorgenia and special meetings of the holders of class A and B shares - the only categories of shares outstanding at the date of adoption of the Sorgenia Shareholders' Resolutions - adopted, respectively, the Sorgenia Shareholders' Resolutions and the Resolutions of the Special Meetings, which were filed with the relevant companies register on 2 January 2015: so both of the conditions precedent mentioned above have been fulfilled.
On 10 February 2015, the Board of Directors approved the 2015 Budget of the Sorgenia Group, which showed expected results in line with those in the business plan certified by Prof. Enrico Laghi.
The Bankruptcy Section of the Court of Milan issued a decree of approval of the Restructuring Agreement on 19 February 2015. The decree, which was published on 25 February 2015, will become unassailable by third parties after 15 days if there is no opposition in the meantime.

In light of all these circumstances, Sorgenia's management would like to point out that, at the date of preparation of the financial statements, the effectiveness of the Restructuring Agreement is subject to meeting certain conditions precedent, which are expected to come about in the near future. In this situation, despite the fact that the Restructuring Agreement has not yet taken effect at the reporting date and is still subject to certain conditions precedent, after having carried out the necessary checks and assessed the uncertainties described above, the Directors consider it reasonable to expect that the Restructuring Agreement will become effective in the very short period of time and be implemented in accordance with the provisions contained therein, thereby allowing the Company and the Group to have adequate resources to continue operating in the foreseeable future. The Directors have therefore considered it appropriate to use the going concern basis for the preparation of the separate and consolidated financial statements at 31 December 2014. This conclusion is, of course, the result of a subjective judgement that compared the probability of the above events taking place with the probability that they would not take place. As such, it must be stressed again, although obvious, that the forward-looking assessment underlying the above conclusion may be contradicted by future events, despite being made on a diligent and reasonable basis. This is because events deemed probable might not occur, and because facts or circumstances currently not known or whose impact cannot be assessed might emerge that jeopardise the business continuity of Sorgenia, even if the conditions currently associated by the directors with the continuity of Sorgenia actually materialise.

Information on IFRS 5

Below there is an income statement, statement of comprehensive income and statement of cash flows for the Energy Sector and for the discontinued operations of the Espresso Group at 31 December 2014 and 31

December 2013, as well as the statement of financial position at 31 December 2014, also with reference to the assets sold, which relate to "Non-performing loans".

Note that the carrying amount of the Energy Sector's net assets had already been written down to zero as of 31 December 2013, following the alignment of their book value to fair value less costs to sell.

CONSOLIDATED INCOME STATEMENT - ENERGY

(in thousands of euro)

	2014	*2013*
SALES REVENUES	1,844,815	2,292,513
AMORTISATION, DEPRECIATION & WRITE-DOWNS	(17,539)	(552,330)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	**71,994**	**(787,108)**
FINANCIAL MANAGEMENT RESULT	(90,900)	(130,616)
INCOME TAXES	26,772	(12,544)
INCOME/(LOSS) FROM ASSETS HELD FOR SALE	(10,255)	(119,231)
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	**(2,389)**	**(1,049,499)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - ENERGY

(in thousands of euro)

	2014	*2013*
NET INCOME/(LOSS) OF THE PERIOD	**(2,389)**	**(1,049,499)**
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT		
INCOME/(LOSSES) THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT	--	--
SUBTOTAL OF ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT	**--**	**--**
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT		
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	(324)	(2,500)
NET CHANGE IN FAIR VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS	1,531	3,322
NET CHANGE IN CASH FLOW HEDGE RESERVE	(13,628)	80,210
ITEMS OF OTHER COMPREHENSIVE INCOME	--	5,901
TAXES ON ITEMS OF OTHER COMPREHENSIVE INCOME THAT CAN BE RECLASSIFIED TO PROFIT AND LOSS	3,748	(21,970)
SUBTOTAL OF ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT	**(8,673)**	**64,963**
TOTAL ITEMS OF COMPREHENSIVE INCOME OF THE PERIOD	**(8,673)**	**64,963**
TOTAL STATEMENT OF COMPREHENSIVE INCOME OF THE PERIOD	**(11,062)**	**(984,536)**

STATEMENT OF FINANCIAL POSITION AT 31 JUNE 2014 - ENERGY

(in thousands of euro)

ASSETS HELD FOR SALE	*31.12.2014*
NON-CURRENT ASSETS	**1,469,379**
INTANGIBLE ASSETS	22,955
TANGIBLE ASSETS	1,188,897
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	1,937
OTHER NON-CURRENT ASSETS	141,358
DEFERRED TAXES	114,232
CURRENT ASSETS	**785,841**
TRADE RECEIVABLES	547,412
OTHER CURRENT ASSETS	112,456
CASH AND CASH EQUIVALENTS	125,973
ASSETS HELD FOR SALE	**252,418**
TOTAL ASSETS HELD FOR SALE	**2,507,638**

LIABILITIES HELD FOR SALE	*31.12.2014*
NON-CURRENT LIABILITIES	**31,229**
NON-CURRENT FINANCIAL LIABILITIES	-
OTHER NON-CURRENT LIABILITIES	27,975
DEFERRED TAXES	3,254
CURRENT LIABILITIES	**2,333,325**
CURRENT FINANCIAL LIABILITIES	1,851,686
TRADE PAYABLES	383,543
OTHER CURRENT LIABILITIES	98,096
LIABILITIES HELD FOR SALE	**141,866**
TOTAL LIABILITIES HELD FOR SALE	**2,506,420**

STATEMENT OF CASH FLOWS AT 31 DECEMBER 2014 - ENERGY

(in thousands of euro)

	2014	*2013*
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	**(2,389)**	**(1,049,499)**
of which: operating activity	*7,866*	*(930,268)*
of which: discontinued operations	*(10,255)*	*(119,231)*
CASH FLOW FROM OPERATING ACTIVITY	**338**	**30,851**
CASH FLOW FROM INVESTING ACTIVITY	**9,204**	**(766)**
CASH FLOW FROM FINANCING ACTIVITY	**27,951**	**7,463**
GROSS CASH AND CASH EQUIVALENTS	**49,288**	**--**
CASH AND CASH EQUIVALENTS - DISCONTINUED OPERATIONS	**(11,795)**	**--**
INCREASE (DECREASE) IN NET CASH & CASH EQUIVALENTS	**37,493**	**5,398**
NET CASH AND CASH EQUIVALENTS - OPENING BALANCE OF DISCONTINUED OPERATIONS	(90,980)	(96,378)
NET CASH AND CASH EQUIVALENTS - CLOSING BALANCE OF DISCONTINUED OPERATIONS	(53,487)	(90,980)

INCOME STATEMENT OF DISCONTINUED OPERATIONS - ESPRESSO GROUP

(in thousands of euro)

	2014	*2013*
SALES REVENUES	13,356	22,589
AMORTISATION, DEPRECIATION & WRITE-DOWNS	(9,783)	(14,997)
EARNINGS BEFORE INTEREST AND TAXES (E B I T)	**(7,079)**	**(6,577)**
FINANCIAL MANAGEMENT RESULT	1,291	(165)
INCOME TAXES	2,466	2,102
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	**(3,322)**	**(4,640)**

STATEMENT OF COMPREHENSIVE INCOME OF DISCONTINUED OPERATIONS - ESPRESSO GROUP

(in thousands of euro)

	2014	*2013*
NET INCOME/(LOSS) OF THE PERIOD	**(3,322)**	**(4,640)**
SUBTOTAL OF ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT	**--**	**--**
SUBTOTAL OF ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT	**--**	**--**
TOTAL ITEMS OF COMPREHENSIVE INCOME OF THE PERIOD	**--**	**--**
TOTAL STATEMENT OF COMPREHENSIVE INCOME OF THE PERIOD	**(3,322)**	**(4,640)**

STATEMENT OF FINANCIAL POSITION OF DISCONTINUED OPERATIONS – ESPRESSO GROUP

(in thousands of euro)

ASSETS HELD FOR SALE	*31.12.2014*
NON-CURRENT ASSETS	**2,227**
INTANGIBLE ASSETS	2,129
TANGIBLE ASSETS	25
OTHER NON-CURRENT ASSETS	2
DEFERRED TAXES	71
CURRENT ASSETS	**2,485**
TRADE RECEIVABLES	77
OTHER CURRENT ASSETS	1,966
CASH AND CASH EQUIVALENTS	442
TOTAL ASSETS HELD FOR SALE	**4,712**

LIABILITIES HELD FOR SALE	*31.12.2014*
NON-CURRENT LIABILITIES	**315**
OTHER NON-CURRENT LIABILITIES	307
DEFERRED TAXES	8
CURRENT LIABILITIES	**2,323**
TRADE PAYABLES	2,092
OTHER CURRENT LIABILITIES	231
TOTAL LIABILITIES HELD FOR SALE	**2,638**

STATEMENT OF CASH FLOWS OF DISCONTINUED OPERATIONS – ESPRESSO GROUP

(in thousands of euro)

	2014	*2013*
RESULT OF DISCONTINUED OPERATIONS	**(3,322)**	**(4,640)**
CASH FLOW FROM OPERATING ACTIVITY	**(57,270)**	**(6,985)**
CASH FLOW FROM INVESTING ACTIVITY	**65,637**	**4,273**
CASH FLOW FROM FINANCING ACTIVITY	**--**	**--**
FLOW OF DISCONTINUED OPERATIONS	**8,367**	**(2,712)**

DISCONTINUED OPERATIONS – “NON PERFORMING LOANS”

(in thousands of euro)	*2014*
ASSETS HELD FOR SALE	**26,910**
VALUE OF DISCONTINUED OPERATIONS	**(39,470)**
INCOME/(LOSS) FROM ASSETS HELD FOR SALE	**(12,560)**

The following tables show the impact of applying IFRS 5 "Non-current assets held for sale and discontinued operations" on the statement of income in 2013 on the Cofide Group.

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)	*Cofide* 2013	Scope of the Energy CGU (Sorgenia) (*) 2013	Scope of Media CGU (Espresso) 2013	CIR Consolidation adjustments 2013	Cofide net of Energy and Espresso CGUs 2013
SALES REVENUES	4,751,980	(2,325,991)	(22,589)	--	2,403,400
CHANGE IN INVENTORIES	(11,540)	1,281	--	--	(10,259)
COSTS FOR THE PURCHASE OF GOODS	(2,797,064)	1,964,855	86	--	(832,123)
COSTS FOR SERVICES	(841,445)	169,825	10,640	(850)	(661,830)
PERSONNEL COSTS	(714,147)	48,204	2,272	--	(663,671)
OTHER OPERATING INCOME	86,178	(51,997)	(175)	850	34,856
OTHER OPERATING EXPENSE	(244,572)	156,981	1,346	--	(86,245)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(269,769)	272,580	--	--	2,811
AMORTISATION, DEPRECIATION & WRITE-DOWNS	(862,450)	466,321	14,997	209,225	(171,907)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	**(902,829)**	**702,059**	**6,577**	**209,225**	**15,032**
FINANCIAL INCOME	61,008	(6,805)	96	--	54,299
FINANCIAL EXPENSE	(216,786)	129,721	69	--	(86,996)
DIVIDENDS	547	(3)	--	--	544
GAINS FROM TRADING SECURITIES	18,211	--	--	--	18,211
LOSSES FROM TRADING SECURITIES	(6,210)	8	--	--	(6,202)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(16,334)	7,920	--	--	(8,414)
NON-RECURRING INCOME (EXPENSE)	491,312	--	--	--	491,312
INCOME BEFORE TAXES	**(571,081)**	**832,900**	**6,742**	**209,225**	**477,786**
INCOME TAXES	(188,863)	7,374	(2,102)	--	(183,591)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY	**(759,944)**	**840,274**	**4,640**	**209,225**	**294,195**
INCOME/(LOSS) FROM ASSETS HELD FOR SALE	--	(840,274)	(4,640)	(209,225)	(1,054,139)
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	**(759,944)**	**--**	**--**	**--**	**(759,944)**
- (NET INCOME) LOSS OF MINORITY INTERESTS	629,584	--	--	--	629,584
- NET INCOME (LOSS) OF THE GROUP	**(130,360)**	**--**	**--**	**--**	**(130,360)**

(*) due to certain adjustments made on consolidation by CIR, the figures in the consolidated financial statements of Sorgenia have been restated.

Events which occurred after the reporting date

In addition to the above, no significant events have taken place after the end of the year that could have had a significant effect on the Group's financial position, equity or results.

See point 5 of the report on operations for an explanation of significant events that have taken place since the closure of the year.

Publication of the financial statements was authorised by the Company's Board of Directors on 9 March 2015 (as required by paragraph 17 of IAS 10).

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.

Associates

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:

	31.12.2014		*31.12.2013*	
	Average exchange rate	*31.12.2014*	*Average exchange rate*	*31.12.2013*
US dollar	1.3285	1.2141	1.3281	1.3791
Swiss franc	1.2146	1.2024	1.23106	1.2276
GB pound	0.8061	0.7789	0.8491	0.8337
Brazilian real	3.1198	3.2207	2.8503	3.2576
Argentine peso	10.7596	10.2754	7.2207	8.9888
Chinese renminbi	8.1733	7.5358	8.1639	8.3493
Indian rupee	80.9717	76.7460	77.3994	85.3971
New Romanian leu	4.4439	4.4829	4.4189	4.4711
Canadian dollar	1.4657	1.4063	1.3672	1.4671
Mexican peso	17.6523	17.8667	16.9405	18.0734
Hong Kong dollar	10.2891	9.4171	10.2987	10.6929

2.c. Scope of consolidation

The consolidated financial statements at 31 December 2014 and 2013 are the result of consolidating Cofide (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.

At 31 December 2014 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 31 December 2014 are given below

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

(in thousands of euro)	*2014*
Revenues	82,602
Net income	10,020
Comprehensive income	9,777
Non-current assets	168,209
Current assets	43,956
Total assets	**212,165**
Non-current liabilities	15,496
Current liabilities	100,851
Total liabilities	**116,347**

2.d. Change in the scope of consolidation

There have not been any changes in the scope of consolidation since the implementation of IFRS 10 and 11. The main changes in the scope of consolidation compared with the previous year concern the following:

- *ENERGY*

Following the evolution of the negotiations between Sorgenia's shareholders and lenders about the company's financial restructuring and its subsequent planned exit from the scope of consolidation of the CIR Group, during the course of 2014 the conditions came about for the consolidation of the Energy Sector at 31 December 2014 in accordance with IFRS 5. According to this principle, Sorgenia is not shown in the financial statements of the CIR Group as a result of line-by-line consolidation, but as assets held for sold; totals assets and liabilities are therefore shown in the statement of financial position on a single line called "Assets/Liabilities held for sale", separately from other assets and liabilities. The same presentation is used in the income statement. For comparative purposes, we have also reclassified the consolidated income statement for the equivalent period last year in a same way, as required by the IFRS 5. The notes to the statement of financial position reflect this reclassification.

- *MEDIA*

On 30 June 2014, the network operator activities of Rete A were integrated with those of Telecom Italia Media Broadcasting (TIMB), which is controlled by Telecom Italia Media. 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, ownership of All Music, a company of the Espresso Group that produces Deejay TV, a generalist TV channel, was transferred to Discovery Italia. This transaction was considered highly probable at the end of the year.
In light of these 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 have together been recognised as "Discontinued Operations" and represented as such in these financial statements.

- *AUTOMOTIVE COMPONENTS*

During 2014, Allevard Rejna Autosuspensions S.A. increased its stake in Allevard IAI Suspensions Pvt Ltd from 70.24% to 73.91% and its interest in S.ara Composite S.A.S. from 90.91% to 93.71%.
In addition, Sogefi Engine Systems (Shanghai) Co. Ltd was liquidated.

- *HEALTHCARE*

The following transactions took place in 2014 involving a change in the scope of consolidation:

In the "Hi-tech Services" area (Medipass Group), Medipass S.r.l. took part in the increases in capital of Clearmedi Healthcare Ltd, which diluted the holdings of Medipass Healthcare Ltd (a subsidiary) and of Clearview Ltd. (third party minority shareholder). The investment was then sold to Medipass S.r.l. which holds 65%.
Medipass S.r.l. acquired quotas (85.19%) of Clearview Healthcare LTD.
In the Rehabilitation area, the entire share capital of Villa Azzurra S.p.A. was acquired in May and in July the minority interests in Ariel Technologies S.r.l. were acquired. During the third quarter of 2014, Ariel Technologies S.r.l., Villa Rosa S.r.l. and Villa Azzurra S.r.l., 100% held by Istituto di Riabilitazione Santo Stefano S.r.l. have been merged into the latter.

- *OTHER COMPANIES*

CIR S.p.A. has raised its stake in LLIS Lake Leman International School SA. from 83.26% to 89.97% as a result of increases in capital.

Note that, following the capital increases by the minority interests of Swiss Education Group AG, which took place during the third quarter, the shareholding held by CIR International S.A. has decreased to 17.39%.

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 finite 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 these costs 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.

Goodwill
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 gets written down; 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 Cofide 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 IAS 31 – Investments in Joint Ventures) 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 Cofide 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

EU Regulation 1255/2012 endorsed IFRS 13 - Fair Value Measurement.

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 cannot 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

Accounting standards, amendments and interpretations of IFRS applied from 1 January 2014
The following accounting standards, amendments and interpretations were applied for the first time by the Group with effect from 1 January 2014:

- On 12 May 2011, the IASB issued **IFRS 10 - Consolidated financial statements**, due to replace *IAS 27 -* Consolidated and separate financial statements *(the part relating to the consolidated financial statements) and SIC-12 - Consolidation - Special Purpose Entities (vehicle companies).* The previous IAS 27 was renamed Separate Financial Statements and govern the accounting treatment of investments in separate financial statements. The principal changes introduced by the new standard are as follows:
  - according to IFRS 10 there is a single basic principle to consolidate all types of entities, and this principle is based on control. This change removes the perceived inconsistency between the previous IAS 27 (based on control) and SIC 12 (based on the transfer of risks and benefits);
  - a more solid definition of control than in the past has been introduced, based on three elements: (a) power over the company acquired; (b) exposure, or rights, to variable returns from involvement with the company; (c) the ability to use this power to influence the amount of such returns;
  - IFRS 10 requires an investor to assess whether it has control over the company acquired by focusing on the activities that significantly affect its returns (the concept of "relevant activities);
  - When assessing whether control exists, the investor is required by IFRS 10 to consider only substantive rights, i.e. those that can be exercised when important decisions have to be taken regarding the company acquired;
  - IFRS 10 provides practical guidance to assist in assessing whether control exists in complex situations, such as de facto control, potential voting rights, situations in which it is necessary to determine whether the person who has the decision-making power is acting as an agent or principal, etc.

  Generally speaking, the application of IFRS 10 requires a significant degree of judgement with regard to various aspects involved in its implementation.

  The standard is applicable retrospectively from 1 January 2014. Adoption of this new standard did not have any impact on the Group's scope of consolidation.

- On 12 May 2011, the IASB issued **IFRS 11 - Joint Arrangements**, due to replace IAS 31 - Interests in Joint Ventures and SIC-13 - Jointly Controlled Entities - Non-monetary contributions by venturers. Without prejudice to the criteria for identifying the presence of a jointly controlled entity, the new standard provides criteria for the accounting treatment of joint arrangements by focusing on the rights and obligations arising from such arrangements, rather than on their legal form, separating joint venture and joint operation. According to IFRS 11, the existence of a separate vehicle is not sufficient to classify a joint arrangement as a joint venture. For joint ventures, where the parties only have rights to the equity of the agreement, the standard establishes the equity method as the only acceptable method of accounting for JVs in the consolidated financial statements. For joint operations, where the parties have rights over the assets and obligations for the liabilities of the agreement, the standard requires direct inclusion in the consolidated financial statements (and in the separate financial statements) of the pro-rata share of the assets, liabilities, costs and revenues deriving from the joint operation.

The new standard is applicable retrospectively from 1 January 2014.
Generally speaking, the application of IFRS 11 requires a significant degree of judgement with regard the distinction between joint venture and joint operation. Following the issuance of IFRS 11, IAS 28 - Investments in Associates has been amended to include investments in joint ventures within its scope of application from the effective date of the standard. Adoption of this new standard did not have any impact on the Group's scope of consolidation.

- On 12 May 2011, the IASB issued **IFRS 12 - Disclosure of Interests in Other Entities**, which is a new and comprehensive standard on the information to be provided in the consolidated financial statements on each type of investment, including those in subsidiaries, joint arrangements, associates, special purpose entities and other vehicle companies that are not consolidated. The standard is applicable retrospectively from 1 January 2014. Adoption of this new standard did not have any impact on the information provided in the notes to the consolidated financial statements of the Group, except for what is reported in paragraph 2.c. "Scope of consolidation".

- On 16 December 2011, the IASB issued amendments to **IAS 32 - *Financial Instruments***: Presentation to clarify the application of certain criteria for the offsetting of the financial assets and liabilities referred to in IAS 32 (i.e. the entity currently has the legal right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously**)**. These amendments are applicable retrospectively from 1 January 2014. Adoption of this new standard did not have any impact on the Group's consolidated financial statements.
- On 28 June 2012, the IASB published ***Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)***. The document clarifies the transition rules of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*. These amendments will apply, together with the reference standards, from 1 January 2014.
- On 31 October 2012 were issued amendments to **IFRS 10, IFRS 12 and IAS 27 "Investment Entities",** which introduce an exception to the consolidation of subsidiaries for an investment company, except for cases where the subsidiaries provide services that relate to the investment activities of such companies. In application of these amendments, an investment company has to measure its investments in subsidiaries at fair value. To qualify as an investment company, an entity has to:
  - obtain funds from one or more investors with the purpose of providing them with investment management services;
  - make a commitment with its investors that its corporate purpose is to invest the funds solely with a view to obtaining returns from capital appreciation, investment income or both; and
  - measure and evaluate the performance of substantially all of its investments on a fair value basis.

These amendments will apply, together with the reference standards, from 1 January 2014. Adoption of these amendments did not have any impact on the consolidated financial statements of the Group.

- On 29 May 2013, the IASB issued amendments to **IAS 36 - *Impairment of assets - Additional information on the recoverable value of non-financial assets.*** The amendments are intended to clarify that the additional information to be provided about the recoverable value of the assets (including goodwill) or cash-generating units, in the event that their recoverable amount is based on fair value less costs of disposal, relate only to the assets or cash-generating units to which it has been recognised or a loss in value reversed during the financial year. The amendments have to be applied retrospectively from 1 January 2014. Adoption of these amendments did not have any impact on the consolidated financial statements of the Group.
- On 27 June 2013, the IASB issued amendments to **IAS 39 Financial Instruments: Recognition and Measurement - Novation of derivatives and continuation of hedge accounting".** The changes include the introduction of certain exemptions from the requirements of hedge accounting as defined by IAS 39 when an existing derivative has to be replaced by a new derivative in specific circumstances where the replacement is vis-à-vis a central counterparty (CCP) following the introduction of a new law or regulation. The amendments have to be applied retrospectively from 1 January 2014. 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 31 DECEMBER 2014

- 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. The Directors are currently assessing the potential effects of this interpretation 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.

- On 12 December 2013, the IASB published its "***Annual Improvements to* IFRSs: 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. Directors do not expect any impact on the Group's consolidated financial statements from the application of these amendments.

- 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.

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

At the date of these consolidated 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. 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 anymore;

  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 12 August 2014 the IASB issued an amendment to ***IAS 27 - Equity Method in Separate Financial Statements***. The document introduces the option of using the equity method for valuing investments in subsidiaries, jointly controlled entities and associates for an entity's separate financial statements.

Consequently, following the introduction of this amendment, an entity can recognise such investments in its separate financial statements either:

- ✓ at cost; or
- ✓ according to IFRS 9 (or IAS 39); or
- ✓ using the equity method.

These amendments will be applicable from 1 January 2016, but earlier application is permitted. The Directors are currently assessing the potential effects of this amendment on the Company's separate financial statements.

- 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. 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 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

2013	*Opening position*			*Movements during the year*								*Closing position*		
	Original cost	*Accumulated amortisation and write-downs*	*Balance at 31/12/2012*	*Additions*	*Business combinations/disposals*		*Exchange rate differences*	*Other changes*	*Discontinued operations*	*Net disposals cost*	*Amortisation and write-downs*	*Original cost*	*Accumulated amortisation and write-downs*	*Balance at 31/12/2013*
(in thousands of euro)					*increases*	*decreases*								
Start-up and expansion costs	60	(60)	--	10	--	--	--	24	--	--	(7)	70	(43)	27
Capitalised development costs														
- purchased	--	--	--	--										--
- produced internally	130,229	(69,334)	60,895	27,829	--	--	(2,345)	2,261	--	(9)	(17,832)	152,259	(81,460)	70,799
Industrial patents and intellectual property rights	19,103	(11,930)	7,173	19,216	40	--	--	10,571	--	(298)	(5,635)	48,309	(17,242)	31,067
Concessions, licences, trademarks and similar rights	265,182	(102,967)	162,215	4,672	106	--	(22)	2,417	--	(9)	(18,221)	271,217	(120,059)	151,158
Titles and trademarks	400,245	--	400,245	--	2,138	--	--	--	--	--	--	402,383	--	402,383
Frequencies	83,728	--	83,728	--	--	--	--	--	--	(85)	--	83,643	--	83,643
Goodwill	1,124,810	(429,997)	694,813	7,328	--	--	(237)	--	--	(23)	(325,093)	1,131,914	(755,126)	376,788
Assets in progress and advance payments														
- purchased	81,653	(41,510)	40,143	31,853	--	--	(200)	(28,360)	--	--	(33,377)	99,698	(89,639)	10,059
- produced internally	14,291	(117)	14,174	4,239	--	--	(167)	(8,557)	--	(5)	(66)	9,963	(345)	9,618
Other	51,167	(13,031)	38,136	79	--	--	(55)	(573)	--	--	(11,607)	49,367	(23,387)	25,980
Total	**2,170,468**	**(668,946)**	**1,501,522**	**95,226**	**2,284**	**--**	**(3,026)**	**(22,217)**	**--**	**(429)**	**(411,838)**	**2,248,823**	**(1,087,301)**	**1,161,522**

2014	*Opening position*			*Movements during the year*								*Closing position*		
	Original cost	*Accumulated amortisation and write-downs*	*Balance at 31/12/2013*	*Additions*	*Business combinations/disposals*		*Exchange rate differences*	*Other changes*	*Discontinued operations*	*Net disposals cost*	*Amortisation and write-downs*	*Original cost*	*Accumulated amortisation and write-downs*	*Balance at 31/12/2014*
(in thousands of euro)					*increases*	*decreases*								
Start-up and expansion costs	70	(43)	27	--	--	--	--	--	(27)	--	--	36	(36)	--
Capitalised development costs														
- purchased	--	--	--	--	--	--	--	--	--	--	--	--	--	--
- produced internally	152,259	(81,460)	70,799	21,016	--	--	1,875	3,236	--	--	(19,152)	171,610	(93,836)	77,774
Industrial patents and intellectual property rights	48,309	(17,242)	31,067	9,656	--	--	1	17	(5,603)	--	(2,603)	47,072	(14,537)	32,535
Concessions, licences, trademarks and similar rights	271,217	(120,059)	151,158	2,114	41	--	25	1,240	(138,283)	(39)	(2,873)	79,457	(66,074)	13,383
Titles and trademarks	402,383	--	402,383	--	--	--	--	--	(1)	--	(14,380)	388,002	--	388,002
Frequencies	83,643	--	83,643	3,591	--	--	--	--	--	--	--	87,234	--	87,234
Goodwill	1,131,914	(755,126)	376,788	450	3,786	--	557	--	(34,839)	(120)	(3,987)	763,547	(420,912)	342,635
Assets in progress and advance payments														
- purchased	99,698	(89,639)	10,059	1,801	--	--	343	(950)	(7,460)	(1)	--	3,792	--	3,792
- produced internally	9,963	(345)	9,618	9,082	--	--	244	(3,448)	--	--	(129)	16,095	(728)	15,367
Other	49,367	(23,387)	25,980	602	--		50	60	(8,202)	--	(1,479)	26,400	(9,389)	17,011
Total	**2,248,823**	**(1,087,301)**	**1,161,522**	**48,312**	**3,827**	**--**	**3,095**	**155**	**(194,415)**	**(160)**	**(44,603)**	**1,583,245**	**(605,512)**	**977,733**

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%

Intangible assets fell from € 1,161,522 thousand at 31 December 2013 to € 977,733 thousand at 31 December 2014.
The amounts shown in the "Discontinued operations" column refer to the change in the consolidation method of the Energy Sector for € 26,053 thousand and that of the Media sector for € 168,362 thousand in accordance with IFRS 5.

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)	*31.12.2014*	*31.12.2013*
la Repubblica	*229,952*	229,952
Local newspapers	*154,741*	165,749
Other titles and trademarks	*3,309*	6,682
Total	**388,002**	**402,383**

Frequencies:

(in thousands of euro)	*31.12.2014*	*31.12.2013*
Radio frequencies	87,234	83,643
Total	**87,234**	**83,643**

Goodwill:

(in thousands of euro)	*31.12.2014*	*31.12.2013*
Media Sector (Editoriale L'Espresso Group)	33,653	68,492
Healthcare sector (Kos Group)	176,431	172,870
Automotive sector (Sogefi Group)	128,638	128,638
Other investments	3,913	6,788
Total	**342,635**	**376,788**

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 segment.

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 values used to calculate WACC (taken from leading financial sources) were the following:

- financial structure of the sector;
- unlevered beta for the sector;
- risk-free rate (average for the year on 10-year Italian government securities);
- risk premium: 5.6%.

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.

Summary of the results of impairment testing

At 31 December 2014, in light of the trends in sales and margins of the CGUs during 2014, 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 booked to the Media, Healthcare and Automotive sectors were no longer reasonable. With reference to "Other investments" there has been a write-down of goodwill recorded in the consolidated financial statements of LLIS Lake Leman Int. School for € 3.3 million.
However, considering that the recoverable value is determined on the basis of estimates, the Group cannot guarantee that goodwill will not be impaired in future periods. Given the current context of market crisis, the various factors used to make the estimates could be revised if conditions prove not to be in line with those on which the forecasts were based.

The tests performed in relation to each sector are described below.

MEDIA
The impairment test on the Media sector, which coincides with the Espresso Group's scope of consolidation, was applied to intangible assets with an indefinite useful life, i.e. titles and trademarks, with a carrying amount of € 388 million, radio frequencies, with a carrying amount of € 87.2 million, and the goodwill allocated to the sector for a total of € 33.7 million. This goodwill represents the higher value of acquisition costs compared with the Group's share of the relative assets and liabilities, measured at fair value. With regard to intangible assets with indefinite useful lives other than goodwill, impairment tests

have been carried out by considering the respective carrying amount and recoverable value separately for each CGU.
In addition, as required by IAS 36, digital TV frequencies were subjected to impairment tests and reclassified to intangible assets with a definite useful life under "Concessions, licences, trademarks and similar rights" during 2012.

The following is the principal information used to prepare the impairment test for each CGU or group of CGUs with a significant value:

- for national (La Repubblica) and local newspapers, the value in use criterion was used;
- for radio frequencies and the Deejay brand, the fair value criterion was used;
- for the frequencies and goodwill relating to the television sector, and for Group companies active in the digital sector, the fair value criterion was used.

For the Media CGU taken as a whole, to which only the goodwill recognised by the CIR Group has been allocated, the greater of its value in use and the fair value represented by the share price was used, given that the shares of the Espresso Group are listed on the Milan Stock Exchange.

In particular, with regard to the CGUs tested with reference to their value in use, the process involved applying:

- the DCF model, by discounting analytically the cash flows expected over the explicit time frame of the business plans (2015-2019) and calculating the terminal value.

  The discount rate used was the Espresso Group's pre-tax WACC, namely 8.78%. Lastly, as regards the determination of the expected cash flows over the forecasting period, it was assumed that the terminal (or "up to speed") flow coincided with the average of positive flows expected in the forecasting period (2015-2019), from which are deducted the outlays for investments, which are assumed to be equal to depreciation for the last year of the plan, as well as changes in employee leaving indemnities (TFR) and other operating capital assets/liabilities (net of working capital) for the year 2019, The change in trade working capital is assumed to be zero We also assumed that the growth rate "g" is zero, except for activities related to "Mo-Net" which is showing a steady growth trend for the underlying business and, consequently, the Media CGU;
- with regard to the CGUs tested with reference to their fair value less selling costs, the process involved applying different methodologies that distinguished between the: i) publishing businesses, for which - given that there is no active trading market - direct valuation multipliers were used (Enterprise Value/Sales, Enterprise Value/EBITDA, Enterprise Value/EBIT), ii) radio/TV businesses, for which a price/users multiple was used (Enterprise Value/Population reachable by the signal), with reference to transfer prices for similar frequencies in relation to the population potentially reachable by the signal and iii) digital businesses, for which direct multipliers were used with reference to the valuations for comparable listed companies.

In order to determine the possible "price" of the Publishing CGU, entity side multipliers were used, either in the trailing version (historical/current multipliers) or in the leading version (expected/average multipliers).
We estimated the fair value less costs to sell of the radio and television units on the basis of transfer prices for similar frequencies to those being tested in relation to the population potentially reachable by the signal. The use of this valuation approach makes it possible to estimate the fair value of radio and television frequencies, correlating the price that the market is prepared to pay for the frequency with the number of inhabitants reachable by the signal.
The fair value less selling costs of the internet company (Mo-Net) was estimated using direct multipliers (Enterprise Value/Sales, Enterprise Value/Ebitda and Enterprise Value/Ebit) determined with reference

to comparable listed companies. The multipliers determined with reference to the selling prices of similar firms are difficult to apply in practice, both because internet transactions are rare in Italy and because of substantial differences in the business models of the companies traded. By contrast, financial metrics appear to indicate a clearer correlation between the market consensus about the growth potential of the revenues and operating profits of a business and the market prices for internet companies.

In order to determine the economic results and operational cash flows, reference was made to the 2015 budget and the business plans for 2014-2016 approved by the Board of Directors of the Espresso Group on, respectively, 21 January 2015 and 26 February 2014. These forecasts have been extended to the years 2017, 2018 and 2019 on the basis of reasonable hypotheses in line with past evidence.
The forecasts for the individual CGUs took account of the general difficulty of making forward-looking estimates, particularly in relation to the performance of the advertising market, given the current uncertain economic health of the country and an inability to predict advertising revenues reliably over even a short period of time.
The principal assumptions underlying the forecasts made are summarised below:

- Advertising revenues: for 2015 it was assumed that the economy would remain in recession and, consequently, that the advertising market as a whole would post another downturn more or less the same as the one that took place in 2014 compared with 2013. With regard to the individual segments, the share of the total advertising market was forecast to reflect the trends observed in recent years. This would involve:
    - for the press, a further contraction in market weighting and therefore a greater decline than that for the market, having regard for the structural difficulties of this media;
    - for radio and television, a performance slightly better than the market;
    - for internet, an increase in market share and therefore a certain amount of growth.

  Against this background, the 2015 budget for the Group reflects the performance forecast for each market segment, with a slight increase in the shares of our daily newspapers and websites, given the action taken to strengthen and enrich these products.
  For subsequent years of the plan, the advertising market is forecast to remain stable in 2016 at the 2015 level of investment, before returning to limited growth in the subsequent three years (2017, 2018 and 2019). The structural trends affecting the markets of the various media, with a reduction in the share of daily newspapers and periodicals and growth in the weighting of the Internet, are expected to continue throughout the entire plan period.

- **Sales revenues:** the assumptions made for the 2015 budget regarding the kiosk sales of the Group's daily newspapers are based on market trends during the period from 2005 to 2014. Based on ADS data, during that period kiosk sales of daily newspapers fell by 38.6% (an annual average of -5.3%), from a daily average of 4.4 to 2.7 million copies. By segment, the national dailies providing information and sports news have fared worst, declining since 2005 by 45.5% and 46.1% respectively (an annual average of -6.5%), while the sales of local newspapers have dropped by 32.7% (-4.3% per annum). This adverse trend has accelerated significantly in recent years however, partly due to cannibalisation deriving from the access made to digital versions using iPads and other mobile devices.
  In view of these trends, the budget provides for a market evolution in 2015 similar to that of 2014. For the subsequent years of the plan, the structural decline in kiosk sales is assumed to follow the established trend, with the sales of la Repubblica declining by an annual average of 7.5% and those of local newspapers falling by 5% each year.

Alongside the structural decline in printed copies, the plan assumes significant growth in subscriptions to the digital editions of daily newspapers, accessed by tablets, PCs and mobile phones, with a beneficial effect on the revenues of the “la Repubblica” CGU and the Local Newspaper CGUs.
Lastly, the 2015-2019 plans envisage a steady increase in the cover prices of daily newspapers to offset the effect on sales deriving from the fall in the number of copies sold.

- **Optional products:** the budgets for 2015 and subsequent years of the plan envisage a steady reduction in the margins from optional products sold together with daily newspapers, given that the market is essentially saturated.

- **Costs:** with regard to cost trends, the forecasts for 2015-2019 take account of a series of cost-saving measures taken by all companies, the implementation of which has already commenced at the reporting date:
  - reduction in the print runs and pages of all titles following the predictable decline in their circulation and advertising revenues;
  - early retirement for printing personnel;
  - reduction in editorial costs due to the containment of expenditure on bordereau, photographs and agency fees, as well as action relating to the staff of journalists;
  - reorganisation plans at the printing centres for la Repubblica and the local newspapers;
  - efficiencies in the distribution process;
  - reductions in all principal general costs (rentals, advisory services, telephone, travel etc.).

  Over the plan period, these cost reduction efforts will more than compensate for the natural increase in payroll costs, paper prices and printing supplies, as well as the additional costs required to develop the digital business.

It should also be noted that, for prudence sake, we used a growth rate of zero to calculate the terminal value.

For those CGUs whose titles and/or goodwill have significant value and for which impairment tests indicate that the excess of their fair value less selling costs or value in use over their carrying amount is less than 50%, an analysis was performed on the sensitivity of the results to changes in the underlying assumptions.
At 31 December 2014, the whole value of the "free press" titles, included in the "Finegil Centro-Sud" CGU, have been written down by € 3,372 thousand, following the decision to stop publication from 19 December 2014.
As regards television frequencies, note that on 30 June 2014 we completed the integration of the digital terrestrial network operator activities of our subsidiary Rete A with those of Telecom Italia Media Broadcasting (TIMB), a subsidiary of Telecom Italia Media. This integration was achieved by the Espresso Group contributing 100% of its shares in Rete A to TIMB in exchange for 30% of the shares in "Persidera" (formerly Telecom Italia Media Broadcasting).
Following this operation, the business headed by Rete A was deconsolidated and the investment in Persidera was booked at a value of € 127.7 million, which is the fair value of the stake held in the company as established on the basis of an expert appraisal.
The impairment test made at the end of 2014 on the titles, radio frequencies, internet companies, trademarks and goodwill established the following impairment losses that had to be recognised:

- € 8,790 thousand related to the “Finegil Nord-Est” CGU;
- € 2,218 thousand related to the “Finegil Centro-Sud” CGU.

For estimating the recoverable value of each asset the higher of fair value less costs to sell and value in use was used.

The following is the principal information used to prepare the impairment test for each CGU or group of CGUs with a significant value.

Cash Generating Unit or Group of CGUs	Criterion used	Sector	Impairment loss
la Repubblica	Value in use	National newspapers	--
Finegil Editoriale titles	Value in use	Local newspapers	(11,008)
Radio: frequencies and Deejay brand	Fair value	Radio	--
Mo-Net	Fair value	Digital	--

As stated earlier, the goodwill recognised solely in the financial statements of CIR, as a result of consolidating the interests held in the media sub-group, was allocated to the media sector, which coincides with the entire Espresso sub-group. This is consistent with the process of performance monitoring adopted for management purposes by CIR, which manages a portfolio of investments in individual businesses, and with the segment reporting provided at Group level.
In order to determine recoverable value, the fair value less selling costs of the Media CGU was determined with reference to the stock market values of the subsidiary at the reporting date, while value in use was determined in the manner described above for the value in use of the individual CGUs.
At 31 December 2014 the value in use, calculated as described above, supports the book value of the Media CGU in the consolidated financial statements of CIR.
In particular, the value in use attributable to CIR, reflecting the highest recoverable amount, is € 395.6 million greater than the carrying amount of the equity investment in the separate financial statements, and compared with the consolidated carrying amount of the Media CGU.

Automotive sector
The goodwill allocated to the Automotive sector, which coincides with the Sogefi sub-group, amounts to about € 129 million. The Group has therefore allocated all of the goodwill to a single "Automotive" CGU and then, as part of the analyses carried out for impairment testing purposes, identified specific CGUs based on the approach taken by management of the Sogefi sub-group.
In particular, consistent with the prior year and for the sole purpose of determining value in use, the operating cash flows generated by the Sogefi Group have been considered, consistent with the approach taken by the management of the sub-group, in relation to the three business units that came from acquisitions:

- fluid filters;
- air filters and cooling;
- car suspension components.

A test was carried out to check for any impairment of goodwill by comparing the carrying amount of the Automotive CGU with its value in use, represented by the present value of the future cash flows expected to arise from continuing use of the asset being tested for impairment.
The Unlevered DCF method was used, based on projections made in the budgets or multi-year business plans for the period 2016-2018 (adjusted to exclude the expected benefits of future projects and reorganisations), as approved by the Board of Directors of 19 January 2015 and in line with forecasts for the performance of the automotive sector (based on data from the most important sector sources), and a discount rate based on a WACC of 9.91%.
The discount rate used for the cash flows was the same for all three business units. In fact, the risk is considered the same based on the fact that the divisions in question operate in the same sector and with the same type of customer.

Lastly, the terminal value was calculated using the perpetuity formula, assuming a growth rate of 2% and an operating cash flow based on the last year of the multi-year business plan (2018), adjusted to project a stable situation into perpetuity, using the following key assumptions:

- an overall balance between investments and amortisation (considering a level of investment necessary to "maintain" the business);
- a zero change in working capital.

The average cost of capital is the result of calculating the weighted average of the cost of debt (based on benchmark rates plus a spread) and the cost of the company's own capital, based on parameters for a sample of companies operating in the European automotive components sector that are considered Sogefi's peers by the main financial analysts who follow this business sector. The figures used in calculating the average cost of capital were as follows:

- financial structure of the sector: 19.3%
- levered beta of the sector: 1.17
- risk-free rate: 4% (annual average for 10-year risk-free government securities of the countries in which the group operates, weighted on the basis of sales);
- risk premium: 6.4% (risk premium, calculated by a leading sector source, of the main countries in which the group operates, weighted on the basis of sales);
- spread on the cost of debt: 3.6% (estimated on the basis of the 2015 budget).

The test carried out on the present value of projected cash flows shows that the Sogefi CGU has a value in use that exceeds its carrying amount; no write-down was therefore made.

In terms of sensitivity analysis, the impairment test breaks even at the discounting rates indicated below for the individual CGUs identified by the Sogefi sub-group (maintaining unaltered the 2% growth of the terminal value and all other plan assumptions): 12.7% for the Engine Systems Division (Fluid Filters), 13.4% for the Engine Systems Division (Air Filters and Cooling) and 10.9% for the Car Suspension Components Division.

Lastly, despite the current performance of the financial markets, the results of the analyses carried out are fully confirmed by the fair value of the assets held by the Group in the automotive sector, as represented by the market value of Sogefi, whose shares are listed on the Milan Stock Exchange, at 31 December 2014.

Healthcare sector

The goodwill allocated to the healthcare sector, which corresponds to the KOS sub-group, amounts to € 176 million. The Group has therefore allocated all of the goodwill to a single "Healthcare" CGU and then, as part of the analyses carried out for impairment testing purposes, identified specific CGUs according to the approach taken by management of the Kos sub-group. In order to check for any impairment in the value of goodwill and other fixed assets shown in the financial statements, the value in use of the CGUs to which the goodwill had been allocated at the KOS sub-group level was calculated.

In application of the methodology set out in IAS 36, the Kos Group identified the CGUs which represent the smallest identifiable group of assets able to generate broadly independent cash flows in its own consolidated financial statements. To identify the CGUs we took into account the organisational structure, the type of business and the ways in which control is exercised over the operations of the CGUs.
Given that the Kos Group operates in four different sectors (care homes for the elderly, rehabilitation, acute medicine and hi-tech services), the CGUs and groups of CGUs identified by Kos management at sub-holding level are as follows:

- in the "care homes" sector, the CGUs were identified, at a first level, in the individual residential care homes, most of them operating under the "Anni Azzurri” brand. They were then grouped together at a second level by region. the third level of grouping includes the whole sector. From 2012, the "Care homes" sector includes the "Redancia" sub-group (psychiatric rehabilitation and management of psychiatric care communities) following the merger of Redancia S.r.l. with Residenze Anni Azzurri S.r.l. and the consequent change in the organisational structure;
- the "Rehabilitation" sector includes the CGUs that operate under the "S. Stefano Riabilitazione" brand (also referred to as "IRSS"). The CGUs were identified, at the first level, as the individual facilities (in "IRSS", one of the CGUs consists of the out-patient centres/day hospitals); subsequently, the individual CGUs are grouped together at a second level by region; the third level of grouping includes the whole sector. The Sanatrix group constitutes a single, first-level CGU. although Sanatrix’s business relates to several business sectors (the elderly, rehabilitation and acute), because of the way in which operations are controlled, it is classified by management as belonging to the "Rehabilitation" sector and therefore follows the second and third level of grouping in the test on “IRSS”;
- in the “Acute” sector, the only CGU to be identified is Ospedale di Suzzara;
- in the “Hi-tech Services” sector (under the Medipass brand) a first level grouping consists of the individual service contracts currently in progress, the structures of the Giordani group, which consists of a single CGU and the services abroad (UK and India, identified on a geographical basis); the second grouping level includes all current contracts of Medipass, the Giordani Group and the services abroad; the third level of grouping includes the whole sector.

The recoverability of the amounts recorded was checked by comparing the net carrying amount attributed to the CGUs, including goodwill, with their recoverable value in use, represented by the present value of the future cash flows estimated to derive from the continuous use of the CGUs' assets and by their terminal value.
More specifically the chart shows the values of goodwill allocated to the operating sectors by the management of Kos and any other items of goodwill allocated to the Healthcare sector that constitute a single CGU at Group level. Although goodwill was also tested at a lower level, the level of allocation of the "Healthcare" CGU is considered significant because it confirms the strategic enterprise vision that CIR's Directors have with regard to the specific characteristics of the sector that the KOS Group belongs to.

(in thousands of euro)	*31.12.2014*	*%*
Goodwill allocated by KOS sub-holding		
Care homes	88,066	50
Rehabilitation	65,389	37
Hi-tech services	21,517	12
Additional goodwill allocated to the Healthcare CGU	1,459	1
Total	**176,431**	**100**

In developing the impairment test, we used management's latest budget forecasts for the economic and financial trend during the period 2015-2020, assuming that the assumptions come about and the targets are reached. In calculating the projections, management made various hypotheses based on past experience and expectations regarding the development of the sectors in which the Group operates.

To calculate the terminal value we used a growth rate of 1.5% (the same as in 2013) in line with the average long-term growth rate of production, the reference sector and the country in which the company operates. For prudence sake, the same rate of growth was used for the services abroad (India), even though this country's expected rate of growth is higher. As for the UK activities, no terminal value was calculated as the test period matched the duration of the service contract.

The discount rate used reflects the current market valuations of the cost of money and takes into account the specific risks of the business. For the activities in Italy, this discount rate net of taxation (*WACC after-tax*) is 6.3%, while for those in the UK it is 5.8% and for those in India it is 10.5%.
The test carried out on the present value of the projected cash flows shows that the Kos CGU has a value in use that exceeds its carrying amount.
Moreover, in line with the analyses carried out by the KOS sub-holding, the Group also set up sensitivity analyses considering changes in the basic assumptions of the impairment test, particularly in the variables which have most impact on recoverable values (discount rate, growth rate, terminal value).
This analysis, carried out at the testing levels mentioned previously (regions and operating sectors, and therefore at the level of the Healthcare CGU) did not reveal any problems or situations where the carrying value was significantly higher than the recoverable value, even using a growth rate of zero and a considerably higher WACC than the one used in the test.

Other investments
In "Other Investments", the goodwill of € 6.8 million, generated as a result of the acquisition of Southlands S.r.l., which took place through LLIS - Lake Leman International School SA, was written down by € 3.3 million in line with the outcome of the impairment test performed at the year end.
The impairment test on Southlands was carried out using the dividend discount model (DDM), taking into account market parameters and valuations.
The DDM method estimates the value of a company depending on the flow of dividends, net of capital increases, that the company is able to distribute to shareholders in the future, discounted at a rate equal to the cost of equity. The DDM method is based on cash flows paid directly to shareholders and is therefore particularly appropriate in cases like the present one, in which the financial structure is not in balance and the financial structure is expected to evolve in the future.
The DDM method was applied with reference to the financial projections developed by the company's management and was also applied to an alternative income scenario (sensitivity case) developed on the basis of more prudent assumptions.
The analysis was supplemented by value references taken from the price of a recent comparable transaction concerning a company operating in the same sector. These references were used as a control method.

The outcome of this analysis led to the write-down of the total carrying value of Lake Leman International School S.A. in the separate financial statements of CIR S.p.A. and the write-down of € 3.3 million of goodwill recorded in the consolidated financial statements of the CIR Group.

7.b. Tangible assets

The changes in “Tangible assets” during the year are shown on the next page.

7.b. Tangible assets

2013	Opening position			Movements during the year									Closing position		
	Original cost	*Accumulated depreciation and write-downs*	*Balance at 31/12/2012*	*Additions*	*Business combinations/disposals*		*Capitalised financial charges*	*Exchange rate differences*	*Other changes*	*Discontinued operations*	*Net disposals*	*Depreciation and write-downs*	*Original cost*	*Accumulated depreciation and write-downs*	*Balance at 31/12/2013*
(in thousands of euro)					*increases*	*decreases*					*cost*				
Land	72,256	(929)	71,327	123	--	--	--	(201)	400	--	(115)	(190)	72,463	(1,119)	71,344
Buildings used for operating purposes	471,172	(152,444)	318,728	5,929	751	--	--	(1,747)	11,974	--	(1,145)	(19,141)	482,137	(166,788)	315,349
Plant and machinery	2,748,205	(986,620)	1,761,585	41,136	4	--	--	(7,340)	44,188	--	(2,446)	(389,662)	2,767,111	(1,319,646)	1,447,465
Industrial and commercial equipment	148,321	(112,248)	36,073	10,244	31	70	--	(393)	894	--	(189)	(8,437)	146,503	(108,210)	38,293
Other assets	255,394	(196,791)	58,603	8,434	169	--	--	(566)	3,368	--	(483)	(13,306)	256,375	(200,156)	56,219
Assets in progress and advance payments	130,946	(9,286)	121,660	43,822	--	--	--	(1,261)	(74,524)	--	(757)	(18,792)	98,226	(28,078)	70,148
Total	**3,826,294**	**(1,458,318)**	**2,367,976**	**109,688**	**955**	**70**	**--**	**(11,508)**	**(13,700)**	**--**	**(5,135)**	**(449,528)**	**3,822,815**	**(1,823,997)**	**1,998,818**

2014	Opening position			Movements during the year									Closing position		
	Original cost	*Accumulated depreciation and write-downs*	*Balance at 31/12/2013*	*Additions*	*Business combinations/disposals*		*Capitalised financial charges*	*Exchange rate differences*	*Other changes*	*Discontinued operations*	*Net disposals*	*Depreciation and write-downs*	*Original cost*	*Accumulated depreciation and write-downs*	*Balance at 31/12/2014*
(in thousands of euro)					*increases*	*decreases*					*cost*				
Land	72,463	(1,119)	71,344	--	460	--	--	93	1,877	(24,540)	(2,561)	(38)	47,157	(522)	46,635
Buildings used for operating purposes	482,137	(166,788)	315,349	6,109	6,942	--	--	957	8,020	(133,161)	(3,607)	(10,673)	340,586	(150,650)	189,936
Plant and machinery	2,767,111	(1,319,646)	1,447,465	27,280	--	--	--	3,637	21,237	(1,230,631)	(3,015)	(43,570)	950,545	(728,142)	222,403
Industrial and commercial equipment	146,503	(108,210)	38,293	8,817	408	--	--	911	1,773	(14,575)	(201)	(6,373)	129,339	(100,286)	29,053
Other assets	256,375	(200,156)	56,219	9,792	88	--	--	191	3,955	(6,363)	(369)	(10,225)	246,734	(193,446)	53,288
Assets in progress and advance payments	98,226	(28,078)	70,148	48,207	--	--	--	881	(33,580)	(3,985)	(291)	--	82,108	(728)	81,380
Total	**3,822,815**	**(1,823,997)**	**1,998,818**	**100,205**	**7,898**	**--**	**--**	**6,670**	**3,282**	**(1,413,255)**	**(10,044)**	**(70,879)**	**1,796,469**	**(1,173,774)**	**622,695**

Tangible assets fell from € 1,998,818 thousand at 31 December 2013 to € 622,695 thousand at 31 December 2014.
The amounts shown in the "Discontinued operations" column refer to the change in the consolidation method of the Energy Sector for € 1,385,583 thousand and that of the Media sector for € 27,672 thousand in accordance with IFRS 5.

DEPRECIATION RATES

Description	*%*
Buildings used for operating purposes	3.00%
Plant and machinery	10-25%
Other assets:	
- Electronic office equipment	20%
- Furniture and fittings	12%
- Motor vehicles	25%

7.c. Investment property

2013	*Opening position*			*Movements during the year*								*Closing position*		
	Original cost	*Accumulated depreciation and write-downs*	*Balance at 31/12/2012*	*Additions*	*Business combinations/disposals*		*Capitalised financial charges*	*Exchange rate differences*	*Other changes*	*Net disposals*	*Depreciation and write-downs*	*Original cost*	*Accumulated depreciation and write-downs*	*Balance at 31/12/2013*
(in thousands of euro)					*increases*	*decreases*				*cost*				
Buildings	29,458	(6,065)	23,393	1	--	--	--	--	--	--	(1,084)	29,459	(7,149)	22,310
Total	**29,458**	**(6,065)**	**23,393**	**1**	**--**	**--**	**--**	**--**	**--**	**--**	**(1,084)**	**29,459**	**(7,149)**	**22,310**

2014	*Opening position*			*Movements during the year*								*Closing position*		
	Original cost	*Accumulated depreciation and write-downs*	*Balance at 31/12/2013*	*Additions*	*Business combinations/disposals*		*Capitalised financial charges*	*Exchange rate differences*	*Other changes*	*Net disposals*	*Depreciation and write-downs*	*Original cost*	*Accumulated depreciation and write-downs*	*Balance at 31/12/2014*
(in thousands of euro)					*increases*	*decreases*				*cost*				
Buildings	29,459	(7,149)	22,310	61	--	--	--	--	1	(337)	(744)	28,843	(7,552)	21,291
Total	**29,459**	**(7,149)**	**22,310**	**61**	**--**	**--**	**--**	**--**	**1**	**(337)**	**(744)**	**28,843**	**(7,552)**	**21,291**

Investment property passes from € 22,310 thousand at 31 December 2013 to € 21,291 thousand at 31 December 2014, mainly due to depreciation for the period.
The market value is considerably higher than the carrying value.

DEPRECIATION RATES

Description	*%*
Buildings	3.00%

LEASING AND RESTRICTIONS FOR GUARANTEES AND COMMITMENTS ON TANGIBLE ASSETS

The position of leased assets at 31 December 2014 and 2013 and of restrictions applied to all tangible assets on account of guarantees and commitments is as follows:

(in thousands of euro)	*Gross leasing amount*		*Accumulated depreciation*		*Restrictions for* guarantees and commitments	
	2014	*2013*	*2014*	*2013*	*2014*	*2013*
Land	5,864	5,155	--	--	--	6,989
Buildings	34,133	28,022	7,338	6,047	131,178	248,102
Plant and machinery	7,624	163,812	3,890	31,519	162,531	1,604,075
Other assets	1,641	2,716	824	848	183	14,678
Assets in progress and advance payments	30,728	25,191	--	--	--	1,214

The decrease in the balances at 31 December 2014 relates to the reclassification of the assets, liabilities and related guarantees and commitments of the Energy Sector (Sorgenia Group) in application of IFRS 5.

7.d. Investments in companies consolidated at equity

(in thousands of euro)

2013	*%*	*Balance 31.12.2012*	*Increases*	*Decreases*	*Dividends*	*Pro-rata share of result*		*Other changes*	*Balance 31.12.2013*
						Loss	*Income*		
Tirreno Power S.p.A.	39.00	245,894	3,072	--	--	(41,965)	--	(207,001)	--
Sorgenia France Production S.A.	50.00	46,607	1,099	--	--	(5,141)	--	--	42,565
Editoriale Libertà S.p.A.	35.00	20,602	--	--	(175)	--	471	(3,351)	17,547
Swiss Education Group AG	19.54	13,864	--	--	--	--	2,859	(223)	16,500
Fin Gas S.r.l.	50.00	8,922	1,406	--	--	(10,328)	--	--	--
Saponis Investments SP Zoo	26.76	5,943	--	(2,083)	--	(3,860)	--	--	--
Tecnoparco Valbasento S.p.A.	30.00	5,351	208	(1,553)	-	(4,006)	--	--	--
Editoriale Corriere di Romagna S.r.l.	49.00	2,967	--	--	--	--	49	--	3,016
Volterra A.E.	50.00	1,321	--	--	--	(240)	--	--	1,081
Altrimedia S.p.A.	35.00	673	--	--	(70)	--	42	--	645
Mark IV Asset (Shanghai) Auto Parts Co. Ltd.	50.00	298	--	(6)	--	(289)	--	(3)	--
Le Scienze S.p.A.	50.00	278	--	--	(212)	--	110	--	176
Devil Peak S.r.l.	38.17	254	--	--	--	--	--	--	254
Huffingtonpost Italia S.r.l.	49.00	96	539	--	--	(431)	--	--	204
P&F Società Agricola S.r.l.	50.00	--	39	--	--	(39)	--	--	--
Total		**353,070**	**6,363**	**(3,642)**	**(457)**	**(66,299)**	**3,531**	**(210,578)**	**81,988**

2014		*Balance 31.12.2013*	*Increases (Decreases)*	*Write-downs*	*Dividends*	*Pro-rata share of result*		*Other changes*	*Discontiued operations*	*Balance 31.12.2014*
						Loss	*Income*			
Sorgenia France Production S.A.	--	42,565	--	--	--	--	--	--	(42,565)	-
Persidera S.p.A.	30.00	--	--	--	--	--	2,403	127,700	--	130,103
Editoriale Libertà S.p.A.	35.00	17,547	--	(4,000)	--	--	373	--	--	13,920
Swiss Education Group AG	--	16,500	--	--	--	--	805	(17,305)	--	--
Editoriale Corriere di Romagna S.r.l.	49.00	3,016	--	--	--	--	42	--	--	3,058
Volterra A.E.	--	1,081	--	--	--	--	--	--	(1,081)	--
Altrimedia S.p.A.	35.00	645	--	--	--	--	36	---	--	681
Le Scienze S.p.A.	50.00	176	(5)	--	(103)	--	75	--	--	143
Devil Peak S.r.l.	36.16	254	--	(254)	--	--	--	--	--	--
Apokos Rehab PVT Ltd	50.00	--	--	--	--	(60)	--	251	--	191
Huffingtonpost Italia S.r.l.	49.00	204	220	--	--	(219)	--	--	--	205
Total		**81,988**	**215**	**(4,254)**	**(103)**	**(279)**	**3,734**	**110,646**	**(43,646)**	**148,301**

The column "Discontinued operations" refers to the activities of the Energy Sector (Sorgenia Group) reclassified as specified in paragraph 1.a, in application of IFRS 5. Note that at 31 December 2013, management decided to write down the investment in Tirreno Power S.p.A. to zero.
On 30 June 2014 the transfer of 100% of Rete A S.p.A. to Persidera S.p.A. was completed, at the same time acquiring 30% of the latter. This transaction generated net financial proceeds of € 1,515 thousand as a result of the difference between the initial carrying amount of Persidera S.p.A. (equal to € 127,700 thousand) and the book value of Rete A S.p.A. (equal to € 126,185 thousand).
At the end of 2014, based on the trend of circulation and advertising revenues recorded by Editoriale Libertà in the first half of the year, there are signs that suggest that this investment may have suffered further impairment; we therefore took steps to reduce the carrying amount of this investment (€ 4,000 thousand) in order to bring it into line with the recoverable amount.
The recoverable amount of the investment was determined in accordance with IAS 36 as the higher of fair value less selling costs and value in use, estimated using the methods explained in Note 7.a.
Note that following the increases in capital by the minority interests in Swiss Education Group AG in the third quarter of the year, the Group's shareholding fell to 17.39%. This investment was therefore reclassified to item 7.g “Securities” from 1 October 2014.

7.e. Other investments

(in thousands of euro)	*31.12.2014*	*31.12.2013*
Ansa S. Coop. A.R.L.	2,209	2,209
Emittenti Titoli S.p.A.	132	132
Other	2,639	3,295
Total	**4,980**	**5,636**

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 31 December 2014 had a balance of € 89,239 thousand, compared with € 234,043 thousand at 31 December 2013.

At 31 December 2014, this item includes the following:

- € 18,496 thousand (€ 70,824 thousand at 31 December 2013) of unsecured and mortgage-backed receivables of the securitisation company Zeus Finance S.r.l.. The decrease mainly refers for € 12,185 thousand to write-downs made during the year and for € 39,470 thousand to the restatement in compliance with IFRS 5, of a portion of receivables to discontinued operations;
- a loan from CIR International S.A. in favour of Swiss Education Group AG for € 3,545 thousand (3,483 thousand at 31 December 2013);
- a shareholder-loan provided by Gruppo Editoriale L'Espresso S.p.A. to Persidera S.p.A. for € 21,300 thousand;
- € 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;
- € 9,973 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;

The balance at 31 December 2013 included the following amounts related to the Sorgenia Group:

- € 87,203 thousand of tax credits in relation to CO_2 quotas that the Sorgenia Group should have been assigned;
- € 3,824 thousand of security deposits paid by the Sorgenia Group as guarantees to suppliers of the wind farm equipment and as deposits paid to banks;
- € 11,773 thousand of receivables for charges to activate and operate maintenance services at the Lodi and Aprilia plants;
- € 11,127 thousand of receivables claimed by Sorgenia S.p.A. from Sorgenia France Production S.A.

7.g. Securities

"Securities" at 31 December 2014 amounted to € 110,727 thousand, compared with € 94,319 thousand at 31 December 2013, and refer mainly to investments in private equity funds and minority shareholdings. These investments were measured at fair value, booking as the contra-entry an amount, net of tax, of € 13,428 thousand (€ 4,889 thousand at 31 December 2013) to the fair value reserve for Cofide's portion). During the year, gains for € 9,568 thousand (€ 12,333 thousand in 2013) were realised and booked to item 14.c.: “Gains on securities trading”. At 31 December 2014, the residual commitment for investment in private equity funds stood at € 6.8 million.
Certain securities whose fair value is unknown have been recognised at purchase cost.

7.h. Deferred taxes

The amounts relate to taxes resulting from deductible temporary differences and from benefits deriving from tax losses carried forward, which are deemed to be recoverable.

The breakdown of "Deferred tax assets and liabilities" by type of temporary difference, is as follows:

(in thousands of euro)	2014		2013	
	Total temporary differences	Tax effect	Total temporary differences	Tax effect
Deductible temporary differences from:				
- write-down of current assets	39,440	11,406	156,554	43,499
- write-down of fixed assets	50,011	15,479	91,980	27,516
- revaluation of current liabilities	34,852	9,970	32,095	9,696
- revaluation of personnel provisions	70,172	19,179	61,562	18,250
- revaluation of provisions for risks and losses	87,112	27,563	120,164	39,616
- revaluation of long-term borrowings	--	--	10	3
- write-down of financial instruments	1,945	543	8,509	2,346
- tax losses from previous years	106,422	31,813	194,252	52,055
Total deferred tax assets	**389,954**	**115,953**	**665,126**	**192,981**
Taxable temporary differences from:				
- revaluation of current assets	774	209	6,783	2,095
- revaluation of fixed assets	436,057	133,287	533,063	164,972
- write-down of current liabilities	101,465	8,033	161,239	44,957
- valuation of personnel provisions	4,827	1,327	10,478	2,666
- write-down of provisions for risks and losses	416	132	493	146
- revaluation of financial instruments	1,407	325	1,019	284
Total deferred tax liabilities	**534,946**	**143,313**	**713,075**	**215,120**
Net deferred taxes		**(27,360)**		**(22,139)**

The decrease in the balances at 31 December 2014 relates to the reclassification of the assets, liabilities and related guarantees and commitments of the Energy Sector (Sorgenia Group) in application of IFRS 5.

In addition, the "deferred tax liabilities" were reduced compared with 31 December 2013 as specified below:

- reversal of € 33.3 million related to the integration of the digital terrestrial TV activities carried out within the Espresso Group by transferring Rete A's assets and liabilities to Persidera;
- use of € 37.1 million, recorded in the financial statements of the parent company CIR S.p.A. at 31 December 2013, following the Tax Authorities' answer dated 11 July 2014 to the request for a ruling on the tax treatment of amount awarded under the Lodo Mondadori, which did not recognise the possibility of paying in instalments, over five years, part of the proceeds arising from the Supreme Court's judgement of 17 September 2013.

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 € 453 million, which can be carried forward without any limit, and to other Group companies for € 88 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:

2014 *(in thousands of euro)*	*Balance at* 31.12.2013	*Use of deferred taxes* from prior periods	*Deferred taxes* generated in the period	Discontinued operations	*Exchange rate differences* and other changes	*Balance at* 31.12.2014
Deferred tax assets:						
- income statement	170,435	(4,914)	13,007	(92,323)	6,290	92,495
- equity	22,546	(119)	1,091	(4,206)	4,146	23,458
Deferred tax liabilities:						
- income statement	(195,438)	73,556	(5,531)	3,815	(257)	(123,855)
- equity	(19,682)	1,555	(1,331)	--	--	(19,458)
Net deferred taxes	(22,139)					(27,360)

2013 *(in thousands of euro)*	*Balance at* 31.12.2012	*Use* of *deferred taxes* from prior periods	*Deferred taxes* generated in the period	*Exchange rate differences* and other changes	*Balance at* 31.12.2013
Deferred tax assets:					
- income statement	226,268	(70,446)	25,092	(10,479)	170,435
- equity	37,222	(1,591)	2,865	(15,950)	22,546
Deferred tax liabilities:					
- income statement	(158,028)	6,352	(42,508)	(1,254)	(195,438)
- equity	(21,478)	622	(1,080)	2,254	(19,682)
Net deferred taxes	83,984				(22,139)

8. CURRENT ASSETS

8.a. Inventories

Inventories can be broken down as follows:

(in thousands of euro)	*31.12.2014*	*31.12.2013*
Raw materials, secondary materials and consumables	65,569	65,295
Work in progress and semi-finished goods	13,557	12,450
Finished goods and goods for resale	49,531	83,104
Advance payments	7	96
Total	**128,664**	**160,945**

The value of inventories is shown net of any write-down made either in past years or this year and takes into account the degree of obsolescence of finished goods, goods for resale and secondary materials. Note that the item "Finished goods and goods for resale" at 31 December 2013 included € 32,789 thousand related to the Sorgenia Group.

8.b. Trade receivables

(in thousands of euro)	*31.12.2014*	*31.12.2013*
Receivables - customers	424,865	1,163,732
Receivables - subsidiaries and joint ventures	4,380	27,275
Receivables - associates	2,446	1,620
Total	**431,691**	**1,192,627**

Trade receivables are shown net of any write-downs that take credit risk into account. In 2014, provisions for write-downs were made for a total of € 5,927 thousand compared with € 6,347 thousand in 2013.
The item “Receivables - subsidiaries and joint ventures” at 31 December 2014 relates to receivables from the Sorgenia Group. The balance at 31 December 2013 referred to intercompany receivables within the Sorgenia Group, not eliminated because they refer to companies that are not fully consolidated on a line-by-line basis.

Note that "Receivables from customers" at 31 December 2013 included € 707,914 thousand relating to receivables due from the Sorgenia Group.

8.c. Other receivables

(in thousands of euro)	*31.12.2014*	*31.12.2013*
Receivables - subsidiaries and joint ventures	--	485
Receivables - associates	104	104
Tax receivables	46,862	95,832
Other receivables	45,215	113,608
Total	**92,181**	**210,029**

“Tax receivables” at 31 December 2013 included € 48,823 thousand relating to the Sorgenia Group.
"Other receivables" included € 44,298 thousand at 31 December 2013 relating to the fair value measurement of Sorgenia Group commodity derivatives.

8.d. Financial receivables

"Financial receivables" fell from € 1,433 thousand at 31 December 2013 to € 10,017 thousand at 31 December 2014. This item includes € 6,262 thousand of receivables due to the Kos Group by factoring companies for non-recourse assignments.

8.e. Securities

This item consists of the following categories of securities:

(in thousands of euro)	*31.12.2014*	*31.12.2013*
Italian Government securities or similar securities	2,591	15,257
Investment funds and similar funds	66,300	60,323
Bonds	24,096	48,186
Certificates of deposit and other securities	56,057	51,904
Total	**149,044**	**175,670**

The fair value measurement of "Securities" led to a positive adjustment to the income statement of € 3,146 thousand.

8.f. Available-for-sale financial assets

This item totals € 150,966 thousand and refers for € 95,076 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 € 17,914 thousand (€ 21,320 thousand at 31 December 2013). The effect of this measurement on Cofide's equity for its share came to € 8,809 thousand. During the year, gains for € 9,513 thousand (€ 2,004 thousand in 2013) were realised and booked to item 14.c.: "Gains on securities trading".
This item also includes € 55,812 thousand for two life insurance policies with a minimum guaranteed yield with leading insurance companies taken out by Cir Investimenti S.p.A. The yield during the year came to € 812 thousand.

8.g. Cash and cash equivalents

Cash and cash equivalents declined from € 961,095 thousand at 31 December 2013 to € 348,885 thousand at 31 December 2014.
A breakdown of the changes is given in the statement of cash flows.

8.h. Assets and liabilities held for sale

For details please read section 6 "Notes to the consolidated financial statements".

9. EQUITY

9.a. Share capital

The share capital at 31 December 2014 amounts to € 359,604,959.00, the same as at 31 December 2013, and is made up of 719,209,918 ordinary shares with a nominal value of € 0.50 each.

The share capital is fully subscribed and paid up.

9.b. Reserves

The changes of "Reserves" are as follows:

(in thousands of euro)	*Share* Premium reserve	*Legal reserve*	*Fair value reserve*	*Translation* reserve	*Other* reserves	*Total* reserves
Balance at 31 December 2012	5,044	22,353	(10,013)	(3,240)	52,608	66,752
Retained earnings	--	235	--	--	--	235
Fair value measurement of hedging instruments	--	--	14,878	--	--	14,878
Fair value measurement of securities	--	--	6,418	--	--	6,418
Securities fair value reserve released to income statement	--	--	(1,798)	--	--	(1,798)
Effects of equity changes in subsidiaries	--	--	(25)	6	2,325	2,306
Currency translation differences	--	--	(6)	(7,213)	--	(7,219)
Actuarial gains (losses)	--	--	--	--	1,286	1,286
Balance at 31 December 2013	5,044	22,588	9,454	(10,447)	56,219	82,858
Retained earnings	--	56	--	--	--	56
Fair value measurement of hedging instruments	--	--	(2,392)	--	--	(2,392)
Fair value measurement of securities	--	--	7,543	--	--	7,543
Securities fair value reserve released to income statement	--	--	(674)	--	--	(674)
Effects of equity changes in subsidiaries	--	--	77	(38)	3,213	3,252
Currency translation differences	--	--	43	5,484	--	5,527
Actuarial gains (losses)	--	--	--	--	(6,287)	(6,287)
Balance at 31 December 2014	5,044	22,644	14,051	(5,001)	53,145	89,883

The "Fair value reserve", net of tax, was positive for € 14,051 thousand and referred (in positive) to the measurement of "Securities" in item 7.g. for € 13,428 thousand, to the measurement of "securities" of the Sorgenia Group for € 37 thousand and of "Available-for-sale financial assets" in item 8.f. for 8,809. Thousand and (in negative) to the measurement of hedges for € 8,223 thousand (of which € 4,639 thousand of the Sorgenia Group).

The "Translation reserve" had a negative balance of € 5,001 thousand at 31 December 2014 with the following breakdown:

(in thousands of euro)	*31.12.2013*	*Increases*	*Decreases*	*31.12.2014*
Sogefi Group	(7,835)	1,717	--	(6,118)
Kos Group	21	77	--	98
CIR Ventures	(1,131)	112	--	(1,019)
CIR International	(1,657)	3,630	--	1,973
Sorgenia Group	104	--	(93)	11
Other	51	3	--	54
Total	**(10,447)**	**5,539**	**(93)**	**(5,001)**

The breakdown of "Other reserves" at 31 December 2014 was as follows:

(in thousands of euro)

Merger surplus	43
Reserve for the difference between the carrying values of investee companies and the respective portions of consolidated equity	53,102
Total	**53,145**

9.c. Retained earnings (losses)

The changes in Retained earnings (losses) are shown in the "Statement of Changes in Equity".

10. NON-CURRENT LIABILITIES

10.a. Bonds

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

(in thousands of euro)	*31.12.2014*	*31.12.2013*
Gruppo Editoriale L'Espresso S.p.A. Convertible Bond 2.625% 2014/2019	75,760	--
SOGEFI S.p.A. Bond 2013/2020 in USD	94,359	82,908
SOGEFI S.p.A. Bond 2013/2020	24,922	24,926
SOGEFI S.p.A. 2% Bond 2014/2021	75,527	--
CIR S.p.A. 5.75% Bond 2004/2024	--	257,724
Total	**270,568**	**365,558**

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.

During the first half of 2014 CIR S.p.A. repurchased € 78.8 million nominal value of the CIR 5.75% 2004/2024 bond on the market, which together with the € 11 million nominal value already held at 31 December 2013 was cancelled on 5 June 2014 and 9 June 2014. Subsequently, on 8 September 2014, the Board of Directors approved the launch of an operation to repurchase and redeem its bonds maturing in 2024 for a residual nominal value of € 210 million and, on 13 October 2014, announced that it had successfully completed the repurchase, followed by the redemption of 100% of its bonds on 16 October 2014. The repurchases carried out during the year have resulted in a charge to the income statement of € 21,096 thousand.

On 1 April 2014, the Board of Directors of Gruppo Editoriale L'Espresso S.p.A. approved the issuance of an equity-linked bond for a total of € 100 million which was successfully placed on 2 April following a definitive pricing on that same day, taking into account the weighted average market price of the share posted on the MTA between the start and the end of the order collection (or "bookbuilding") process and a conversion premium of 30% (equal to € 2.1523) without prejudice to the requirement of art. 2441 sixth paragraph of the Italian Civil Code. The transaction was completed by issuing securities that mature on 9 April 2019. A proposal to increase the share capital to service the bonds, with the exclusion of option rights pursuant to art. 2441 fourth paragraph, was submitted to the Extraordinary Shareholders' Meeting on 23 July 2014. The bond is listed on the MTF, the Vienna Stock Exchange's Third Market for Bonds.

The bond loan has a nominal value of € 100 million and a duration of 5 years (expiring on 9 April 2019) and a semi-annual coupon at a fixed rate of 2.625% per annum, payable on 9 April and 8 October of each year. The bonds will be convertible into existing or newly issued ordinary shares of the Company after approval of the proposal to increase the share capital submitted to the Extraordinary Shareholders' Meeting, subject to the Company's right to settle any request for conversion by paying cash or through a combination of cash and ordinary shares (the "cash settlement option).

The Convertible Bonds give the holder an option to convert the bond into a specific number of shares of the issuing company. The instrument can therefore be considered a standard bond together with a call option.

The valuation technique requires the derivative to be separated from the host contract. The value of these components (respectively € 21 million for the derivative component and € 79 million for the debt component) was determined based on the Binomial Model applying the following parameters: the market price of the Company's shares, the volatility of the stock price, the strike price and the risk-free rate; and as the differential on the nominal value, the debt component at amortised cost.

In application of IAS 39, the debt component of the Convertible Bonds is valued by applying the amortised cost method, accounting for directly attributable costs as part of the debt for a total of € 1,744 thousand, while the derivative component is measured at fair value and booked to the income statement (at 31 December the valuation of this component is € 3.9 million with a positive effect of € 17.1 million on the income statement and classified as non-current borrowings).

Note that bonds for a nominal value of € 300 thousand were repurchased in December 2014.

Following the resolution of the Board of Directors on 21 January 2015 and the subsequent signing of a formal renunciation (or "deed poll"), which took place on 28 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. This waiver is final, irrevocable and unconditional; under English law governing the deed poll, this waiver has the same effect as amending the loan regulations. Accordingly, with effect from 28 January 2015, the Company has revised the liability-equity classification made on initial recognition of the option (as the call option has been irrevocably removed) with reclassification of the resulting fair value in equity.

On 13 May 2014 the board of directors of Sogefi S.p.A. decided to issue a *"€ 100 million 2.00% Equity Linked Bonds due 2021"* bond loan, placed with institutional investors on 14 May 2014. Settlement took place on 21 May 2014 through the issuance of the bonds and payment by the investors of the subscription price for a nominal amount of € 100 million (issue costs amounted to € 1,817 thousand). The bond duration is seven years from the settlement date. The bonds were admitted to listing on the Third Market (MTF) of the Vienna Stock Exchange on 13 June 2014; they have a minimum denomination of € 100 thousand and pay a six-monthly coupon at the fixed rate of 2% per annum. The Extraordinary Shareholders' Meeting of 26 September 2014 resolved to increase the share capital in cash, by payment in tranches, with the exclusion of option rights pursuant to art. 2441, paragraph 5 of the Italian Civil Code, for a total maximum nominal amount of € 9,657,528.92 to be paid in one or more tranches, by issuing up to 18,572,171 Sogefi ordinary shares exclusively to service these bonds. The regulation provided that Sogefi S.p.A. had the power to regulate the exercise of conversion rights by delivering ordinary shares or by paying an amount in cash or a combination of shares and cash. At 21 May 2021, the redemption date, the bonds will all be redeemed at the one time, if they have not been redeemed or converted in advance. The conversion option combined with the loan is of the American type and is an embedded derivative financial instrument, whose economic characteristics and risks are not closely related to those of the host contract, which is why its fair value is recorded in item 10.b "Other borrowings". As required by IAS 39, steps were taken at the placement date to separate the embedded derivative (call option on Sogefi shares) from the host contract (equity-linked bond loan) determining the fair value (€ 24,500 thousand). This fair value has been determined by means of a financial mathematical model (known as the "binomial model"), using as valuation parameters the market price of the Sogefi shares, the issue price of the new shares as defined in bond loan regulations (identified as the strike price) € 5.3844, the risk-free rate at 7 years and the volatility of the Sogefi stock over a time horizon of one year.

Subsequent to initial recognition, the embedded derivative was valued at fair value with differences recognised immediately in the income statement, while the host contract was recognised at amortised cost. This was calculated by applying the effective interest rate (as per IAS 39) of 6.79%. The compound interest rate paid to bondholders is 2%.

At 31 December 2014, the change in the fair value of the embedded derivative was positive for € 13,960 thousand, while the increase in the amortised cost of the host contract amounted to € 3,067 thousand.

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 (communicated to the agent on 29 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.

10.b. Other borrowings

(in thousands of euro)	*31.12.2014*	*31.12.2013*
Collateralised bank loans	43,585	59,870
Other bank loans	232,349	275,938
Leases	72,540	170,904
Other payables	34,176	34,962
Total	**382,650**	**541,674**

This item comprises loans obtained by the Sogefi group of € 164,921 thousand, by the KOS group of € 167,393 thousand, by the Espresso group of € 5,636 thousand and a loan to the parent company Cofide of € 44,700 thousand.
"Other payables" include the fair value of the conversion option of the Sogefi 2014/2024 Convertible Bond Loan for € 24,464 thousand and that of the Gruppo Editoriale L'Espresso 2014/2019 Convertible Bond Loan for € 3,900 thousand.
Note that the balance at 31 December 2013 included borrowing by the Sorgenia Group of € 122,535 thousand.

10.c. Personnel provisions

The details of this item are as follows:

(in thousands of euro)	*31.12.2014*	*31.12.2013*
Employee leaving indemnity (TFR)	87,444	87,521
Pension funds and similar obligations	56,410	41,190
Total	**143,854**	**128,711**

(in thousands of euro)	*31.12.2014*	*31.12.2013*
Opening balance	128,711	141,140
Provisions for service during the period	20,085	12,860
Increases for interest	3,454	3,664
Actuarial gains or losses	21,633	(5,599)
Benefits paid	(12,218)	(13,707)
Increases or decreases due to changes in the scope of consolidation	(633)	(38)
Discontinued operations	(2,302)	--
Other changes	(14,876)	(9,609)
Closing balance	**143,854**	**128,711**

"Discontinued operations" refers for € 1,525 thousand to the Sorgenia Group and for € 777 thousand to the Espresso Group.

Employee Leaving Indemnity and Defined Benefit Provision

Annual technical discount rate	1.49% - 3.6%
Annual inflation rate	0.60% - 3.1%
Annual rate of pay increases	0.5% - 3.1%
Annual rate of TFR increase	1.95% - 3%

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 at 31 December 2013	15,556	16,870	91,462	123,888
Provisions made during the period	3,523	9,994	7,561	21,078
Used	(1,383)	(7,289)	(2,923)	(11,595)
Exchange rate differences	(12)	(71)	(4)	(87)
Discontinued operations	--	--	(32,223)	(32,223)
Other changes	(2,752)	(208)	(191)	(3,151)
Balance at 31 December 2014	**14,932**	**19,296**	**63,682**	**97,910**

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 2013, with a view to defining technical responsibility for the defect and quantifying the damages. Proceedings on the merits have therefore been suspended, pending the expert's report.
Management believes that the expert appointed by the Court recognises 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.
As for the second customer involved in this case, the claim submitted to the Court is for approximately € 40 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.
A similar agreement is expected to be reached with the first customer with a view to finding 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, Sogefi S.p.A. deemed it prudent to increase the provision for product warranties from € 12.6 million to € 18 million.
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 31 December 2014 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.
These are complex procedures, which include an assessment of technical, legal and market aspects; there is considerable uncertainty about what the final decision 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 item “Discontinued operations” refers to the Sorgenia Group.

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 2013	6,469	23,996	78,901	109,366
Provisions made during the period	342	3,827	10,371	14,540
Used	(4,006)	(8,637)	(10,178)	(22,821)
Exchange rate differences	--	--	29	29
Discontinued operations	--	(193)	(21,757)	(21,950)
Other changes	3,130	--	361	3,491
Balance at 31 December 2014	**5,935**	**18,993**	**57,727**	**82,655**

“Discontinued operations” refers for € 19,130 thousand to the Sorgenia Group and for € 2,820 thousand to the Espresso Group.

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)	*31.12.2014*	*31.12.2013*
Collateralised bank loans	29,227	24,324
Other bank loans	64,374	1,668,283
Leases	7,538	12,751
Other borrowings	29,816	75,076
Total	**130,955**	**1,780,434**

"Other borrowings" relate for € 64,859 thousand to loans within the Sogefi Group, for € 34,553 thousand to loans within the Kos Group and for € 26,974 thousand to loans within the Espresso Group.
Note that the balance at 31 December 2013 included borrowing by the Sorgenia Group of € 1,568,432 thousand.

11.c. Trade payables

(in thousands of euro)	*31.12.2014*	*31.12.2013*
Payables - subsidiaries and joint ventures	5,937	28
Payables - associates	1,471	832
Due to suppliers	406,794	1,004,318
Advance payments	2,989	6,591
Total	**417,191**	**1,011,769**

“Payables to subsidiaries and joint ventures” relate for € 5,928 thousand to payables to the Sorgenia Group, including € 5,905 thousand from taking part in the CIR tax consolidation.

Please note that the balance at 31 December 2013 of “Payables - suppliers” included € 602,577 thousand related to the Sorgenia Group.

11.d. Other payables

(in thousands of euro)	*31.12.2014*	*31.12.2013*
Due to employees	77,596	83,572
Tax payables	33,384	43,560
Social security payables	48,707	53,555
Other payables	47,390	153,544
Total	**207,077**	**334,231**

"Other payables" at 31 December 2013 included € 100,223 thousand relating to the Sorgenia Group of which € 50,647 thousand relate to the fair value of derivative contracts on commodities.

Notes on the income statement

12. REVENUES

BREAKDOWN BY BUSINESS SECTOR

(in millions of euro)	*2014*		*2013*		*Change*
	amount	*%*	*amount*	*%*	*%*
Media	643.5	26.9	689.1	28.7	(6.6)
Automotive components	1,349.4	56.4	1,335.0	55.5	1.1
Healthcare	392.4	16.4	372.5	15.5	5.3
Other	7.3	0.3	6.8	0.3	7.3
Total consolidated revenues	**2,392.6**	**100.0**	**2,403.4**	**100.0**	**(0.4)**

BREAKDOWN BY GEOGRAPHICAL AREA

(in millions of euro)

2014	*Total* revenues	*Italy*	*Other European* countries	*North America*	*South America*	*Asia*	*Other* countries
Media	643.5	643.5	--	--	--	--	--
Automotive components	1,349.4	83.5	788.6	207.3	181.4	82.7	5.9
Healthcare	392.4	384.4	6.3	--	--	1.7	--
Other	7.3	5.6	1.7	--	--	--	--
Total consolidated revenues	**2,392.6**	**1,117.0**	**796.6**	**207.3**	**181.4**	**84.4**	**5.9**
Percentages	100.0%	46.7%	33.3%	8.7%	7.6%	3.5%	0.2%

(in millions of euro)

2013	*Total revenues*	*Italy*	*Other countries European*	*North America*	*South America*	*Asia*	*Other countries*
Media	689.1	689.1	--	--	--	--	--
Automotive components	1,335.0	76.1	783.2	187.4	224.4	59.3	4.6
Healthcare	372.5	365.2	6.4	--	--	0.9	--
Other	6.8	5.2	1.6	--	--	--	--
Total consolidated revenues	**2,403.4**	**1,135.6**	**791.2**	**187.4**	**224.4**	**60.2**	**4.6**
Percentages	100.0%	47.3%	32.9%	7.8%	9.3%	2.5%	0.2%

The types of products marketed by the Group and the nature of its business sectors mean that revenue flows are reasonably linear throughout the year 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

This item has risen from € 832,123 thousand in 2013 to € 852,212 thousand in 2014.

13.b. Costs for services

This item went from € 661,830 thousand at 31 December 2014 to € 630,821 thousand at 31 December 2014, as can be seen from the following breakdown:

(in thousands of euro)	*2014*	*2013*
Technical and professional consulting	89,854	113,229
Distribution and transport costs	38,374	40,807
Outsourcing	49,882	55,177
Other expenses	452,711	452,617
Total	**630,821**	**661,830**

"Costs for services" decreased with respect to the previous year, mainly as a result of lower legal fees sustained in 2013 as a result of the final decision in the civil proceedings brought by CIR against Fininvest ("Lodo Mondadori").

13.c. Personnel costs

Personnel costs totalled € 658,094 thousand at 31 December 2014 (€ 663,671 thousand at 31 December 2013).

(in thousands of euro)	*2014*	*2013*
Salaries and wages	474,930	475,916
Social security contributions	153,329	153,169
Employee leaving indemnity	19,573	16,721
Pensions and similar benefits	1,143	3,474
Valuation of stock option plans	5,121	5,561
Other costs	3,998	8,830
Total	**658,094**	**663,671**

The Group had an average of 13,840 employees in 2014 (14,074 in 2013).

13.d. Other operating income

This item can be broken down as follows:

(in thousands of euro)	*2014*	*2013*
Services to subsidiaries	--	850
State grants	1,098	1,200
Capital gains on asset disposals	2,979	3,542
Miscellaneous gains and other income	34,529	29,264
Total	**38,606**	**34,856**

“Services to subsidiaries” in the previous year refer to the chargeback of fees for strategic and management support and special administrative, financial and tax assistance provided by CIR S.p.A. to the Sorgenia Group..

13.e. Other operating expense

This item can be broken down as follows:

(in thousands of euro)	*2014*	*2013*
Write-downs and losses on receivables	17,827	10,163
Allocations to provisions for risks and losses	15,251	10,775
Indirect taxes	30,023	29,156
Restructuring charges	16,195	17,813
Capital losses on asset disposals	2,768	747
Miscellaneous losses and other costs	13,925	17,591
Total	**95,989**	**86,245**

The increase in "Write-downs and losses on receivables" is attributable to the write-downs made by the securitisation company Zeus Finance S.r.l., for € 12,185 thousand, following the decision to terminate the "non-performing loans" business.

"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 includes the following:

(in thousands of euro)	*2014*	*2013*
Interest income on bank accounts	6,056	12,265
Interest on securities	2,416	6,645
Other interest income	13,765	33,552
Interest rate derivatives	32,153	1,752
Exchange gains	1,424	46
Other financial income	87	39
Total	**55,901**	**54,299**

The item "Interest rate derivatives" includes the income arising on the remeasurement at fair value of embedded derivatives (*call options)* in convertible bond loans issued by the Sogefi Group (€ 13,960 thousand) and the Espresso Group (€ 17,100 thousand).
During the year the item "Other interest income" referred for € 18,056 thousand to the use and, for the amount not due, to the release of the provision set aside in previous years for the legal interest on the amount of € 564.2 million received in July 2011 from Fininvest as a result of the sentence passed by the Supreme Court on 17 September 2013.

14.b. Financial expense

This item includes the following:

(in thousands of euro)	*2014*	*2013*
Interest expense on bank accounts	18,149	18,166
Interest expense on bonds	32,391	25,626
Other interest expense	9,118	12,150
Interest rate derivatives	12,017	6,768
Exchange losses	1,443	783
Other financial expenses	23,944	23,503
Total	**97,062**	**86,996**

14.c. Gains from trading securities

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

(in thousands of euro)	*2014*	*2013*
Shares - subsidiaries	--	184
Shares - other companies	392	--
Other securities and other gains	25,447	18,027
Total	**25,839**	**18,211**

The income from “Shares - subsidiaries” of last year related to completion of the procedures to liquidate Euvis S.p.A.

14.d. Losses from trading securities

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

(in thousands of euro)	*2014*	*2013*
Shares - subsidiaries	945	--
Shares - other companies	52	--
Other securities and other losses	22,701	6,202
Total	**23,698**	**6,202**

“Shares and options - subsidiaries” are losses pertaining to the Espresso Group.

“Other securities and other losses” include € 21,096 thousand for repayment of the CIR 2004/2024 bond.

14.e. Adjustments to the value of financial assets

The net charge of € 4,481 thousand includes the positive fair value adjustment of "Securities" classified as current assets, € 3,146 thousand, and the write down of "Securities" and "Equity investments" classified as non-current assets by € 7,627 thousand.

14.f. Non-recurring income (expense)

These amount to € 491,312 thousand and relate to the amount recognised in the income statement after the sentence issued on 17 September 2013 by the Supreme Court, which was the final ruling in the "Lodo Mondadori" case, definitively condemning Fininvest to pay compensation in favour of CIR.

15. INCOME TAXES

Income taxes can be broken down as follows:

(in thousands of euro)	*2014*	*2013*
Current taxes	39,581	126,542
Deferred taxes	(45,894)	44,278
Prior year taxes	37,168	15,026
Charges (income) from participating in the tax consolidation	(2,227)	(2,255)
Total	**28,628**	**183,591**

"Prior year taxes" refer primarily to the reversal of deferred tax liabilities to current taxes of € 37.1 million as shown in item 7.h "Deferred taxes" and therefore found capacity in the transfer to the income statement.

“Prior year taxes” of last year included € 14,958 thousand relating to the settlement of a tax dispute involving CIR International S.A..

“Charges (income) from participating in the tax consolidation” refers to the income due by the Sorgenia Group, whose income statement was reclassified to “Income/(loss) from assets held for sale”, following its participation in the CIR Group tax consolidation.

The following table shows a reconciliation of the ordinary tax rate and the effective tax rate for 2014:

(in thousands of euro)	*2014*
Pre-tax income (loss) as per the financial statements	35,385
Theoretical income taxes	9,731
Tax effect of non-deductible costs	7,575
Tax effect of prior year losses which generate deferred tax assets in the current year	(176)
Tax effect of prior year losses which did not generate deferred tax assets	(8,280)
Tax effect on interest rate differentials of foreign companies	172
Non-taxable grants	(1,283)
Other	9,777
Income taxes	17,516
Average effective tax rate	(49.5)
Theoretical tax rate	27.5
IRAP and other taxes	13,253
Prior year taxes	37,168
Reversal of deferred taxes relating to prior year taxes	(37,082)
Charges (income) from participating in the tax consolidation	(2,227)
Total taxes as per the financial statements	28,628

16. EARNINGS (LOSS) 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 does not have any outstanding options or treasury shares, so the diluted earnings (loss) per share is the same as the basic earnings (loss) per share.

The following chart provides information on the shares used to calculate basic and diluted earnings per share.

	2014	*2013*
Net income (loss) attributable to the shareholders (in thousands of euro)	(14,468)	(130,360)
Weighted average number of ordinary shares in circulation	719,209,918	719,209,918
Earnings (loss) per share (euro)	**(0.0201)**	**(0.1813)**

	2014	*2013*
Net income (loss) from the statement of comprehensive income attributable to the shareholders (in thousands of euro)	(10,751)	(115,323)
Weighted average number of ordinary shares in circulation	719,208,918	719,208,918
Earnings (loss) per share (euro)	**(0.0149)**	**(0.1603)**

17. DIVIDENDS PAID

The Company did not pay any dividends during the year.

18. FINANCIAL RISK MANAGEMENT: ADDITIONAL DISCLOSURES (IFRS 7)

The Cofide 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.

The information below also refers to the Sorgenia Group which has been classified under "Discontinued operations" in accordance with IFRS 5.

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.

The Sorgenia Group is exposed to the risk of fluctuations in exchange rates when purchasing fuel, which tends to be priced in USD.
Sorgenia uses forward contracts to reduce the risk of fluctuations in the EUR/USD exchange rate. As explained in the note on price risk, in certain cases it hedges the purchase and sale formulae directly as the price partly depends on the EUR/USD exchange rate. By fixing its formulae in euro, the exchange rate risk is also indirectly hedged.
Regarding the exchange rate risk associated with 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.

The following chart shows the results of the sensitivity analysis for exchange rate risk:

Sensitivity analysis on the EUR/USD exchange rate	*31.12.2014*		*31.12.2013*	
Shift in the EUR/USD exchange rate	-5%	+5%	-5%	+5%
Effect on income statement (EUR/thousand)	1,933	1,933	(2,377)	2,344
Effect on equity (EUR/thousand)	(1,544)	(1,544)	(2,377)	2,344

- Price risk

Through the Sorgenia Group's activity in the energy sector, the Group is exposed to the risk of energy commodity price fluctuations when purchasing fuels for its power plants and when buying and selling gas and electricity (where contracts stipulate specific indexing to baskets of fuels). Moreover, as almost all of the commodities in question are priced in USD, the Group is also exposed to fluctuations in the EUR/USD exchange rate.
Sorgenia continually monitors this exposure by breaking down its contractual formulae into the underlying risk factors and managing these exposures according to a two-step procedure.
The first step involves the negotiation of gas and electricity purchase agreements and the definition of pricing policies. Control over prices on both the purchase and sale sides enables the Group to guarantee a high level of natural hedging, minimising the impact on margins of the factors of uncertainty mentioned above, not only at business line level, but also at consolidated portfolio level.
After this has been done, the second step involves monitoring residual net exposures.
Sorgenia trades derivatives with leading banks in order to minimise counterparty risk. The derivatives in question are traded over the counter (OTC) directly with the counterparties and are mainly fixed vs. floating swaps or vice versa for commodity price hedges, and outright forwards and forwards plus for foreign currency risk hedges.
Since 2008, given the greater liquidity achieved by derivatives markets, in order to reduce basis risk on hedges as much as possible, the Group has been negotiating contracts with its financial counterparties where the underlying is the whole formula for the purchase or sale of natural gas or electricity. These hedges make it possible to eliminate changes in costs and revenues caused by the elements of commodity risk and exchange rate risk by trading a single contract.
Part of commodity derivative contracts are managed according to the IAS 39 rules on hedge accounting, as they are entered into exclusively for hedging purposes; the effects of changes in their fair value are therefore recognised directly to a special equity reserve (cash flow hedge reserve). If the effectiveness test shows that the hedges are ineffective to some degree, the ineffective part is recognised immediately to the income statement.
The fair value of derivative contracts is calculated using forward market prices at the reporting date, if the underlying commodities are traded on markets with a forward pricing structure. Otherwise, the fair value is calculated using internal models based on observable market data and information provided by recognised and reliable third-party sources.

As regards the classifications envisaged in IFRS 13, based on three levels according to the method and the inputs used to determine fair value, it should be pointed out that the financial instruments used for managing commodity risk belong to level 2 of the fair value hierarchy.
The valuation techniques for derivatives outstanding at 31 December 2014 are the same as those used the previous year.
For commodities, the maturity of the contracts is generally less than 18 months.
However, in certain exceptional cases hedges with longer maturities have been entered into with end customers for fixed price contracts or contracts with particular kinds of options. At 31 December there were open positions in liquid fuel derivatives with maturities in 2015.

In order to measure group exposure to the risk of changes in commodity prices and gas and electricity price formulae, a sensitivity analysis was carried out based on revaluation of the fair values of derivative contracts outstanding at 31 December 2014 in the event of certain shifts in commodity prices.
In order to revalue these financial instruments and quantify the effect on the accounts of shifts in the price curve of liquid fuels, guaranteeing the highest possible degree of measurement accuracy, the same financial models were used as those used to produce the reports for management showing how exposures are constantly monitored.

The following chart shows the results of the sensitivity analysis for commodities:

(in thousands of euro)	*31.12.2014*		*31.12.2013*	
Change	-5%	+5%	-5%	+5%
Effect on the income statement	69	(69)	(16,899)	16,786
Effect on equity	(1,029)	1,029	(4,055)	4,055

As in previous years, the Sorgenia Group minimised its exposure to the risk of changes in commodity prices deriving from financial instruments through increased opportunities for defining sales formulae consistent with its sourcing formulae and hedging strategies implemented by trading financial contracts and thanks to the new use of more structured instruments with a short-term horizon.
Commodity derivatives are, in fact, entered into only for hedging purposes, so changes in the results of commodity derivative positions are offset by changes in the results of the underlying physical positions, with an impact on the income statement that is limited essentially to basis risk in all cases where there is a discrepancy between the commodities involved in the underlying physical contracts and the liquid commodities traded on the markets, both regulated and OTC, on which the derivatives are based.
The Sorgenia Group has been involved in speculative trading since 2010. This activity, which involves transactions on the power, commodities and foreign exchange markets, is segregated in a separate portfolio. This portfolio, which is monitored on a daily basis by a specific corporate unit, has strict VaR and stop-loss limits to reduce risk.
Operations began in this area in 2010 with a daily VaR of 95%. The average percentage use of the daily VaR limit during 2014 was the lowest of the last 4 years, closing at 31 December with a value of around zero, whereas to date the stop-loss has never been activated.
In order to calculate VaR reliably, the Risk Management Department of Sorgenia S.p.A. has developed a mixed benchmark-simulation approach that generates price scenarios in line with parameters based on historical observations. Value at Risk is calculated daily with a confidence level of 95%. VaR is a function of statistical price distribution and market returns, as well as of serial correlations of the various products and markets

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 standing. 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 energy sector, for example, credit risk exposure is assessed using internal processes with the help of companies with sector expertise in credit facility assessment and allocation, as well as in debt collection. The size of the customer base and its diversification substantially eliminate the risk of credit concentration.
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 four 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 the operating groups. As regards Sorgenia, please read paragraph 1.a.

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 over the years in order to hedge interest rate risk on their bond issues and bank borrowings.

Sensitivity analysis

A one percent parallel shift in the 3-month Euribor curve on the Group's floating rate assets and liabilities would have the following effects:

(in thousands of euro)	31.12.2014		31.12.2013	
Change	-1%	+1%	-1%	+1%
Change in income statement	(5,438)	19,529	(25,153)	24,242
Change in equity	(5,200)	7,299	(19,894)	19,167

(*) *Note that for the KOS Group, given that interest rates in 2013 and 2014 reached low levels tending to zero*, it was decided only to evaluate the effect of a +1% change in interest rates on the income statement and balance sheet.

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%.

At 31 December 2014, the Group had the following derivatives outstanding accounted for as hedges, expressed at their notional value:

a) *interest rate hedge:*

- hedging of Sogefi bank borrowings, with a notional value of € 207 million, maturing in 2016 (€ 17 million) and 2018 (€ 190 million);
- hedging of Sorgenia Group bank borrowings, with a notional value of € 1,301.9 million;
- hedging of Kos Group bank borrowings, with a notional value of € 59.6 million.

b) exchange rate hedge

- forward sales totalling USD 117 million to hedge investments in hedge funds and loans, expiring in March 2015;
- forward sales of USD 5 million and purchases of Euro expiring in 2015;
- forward sales of GBP 6 million and purchases of Euro expiring in 2015;
- forward purchases of USD 0.3 million and sales of Euro expiring in 2015;
- forward purchases of CAD 10 million and sales of Euro expiring in 2015;
- forward purchases of Euro 3.7 million and sales of RON expiring in 2015;
- forward purchases of USD 22.6 million and sales of CAD expiring in 2015;
- forward sales of MXN 75 million and purchases of CAD expiring in 2015;
- forward purchases of MXN 15.4 million and sales of MXN/USD expiring in 2015;
- forward purchases of CAD 7.5 million and sales of MXN expiring in 2015;
- forward purchases of Euro 2 million and sales of INR expiring in 2015;
- forward purchases of Euro 0.5 million and sales of BRL expiring in 2015;
- forward sales of USD 2.7 million and purchases of BRL expiring in 2015;
- forward purchases of USD 0.4 million and sales of ARP expiring in 2015;
- arrangement of cross currency swaps expiring in 2023 to hedge the private placement of bonds with a notional amount of USD 115 million.

18.f. Capital ratios

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.
Bear in mind, as already mentioned in item 10.a. "Bonds", that the net financial position of the Parent Company CIR S.p.A. no longer includes the 2004/2024 bond which was fully repaid during the year.

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.
At 31 December 2014. all 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 year 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 € 20,000 thousand - Societe Generale 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.

At 31 December 2014, these covenants were all respected.

- Sorgenia Group (Discontinued operations)

The Sorgenia Group, through a number of its subsidiaries, has undertaken to respect financial covenants in relation to loans for the construction of power plants and wind farms.
These covenants measure the relationship between operating cash flow net of tax and the cost of servicing debt, given by the sum of the principal and interest payments made during the reference period (known as the "Debt Service Coverage Ratio" or DSCR).

The main contractual agreements in connection with the DSCR concern:

- the distribution of dividends: possible only if the ratios mentioned in the covenants exceed the thresholds laid down in the contract;
- the extent to which the project is able to repay the debt: if the ratios mentioned in the covenants are lower than the minimum thresholds, the banks can ask the company to implement a series of remedies established in the contract.

The measurement of these covenant ratios is carried out either half-yearly or annually, as laid down in the contract, calculated as of 30 June and/or 31 December each year. By virtue of the standstill agreement signed by the Sorgenia Group and discussed in the note on its debt exposure, to which reference should be made, these covenants have not been calculated at 31 December 2014.

- KOS Group

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

- a line of credit with a residual balance of € 45 million at 31 December 2014 obtained by the parent company KOS,: ratio of consolidated net financial position to consolidated shareholders' equity of less than 4.25 and ratio of consolidated net financial position to financial expense of more than 3.5;
- syndicated loan for a balance at 31 December 2014 of € 17.2 million obtained by Istituto di Riabilitazione Santo Stefano S.r.l.: ratio of net financial position to EBITDA of less than 5.4 and ratio of consolidated net financial position to consolidated shareholders' equity of less than 1.4 and a Debt Service Coverage Ratio of more than 1;
- loan for a balance at 31 December 2014 of € 2.4 million obtained by Istituto di Riabilitazione Santo Stefano S.r.l.: ratio of net financial position to EBITDA of less than 4.8 and ratio of consolidated net financial position to consolidated equity of less than 1.35;
- loan for a balance at 31 December 2014 of € 7.5 million obtained by Istituto di Riabilitazione Santo Stefano S.r.l.: ratio of net financial position to EBITDA of less than 4.25 and ratio of consolidated net financial position to financial expense of more than 3.5;
- loan with a balance at 31 December 2014 of € 4.5 million obtained by Residenze Anni Azzurri S.r.l.: ratio of net financial position to EBITDA of less than 4.25 and ratio of consolidated net financial position to financial expense of more than 3.5;
- a loan obtained by Medipass S.p.A. with a residual balance of € 2.9 million at 31 December 2014: 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.

Based on the covenants agreed at 31 December 2014 there are no breaches with an effect on the KOS sub-group.

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.

The following table gives a breakdown of financial assets and liabilities measured at fair value with an indication of whether the fair value is determined, in whole or in part, directly by reference to price quotations published in an active market ("Level 1") or estimated using prices derived from market quotations for similar assets or using valuation techniques for which all significant factors are derived from observable market data ("Level 2") or from valuation techniques based mainly on input not observable on the market, which therefore involve estimates and assumptions being made by management ("Level 3").

No transfers were made between the different levels of the fair value hierarchy during the year. As far as the financial assets classified as Level 3 are concerned, these are 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 and communication (ITC) sector (for a total of € 1,042 million), and the investment in Swiss Education Group AG (for a total of € 17,605 million) as already mentioned in item 7.d. "Investments in companies consolidated at equity" have been reclassified to item 7.g. "Securities".
The balance at 31 December 2013 included the investment in Noventi Ventures by the Sorgenia Group for investments in companies operating in innovative generation technologies and energy efficiency (for a total of € 4,818 thousand).

Changes during the year in financial assets measured at fair value (level 3):

	FINANCIAL ASSETS			
	Held for trading	*Measured at fair value*	*Available for sale*	*Hedges*
Opening position	--	--	7,236	--
Increases				
- Purchases	--	--	--	--
- Gains recognised to:				
income statement (1)	--	--	741	--
- of which gains	--	--	741	--
equity (2)	--	--		--
Transferred from other levels	--	--	--	--
Other increases	--	--	329	--
Reclassifications	--	--	17,605	--
Decreases				
- Sales	--	--	(741)	--
- Repayments			--	
- Losses recognised to:				
Income statement (3)	--	--	(1,124)	--
- of which losses	--	--	--	--
Equity (4)	--	--	(475)	--
Transferred from other levels	--	--	--	--
Other decreases	--	--	(106)	--
Discontinued Operations	--	--	(4,818)	
Closing position	--	--	**18,647**	--

(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".

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES SHOWN IN THE FINANCIAL STATEMENTS
2014

(in thousands of euro)	*F.S. items*	*Carrying value*	*FVTPL assets designated as such on initial recognition*	*FVTPL assets classified as held for trading*	*Loans and receivables*	*Investments held to maturity*	*Available-for-sale assets*	*FVTPL liabilities designated as such on initial recognition*	*FVTPL liabilities classified as held for trading*	*Liabilities at amortised cost*	*Fair value*	*Effect on the income statement*	*Effect on equity*
NON-CURRENT ASSETS													
Other investments	7.e.	4,980	--	--	--	--	4,980	--	--	--	4,980	34	--
Other receivables (*)	7.f.	78,794		--	78,794	--	--	--	--	--	78,794	(4,181)	62
Securities	7.g.	110,727	--	--	--	--	110,727	--	--	--	110,727	8,759	18,760
CURRENT ASSETS													
Trade receivables	8.b.	431,691	--	--	431,691	--	--	--	--	--	431,691	(4,821)	--
Other receivables (**)	8.c.	45,319	--	--	45,319	--	--	--	--	--	45,319	--	--
Financial receivables	8.d.	10,017	807		9,210	--	--	--	--	--	10,017	10,105	157
Securities	8.e.	149,044	142,091	--	--	6,953	--	--	--	--	149,044	10,083	--
Available-for-sale financial assets	8.f.	150,966	--	--	--	--	150,966	--	--	--	150,966	9,558	(3,264)
Cash and cash equivalents	8.g.	348,885	--	--	348,885	--	--	--	--	--	348,885	6,502	--
NON-CURRENT LIABILITIES													
Bonds	10.a.	(270,568)	--	--	--	--	--	--	--	(270,568)	(297,198)	(21,812)	--
Other borrowings	10.b.	(382,650)	--	--	--	--	--	(28,364)	--	(354,286)	(383,017)	383	(16,755)
Trade payables		(77)	--	--	--	--	--	--	--	(77)	(77)	--	--
CURRENT LIABILITIES													
Bank overdrafts		(15,671)	--	--	--	--	--	--	--	(15,671)	(15,671)	(892)	--
Bonds	11.a.	(4,677)	--	--	--	--	--	--	--	(4,677)	(4,677)	(35,589)	--
Other borrowings	11.b.	(130,955)	--	--	--	--	--	(4,038)	--	(126,917)	(131,452)	(2,166)	449
Trade payables	11.c.	(417,287)	--	--	--	--	--	--	--	(417,287)	(417,287)	12	--
Other payables	11.d.	--	--	--	--	--	--	--	--	--	--	--	--

(*) Not including € 10,445 thousand of tax receivables.
(**) Not including € 46,862 thousand of tax receivables.

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES SHOWN IN THE FINANCIAL STATEMENTS

2013

(in thousands of euro)	*F.S. items*	*Carrying value*	*FVTPL assets designated as such on initial recognition*	*FVTPL assets classified as held for trading*	*Loans and receivables*	*Investments held to maturity*	*Available-for-sale assets*	*FVTPL liabilities designated as such on initial recognition*	*FVTPL liabilities classified as held for trading*	*Liabilities at amortised cost*	*Fair value*	*Effect on the income statement*	*Effect on equity*
NON-CURRENT ASSETS													
Other investments	7.e.	5,636	--	--	412	--	5,224	--	--	--	5,636	(937)	--
Other receivables (*)	7.f.	142,417	2,217	--	140,200	--	--	--	--	--	142,417	11,309	514
Securities	7.g.	94,319	--	--	--	--	94,319	--	--	--	94,319	(8,481)	4,441
CURRENT ASSETS													
Trade receivables	8.b.	1,192,627	--	--	1,192,627	--	--	--	--	--	1,192,627	(91,724)	--
Other receivables (**)	8.c.	114,197	44,298	--	69,899						114,197	(3,031)	--
Financial receivables	8.d.	1,433	293	147	993	--	--	--	--	--	1,433	43,423	59
Securities	8.e.	175,670	168,208	--	--	7,462	--	--	--	--	175,670	9,726	--
Available-for-sale financial assets	8.f.	98,013	--	--	--	--	98,013	--	--	--	98,013	2,495	6,567
Cash and cash equivalents	8.g.	961,095	--	--	961,095	--	--	--	--	--	961,095	12,762	--
NON-CURRENT LIABILITIES													
Bonds	10.a.	(257,724)	--	--	--	--	--	--	--	(257,724)	(260,573)	(15,422)	--
Other borrowings	10.b.	(649,508)	--	--	--	--	--	(26,877)	--	(622,631)	(688,320)	(25,498)	(25,332)
Trade payables		(33)	--	--	--	--	--	--	--	(33)	(33)	--	--
CURRENT LIABILITIES													
Bank overdrafts		(194,114)	--	--	--	--	--	--	--	(194,114)	(194,114)	(1,611)	--
Bonds	11.a.	(230,719)	--	--	--	--	--	--	--	(230,719)	(232,792)	(10,113)	--
Other borrowings	11.b.	(1,780,434)	--	--	--	--	--	(48,897)	--	(1,731,537)	(1,742,418)	(70,325)	1,110
Trade payables	11.c.	(1,011,769)	--	--	--	--	--	--	--	(1,011,769)	(1,011,769)	(782)	--
Other payables	11.d.	(50,647)						(50,647)	--	--	(50,647)	--	--

(*) Not including € 91,626 thousand of tax receivables
(**) Not including € 95,832 thousand of tax receivables

RISK CATEGORIES - 2014

(in thousands of euro)	*F.S. items*	*Carrying value*	*Liquidity risk*	*Interest rate risk*	*Exchange rate risk*	*Credit risk*
NON-CURRENT ASSETS						
Other investments	7.e.	4,980	--	--	--	4,980
Other receivables (*)	7.f.	78,794	--	--	--	78,794
Securities	7.g.	110,727	--	--	--	110,727
CURRENT ASSETS						
Trade receivables	8.b.	431,691	--	--	--	431,691
Other receivables (**)	8.c.	45,319	--	--	--	45,319
Financial receivables	8.d.	10,017	--	--	--	10,017
Securities	8.e.	149,044	--	--	--	149,044
Available-for-sale financial assets	8.f.	150,966	--	--	--	150,966
Cash and cash equivalents	8.g.	348,885	--	348,885	--	--
NON-CURRENT LIABILITIES						
Bonds	10.a.	(270,568)	(270,568)	--	--	--
Other borrowings	10.b.	(382,650)	(382,650)	--	--	--
Trade payables		(77)	(77)	--	--	--
CURRENT LIABILITIES						
Bank overdrafts		(15,671)	(15,671)	--	--	--
Bonds	11.a.	(4,677)	(4,677)	--	--	--
Other borrowings	11.b.	(130,955)	(130,955)	--	--	--
Trade payables	11.c.	(417,287)	(417,287)	--	--	--

(*) Not including € 10,445 thousand of tax receivables
(**) Not including € 46,862 thousand of tax receivables

RISK CATEGORIES - 2013

(in thousands of euro)	*F.S. items*	*Carrying value*	*Liquidity risk*	*Interest rate risk*	*Exchange rate risk*	*Credit risk*
NON-CURRENT ASSETS						
Other investments	7.e.	5,636	--	--	--	5,636
Other receivables (*)	7.f.	142,417	--	--	--	142,417
Securities	7.g.	94,319	--	--	--	94,319
CURRENT ASSETS						
Trade receivables	8.b.	1,192,627	--	--	--	1,192,627
Other receivables (**)	8.c.	114,197	--	--	--	114,197
Financial receivables	8.d.	1,433	--	--	--	1,433
Securities	8.e.	175,670	--	--	--	175,670
Available-for-sale financial assets	8.f.	98,013	--	--	--	98,013
Cash and cash equivalents	8.g.	961,095	--	961,095	--	--
NON-CURRENT LIABILITIES						
Bonds	10.a.	(257,724)	(257,724)	--	--	--
Other borrowings	10.b.	(649,508)	(649,508)	--	--	--
Trade payables		(33)	(33)	--	--	--
CURRENT LIABILITIES						
Bank overdrafts		(194,114)	(194,114)	--	--	--
Bonds	11.a.	(230,719)	(230,719)	--	--	--
Other borrowings	11.b.	(1,780,434)	(1,780,434)	--	--	--
Trade payables	11.c.	(1,011,769)	(1,011,769)	--	--	--

(*) Not including € 91,626 thousand of tax receivables
(**) Not including € 95,832 thousand of tax receivables

CREDIT RISK

(in thousands of euro)

Position at 31 December 2014	F.S. items	Total receivables	Not yet due	Past due by >	0 - 30 days	30 - 60 days	60 - 90 days	over 90 days	Renegotiated	Write-downs
Other receivables (non-current assets) (*)	7.f.	78,794	59,625	19,169	--	--	--	19,169	--	
Gross receivable		443,975	266,003	177,972	--	--	--	177,972	--	
Provision for write-downs		(365,181)	(206,378)	(158,803)	--	--	--	(158,803)	--	(22,246)
Trade receivables	8.b.	431,691	179,367	252,324	58,812	16,808	9,259	39,589	127,856	
Gross receivable		467,656	188,217	279,439	60,362	17,450	9,864	63,907	127,856	
Provision for write-downs		(35,965)	(8,850)	(27,115)	(1,550)	(642)	(605)	(24,318)	--	(5,658)
Other receivables (current assets) (**)	8.c.	45,319	45,319	--	--	--	--	--	--	
Gross receivable		49,071	45,819	3,252	--	--	--	3,252	--	
Provision for write-downs		(3,752)	(500)	(3,252)	--	--	--	(3,252)	--	(437)
Total		555,804	284,311	271,493	58,812	16,808	9,259	58,758	127,856	(28,341)

(*) Not including € 10,445 thousand of tax receivables
(**) Not including € 46,862 thousand of tax receivables

(in thousands of euro)

Position at 31 December 2013	F.S. items	Total receivables	Not yet due	Past due by >	0 - 30 days	30 - 60 days	60 - 90 days	over 90 days	Renegotiated	Write-downs
Other receivables (non-current assets) (*)	7.f.	142,417	38,684	103,733	--	--	--	103,733	--	
Gross receivable		525,732	235,001	290,731	--	--	--	290,731	--	
Provision for write-downs		(383,315)	(196,317)	(186,998)	--	--	--	(186,998)	--	(13,481)
Trade receivables	8.b.	1,192,627	831,837	360,790	62,011	15,712	11,963	121,218	149,886	
Gross receivable		1,347,010	855,957	491,053	70,906	18,440	14,562	225,972	161,173	
Provision for write-downs		(154,383)	(24,120)	(130,263)	(8,895)	(2,728)	(2,599)	(104,754)	(11,287)	(27,660)
Other receivables (current assets) (**)	8.c.	114,197	42,387	71,810	13	--	--	71,711	86	
Gross receivable		117,521	42,394	75,127	13	--	--	75,028	86	
Provision for write-downs		(3,324)	(7)	(3,317)	--	--	--	(3,317)	--	(3,031)
Total		1,449,241	912,908	536,333	62,024	15,712	11,963	296,662	149,972	(44,172)

(*) Not including € 91,626 thousand of tax receivables
(**) Not including € 95,832 thousand of tax receivables

PROVISION FOR WRITE-DOWN OF RECEIVABLES

(in thousands of euro)

Position at 31 December 2014	*Opening balance*	*Write-downs*	*Used*	*Exchange difference +/-*	*Business combinations +/-*	*Other changes*	*Closing balance*
Provision for write-down of receivables	(541,022)	(28,341)	26,600	(49)	(668)	138,582	(404,898)

(in thousands of euro)

Position at 31 December 2013	*Opening balance*	*Write-downs*	*Used*	*Exchange difference +/-*	*Business combinations +/-*	*Other changes*	*Closing balance*
Provision for write-down of receivables	(360,517)	(44,172)	17,967	115	(3,864)	(150,551)	(541,022)

Other changes refers to the reclassification made by the SPV Zeus Finance S.r.l. which from the 2013 financial statements states receivables gross of the write-downs recorded.

LIQUIDITY RISK - 2014

(in thousands of euro)	*<1* year	*>1* <2 years	>2 <3 years	*>3* <4 years	>4 <5 years	>5 years	*Total*
Non derivative financial liabilities							
Bonds	18,628	14,327	27,782	80,796	20,384	163,728	325,645
Other borrowings:							
- Due to banks for loans	101,621	161,869	59,292	17,587	31,679	21,687	393,735
- Due to leasing companies	10,835	10,064	9,605	9,008	8,283	43,675	91,470
- Due to other providers of finance	24,022	2,888	957	430	420	1,136	29,853
Bank overdrafts	16,666	--	--	--	--	--	16,666
Trade payables	417,287	--	--	--	--		417,287
Derivative financial liabilities							
Hedging derivatives	6,043	4,211	3,741	14,680	(408)	9,497	37,764
Non-hedging derivatives	2,552	--	--	3,900	--	--	6,452
TOTAL	**597,654**	**193,359**	**101,377**	**126,401**	**60,358**	**239,723**	**1,318,872**

LIQUIDITY RISK - 2013

(in thousands of euro)	*<1* year	*>1* <2 years	>2 <3 years	*>3* <4 years	>4 <5 years	>5 years	*Total*
Non derivative financial liabilities							
Bonds	252,999	14,890	14,890	14,890	14,890	348,302	660,861
Other borrowings:							
- Due to banks for loans	1,708,385	134,558	134,645	66,195	5,165	20,449	2,069,397
- Due to leasing companies	14,799	16,334	15,664	15,210	14,553	118,308	194,868
- Due to other providers of finance	28,888	10,385	7,407	18,708	17,466	95,944	178,798
Bank overdrafts	194,114	--	--	--	--	--	194,114
Trade payables	1,011,769	--	--	--	--	--	1,011,769
Derivative financial liabilities							
Hedging derivatives	65,932	11,143	5,979	5,055	11,767	9,381	109,257
Non-hedging derivatives	41,451	--	--	--	--	--	41,451
TOTAL	**3,318,337**	**187,310**	**178,585**	**120,058**	**63,841**	**592,384**	**4,460,515**

19. GUARANTEES AND COMMITMENTS

At 31 December 2014 the position of guarantees and commitments was the following:

CIR and financial holding companies

For the incentive plans for directors and employees, CIR has a joint commitment with Verbund to buy back at fair value any shares in Sorgenia S.p.A. resulting from the exercise of options by employees who are beneficiaries of stock option plans outstanding as of 31 December 2014.

Other guarantees and commitments of CIR are as follows:

- commitments for private equity fund investments by CIR International for € 6.8 million;

On 29 July 2014, negotiations with ENI were successfully concluded to terminate the long-term "take or pay" contract for the supply of gas. The outcome of the negotiations led to the resolution of the long-term contract and, to replace the current gas supply, simultaneous execution of short-term contracts (up to 31 December 2014) at the same conditions as those provided by the current contracts. In addition, the agreement provides for the return of the guarantees given by the shareholders of CIR and Verbund for the Libyan contract and the provision of first demand bank guarantees to ENI for the supply of gas until 31 December 2014.
From 1 January 2015 the company will go to the wholesale market to procure the gas consumed by its own power plants and that needed to cover the consumption of its end customers.

- Sorgenia Group (Discontinued operations)

Guarantees given

As collateral for loans obtained by subsidiaries, we have pledged in favour of the banks concerned securities representing the capital of Sorgenia Power S.p.A. and Sorgenia Puglia S.p.A. for a total of € 364,570 thousand, Sorgenia San Gregorio Magno for € 16,784 thousand, Sorgenia Campagna for € 8,463 thousand and Sorgenia Castelnuovo di Conza for € 1,369 thousand.
The parent company Sorgenia S.p.A. has issued guarantees for € 117,550 thousand to the suppliers of the subsidiary Sorgenia Trading S.p.A. to cover any failure on the part of the subsidiary to meet its obligations. We have also given € 133,494 thousand of guarantees for Group VAT receivables that arose during the years from 2010 to 2013. Lastly, leading banks have given guarantees to market operators that work with Sorgenia Trading S.p.A. amounting to € 3,250 thousand.
"Guarantees given" include € 26,856 thousand versus companies belonging to the "Renewables" CGU.

Sureties

Within the Group there are sureties granted to third parties for a total of 299,486 thousand euro.
These sureties, issued by banks as security for third parties, mainly concern:

- contracts for the transportation and transmission of electricity and gas for a total of € 102,396 thousand;
- contracts for the purchase of electricity and gas, as well as balancing and dispatching contracts and guarantees given to take part in interconnection auctions for a total of € 150,263 thousand;
- contracts related to the construction and development of wind farms for a total of € 1,781 thousand;

- contracts for natural gas storage for a total of € 607 thousand;
- leases for offices and land for a total of € 638 thousand;
- a guarantee in favour of a consortium in the province of Lodi for the construction of infrastructure works for a total of € 1,138 thousand;
- guarantees given in favour of the Revenue and Customs Agency for payments of excise and customs duties for a total of € 618 thousand;
- input and withdrawal dispatching contracts between the Group and Terna for a total of € 400 thousand;
- contracts to buy and sell electricity and natural gas, as well as contracts to take part in interconnection auctions signed by Sorgenia Trading Spa for a total of € 3,100 thousand;
- a contract for the purchase of natural gas and a contract for a loan granted by a syndicate of banks to Sorgenia Puglia Spa for a total of € 10,828 thousand;
- contracts for the supply of natural gas signed by Sorgenia Power for a total of € 14,859 thousand;
- contracts related to the construction of the Sorgenia Minervino power plant for a total of € 185 thousand. Note that the surety of € 706 thousand issued in favour of the Province of Bari has lapsed;
- contracts for the construction and connection of wind farms owned by Sorgenia France Production for a total of € 6,087 thousand;
- a performance bond for proper execution of the works to restore the sites on which the power plants of Sorgenia Campagna were built for € 1,500 thousand, as well as the sites on which exploration activities were carried out for projects of Sorgenia Geothermal for € 113 thousand.

Note that "Sureties" include € 8,038 thousand of sureties given to companies belonging to the "Renewables" CGU.

Commitments

Commitments outstanding at the reporting date came to a total of € 4,705 thousand and refer to the financial commitment to the subsidiary Noventi Ventures for a total of USD 30,000 thousand, of which USD 24,307 thousand already paid, leaving a residual balance of € 4,705 thousand.
Sorgenia Spa, as part of the leaseback carried out by Sorgenia Minervino Spa, Sorgenia San Gregorio Magno, Sorgenia Castelnuovo di Conza and Sorgenia Campagna, has undertaken not to give up direct and/or indirect control over its holdings in subsidiaries that have entered into such leases without the agreement of the banks.
Sorgenia Green and its direct subsidiaries, Sorgenia Campagna, Sorgenia Castelnuovo di Conza and Sorgenia San Gregorio Magno have decided not to distribute dividends in the periods when the Debt Service Cover Ratio (DSCR) was not achieved for the entire duration of the contract, as defined with the company with which the subsidiaries signed a lease contract.

- Espresso Group

Apart from liens on printing plants and rotary presses given to banks to cover loans taken out in 2005, at 31 December 2014 the Group had outstanding commitments of € 3,696 thousand in relation to:

- contracts for the purchase of plants and other printing equipment for € 234 thousand for the Repubblica division and the Nord-Ovest division of Finegil Editoriale;

- guarantees given for € 3,462 thousand which mainly relate to guarantees issued by the Parent Company and the subsidiary Finegil Editoriale, particularly the Nord-Est and Nuova Sardegna divisions;
- sureties given for up to € 20 million by the Parent Company in favour of A. Manzoni & C. S.p.A. pursuant to a factoring contract signed with a leading bank.

▪ <u>Sogefi Group</u>

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 at 31 December 2014 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 31 December 2014 the residual instalments amount to € 15,811 thousand, of which € 720 thousand due within one year. The increase in the residual amount is due for around € 1.5 million to the impact of the high exchange rate difference between the two years. The Group has not given any form of guarantee on this contract;
- Sogefi (Suzhou) Auto Parts Co., Ltd for the lease of a new building on the above production site. The contract expires in September 2033.

  At 31 December 2014 the residual instalments amount to € 1,024 thousand, of which € 51 thousand due within one year. 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 31 December 2014 the residual instalments amount to € 4,841 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 31 December 2014 amount to € 2,210 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 31 December 2014 the residual instalments amount to € 752 thousand due within one year. The Group has not given any form of guarantee on this contract;
- The contract for the lease of the Shanghai production site of Sogefi Shanghai Auto Parts Co., Ltd, which expires in August 2023, was terminated following closure of the site and the transfer of production to the city of Wuijang. The Group had 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 31 December 2014 amount to €

1,443 thousand, of which € 327 thousand due within one year. Against this contract, Sogefi S.p.A. has issued a guarantee for approximately 63% 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.

Future lease payments under the Sogefi Group's operating lease contracts at 31 December 2014 are as follow:

(in thousands of euro)	*2014*	*2013*
Within 1 year	7,160	6,582
1-5 years	17,831	18,751
Over 5 years	12,646	14,131
Total	**37,637**	**39,464**

Investment commitments

At 31 December 2014, investment commitments for the purchase of tangible assets total € 323 thousand.

Guarantees given

Details of these guarantees are as follows:

(in thousands of euro)	*2014*	*2013*
Sureties given to third parties	1,893	1,745
Other unsecured guarantees given to third parties	9,714	9,714
Secured guarantees given for borrowings shown in the financial statements	7,122	9,588

The sureties given in favour of third parties relate to guarantees given to certain customers and for operating lease contracts; sureties are shown at the value of the outstanding commitment as of the reporting date. These items indicate risks, commitments and guarantees given by Group companies to third parties.
"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.
Secured guarantees relate principally to Sogefi Engine Systems Canada Corp., United Springs B.V. and Allevard IAI Suspensions Private Ltd, which have given the banks that provided loans with guarantees secured on their tangible assets and trade receivables.

Other risks

At 31 December 2014 the Sogefi Group held assets belonging to third parties on its premises for € 9,367 thousand.

- <u>KOS Group</u>

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;

At 31 December 2014, 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 41 care homes for the elderly in operation at the reporting date, 9 are owned, while 8 of the 29 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.
The following chart shows the residual lease payments. The amounts are shown net of VAT.

(in thousands of euro)	*Reporting* period	<*1* year	>1 <2 years	>2 <3 years	>3 <4 years	>4 <5 years	>5 years
Residual property lease payments	31/12/2013	18,713	18,755	18,759	18,948	18,891	142,275
Residual property lease payments	31/12/2014	19,463	19,330	19,547	19,496	19,333	136,232

20. INFORMATION ON THE BUSINESS SECTOR

The business sectors coincide with the groups of companies that Cofide S.p.A. controls through Cir. In detail:

- the Espresso Group: media;
- the Sogefi Group: automotive components;
- the Kos Group: healthcare.

In addition, please note the Sorgenia Group in the Energy Sector.

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 (primary sector) is provided on the next two pages, whereas details of revenues by geographical area (secondary sector) can be found in Note 12 "Revenues".

An analysis of assets, investments, depreciation/amortisation and write-downs by geographical area is shown in the following chart.

(in thousands of euro)	*Assets*	*Investments*	*Depr*/amort. & write-downs
Italy	4,680,462	73,614	59,796
Other European countries	949,029	40,377	46,308
North America	115,401	11,331	6,231
South America	111,324	9,369	5,599
Asia	134,036	23,855	8,305
Discontinued operations	2,507,638	-	--
Consolidation adjustments	(2,537,025)	(10,667)	(10,013)
Total assets	**5,960,865**	**147,879**	**116,226**

"Discontinued operations" refer to the Sorgenia Group.

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

(in millions of euro)

AGGREGATE / CONSOLIDATED	2014													2013
	Revenues	*Costs of production* (1)	*Other operating income and expense* (2)	*Adjustments to the value of investments consolidated at equity*	*Amortisation, depreciation an write-downs*	*EBIT*	*Net financial income and expense* (3)	*Dividends, net gains and losses on trading and the valuation of securities* (4)	*Non-recurring income (expense)*	*Income taxes*	*Income (loss) from assets held for sale*	*Minority interests*	*Net result of the Group*	*Net result of the Group (*)*
Sorgenia Group	--	(0.1)	--	--	--	(0.1)	--	--	--	--	(2.4)	2.5	--	(262.4)
Espresso Group	643.5	(588.0)	1.6	2.7	(29.9)	29.9	4.2	(6.1)	--	(16.1)	(3.3)	(6.3)	2.3	1.0
Sogefi Group	1,349.4	(1,205.8)	(34.1)	--	(61.2)	48.3	(26.8)	--	--	(13.1)	--	(7.4)	1.0	6.0
KOS Group	392.4	(321.2)	(16.7)	(0.1)	(20.9)	33.5	(9.9)	--	--	(9.9)	--	(10.6)	3.1	3.0
Total for main subsidiaries	**2,385.3**	**(2,115.1)**	**(49.2)**	**2.6**	**(112.0)**	**111.6**	**(32.5)**	**(6.1)**	**--**	**(39.1)**	**(5.7)**	**(21.8)**	**6.4**	**(252.4)**
Other subsidiaries	7.3	(12.6)	3.2	--	(3.4)	(5.5)	(0.7)	(0.6)	--	(0.2)	--	3.7	(3.3)	(3.1)
Total subsidiaries	**2,392.6**	**(2,127.7)**	**(46.0)**	**2.6**	**(115.4)**	**106.1**	**(33.2)**	**(6.7)**	**--**	**(39.3)**	**(5.7)**	**(18.1)**	**3.1**	**(255.5)**
CIR and other holding companies before non-	--	(18.6)	1.3	0.8	(0.8)	(17.3)	(5.8)	24.6	--	4.2	--	(2.9)	2.8	(0.2)
Non-recurring items	--	--	(8.2)	--	--	(8.2)	--	(21.1)	--	6.5	--	11.6	(11.2)	124.2
Assets held for sale	--	--	--	--	--	--	--	--	--	--	(12.6)	6.4	(6.2)	--
Cofide														
Revenues	--												--	--
Net operating costs		(1.8)											(1.8)	(2.6)
Other operating income & expense			(0.2)										(0.2)	0.5
Adjustments to the value of investments consolidated at equity				--									--	--
Amortisation, depreciation & write-downs					(0.1)								(0.1)	--
EBIT						(2.1)							(2.1)	(2.1)
Net financial income & expense							(2.1)						(2.1)	(0.7)
Dividends and net gains from securities trading								1.2					1.2	4.0
Non-recurring income (expense)									--				--	--
Income taxes										--			--	(0.1)
Consolidated total for the Group	**2,392.6**	**(2,148.1)**	**(53.1)**	**3.4**	**(116.3)**	**78.5**	**(41.1)**	**(2.0)**	**--**	**(28.6)**	**(18.3)**	**(3.0)**	**(14.5)**	**(130.4)**

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 € (0.6) 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 € (0.6) 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 value of financial assets" in the consolidated income statement.

CONSOLIDATED FINANCIAL POSITION BY BUSINESS SECTOR

(in millions of euro)

AGGREGATE / CONSOLIDATED	*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*
	31.12.2014							***31.12.2013***
Sorgenia Group	--	1.3	(0.1)	--	1.2	1.8	(0.6)	0.1
Espresso Group	732.4	(153.2)	22.4	(34.2)	567.4	411.6	155.8	153.1
Sogefi Group	527.5	(44.4)	2.0	(304.3)	180.8	135.0	45.8	47.7
KOS Group	457.4	(23.6)	(19.9)	(157.0)	256.9	193.7	63.2	60.2
Other subsidiaries	4.5	0.9	(7.5)	3.2	1.1	0.4	0.7	(1.6)
Total subsidiaries	**1,721.8**	**(219.0)**	**(3.1)**	**(492.3)**	**1,007.4**	**742.5**	**264.9**	**259.5**
CIR and other holding companies	51.9	154.7	(20.3)	379.5	565.8	287.6	278.2	292.9
Cofide								
Fixed assets	1.3				1.3	--	1.3	1.2
Other net non-current assets and liabilities		18.2			18.2	--	18.2	14.8
Net working capital			(1.4)		(1.4)	--	(1.4)	(1.5)
Net financial position				(32.8)	(32.8)	--	(32.8)	(31.0)
Consolidated total for the Group	**1,775.0**	**(46.1)**	**(24.8)**	**(145.6)**	**1,558.5**	**1,030.1**	**528.4**	**535.9**

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 balance sheet.*

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, and of “bonds” and “borrowings” under non-current liabilities, and of “bank overdrafts”, “bonds” and “other borrowings” under current liabilities in the consolidated statement of financial position" .*

21. JOINT VENTURES

The main joint ventures at 31 December 2014 were Tirreno Power and Sorgenia France Production. Please note that these components are classified as "Assets held for sale" as a result of applying IFRS 5 to the Sorgenia Group.

22. NET FINANCIAL POSITION

The net financial position in accordance with Consob Resolution no. 6064293 dated 28 July 2006 is as follows:

(in thousands of euro)			*31.12.2014*	*31.12.2013*
A.	Cash and bank deposits		348,885	961,095
B.	Other cash equivalents		150,966	98,013
C.	Securities held for trading		149,044	175,670
D.	Cash and cash equivalents (A) + (B) + (C)		648,895	1,234,778
E.	Current financial receivables		10,017	1,433
F.	Current bank payables	(*)	(109,272)	(1,886,721)
G.	Bonds		(4,677)	(230,719)
H.	Current portion of non-current debt		(37,354)	(87,827)
I.	Other current borrowings		--	--
J.	**Current financial debt (F) + (G) + (H) + (I)**		(151,303)	(2,205,267)
K.	**Current net financial position (J) + (E) + (D)**		507,609	(969,056)
L.	Non-current bank borrowings	(**)	(275,934)	(335,808)
M.	Bonds		(270,568)	(365,558)
N.	Other non-current payables	(**)	(106,716)	(205,866)
O.	**Non-current financial debt (L) + (M) + (N)**		(653,218)	(907,232)
P.	**Net financial position (K) + (O)**		(145,609)	(1,876,288)

(*) 93,601 thousand (€ 109,272- € 15,671) is classified in the Statement of Financial Position under "Other borrowings".
(**) Classified under "Other borrowings" – Non-current liabilities.

23. DISCLOSURES REGARDING SHARE-BASED INCENTIVE PLANS

The following chart shows the stock option plans of CIR S.p.A.

STOCK OPTION PLANS OUTSTANDING AT 31 DECEMBER 2014

	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 5 September 2003	112,500	1.13	-	-	-	-	112,500	1.13	-	-	-	-	-
Stock Option Plan 12 March 2004	372,100	1.60	-	-	-	-	372,100	1.60	-	-	-	-	-
Stock Option Plan 6 September 2004	1,432,200	1.56	-	-	-	-	-	-	1,432,200	1.56	0.16	1,432,200	1.56
Stock Option Plan 11 March 2005	3,014,200	2.34	-	-	-	-	-	-	3,014,200	2.34	0.75	3,014,200	2.34
Stock Option Plan 6 September 2005	2,125,000	2.49	-	-	-	-	-	-	2,125,000	2.49	1.16	2,125,000	2.49
Stock Option Plan 2006 - 1st tranche	2,175,000	2.50	-	-	-	-	-	-	2,175,000	2.50	2.00	2,175,000	2.50
Stock Option Plan 2006 - 2nd tranche	2,175,000	2.47	-	-	-	-	-	-	2,175,000	2.47	2.50	2,175,000	2.47
Extraordinary Stock Option Plan 1st tranche	3,050,000	3.0877	-	-	-	-	-	-	3,050,000	3.0877	2.75	3,050,000	3.0877
Extraordinary Stock Option Plan 2nd tranche	3,050,000	2.7344	-	-	-	-	-	-	3,050,000	2.7344	3.25	3,050,000	2.7344
Extraordinary Stock Option Plan 3rd tranche	3,110,000	1.6806	-	-	-	-	-	-	3,110,000	1.6806	3.75	3,110,000	1.6806
Extraordinary Stock Option Plan 4th tranche	2,203,500	1.0718	-	-			-	-	2,203,500	1.0718	4.25	2,203,500	1.0718
1st tranche 2009	1,947,800	0.9907	-	-			-	-	1,947,800	0.9907	4.75	1,947,800	0.9907
2nd tranche 2009	3,136,000	1.5449	-	-	-	-	-	-	3,136,000	1.5449	5.16	3,136,000	1.5449
1st tranche 2010	3,206,000	1.6208	-	-	-	-	-	-	3,206,000	1.6208	5.75	3,206,000	1.6208
2nd tranche 2010	3,128,000	1.4982	-	-	-	-	-	-	3,128,000	1.4982	6.17	3,128,000	1.4982
Total	34,237,300	1.9895	-	-	-		484,600	1.49	33,752,700	1.9966	3.47	33,752,700	1.9966

STOCK GRANT PLANS AT 31 DECEMBER 2014

	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	2,014,600	1.6391	-	-	408,838	1.6391	-	-	1,605,762	1.6391	6.33	89,562	1.6391
Stock Grant Plan 2012	4,460,331	1.0263	-	-	520,423	1.0263	-	-	3,939,908	1.0263	7.33	155,977	1.0263
Stock Grant Plan 2013	3,305,116	0.8003	-	-	-	-	-	-	3,305,116	0.8003	8.33	-	-
Stock Grant Plan 2014	-	-	2,036,574	1.13	-	-	-	-	2,036,574	1.13	9.50	-	-
Total	9,780,047	0.8057	2,036,574	1.13	929,261	1.2959	-	-	10,887,360	1.0675	7.89	245,539	1.2498

Stock Grant Plans
The Stock Grant Plans involve the assignment free of charge of Units, not transferable to third parties or other beneficiaries, each of which offering the right of assignment of one CIR S.p.A. share. The Plans envisage two classes of rights: time-based units, which vest subject to the passing of a certain period of time, and performance units, which vest subject to the passing of a certain period of time and the achievement of certain objectives in terms of the "normal market value" of the stock (determined according to Art. 9, paragraph 4.a of the Consolidated Income Tax Act) as established in the Plan Regulations.
The regulations envisage a minimum holding of the shares covered by the Plan.
Shares assigned in implementation of the Plans will be made available exclusively from treasury shares held by CIR S.p.A. The regulations state that an essential condition for assignment of the shares is continued service or directorship with the company or its subsidiaries during the vesting period of the rights and at the date that they are exercised.

With reference to plans issued in the last three years, note that:

- On 27 April 2012 the Shareholders' Meeting approved the 2012 Stock Grant Plan reserved for the Chief Executive Officer and executives of the Company, the parent company and subsidiaries, for a maximum of 6,000,000 Units assignable during the year. The Stock Grant Plan involves the free assignment of Units, not transferable to third parties or other beneficiaries, each providing the right to assignment of one CIR share, with effect from the specified deadlines and subject to satisfaction of the conditions envisaged in the Plan. The Units will mature in tranches equal to 12.5% of the related total, each of which maturing quarterly from 30 April 2014 to 31 January 2016. The shares assigned in execution of the Plan will be made available only from treasury shares held by the Company.

  A total of 2,305,047 time units were assigned during the year, whose maturity is subject to continued service, and 3,394,953 performance units, whose maturity is subject to the shares achieving certain stock market performance objectives linked to the FTSE Italia Mid Cap Index. The initial value of the performance units amounts to € 1.0263.

- On 29 April 2013 the Shareholders' Meeting approved the 2013 Stock Grant Plan reserved for the Chief Executive Officer and executives of the Company, the parent company and subsidiaries, for a maximum of 4,800,000 Units assignable during the year. The Stock Grant Plan involves the free assignment of Units, not transferable to third parties or other beneficiaries, each providing the right to assignment of one CIR share, with effect from the specified deadlines and subject to satisfaction of the conditions envisaged in the Plan. The Units will mature in tranches equal to 12.5% of the related total, each of which maturing quarterly from 30 April 2015 to 31 January 2017. The shares assigned in execution of the Plan will be made available only from treasury shares held by the Company. A total of 4,034,926 performance units were assigned during the year, whose maturity is subject to the shares achieving certain stock market performance objectives linked to the FTSE Italia Mid Cap Index. The initial value of the performance units amounts is € 0.8003.

- On 30 June 2014 the Shareholders' Meeting approved the 2014 Stock Grant Plan reserved for the Chief Executive Officer and executives of the Company, the parent company and subsidiaries, for a maximum of 3,500,000 Units assignable during the year. The Stock Grant Plan involves the free assignment of Units, not transferable to third parties or other beneficiaries, each providing the right to assignment of one CIR share, with effect from the specified deadlines and subject to satisfaction of the conditions envisaged in the Plan. The Units will mature in tranches equal to 12.5% of the related total, each of which maturing quarterly from 30 April 2016 to 31 January 2018. The shares assigned in execution of the Plan will be made available only from treasury shares held by the Company. A total of 2,036,574 performance units were assigned during the year, whose maturity is subject to the shares achieving certain stock market performance objectives linked to the FTSE Italia Mid Cap Index. The initial value of the performance units amounts is € 1.13.

The notional cost of the Plans for the period was € 2,604 thousand, recognised under "Personnel costs" in the income statement.

SORGENIA

The chart below shows the incentive plans of the Sorgenia Group; the group did not issue a new incentive plans during 2014.

STOCK OPTION PLANS OUTSTANDING AT 31 DECEMBER 2014

	Options granted	Options exercised at 31 December 2013	Options no longer exercisable	Options exercised in the year	Options in circulation at end of year
	No. of options	No. of options	No. of options	No. of options	No. of options
2009-2012 1st tranche	425,000	362,500	62,500	--	..
2009-2012 2nd tranche	120,000	--	10,000	--	110,000
21 October 2009	425,000	150,000	150,000	--	125,000
1 July 2010	565,000	75,000	470,000	--	20,000
27 February 2012	565,000	--	545,000	--	20,000
Total	2,100,000	587,500	1,237,500	--	275,000

STOCK GRANT PLANS AT 31 DECEMBER 2014

	Options granted	Options exercised at 31 December 2013	Options no longer exercisable	Options exercised in the year	Options in circulation at end of year
	No. of options	No. of options	No. of options	No. of options	No. of options
18/12/2012 – E&P Employees	156,000	--	156,000	--	--
Total	156,000	--	156,000	--	--

ESPRESSO

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

STOCK OPTION PLANS FOR EMPLOYEES AT 31 DECEMBER 2014

	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 25 February 2004	815,000	4.95	--	--	815,000	4.95	--	--	--	--	--	--	--
Stock option plan 28 July 2004	815,000	4.80	--	--	815,000	4.80	--	--	--	--	--	--	--
Stock option plan 23 February 2005	830,000	4.75	--	--	--	--	--	--	830,000	4.75	0.75	830,000	4.75
Stock option plan 27 July 2005	855,000	4.65	--	--	--	--	--	--	855,000	4.65	1.00	855,000	4.65
Stock option plan 2006 - 1st tranche	850,000	4.33	--	--	--	--	--	--	850,000	4.33	2.00	850,000	4.33
Stock option plan 2006 - 2nd tranche	850,000	3.96	--	--	--	--	--	--	850,000	3.96	2.50	850,000	3.96
Extraordinary stock option plan 2009 - 1st tranche	1,267,500	3.84	--	--	--	--	--	--	1,267,500	3.84	2.75	1,267,500	3.84
Extraordinary stock option plan 2009 - 2nd tranche	1,267,500	3.60	--	--	--	--	--	--	1,267,500	3.60	3.25	1,267,500	3.60
Extraordinary stock option plan 2009 - 3rd tranche	1,515,000	2.22	--	--	--	--	--	--	1,515,000	2.22	3.75	1,515,000	2.22
Extraordinary stock option plan 2009 - 4th tranche	959,450	1.37	--	--	--	--	138,500	1.37	820,950	1.37	4.25	820,950	1.37
Ordinary stock option plan 2009 - 1st tranche	1,548,850	1.00	--	--	--	--	1,063,700	1.00	485,150	1.00	4.75	485,150	1.00
Ordinary stock option plan 2009 - 2nd tranche	2,152,200	1.86	--	--	--	--	--	--	2,152,200	1.86	5.25	2,152,200	1.86
Ordinary stock option plan 2010 - 1st tranche	2,417,500	2.25	--	--	--	--	--	--	2,417,500	2.25	5.75	2,417,500	2.25
Ordinary stock option plan 2010 - 2nd tranche	2,369,200	1.58	--	--	--	--	283,800	1.58	2,085,400	1.58	6.25	2,085,400	1.58
Total	**18,512,200**	**2.80**	--	--	**1,630,000**	**4.88**	**1,486,000**	**1.15**	**15,396,200**	**2.73**	**4.07**	**15,396,200**	**2.73**

STOCK GRANT PLANS FOR EMPLOYEES AT 31 DECEMBER 2014

	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	571,342	1.81	--	--	--	--	266,656	1.81	304,686	1.81	39,600	1.81
Performance-based units	612,500	1.81	--	--	--	--	--	--	612,500	1.81	--	--
2012												
Time-based units	868,750	0.98	--	--	--	--	97,657	0.98	771,093	0.98	228,143	0.98
Performance-based units	868,750	0.98	--	--	--	--	93,126	0.98	775,624	0.98	124,074	0.98
2013												
Time-based units	697,500	0.83	--	--	--	--	--	--	697,500	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	--	--

SOGEFI

Sogefi S.p.A. implements incentive plans based on Sogefi S.p.A. shares reserved for the Chief Executive Officer of the Company and for executives of the Company and its subsidiaries who hold strategic positions in the Group, with the aim of rewarding their loyalty to the Group and giving them an incentive to increase their commitment to improving company performance and creating long-term value.

The incentive plans based on Sogefi S.p.A. shares are approved in advance by the Shareholders' Meeting.

According to IFRS 2, only plans assigned after 7 November 2002 should be taken into consideration (note that the Company does not have any plans outstanding from before that date), so in addition to the plan issued in 2014, the ones issued from 2004 to 2013, the main characteristics of which are shown below.

Stock Grant Plans

The Stock Grant Plans involve the assignment free of charge of Units, not transferable to third parties or other beneficiaries, each of which offering the right of assignment free of charge of one Sogefi S.p.A. share. The Plan envisages two classes of rights: time-based units, which vest subject to the passing of a fixed period of time, and performance units, which vest subject to the passing of a term and the achievement of certain objectives established in the Plan Regulations.

The Regulations envisage a minimum holding of the shares covered by the Plan.

Shares assigned in implementation of the Plans will be made available exclusively from treasury shares held by Sogefi S.p.A. The Regulations say that an essential condition for assignment of the shares is continued service or directorship with the company or its subsidiaries during the vesting period of the rights.

On 23 April 2014, at the end of the Shareholders' Meeting that approved the 2014 Stock Grant Plan for a maximum of 750,000 units, the Board of Directors implemented the 2014 Stock Grant Plan reserved for employees of the company and its subsidiaries by assigning them a total of 378,567 units (of which 159,371 time-based units and 219,196 performance units).

The time-based units will mature in quarterly tranches, i.e. 12.5% of the related total, from 20 April 2016 to 20 January 2018.

The performance units will mature on the same maturity dates envisaged for the time-based units, but only on condition that the normal market value of the shares of Sogefi S.p.A. at each vesting date exceeds the increase in the Sector Index (as defined in the Regulations) as of the same date.

The fair value of the rights granted in 2014 was calculated at the grant date with the binomial model for the valuation of American options (the so-called "Cox, Ross and Rubinstein model") and comes to a total of Euro 1.472 million.

In particular, the input data used for the measurement of the fair value of the 2014 Stock Grant plan are summarised below:

- curve of EUR/GBP/SEK/CHF risk-free interest rates on 23 April 2014;
- prices of the underlying asset (i.e. the price of the Sogefi S.p.A. share on 23 April 2014, namely € 4.64) and of the securities in the benchmark basket, again posted on 23 April 2014;
- normal market prices of the Sogefi S.p.A. share and of the securities in the benchmark basket from 24 March 2014 to 23 April 2014, to calculate the threshold for the performance units of the stock grant;

- historical volatility at 260 days of the securities and exchange rates observed at 23 April 2014;
- zero dividend yield for the valuation of the stock grant;
- time series of logarithmic yields on the securities concerned and the EURGBP, EURSEK and EURCHF exchange rates to calculate the correlations between securities and the correlations between the 3 securities not denominated in Euro and the related exchange rates (for the adjustment of estimated trends).

The main characteristics of the stock grant plans approved in previous years and still outstanding are reported below:

Stock Grant Plan 2011 for a maximum of 1,250,000 conditional rights reserved for the director serving as the Chief Executive Officer of Sogefi S.p.A. at the plan grant date and for executives of Sogefi S.p.A. and its subsidiaries via allocation to them of a total of 757,500 Units (of which: 320,400 Time-based Units and 437,100 Performance Units).
The time-based units will mature in quarterly tranches, i.e. 12.5% of the related total, from 20 April 2013 to 20 January 2015.
The performance units will mature on the same maturity dates envisaged for the time-based units, but only on condition that the "normal market value" of the shares at each vesting date is at least equal to the percentage of the initial value laid down in the Regulations.

Stock Grant Plan 2012 for a maximum of 1,600,000 conditional rights reserved for the director serving as the Chief Executive Officer of Sogefi S.p.A. at the plan grant date and for executives of Sogefi S.p.A. and its subsidiaries via allocation to them of a total of 1,152,436 Units (of which: 480,011 Time-based Units and 672,425 Performance Units).
The time-based units will mature in quarterly tranches, i.e. 12.5% of the related total, from 20 April 2014 to 31 January 2016.
The performance units will mature on the same maturity dates envisaged for the Time-based Units, but only on condition that the increase in the fair value of the shares at each vesting date exceeds the increase in the Sector Index (as defined in the Regulations) as of the same date.

2013 Stock Grant Plan for a maximum of 1,700,000 conditional rights, reserved for the employees of the Company and its subsidiaries, by assigning them a total of 1,041,358 units (of which 432,434 time-based units and 608,924 performance units).
The time-based units will mature in quarterly tranches, i.e. 12.5% of the related total, from 20 April 2015 to 31 January 2017.
The performance units will mature on the same maturity dates envisaged for the time-based units, but only on condition that the normal market value of the shares of Sogefi S.p.A. at each vesting date exceeds the increase in the Sector Index (as defined in the Regulations) as of the same date.

The notional cost of the plans for 2014 is € 848 thousand.

The following table shows the total number of existing rights with respect to the plans for the period 2011-2014:

	2014	2013
Not exercised/not exercisable at the start of the year	2,483,088	1,854,618
Granted in the year	378,567	1,045,977
Cancelled in the year	(504,125)	(199,821)
Exercised during the year	(333,276)	(217,686)
Not exercised/not exercisable at the end of the year	2,024,254	2,483,088
Exercisable at the end of the year	247,203	57,970

Stock Option Plans

The stock option plans offer beneficiaries the right to exercise an option to subscribe to a new issue of Sogefi shares at a given price and within a predefined period of time. The Regulations also say that an essential condition for assignment of the shares is continued service or directorship with the company or its subsidiaries during the vesting period of the rights.

The main characteristics of the stock option plans approved in previous years and still outstanding are as follows:

- Stock Option Plan 2005 reserved for employees of Sogefi S.p.A. and its subsidiaries for a maximum of 1,930,000 shares (1.65% of share capital at 31 December 2013) with a strike price of Euro 3.87, exercisable from 30 September 2005 to 30 September 2015;
- Stock Option Plan 2006 reserved for employees of Sogefi S.p.A. and its subsidiaries for a maximum of 1,770,000 shares (1.51% of share capital at 31 December 2013) with a strike price of Euro 5.87, exercisable from 30 September 2006 to 30 September 2016;
- Stock Option Plan 2007 reserved for employees of the foreign subsidiaries of Sogefi S.p.A. for a maximum of 715,000 shares (0.61% of share capital at 31 December 2013) with a strike price of Euro 6.96, exercisable from 30 September 2007 to 30 September 2017. On 22 April 2008, on the strength of powers assigned by the Shareholders' Meeting, the Board of Directors amended the strike price from Euro 6.96 to Euro 5.78 to take into account the extraordinary part of the dividend distributed by the Shareholders' Meeting held on that same date;
- Stock *Option Plan 2008* reserved for employees of the foreign subsidiaries of Sogefi S.p.A. for a maximum of 875,000 shares (0.75% of share capital at 31 December 2013) with a strike price of Euro 2.1045, exercisable from 30 September 2008 to 30 September 2018;
- Stock Option Plan 2009 reserved for employees of Sogefi S.p.A. and its subsidiaries for a maximum of 2,335,000 shares (1.99% of share capital at 31 December 2013) with a strike price of Euro 1.0371, exercisable from 30 September 2009 to 30 September 2019;
- Extraordinary Stock Option Plan 2009 reserved for individuals who were already beneficiaries of Phantom Stock Option Plans 2007 and 2008, who are still employees of Sogefi S.p.A. or of its subsidiaries, provided they renounce the rights resulting from the above-mentioned phantom stock option plans, for a maximum of 1,015,000 shares (equal to 0.87% of the share capital at 31 December 2013), of which 475,000 (Tranche I options) with a strike price of Euro 5.9054, exercisable from 30 June 2009 to 30 September 2017 and 540,000 (Tranche II options) with a strike price of Euro 2.1045, exercisable from 30 June 2009 to 30 September 2018;
- Stock Option Plan 2010 reserved for the director serving as the Chief Executive Officer of Sogefi S.p.A. at the plan grant date and for employees of Sogefi S.p.A. and its subsidiaries for

up to 2,440,000 shares (2.08% of the share capital at 31 December 2013) with a strike price of Euro 2.3012, exercisable between 30 September 2010 and 30 September 2020.

The notional cost of the plans for 2014 is € 4 thousand.

The following chart shows the total number of options outstanding and refers to the plans of the period 2004-2010 with their average strike price:

	2014		*2013*	
	No. of options	*Average* strike price	*No. of options*	*Average* strike price
Not exercised/not exercisable at the start of the year	6,534,500	3.06	7,178,400	2.96
Assigned during the year	--	--	--	--
Cancelled during the year	(367,000)	4.30	(175,000)	2.97
Exercised during the year	(1,298,763)	1.94	(468,900)	1.64
Matured during the year	(4,800)	2.64	--	--
Not exercised/not exercisable at the end of the year	4,863,937	3.26	6,534,500	3.06
Exercisable at the end of the year	4,863,937	3.26	6,104,100	3.11

The line "Not exercised/not exercisable at the end of the year" 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 year" refers to the total amount of the options vested at the end of the year but not yet exercised.

The following chart shows the breakdown of the number of options exercisable at 31 December 2014:

No. of options outstanding and exercisable at 31 December 2013	6,104,100
Options vested during the year	488,000
Options cancelled during the year	(424,600)
Options exercised during the year	(1,298,763)
Options matured during the year	(4,800)
No. of options outstanding and exercisable at 31 December 2014	4,863,937

Phantom stock option plans
Phantom stock option plans, unlike traditional stock option plans, do not involve assignment of a right to subscribe or purchase a share, but involve paying the beneficiaries an extraordinary amount in cash of a variable nature equal to the difference between the value of the Sogefi share in the vesting period of the option and the value of the Sogefi share at the time the option is assigned.

In 2009, as explained in the paragraph "Stock option plans", Sogefi S.p.A. gave the beneficiaries of *Phantom Stock Option plans 2007 and 2008 the right to waive the options under these plans and to take part in the* Extraordinary Stock Option Plan 2009.

The main characteristics of the plans currently outstanding are as follows:

- Phantom Stock Option Plan 2007 reserved for the director serving as the Chief Executive Officer of Sogefi S.p.A. at the plan grant date, for the executives and staff of Sogefi S.p.A. and for the executives of the Italian subsidiaries, for a maximum of 1,760,000 options with an initial assignment value of Euro 7.0854, adjusted in 2008 to Euro 5.9054, exercisable from 30 September 2007 to 30 September 2017.
  Following the subscription of the extraordinary stock option plan 2009, 475,000 options were waived;

The following chart gives a breakdown of the number of phantom stock options at 31 December 2014:

	2014
Not exercised/not exercisable at the start of the year	1,830,000
Assigned during the year	--
Cancelled during the year	--
Exercised during the year	(990,000)
Not exercised/not exercisable at the end of the year	840,000
Exercisable at the end of the year	840,000

The fair value at 31 December 2013 (€ 1,299 thousand) was reduced to zero at the end of 2014 following the total exercise of the rights of the 2008 phantom stock option plan and the positive change in the fair value of the 2007 phantom stock option plan.

<u>KOS</u>

The following is information on the Stock Option Plans outstanding at the KOS Group:

STOCK OPTION PLANS AT 31 DECEMBER 2014

	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 price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*Number*	*No. of options*	*Average duration (years)*	*No. of options*	*Weighted average strike price*	*Vesting date (100%)*	*Expiry date*
Stock Option Plan 2007	420,000	3.40	--	--	--	--	--	--	420,000	3.40	5.8	420,000	3.40	30/09/2010	30/09/2020
Stock Option Plan 2010	4,070,000	3.75	--	--	--	--	--	--	4,070,000	3.75	6.0	4,070,000	3.75	31/12/2014	31/12/2020
Stock Warrants Plan 2010	635,000.00	3.75	--	--	--	--	--	--	635,000	3.75	6.0	635,000	3.75	31/12/2014	31/12/2020
Total	**5,125,000**	**3.72**	--	--	--	--	--	--	**5,125,000**	**3.72**	**6.0**	**5,125,000**	**3.72**		

24. DISPUTE

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 tax 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.

With this 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 31 December 2014, this judgement indicates a maximum amount at risk of € 367 million (of which additional taxes assessed of € 121.4 million, interest of € 124.1 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 being challenged 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 2013 the Group had set aside an amount of € 34.4 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 and the related accrued interest), with reference to all four tax periods assessed. During 2014, the Group provided € 347 thousand for accumulated interest; the provision at 31 December 2014 amounted to € 34,766 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.
Taking account of 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 2014 financial statements.
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.

25. OTHER INFORMATION

FEES FOR AUDIT AND AUDIT-RELATED SERVICES

(Consob Resolution no. 11971/99)

As required by Consob Resolution no. 11971/99, the following chart shows the fees charged for services provided by the independent auditors, Deloitte & Touche S.p.A., and by other entities belonging to the same network:

(in thousands of euro)	*2014*
Charged to the Parent Company:	
a) by the independent auditors for auditing services	64
b) by the independent auditors:	
- for auditing services for certification purposes	--
- for other services	2
c) by network partners of the independent auditors for other services	--
Charged to the subsidiaries:	
a) by the independent auditors for auditing services	3,557
b) by the independent auditors:	
- for auditing services for certification purposes	310
- for other services	278
c) by network partners of the independent auditors for other services	253
of which for tax consulting	--

KEY FIGURES OF THE PARENT COMPANY FRATELLI DE BENEDETTI S.a.p.a. (formerly Carlo De Benedetti & Figli S.a.p.A.)

Cofide S.p.A. is subject to management and coordination by the parent company, Fratelli De Benedetti S.a.p.A. (art. 2497-bis of the Italian Civil Code); attachment 2 to the separate financial statements presents key information taken from the financial statements of the parent company at 31 December 2013.

RELATED PARTY TRANSACTIONS
For details of the nature of related party transactions, please refer to Note 8 in the report on operations.

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

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)	*Sales revenues*	*Costs for the purchase of goods*	*Costs for services*	*Other operating expense*	*Other operating income*	*Financial income*	*Financial expense*	*Dividends*
Parent companies	--	--	--	--	--	--	--	--
Subsidiaries	--	--	--	--	--	2	--	--
Associates	--	--	(2,075)	--	1,835	574	--	--
Joint ventures	--	--	--	--	--	10,061	(10,061)	--
Other related parties	--	--	--	--	245	--	--	--
Total	--	--	(2,075)	--	2,080	10,637	(10,061)	--

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Non-current assets	*Current assets*		*Current liabilities*		
(in thousands of euro)	*Other receivables*	*Trade receivables*	*Other receivables*	*Other borrowings*	*Trade payables*	*Other payables*
Parent companies	--	--	--	--	--	--
Subsidiaries	--	4,380	--	--	5,937	--
Associates	23,973	2,446	104	--	1,471	--
Joint ventures	--	--	--	--	--	--
Other related parties	--	--	--	--	--	--
Total	23,973	6,826	104	--	7,408	--

Consolidated financial statements of the directly controlled subsidiary at 31 December 2014

CIR Group

1. Consolidated statement of financial position

(in thousands of euro)

ASSETS		*31.12.2014*		*31.12.2013*
NON-CURRENT ASSETS		**2,070,948**		**3,775,336**
INTANGIBLE ASSETS		977,733		1,161,522
TANGIBLE ASSETS		622,271		1,998,469
INVESTMENT PROPERTY		20,439		21,458
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY		148,301		81,988
OTHER EQUITY INVESTMENTS		4,980		5,636
OTHER RECEIVABLES		89,122		233,931
of which with related parties (*)	*23,973*		*18,125*	
SECURITIES		92,149		79,351
DEFERRED TAXES		115,953		192,981
CURRENT ASSETS		**1,327,946**		**2,816,818**
INVENTORIES		128,664		160,945
CONTRACT WORK IN PROGRESS		29,546		30,926
TRADE RECEIVABLES		431,691		1,192,627
of which with related parties (*)	*6,826*		*28,895*	
OTHER RECEIVABLES		91,963		209,740
of which with related parties (*)	*104*		*589*	
FINANCIAL RECEIVABLES		10,017		1,433
SECURITIES		137,918		166,037
AVAILABLE-FOR-SALE FINANCIAL ASSETS		150,963		98,011
CASH AND CASH EQUIVALENTS		347,184		957,099
ASSETS HELD FOR SALE		2,539,260		--
ELIMINATION RELATED TO DISCONTINUED OPERATIONS		(10,308)		--
TOTAL ASSETS		**5,927,846**		**6,592,154**

LIABILITIES AND EQUITY		*31.12.2014*		*31.12.2013*
EQUITY		**1,573,199**		**1,602,346**
SHARE CAPITAL ISSUED		397,146		397,146
less TREASURY SHARES		(27,283)		(24,764)
SHARE CAPITAL		369,863		372,382
RESERVES		307,108		302,231
RETAINED EARNINGS (LOSSES)		450,886		725,603
NET INCOME FOR THE PERIOD		(23,399)		(269,210)
GROUP EQUITY		**1,104,458**		**1,131,006**
MINORITY INTERESTS		468,741		471,340
NON-CURRENT LIABILITIES		**1,000,286**		**1,331,174**
BONDS		270,568		365,558
OTHER BORROWINGS		337,950		497,143
OTHER PAYABLES		7,102		930
DEFERRED TAXES		143,036		215,120
PERSONNEL PROVISIONS		143,720		128,535
PROVISIONS FOR RISKS AND LOSSES		97,910		123,888
CURRENT LIABILITIES		**855,611**		**3,658,634**
BANK OVERDRAFTS		15,671		194,114
BONDS		4,677		230,719
OTHER BORROWINGS		130,028		1,780,326
of which to related parties (*)	--		--	
TRADE PAYABLES		417,002		1,011,523
of which to related parties (*)	*7,504*		*860*	
OTHER PAYABLES		205,578		332,586
of which to related parties (*)	--		*1,211*	
PROVISIONS FOR RISKS AND LOSSES		82,655		109,366
LIABILITIES HELD FOR SALE		2,509,058		--
ELIMINATION RELATED TO DISCONTINUED OPERATIONS		(10,308)		--
TOTAL LIABILITIES AND EQUITY		**5,927,846**		**6,592,154**

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

2. Consolidated income statement

(in thousands of euro)

		2014		2013 (**)
SALES REVENUES		2,392,620		2,403,400
of which from related parties (*)	--		--	
CHANGE IN INVENTORIES		(2,821)		(10,259)
COSTS FOR THE PURCHASE OF GOODS		(852,173)		(832,079)
of which to related parties (*)	--		--	
COSTS FOR SERVICES		(629,875)		(661,188)
of which from related parties (*)	(2,425)		(2,675)	
PERSONNEL COSTS		(657,922)		(663,061)
OTHER OPERATING INCOME		38,783		34,966
of which from related parties (*)	2,328		3,520	
OTHER OPERATING EXPENSE		(95,319)		(85,624)
of which to related parties (*)	--		--	
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY		3,455		2,811
AMORTISATION, DEPRECIATION & WRITE-DOWNS		(116,160)		(171,845)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)		**80,588**		**17,121**
FINANCIAL INCOME		55,855		53,472
of which with related parties (*)	10,637		12,298	
FINANCIAL EXPENSE		(94,912)		(85,481)
of which with related parties (*)	(10,061)		(11,839)	
DIVIDENDS		338		544
of which with related parties (*)	--		--	
GAINS FROM TRADING SECURITIES		24,171		16,682
LOSSES FROM TRADING SECURITIES		(23,698)		(6,035)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS		(3,996)		(11,084)
NON-RECURRING INCOME (EXPENSE)		--		491,312
INCOME BEFORE TAXES		**38,346**		**476,531**
INCOME TAXES		(28,628)		(183,480)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY		**9,718**		**293,051**
INCOME/(LOSS) FROM ASSETS HELD FOR SALE		(18,271)		(1,054,139)
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS		**(8,553)**		**(761,088)**
- (NET INCOME) LOSS OF MINORITY INTERESTS		(14,846)		491,878
- NET INCOME (LOSS) OF THE GROUP		**(23,399)**		**(269,210)**
BASIC EARNINGS (LOSS) PER SHARE (in euro)		(0.0314)		(0.3620)
DILUTED EARNINGS (LOSS) PER SHARE (in euro)		(0.0314)		(0.3620)

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

(**) The 2013 figures have been restated following the application of IFRS 5.

COFIDE
Gruppo De Benedetti

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS OF D.LGS 58/98

1. The undersigned, Rodolfo De Benedetti, the Chairman, and Giuseppe Gianoglio, the executive responsible for the preparation of the financial statements of Cofide S.p.A., hereby certify, also taking into account the provisions of art. 154 -*bis*, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

   - the appropriateness, in relation to the characteristics of the business, and
   - effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements during the course of 2014.

2. In this respect, no significant issues have arisen which need to be reported.

3. We also certify that the consolidated financial statements:

   - 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 and of companies included in the consolidation.

The report on operations includes a reliable analysis of the Group's performance and results of operations, as well as the general situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Milan, 9 March 2015

Rodolfo De Benedetti Chairman	Giuseppe Gianoglio Executive responsible for the preparation of the company's financial statements

COFIDE GROUP

Separate Financial statements of the Parent Company

At 31 December 2014

STATEMENT OF FINANCIAL POSITION

INCOME STATEMENT

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CASH FLOW

STATEMENT OF CHANGES IN EQUITY

EXPLANATORY NOTES

1. Statement of financial position

(in euro)

ASSETS	*Notes*		*% (**)*	*31.12.2014*		*% (**)*	*31.12.2013*
NON-CURRENT ASSETS				**593,792,474**			**590,102,408**
TANGIBLE ASSETS	5.a.			424,363			349,062
INVESTMENT PROPERTY	5.b.			851,763			851,763
INVESTMENTS IN SUBSIDIARIES	5.c.			573,821,503			573,821,503
OTHER EQUITY INVESTMENTS	5.d.			--			--
OTHER RECEIVABLES	5.e.			117,053			112,021
SECURITIES	5.f.			18,577,792			14,968,059
CURRENT ASSETS				**13,144,028**			**13,919,388**
OTHER RECEIVABLES	6.a.			313,862			287,738
of which: with related parties (*)		*98,291*	*31.32*		*148,534*	*51.62*	
SECURITIES	6.b.			11,128,571			9,635,389
CASH AND CASH EQUIVALENTS	6.c.			1,701,595			3,996,261
TOTAL ASSETS				**606,936,502**			**604,021,796**

LIABILITIES AND EQUITY		*31.12.2014*	*31.12.2013*
EQUITY		**559,079,652**	**557,282,885**
SHARE CAPITAL	7.a.	359,604,959	359,604,959
RESERVES	7.b.	166,004,639	161,191,317
RETAINED EARNINGS (LOSSES)	7.c.	36,430,706	35,368,535
NET INCOME (LOSS) FOR THE YEAR		(2,960,652)	1,118,074
NON-CURRENT LIABILITIES		**45,145,588**	**44,740,771**
OTHER BORROWINGS	8.a.	44,700,038	44,530,608
OTHER PAYABLES	8.b.	34,582	34,582
DEFERRED TAXES	8.c.	276,877	--
PERSONNEL PROVISIONS	8.d.	134,091	175,581
CURRENT LIABILITIES		**2,711,262**	**1,998,140**
BANK OVERDRAFTS	9.a.	57	25
OTHER BORROWINGS	9.b.	927,307	107,527
TRADE PAYABLES	9.c.	284,846	245,171
OTHER PAYABLES	9.d.	1,499,052	1,645,417
TOTAL LIABILITIES AND EQUITY		**606,936,502**	**604,021,796**

2. Income Statement

(in euro)

	Notes		%(**)	2014		%(**)	2013
SUNDRY REVENUES AND INCOME	10			420,889			1,129,395
of which sundry revenues and income with related parties (*)		349,760	*83.10%*		957,000	*84.7%*	
COSTS FOR THE PURCHASE OF GOODS	11			(39,201)			(43,796)
COSTS FOR SERVICES	12			(1,750,684)			(2,084,958)
of which from related parties (*)		(302,194)	*17.26%*		(463,600)	*22.2%*	
PERSONNEL COSTS	13			(171,811)			(609,798)
OTHER OPERATING EXPENSE	14			(463,630)			(443,499)
AMORTISATION, DEPRECIATION & WRITE-DOWNS	15			(65,474)			(61,866)
EBIT				**(2,069,911)**			**(2,114,522)**
FINANCIAL INCOME	16			45,868			823,754
FINANCIAL EXPENSE	17			(2,150,152)			(1,515,699)
DIVIDENDS	18			29,939			--
of which from related parties (*)		--	*0.0%*		--	*0.0%*	
GAINS FROM TRADING SECURITIES	19			1,668,903			1,530,360
of which from related parties (*)		--	*0.0%*		184,078	*12.0%*	--
LOSSES FROM TRADING SECURITIES	20			--			(166,630)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	21			(485,299)			2,668,811
INCOME (LOSS) BEFORE TAXES				**(2,960,652)**			**1,226,074**
INCOME TAXES	22			--			(108,000)
NET INCOME (LOSS) FOR THE YEAR				**(2,960,652)**			**1,118,074**
INCOME/(LOSS) FROM ASSETS HELD FOR SALE							
BASIC EARNINGS (LOSS) PER SHARE (in euro)	23			(0.0041)			0.0016
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	23			(0.0041)			0.0016

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

3. Statement of comprehensive income

(in euro)

	2014	*2013*
Net result for the year	**(2,960,652)**	**1,118,074**
Items of other comprehensive income		
Net change in fair value of available-for-sale financial assets	5,034,296	(874,517)
Taxes on other comprehensive income	(276,877)	--
Items of other comprehensive income for the period, net of tax	4,757,419	(874,517)
TOTAL STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR	**1,796,767**	**243,557**
BASIC EARNINGS (LOSS) PER SHARE (in euro)	0.0025	0.0003
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	0.0025	0.0003

4. Statement of cash flows

(in euro)	*2014*	*2013*
OPERATING ACTIVITY		
NET INCOME (LOSS) FOR THE YEAR	(2,960,652)	1,118,074
ADJUSTMENTS:		
AMORTISATION, DEPRECIATION & WRITE-DOWNS	65,474	61,866
ALLOCATION TO PERSONNEL PROVISIONS, NET OF USE	(41,490)	(186,378)
LOSSES/(GAINS) ON SALE OF CURRENT SECURITIES	--	--
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	485,299	(2,668,811)
(INCREASE) DECREASE IN NET WORKING CAPITAL	(132,814)	2,275,495
CASH FLOW FROM OPERATING ACTIVITY	**(2,584,183)**	**600,246**
INVESTING ACTIVITY		
CHANGE IN TANGIBLE ASSETS AND INVESTMENT PROPERTY	(140,775)	(65,207)
CHANGE IN INVESTMENTS IN SUBSIDIARIES	--	251,000
CHANGE IN OTHER CAPITALISED RECEIVABLES	(5,032)	(21,207)
NET CHANGE IN CURRENT SECURITIES	1,424,401	(30,350)
CASH FLOW FROM INVESTING ACTIVITY	**1,278,594**	**134,236**
FINANCING ACTIVITY		
CHANGE IN OTHER BORROWINGS	989,210	6,795,890
NET CHANGE IN CURRENT SECURITIES	(1,978,319)	(6,954,924)
DIVIDENDS PAID	--	--
CASH FLOW FROM FINANCING ACTIVITY	(989,109)	(159,034)
INCREASE (DECREASE) IN NET CASH & CASH EQUIVALENTS	(2,294,698)	575,448
NET CASH & CASH EQUIVALENTS - OPENING BALANCE (*)	3,996,236	3,420,788
NET CASH & CASH EQUIVALENTS - CLOSING BALANCE (*)	**1,701,538**	**3,996,236**

(*) Cash and cash equivalents, net of bank overdrafts.

5. Statement of changes in equity

(in euro)	*Attributable to shareholders of the parent company*				
	Share capital	*Reserves*	*Retained earnings (losses)*	*Net income (losses) for the year*	*Total*
BALANCE AT 31 DECEMBER 2012	**359,604,959**	**161,831,358**	**30,913,494**	**4,689,517**	**557,039,328**
Allocation of 2012 result to reserves	--	234,476	4,455,041	(4,689,517)	--
Distribution to Shareholders	--	--	--	--	--
Adjustment of securities to fair value:					
- Change in reserve	--	(874,517)		--	(874,517)
2013 result	--	--	--	1,118,074	118,074
Total comprehensive result for 2013	--	(874,517)	--	1,118,074	243,557
BALANCE AT 31 December 2013	**359,604,959**	**161,191,317**	**35,368,535**	**1,118,074**	**557,282,885**
Allocation of 2013 result to reserves	--	55,903	1,062,171	(1,118,074)	--
Distribution to Shareholders	--	--	--	--	--
Adjustment of securities to fair value:					
- Change in reserve	--	5,034,296	--	--	5,034,296
- deferred taxes on reserve changes	--	(276,877)			(276,877)
2014 result	--	--	--	(2,960,652)	(2,960,652)
Total comprehensive result for 2014	--	4,757,419	--	(2,960,652)	1,796,767
Balance at 31 December 2014	**359,604,959**	**166,004,639**	**36,430,706**	**(2,960,652)**	**559,079,652**

6. Explanatory notes

1. INTRODUCTION

These financial statements have been prepared in accordance with international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board ("IASB") and ratified by the European Union, as well as with the measures issued in implementation of Art. 9 of Legislative Decree 38/2005, including all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC”).

The balance sheet is based on the principle of historical cost, modified as required for the measurement of certain financial instruments, in compliance with the time principle and matching principles and the assumption that the business is an ongoing concern. In spite of the difficult economic and financial context, the Company has established that there are no significant uncertainties regarding going concern, as defined in paragraph 24 of IAS 1.

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 year and in the previous year;
- the statement of comprehensive income shows the theoretical effect of net changes in fair value of available-for-sale financial assets.

These financial statements have been prepared in thousands of euro, which is the "functional" and "presentation" currency of COFIDE S.p.A. in accordance with IAS 21, except where indicated otherwise.

Events which occurred after the reporting date

No important events took place after the end of the year which could have had a significant effect on the Company's financial position, equity or results. See point 5 of the report on operations for an explanation of significant events that have taken place since the close of the year.

Publication of the financial statements was authorised by the Company's Board of Directors on 9 March 2015 (as required by paragraph 17 of IAS 10).

Below is a description of the accounting standards adopted in the preparation of these financial statements as of 31 December 2014 in relation to the main items of the statement of financial position and income statement.

2. ACCOUNTING POLICIES

2.a. Tangible assets (IAS 16)

Tangible assets are measured at purchase price or at production cost and are recognised 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.

Fixed assets are depreciated each year on a straight-line basis over the residual useful life of the assets.
Given the standard nature of the assets included in the various asset categories, their useful lives are considered as represented by the following rates:

	Rates
Buildings used for operating purposes	3%
Motor vehicles	25%
Electronic office equipment	20%
Furniture and fittings	15%
Alarm systems	30%
Telephone systems	20%
Assets expensed during the year	100%

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".

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 Company 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 gets written down; if subsequently the reasons for the impairment no longer apply, the write-down is reversed. Write-downs and reversals are posted to the income statement.

2.b. 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 remeasurements after initial recognition, the Company has opted for the cost method to be applied to all of its investment property. Under the cost method, the value is measured net of depreciation and any impairment losses.
If there is a change of classification from investment property to use by the owner or a transfer to stock,the fair value at the date of the change is replaced by its cost. If the reclassification is the other way round, IAS 16 is applied up to the change. Any difference between the carrying amount and the fair value should be treated as a revaluation in accordance with IAS 16.

On disposal or when the asset is permanently withdrawn from use, all related income and expenses must be charged to the income statement.

2.c. Impairment of assets (IAS 36)

At least once a year the Company verifies the recoverability of the carrying value of intangible assets, tangible assets and investments in subsidiaries and associates in order to determine whether these assets have suffered any impairment. If there is evidence of such a loss, the carrying value of the asset is reduced to its recoverable value.
The recoverable value of an asset is the higher of fair value less costs to sell and its value in use.
In detail, during impairment testing of the value of investments in subsidiaries and associates, since these are investments for which a market value (i.e. fair value less costs of disposal) is in some cases unreliable, the recoverable value was defined as its value in use, i.e. the present value of estimated cash flows in relation to the expected results of investee companies and to the estimated value of a hypothetical ultimate disposal in line with IAS 28 (paragraph 42).
When at a later date the impairment ceases to exist or is reduced, the carrying value of the assets is reversed by up to the new estimated recoverable value, but cannot exceed the value which would have been determined if no impairment loss had been recognised. The reversal of an impairment loss is recognised immediately in the income statement.

2.d. Investments in subsidiaries and associates (IAS 10, IAS 27 and 28)

Investments in subsidiaries and associates are recognised at cost adjusted for any impairment.
Any positive difference, arising on acquisition, between the acquisition cost and the acquirer’s share of equity of the investee company at current values is therefore included in the carrying value of the investment.
Investments in subsidiaries and associates are tested for impairment every year, or more frequently if necessary. Where there is evidence of impairment of the investments, the impairment loss is recognised in the income statement as a write-down.
In the event of the Company’s share of the losses of the investee company exceeding the carrying value of the investment, and when the Company is liable or accepts liability, then the value of the investment is reduced to zero and the Company’s share of any further losses is recognised as a provision under liabilities. Should the impairment subsequently cease to exist or reduce, the value is reversed to the income statement up to the limit of its cost.

2.e. Other investments

Investments in other companies, classified as non-current financial assets which are not held for trading, are initially classified as available-for-sale financial assets and are recognised at fair value.

Subsequently, gains and losses from changes in fair value as indicated in market prices are recognised directly to equity until the assets are sold or suffer impairment. When the asset is sold, all of the gains and losses previously recognised to equity are recognised to the income statement in that period.
When an asset is written down, the accumulated losses are included in the income statement. Investments in other minor companies, which do not have a market price, are recognised at cost which may be written down in the event of impairment.

2.f. Receivables and payables (IAS 32 and 39)

Receivables are initially recognised at amortised cost and then measured at their estimated realisable value. Payables are initially recognised 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. Any net gain is allocated to a non-distributable reserve until it is realised.

No foreign currency receivables or payables are included in the financial statements at 31 December 2014.

2.g. 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.

This category also includes financial assets acquired or issued that are classified as held for trading).

See the specific section on financial instruments for a more complete discussion of the accounting standards that concern them.

2.h. Income taxes (IAS 12)

Current taxes are provided for on the basis of a realistic estimate of taxable income under current tax regulations, taking into account any exemptions that may apply.

Deferred taxes are determined on the basis of taxable or deductible temporary differences between the carrying amount of assets and liabilities and their value for tax purposes. They 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.

2.i. 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 price changes.

2.l. 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.

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.

“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 changes in accounting standards and/or the correction of errors accounted for in accordance with IAS 8.

2.m. 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.

2.n. Revenues and income (IAS 18)

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

Dividend and interest income are recognised as follows:
- dividends, in the year in which they are collected;
- interest, using the effective interest rate method (IAS 39).

2.o. Employee benefits (IAS 19)

Benefits to be paid to employees on termination of their employment and other long term benefits are not subject to actuarial valuation as the residual liability, especially of the employee leaving indemnity, is not significant also considering the number of employees.

2.p. Derivatives (IAS 32 and 39)

Derivatives are measured at fair value.

Non-hedging derivatives are classified as financial instruments at fair value through profit and loss (FVTPL).

Classification of a derivative as a hedge has to be 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.

2.q. Foreign currency translation (IAS 21)

The Company's functional currency is the euro and this is the currency in which its financial statements are prepared.

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.

2.r. 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 main items affected by this estimation process are the valuation of subsidiaries and associates, deferred taxes and the fair value of financial instruments.
See the notes on these specific items for further details.

2.s. Earnings per share (IAS 33)

Basic earnings or loss per share are determined by dividing net income for the period attributable to the shareholders by the weighted average number of ordinary shares in circulation during the period. Diluted earnings or loss per share are calculated by adjusting the weighted average number of ordinary shares in circulation to take into account the effect of all potential ordinary shares.

2.t. Adoption of new accounting standards, interpretations and amendments

See point 6 of the Notes to the Consolidated Financial Statements.

3. FINANCIAL INSTRUMENTS

Financial instruments are of particular importance in the economic and financial structure of the Company. 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) and 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 designated 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 a financial asset within the scope of IAS 39 but different from investments in equity instruments, whose fair value can be reliably determined.

Trading generally means frequent buying and selling with the aim of generating profit on short-term price fluctuations.

The designation of the individual instrument to this category is definitive; it is made at the time of initial recognition and cannot be changed.

Derivatives are included in this category unless they are designated as hedge instruments.

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.

Financial instruments held for trading 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 Company 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.

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.

<u>Assets and liabilities measured at fair value on a recurring basis</u>
Please refer to the "Other information" section for further details.
No transfers were made between the levels of the fair value hierarchy during 2013.

<u>Assets and liabilities not measured at fair value on a recurring basis</u>
For the financial instruments represented by short-term receivables and payables and for which the present value of future cash flows does not differ significantly from their carrying amount, it is assumed that this is a reasonable approximation of their fair value.

In particular, the carrying amount of receivables and other current assets and trade payables and other current liabilities approximates their

fair value.

Please refer to the "Other information" section for further details.

4. 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.

5. NON-CURRENT ASSETS

5.a. Tangible assets

This item has had the following changes

2014	Opening position			Movements during the year				Closing position		
	Original	Accumulated depreciation	Balance at	Additions	Disposals and adjustments		Depreciation	Original	Accumulated depreciation	Balance at
(in euro)	cost		01.01.2014		cost	accum. depr.		cost		31.12.2014
Buildings										
- Operating building in Rome	1,175,868	(868,748)	307,120	140,056	--	--	(37,376)	1,315,924	(906,124)	409,800
Total	1,175,868	(868,748)	307,120	140,056	--	--	(37,376)	1,315,924	(906,124)	409,800
Industrial and commercial equipment					--	--				
- Motor vehicles	143,724	(119,556)	24,168	--	--	--	(16,112)	143,724	(135,668)	8,056
- Electronic office equipment	61,993	(58,815)	3,178	--	--	--	(2,305)	61,993	(61,120)	873
- Furniture and fittings	396,735	(393,208)	3,527	--	--	--	(1,607)	396,735	(394,815)	1,920
- Alarm systems	47,889	(47,889)	0	--	--	--	--	47,889	(47,889)	--
- Telephone systems	12,041	(11,533)	508	--	--	--	(508)	12,041	(12,041)	--
- Machinery and sundry equipment	28,373	(17,812)	10,561	--	--	--	(6,847)	28,373	(24,659)	3,714
- Assets expensed during the year	20,254	(20,254)	0	719	--	--	(719)	20,973	(20,973)	--
Total	711,009	(669,067)	41,942	719	--	--	(28,098)	711,728	(697,165)	14,563
Total tangible fixed assets	1,886,877	(1,537,815)	349,062	140,775	--	--	(65,474)	2,027,652	(1,603,289)	424,363

2013	Opening position			Movements during the year				Closing position		
	Original	Accumulated depreciation	Balance at	Additions	Disposals and adjustments		Depreciation	Original	Accumulated depreciation	Balance at
(in euro)	cost		01.01.2013		cost	accum. depr.		cost		31.12.2013
Buildings										
- Operating building in Rome	1,154,172	(834,123)	320,049	21,696	--	--	(34,625)	1,175,868	(868,748)	307,120
Total	1,154,172	(834,123)	320,049	21,696	--	--	(34,625)	1,175,868	(868,748)	307,120
Industrial and commercial equipment										
- Motor vehicles	181,921	(181,921)	--	32,224	(70,421)	70,421	(8,056)	143,724	(119,556)	24,168
- Electronic office equipment	59,809	(53,723)	6,086	2,184	--	--	(5,092)	61,993	(58,815)	3,178
- Furniture and fittings	394,799	(391,877)	2,922	1,936	--	--	(1,331)	396,735	(393,208)	3,527
- Alarm systems	47,889	(45,119)	2,770	--	--	--	(2,770)	47,889	(47,889)	--
- Telephone systems	12,041	(11,025)	1,016	--	--	--	(508)	12,041	(11,533)	508
- Machinery and sundry equipment	22,986	(10,108)	12,878	5,387	--	--	(7,704)	28,373	(17,812)	10,561
- Assets expensed during the year	18,474	(18,474)	--	1,780	--	--	(1,780)	20,254	(20,254)	--
Total	737,919	(712,247)	25,672	43,511	(70,421)	70,421	(27,241)	711,009	(669,067)	41,942
Total tangible fixed assets	1,892,091	(1,546,370)	345,721	65,207	(70,421)	70,421	(61,866)	1,886,877	(1,537,815)	349,062

5.b. Investment property

2013		*Opening position*			*Movements during the year*				*Closing position*	
(in euro)	*Original* cost	*Accumulated depreciation*	*Balance at* 01.01.2013	*Additions*	*Disposals* *cost*	*Disposals* *accum. depr.*	*Depreciation*	*Original* cost	*Accumulated depreciation*	*Balance at* 31.12.2013
Buildings										
- Non-operating building in Milan	853,714	(1,951)	851,763	--	--	--	--	853,714	(1,951)	851,763
Total	853,714	(1,951)	851,763	--	--	--	--	853,714	(1,951)	851,763

2014		*Opening position*			*Movements during the year*				*Closing position*	
(in euro)	*Original* cost	*Accumulated depreciation*	*Balance at* 01.01.2014	*Additions*	*Disposals* *cost*	*Disposals* *accum. depr.*	*Depreciation*	*Original* cost	*Accumulated depreciation*	*Balance at* 31.12.2014
Buildings										
- Non-operating building in Milan	853,714	(1,951)	851,763	--	--	--	--	853,714	(1,951)	851,763
Total	853,714	(1,951)	851,763	--	--	--	--	853,714	(1,951)	851,763

This is a property located in the centre of Milan, whose market value is significantly higher than its carrying amount.

5.c. Investments in subsidiaries

This item has had the following changes:

2013	*Opening balance 01.01.2013*		*Movements during the year*					*Closing position 31.12.2013*	
			Increases		*Decreases*		*Write-downs*		
(in euro)	*no. shares*	*amount*	*no. shares*	*amount*	*no. shares*	*amount*	*amount*	*no. shares*	*amount*
CIR S.P.A.	363,771,164	573,821,503	--	--	--	--	--	363,771,164	573,821,503
EUVIS S.P.A. in liq.	2,469,500	251,000	--	--	(2,469,500)	(251,000)	--	--	--
				--					
Total		574,072,503		--		(251,000)			573,821,503

2014	*Opening balance 01.01.2014*		*Movements during the year*					*Closing position 31.12.2014*	
			Increases		*Decreases*		*Write-downs*		
(in euro)	*no. shares*	*amount*	*no. shares*	*amount*	*no. shares*	*amount*	*amount*	*no. shares*	*amount*
CIR S.P.A.	363,771,164	573,821,503	--	--	--	--	--	363,771,164	573,821,503
Total		573,821,503		--		--			573,821,503

The following summary information about CIR S.p.A. has been extracted from the draft financial statements approved by the Board of Directors of that company (*amounts in euro*):

Name		Registered office	Capital 31.12.14	Net equity 31.12.14	Income (loss) 2014	Percentage direct control	Percentage indirect control
CIR S.P.A.	**(*)**	Via Ciovassino 1, Milan	397,146,183	1,068,070,075	(27,376,456)	45.80%	49.17%

(*) The percentage of indirect control includes CIR treasury shares.

As required by IFRS, the investment in CIR S.p.A. held at year end was subjected to impairment testing in order to check for objective evidence that its carrying amount might not be fully recoverable.

For the purposes of carrying out the impairment test in the separate financial statements, this investment was not considered significant individually, but given its nature as a holding company, it was included in the impairment test of the CGUs performed at a consolidated level. The impairment test performed at a consolidated level did not reveal any need to make adjustments.

5.d. Other investments

This item has had the following changes:

2013	*Opening balance*		*Movements during the year*					*Closing position*	
	01.01.2013		*Increases*		*Decreases*		*Write-downs*	*31.12.2013*	
(in euro)	*no. shares*	*amount*	*no. shares*	*amount*	*no. shares*	*amount*	*amount*	*no. shares*	*amount*
KIWI.COM. SERVICOS DE CONSULTORIA S.A.	3,812,055	--	--	--	--	--	--	3,812,055	--
C IDC S.p.A. *(in liquidation and in composition with creditors)*	1,231,319	--	--	--	--	--	--	1,231,319	--
Total		--	--	--	--	--	--		--

2014	*Opening balance*		*Movements during the year*					*Closing position*	
	01.01.2014		*Increases*		*Decreases*		*Write-downs*	*31.12.2014*	
(in euro)	*no. shares*	*amount*	*no. shares*	*amount*	*no. shares*	*amount*	*amount*	*no. shares*	*amount*
KIWI.COM. SERVICOS DE CONSULTORIA S.A.	3,812,055	--	--	--	--	--	--	3,812,055	--
C IDC S.p.A. *(in liquidation and in composition with creditors)*	1,231,319	--	--	--	--	--	--	1,231,319	--
Total		--		--	--		--		--

These investments were already fully written down in previous years.

Pursuant to art. 87 of the Income Tax Code, note that the above investments were recorded under financial assets in previous financial statements prepared in accordance with local GAAP.

5.e. Other receivables

This item includes the following:

(in euro)	*31.12.2014*	*31.12.2013*
Due from the Treasury	101,912	96,880
Other receivables	15,141	15,141
Total	117,053	112,021

5.f. Securities

This item includes the following:

(in euro)	31.12.2014	31.12.2013
Available-for-sale securities		
Investment funds	18,577,792	14,968,059
Total	18,577,792	14,968,059

The year-end measurement at fair value of available-for-sale securities led to a positive adjustment of € 5,034,134 which was recognised directly in equity.

6. CURRENT ASSETS

6.a. Other receivables

This item includes the following:

(in euro)	31.12.2014	31.12.2013
Due from the Treasury	103,537	60,678
Other receivables	112,034	78,526
Other receivables with related parties	98,291	148,534
Total	313,862	287,738

The increase in receivables was mainly due to IRES receivable from tax Authorities.

6.b. Securities

This item consists of the following categories of securities:

(in euro)	31.12.2014	31.12.2013
Available-for-sale securities		
Investment funds	2,620	2,458
Total	2,620	2,458
Securities held for trading		
Investments in other companies	2,562,126	1,023,994
Investment funds	8,563,825	8,608,937
Total	11,125,951	9,632,931
TOTAL SECURITIES	11,128,571	9,635,389

The year-end measurement at fair value of available-for-sale securities led to a positive adjustment of € 162 which was recognised directly in equity.

Measure of the fair value of securities held for trading at year end resulted in recognition in the income statement of a net negative adjustment of € 485,299.

6.c. Cash and cash equivalents

Cash and cash equivalents decreased by € 2,294,666 going from € 3,996,261 to € 1,701,595.

Changes are analysed in the statement of cash flows together with the changes in current bank borrowings.

7. EQUITY

7.a. Share capital

The share capital of € 359,604,959 consists of 719,209,918 ordinary shares with a par value of € 0.50 each and is fully subscribed and paid up. None of the shares are subject to any rights, privileges or limitations on the distribution of dividends.

7.b. Reserves

Changes in equity reserves are shown in the table on the next page.

In the interests of clarity, we have maintained the breakdown of reserves according to their origin as shown in the previous financial statements prepared in accordance with local GAAP.

The "fair value reserve" reflects the valuation of securities in current assets, classified as available for sale.

7.c. Retained earnings (losses)

The investment revaluation reserve that was used up to 31 December 2004 to value investments in subsidiaries under the equity method was initially reclassified to this item in accordance with international accounting standards.

Compared with 31 December 2013, this item has increased by € 1,062,171 due to allocation of part of the previous year's net income.

The information on how the various equity items can be used and distributed is shown in attachment no. 1).

CHANGES IN EQUITY RESERVES

(in euro)	Share premium reserve	Legal reserve	Merger surplus	Recovery of historical cost of investments	IAS FTA reserve	Fair value reserve	TOTAL
BALANCE AT 1 JANUARY 2013	5,044,115	22,353,466	42,975	133,069,943	243,375	1,077,484	161,831,358
Allocation of net income for 2012:							
. *Allocation of 2012 net income to reserves*	--	234,476	--	--	--	--	234,476
Changes in fair value reserve:							
. *Valuation at year-end fair value of available-for-sale securities*	--	--	--	--	--	(874,517)	(874,517)
BALANCE AT 31 DECEMBER 2013	5,044,115	22,587,942	42,975	133,069,943	243,375	202,967	161,191,317
Allocation of net income for 2013:							
. *Allocation of 2013 net income to reserves*	--	55,903	--	--	--	--	55,903
Changes in fair value reserve:							
. *Valuation at year-end fair value of available-for-sale securities*	--	--	--	--	--	5,034,296	5,034,296
. Deferred taxes on fair value at year end	--	--	--	--	--	-276,877	-276,877
BALANCE AT 31 DECEMBER 2014	5,044,115	22,643,845	42,975	133,069,943	243,375	4,960,386	166,004,639

8. NON-CURRENT LIABILITIES

8.a. Other borrowings

This item includes the following:

(in euro)	*31.12.2014*	*31.12.2013*
Secured bank loan	44,700,038	44,530,608
Total	44,700,038	44,530,608

During the year, the company arranged a new loan of Euro 45,000,000 from a leading bank. This loan, with a duration of three years expiring on 23 December 2016, accrues annual interest at 3-month Euribor plus a spread of 375 bps.

At the end of the year, the interest rate applied to the loan was 3.829%.

The loan covenants require the company to maintain a ratio of net borrowing to the total value of equity investments and securities held and not given in guarantee of less than 40%. This requirement has been met in full.

8.b. Other payables

This item includes the following:

(in euro)	*31.12.2014*	*31.12.2013*
Payables due beyond 12 months	34,582	34,582
Total	34,582	34,582

8.c. Deferred tax liabilities

This item includes the following:

(in euro)	*31.12.2014*	
	Total temporary differences	*Tax* effect
Valuation of securities available-for-sale	5,034,134	276,877
Total deferred taxes	5,034,134	276,877

Deferred tax liabilities are shown net of deferred tax assets, calculated taking into account the recoverability of carry-forward tax losses, as there is a legal right to offset these amounts. These deferred taxes are booked as a reduction of the fair value reserve.

8.d. Personnel provisions

Details and movements are as follows:

(in euro)	*31.12.2014*	*31.12.2013*
Employee leaving indemnity (TFR)	134,091	175,581
Total	134,091	175,581
Balance at 1 January 2014		175,581
Net change for the year		(41,284)
Taxes		(206)
Balance at 31 December 2014		134,091

9. CURRENT LIABILITIES

9.a. Bank overdrafts

Bank borrowings have increased by € 32 going from € 25 to € 57.

Changes are analysed in the statement of cash flows together with the changes in cash and cash equivalents.

9.b. Other borrowings

This item includes the following:

(in euro)	*31.12.2014*	*31.12.2013*
Interest Rate Swap contract	--	107,527
Bank loan	927,307	--
Total	927,307	107,527

During the year, the company arranged a new "revolving" loan for a maximum nominal amount of Euro 20,000,000 from a leading bank. This loan will expire on 11 December 2015, accrues annual interest at 3-month Euribor plus a spread of 250 bps

At the end of the year, the interest rate applied to the loan of nominal Euro 1,000,000 was 2.58%.

9.c. Trade payables

These refer to amounts due to suppliers, which have gone from € 245,171 to € 284,846.

9.d. Other payables

This item includes the following:

(in euro)	*31.12.2014*	*31.12.2013*
Due to the Treasury	1,442,653	1,531,083
Social security payables	14,716	25,891
Other payables	41,683	88,443
Total	1,499,052	1,645,417

Income Statement

10. SUNDRY REVENUES AND INCOME

This item includes the following:

(in euro)	*2014*	*2013*
Services to subsidiaries	349,760	957,000
Property income from subsidiaries	29,183	0
Property income	27,798	27,650
Other income and cost recoveries from third parties	14,148	144,745
Total	420,889	1,129,395

Services to subsidiaries relate to the operational and communication support provided to Cir S.p.A. at arm's-length conditions.

11. COSTS FOR THE PURCHASE OF GOODS

This reflects the value of the company's purchases of consumer goods.
They have gone from € 43,796 to € 39,201.

12. COSTS FOR SERVICES

This item includes the following:

(in euro)	*2014*	*2013*
Services from subsidiaries	302,194	463,600
Administrative, fiscal, legal and corporate consulting	581,398	578,740
Fees for corporate bodies	502,674	739,031
Other operating expenses	364,418	303,587
Total	1,750,684	2,084,958

Services from subsidiaries relate to the financial, legal and administrative assistance provided by Cir S.p.A. at arm's-length conditions.

13. PERSONNEL COSTS

Personnel costs have gone from € 609,798 to € 171,811. The following table shows the changes during the year in the number of employees by category:

	31.12.2013	*New hires*	*Resignations*	*31.12.2014*	*Average for the year*
Executives	--	--	--	--	--
Employees	3	--	1	2	2
Total	3	--	1	2	2

14. OTHER OPERATING EXPENSE

This item includes the following:

(in euro)	*2014*	*2013*
Taxes, duties and rights	102,062	76,936
Mandatory contributions and membership fees	113,529	108,356
Charities	232,500	232,500
Other charges and expenses	15,539	25,707
Total	463,630	443,499

15. DEPRECIATION, AMORTISATION AND WRITE-DOWNS

This item only includes the depreciation of tangible fixed assets, which increased from € 61,866 to € 65,474.

16. FINANCIAL INCOME

This item includes the following:

(in euro)	*2014*	*2013*
Interest income on bank deposits	14,696	47,716
Other financial income	31,172	776,038
Total	45,868	823,754

17. FINANCIAL EXPENSE

This item includes the following:

(in euro)	*2014*	*2013*
Interest and financial charges on bank loans	2,134,331	1,475,484
Interest and bank charges	2,963	19,144
Fees on stock market transactions	12,858	21,071
Total	2,150,152	1. 515,699

18. DIVIDENDS

This item includes the following:

(in euro)	*2014*	*2013*
Dividends from investments in other companies	29,939	--
Total dividends	29,939	--

19. GAINS FROM TRADING SECURITIES

This item includes the following:

(in euro)	*2014*	*2013*
Income from the liquidation of subsidiaries	--	184,078
Gains on trading investments in other companies	247,503	--
Gains from investment funds	1,313,873	661,572
Income from adjustment of derivatives to fair value at year end	107,527	450,260
Income from futures and options	--	234,450
Total	1,668,903	1,530,360

20. LOSSES FROM TRADING SECURITIES

This item includes the following:

(in euro)	*2014*	*2013*
Charges on futures and options	--	166,630
Total	--	166,630

21. ADJUSTMENTS TO FINANCIAL ASSETS

This item includes the following:

(in euro)	*2014*	*2013*
Revaluation of investment funds	--	2,708,797
Write-down of investment funds	(45,113)	--
Revaluation of equity investments in other companies	84,239	45,471
Write-downs of equity investments in other companies	(524,425)	(85,457)
Total	(485,299)	2,668,811

22. INCOME TAXES

This item includes the following:

(in euro)	*2014*	*2013*
Current taxes	--	108,000
Total	--	108,000

Deferred taxes have been booked as a reduction of the fair value reserve. These refer to the valuation of securities classified as available for sale. The amount was determined taking into account the recoverability of tax losses.

23. EARNINGS (LOSS) PER SHARE

Basic earnings or loss per share are determined by dividing net income for the period attributable to the ordinary shareholders by the weighted average number of ordinary shares in circulation. Diluted earnings or loss per share are 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 does not have any outstanding options or treasury shares, so diluted EPS per share is the same as basic EPS.
The following section provides information on the shares for the calculation of basic and diluted earnings or loss per share (in euro):

	2014	2013
Net income attributable to the shareholders	(2,960,652)	1,118,074
Weighted average number of ordinary shares in circulation	719,209,918	719,209,918
Earnings (loss) per share	**(0.0041)**	**0.0016**

	2014	2013
Comprehensive income attributable to the shareholders	1,796,767	243,557
Weighted average number of ordinary shares in circulation	719,209,918	719,209,918
Earnings (loss) per share	**0.0025**	**0.0003**

24. RELATED PARTY TRANSACTIONS

Information regarding the impact that related party transactions have on the financial and equity situation and on the result for the year are provided in the comment on the individual items of the financial statements.

In the "Other information" section of the Directors' report on operations there is a summary of the effects of these transactions.

25. NET FINANCIAL POSITION

In accordance with Consob Resolution no. 6064293 of 28 July 2006, the net financial position can be broken down as follows:

	(in euro)	31.12.2014	31.12.2013
A.	Cash and bank deposits	1,701,595	3,996,261
B.	Other cash equivalents	2,620	2,458
C.	Securities held for trading	11,125,951	9,632,931
D.	**Liquidity**	12,830,166	13,631,650
E.	Current financial receivables	0	0
F.	Current bank payables	57	25
G.	Current portion of non-current debt	0	0
H.	Other current borrowings	927,307	107,527
I.	Current financial debt (F) + (G) + (H)	927,364	107,552
J.	**Net current financial (surplus) debt (I) - (E) - (D)**	(11,902,802)	(13,524,098)
K.	Non-current bank borrowings	44,700,038	44,530,608
L.	**Non-current financial debt**	44,700,038	44,530,608
M.	**Net financial (surplus) debt (J) (L)**	32,797,236	31,006,510

26. OTHER INFORMATION

FINANCIAL RISK MANAGEMENT: ADDITIONAL DISCLOSURES (IFRS 7)

With regard to business risks, the main financial risks identified, monitored and actively managed by the Company are the following:

a) interest rate risk resulting from exposure to fluctuations in interest rates;
b) credit risk resulting from the potential default of a counterparty;
c) liquidity risk resulting from a lack of financial resources to meet short term commitments.

<u>Interest rate risk</u>

Fluctuation in interest rates affects the market value of financial assets and the level of net financial expenses.
The Company continuously monitors its exposure to interest rate risk and manages this risk by investing in financial instruments that are consistent with its long term funding through the floating-rate loan maturing in 2016.

Sensitivity analysis

A sensitivity analysis was not carried out on changes in interest rates as the company is marginally exposed to this risk, given that its debt is floating-rate hedged by a derivative.

<u>Credit risk</u>

Credit risk represents the Company's exposure to potential losses resulting from the failure of counterparties to meet their obligations. In relation in particular to financial counterparty risk resulting from the investment of liquidity and from derivative positions, counterparties are selected according to guidelines which set out the characteristics of the counterparties suitable for financial transactions. The list of possible counterparties includes both national and international companies with a high credit rating.
The Company has not encountered any cases of default by counterparties.
At 31 December 2014 there was no significant concentration of credit risk.

<u>Liquidity risk</u>

Liquidity risk is the risk that financial resources may not be available or may be available only at a monetary cost. At present, the company believes that it can meet its foreseeable borrowing requirements on the basis of its available resources and the expected future cash inflows and agreements already in place with the banking system.

<u>Measurement of financial assets and liabilities and fair value hierarchy</u>

In accordance with IFRS 7 and 13, we are obliged to indicate whether the fair value of securities is determined, in whole or in part, by direct reference to published price quotations in an active market ("Level 1"), or estimated using prices derived from market prices for similar assets or using valuation techniques for which all significant factors are derived from observable market data ("Level 2"), or by using valuation techniques that are based, to a considerable extent, on inputs not available on the market, which therefore involve estimates and assumptions on the part of management ("Level 3").
The following table classifies securities according to how their fair value was determined in 2014 and 2013 *(in euro)*:

2014	Level 1	Level 2	Level 3	Total
NON-CURRENT ASSETS				
Financial assets at fair value in equity				
Available-for-sale securities:				
- Investment funds	--	18,577,792	--	18,577,792
Total	--	*18,577,792*	--	*18,577,792*
Financial assets at fair value through profit and loss	--	--	--	--
Total securities	--	18,577,792	--	18,577,792
CURRENT ASSETS				
Financial assets at fair value in equity				
Available-for-sale securities:				
- Investment funds	--	2,620	--	2,620
Total	--	*2,620*	--	*2,620*
Financial assets at fair value through profit and loss				
Securities held for trading:				
- Investments in other companies	--	2,562,126	--	2,562,126
- Investment funds	--	8,563,825	--	8,563,825
Total	--	*11,125,951*	--	*11,125,951*
Total securities	--	11,128,571	--	11,128,571

2013	Level 1	Level 2	Level 3	Total
NON-CURRENT ASSETS				
Financial assets at fair value in equity				
Available-for-sale securities:				
- Investment funds	--	14,968,059	--	14,968,059
Total	--	*14,968,059*	--	*14,968,059*
Financial assets at fair value through profit and loss	--	--	--	--
Total securities	--	14,968,059	--	14,968,059
CURRENT ASSETS				
Financial assets at fair value in equity				
Available-for-sale securities:				
- Investment funds	--	2,458	--	2,458
Total	--	*2,458*	--	*2,458*
Financial assets at fair value through profit and loss				
Securities held for trading:				
- Investments in other companies	--	1,023,994	--	1,023,994
- Investment funds	--	8,608,937	--	8,608,937
Total	--	*9,632,931*	--	*9,632,931*
Total securities	--	9,635,389	--	9,635,389
CURRENT LIABILITIES				
Other borrowings				
- derivatives	--	107,527	--	107,527
Total other borrowings	--	107,527	--	107,527

In compliance with the requirements of accounting standard IFRS 7, the following charts give information regarding the various categories of financial assets and liabilities and the risk categories of financial instruments.

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES SHOWN IN THE FINANCIAL STATEMENTS 2014

(in thousands of euro)	*Items*	Carrying amount	*FVTPL assets designated as such on initial recognition*	*FVTPL assets classified as* held for trading	*Loans and* receivables	*Investments held* to maturity	*Available-for-sale financial assets*	*FVTPL liabilities designated as such* on initial recognition	*Liabilities at fair value through P&L classified as held for trading*	*Liabilities* at amortised cost	*Fair value at year end*	*Effect on the* income statement	*Effect on equity*
NON-CURRENT ASSETS													
Other receivables	5.e.	15	--	--	--	15	--		--	--	15	--	--
Securities	5.f.	18,578	--	--		--	18,578	--	--	--	18,578	--	4,757
CURRENT ASSETS													
Other receivables	6.a.	210	--	--		210	--	--	--	--	210	--	--
Securities	6.b.	11,129	--	11,126		--	3	--	--	--	11,129	1,591	--
Cash and cash equivalents	6.c.	1,702	--	--		1,702	--	--	--	--	1,702	45	--
NON-CURRENT LIABILITIES													
Other borrowings	8.a.	44,700								44,700	44,700	(2,091)	
Other payables	8.b.	35	--	--		--	--	--	--	35	35	--	--
CURRENT LIABILITIES													
Bank overdrafts	9.a.	--								--	--	(3)	
Other borrowings	9.b.	927	--	--	--	--	--	--	--	927	927	(43)	--
Trade payables	9.c.	285	--	--	--	--	--	--	--	285	285	--	--

Additional disclosures

"Other borrowings" in non-current liabilities relate to a floating-rate bank loan taken out during 2013.
"Other borrowings" in non-current liabilities relate to a floating-rate bank loan taken out during 2014.
The carrying amount is considered a reasonable approximation of its fair value.

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES SHOWN IN THE FINANCIAL STATEMENTS 2013

(in thousands of euro)	*Items*	*Carrying* amount	*FVTPL assets* *designated as such* on initial recognition	*FVTPL assets classified as* held for trading	Loans and receivables	*Investments held* to maturity	*Available-for-sale financial* assets	*FVTPL liabilities designated as such* on initial recognition	*Liabilities at fair value through P&L classified as held for trading*	*Liabilities* at amortised cost	*Fair value at year end*	*Effect on the* income statement	*Effect* on equity
NON-CURRENT ASSETS													
Other receivables	5.e.	15	--		15	--	--		--	--	15	--	--
Securities	5.f.	14,968	--		--	--	14,968	--	--	--	14,968	--	(848)
CURRENT ASSETS													
Other receivables	6.a.	227	--		227	--	--	--	--	--	227	--	--
Securities	6.b.	9,635	--	9,633	--	--	2	--	--	--	9,635	662	(27)
Cash and cash equivalents	6.c.	3,996	--		3,996	--	--	--	--	--	3,996	48	--
NON-CURRENT LIABILITIES													
Other borrowings	8.a.	44,531								44,531	44,531	(1,475)	
Other payables	8.b.	35	--		--	--	--	--	--	35	35	--	--
CURRENT LIABILITIES													
Bank overdrafts	9.a.	--	--		--	--				--	--	(19)	
Other borrowings	9.b.	108	--		--	--	--	108	--	--	108	--	--
Trade payables	9.c.	245	--		--	--	--	--	--	245	245	--	--

Additional disclosures

"Other borrowings" in non-current liabilities relate to a floating-rate bank loan taken out during the year.
The carrying amount is considered a reasonable approximation of its fair value.

RISK CATEGORIES - 2014

(in thousands of euro)	*Items*	*Carrying* amount	*Liquidity* risk	*Interest* rate risk	*Exchange* rate risk	*Credit* risk
NON-CURRENT ASSETS						
Other investments	5.d.	--	--	--	--	--
Other receivables	5.e.	15	--	--	--	15
Securities	5.f.	18,578				18,578
CURRENT ASSETS						
Other receivables	6.a.	210	--	--	--	210
Securities	6.b.	11,129	--	--	--	11,129
Cash and cash equivalents	6.c.	1,702				1,702
NON-CURRENT LIABILITIES						
Other borrowings	8.a.	44,700	44,700	--	--	--
Other payables	8.b.	35	35			--
CURRENT LIABILITIES						
Bank overdrafts	9.a.	--	--	--	--	--
Other borrowings	9.b.	927	927	--	--	--
Trade payables	9.c.	285	285	--	--	--

RISK CATEGORIES - 2014

(in thousands of euro)	*Items*	*Carrying* amount	*Liquidity* risk	*Interest* rate risk	*Exchange* rate risk	*Credit* risk
NON-CURRENT ASSETS						
Other investments	5.d.	--	--	--	--	--
Other receivables	5.e.	15	--	--	--	15
Securities	5.f.	14,968				14,968
CURRENT ASSETS						
Other receivables	6.a.	227	--	--	--	227
Securities	6.b.	9,635	--	--	--	9,635
Cash and cash equivalents	6.c.	3,996				3,996
NON-CURRENT LIABILITIES						
Other borrowings	8.a.	44,531	44,700	--	--	--
Other payables	8.b.	35	35			--
CURRENT LIABILITIES						
Bank overdrafts	9.a.	--	--	--	--	--
Other borrowings	9.b.	108	--	108	--	--
Trade payables	9.c.	245	245	--	--	--

CREDIT RISK - 2014

(in thousands of euro)

Position at 31 December 2014	*Items*	*Total* receivables	*Not yet due*	*Past due by>*	*0 - 30 days*	*30 - 60* days	*60 - 90* days	*over 90 days*	*Renegotiated*	*Write-downs*
Other non-current equity investments	5.d.									
Fair value		953	953	--	--	--	--	--	--	--
Provision for write-downs		(953)	(953)	--	--	--	--	--	--	--
Other non-current receivables	5.e.									
Gross receivable		15	15	--	--	--	--	--	--	
Provision for write-downs		--	--	--	--	--	--	--	--	--
Other current receivables	6.a.									
Gross receivable		210	210	--	--	--	--	--	--	--
Provision for write-downs		--	--	--	--	--	--	--	--	--
Total		225	225	--	--	--	--	--	--	--

CREDIT RISK – 2013

(in thousands of euro)

Position at 31 December 2013	*Items*	*Total* receivables	*Not yet due*	*Past due by>*	*0 - 30 days*	*30 - 60* days	*60 - 90* days	*over 90 days*	*Renegotiated*	*Write-downs*
Other non-current equity investments	5.d.									
Fair value		953	953	--				--	--	--
Provision for write-downs		(953)	(953)	--				--	--	--
Other non-current receivables	5.e.									
Gross receivable		15	15	--	--	--	--	--	--	
Provision for write-downs		--	--	--	--	--	--	--	--	--
Other current receivables	6.a.									
Gross receivable		227	227	--	--	--	--	--	--	--
Provision for write-downs		--	--	--	--	--	--	--	--	--
Total		242	242	--	--	--	--	--	--	--

LIQUIDITY RISK - 2014

(in thousands of euro)	*<1 year*	*>1 <2 Years*	*>2 <3 years*	*>3 <4 years*	*>4 <5 years*	*>5 years*	*Total*
Derivative financial liabilities	--	--	--	--	--	--	--
Non derivative financial liabilities							
Non-current liabilities							
Other borrowings	--	44,700	--	--	--	--	44,700
Other payables	--	--	--	--	--	35	35
Current liabilities							
Other borrowings	927	---	--	--	--	--	927
Trade payables	285	--	--	--	--	--	285
TOTAL	1,212	44,700	--	--	--	35	45,947

Given the special nature of the credit facility, "other borrowings" shows the carrying amount which is taken to represent liquidity risk.
At present, significant changes in the interest rate applied cannot reasonably been foreseeable.

LIQUIDITY RISK - 2013

(in thousands of euro)	<*1* year	>1 <2 Years	>2>3 years	>3>4 years	>4>5 years	>5 years	*Total*
Derivative financial liabilities	--	--	--	--	--	--	--
Non derivative financial liabilities							
Non-current liabilities							
Other borrowings	--	--	44,531	--	--	--	44,531
Other payables	--	--	--	--	--	35	35
Current liabilities							
Bank overdrafts	--	--	--	--	--	--	--
Trade payables	245	--	--	--	--	--	245
TOTAL	245	--	44,531	--	--	35	44,811

Given the special nature of the credit facility, "other borrowings" shows the carrying amount which is taken to represent liquidity risk.
At present, significant changes in the interest rate applied cannot reasonably been foreseeable.

GUARANTEES AND COMMITMENTS

In relation to the loan arranged during the year, shares in CIR with a total carrying amount of € 335,278,154 have been pledged to the lending bank.

MANAGEMENT AND COORDINATION ACTIVITY

Cofide is subject to management and coordination by Fratelli De Benedetti S.a.p.A. (formerly Carlo De Benedetti & Figli S.a.p.A.).

In accordance with art. 2497-bis of the Italian Civil Code, Attachment 2 provides a summary of the key figures from the latest approved financial statements of the company exercising management and coordination.

Attachment 1)

EQUITY - Possible use and distribution

(in euro)

Type	Amount	Possible use	Amount available
Share capital	359,604,959	=	=
Capital reserves:			
Share premium reserve	5,044,115	A, B	5,044,115
Merger surplus	42,975	A, B, C	42,975
Earnings reserves:			
Legal reserve	22,643,845	B	=
Retained earnings	36,430,706	A, B, C	36,430,706
Recovery of historical cost of investments	133,069,943	A, B, C	133,069,943
IAS FTA reserve	243,375	A, B, C	243,375
Fair value reserve	4,960,386	=	=
TOTAL			174,831,114
Non-distributable portion:			
Share premium reserve, as the legal reserve has not yet reached one-fifth of the share capital (art. 2431 Civil Code)			(5,044,115)
Distributable balance			169,786,999

KEY:
Possible use:
- A: for capital increases
- B: to cover losses
- C: for distribution to shareholders

Attachment 2)

SUMMARY OF KEY FIGURES FROM THE LATEST FINANCIAL STATEMENTS OF THE COMPANY THAT EXERCISES MANAGEMENT AND COORDINATION

The key figures from the financial statements of Fratelli De Benedetti S.a.p.A. at 31 December 2013 are as follows:

(in euro)

STATEMENT OF FINANCIAL POSITION

ASSETS		
B)	Fixed assets	245,309,424
C)	Current assets	124,660
Total assets		245,434,084

LIABILITIES		
A)	EQUITY	
	Share capital	170,820,000
	Reserves	17,372,963
	Net income (loss) for the year	(2,281,802)
D)	PAYABLES	59,522,923
Total liabilities		245,434,084

MEMORANDUM ACCOUNTS	242,680,369

Income Statement

B)	Costs of production	(354,914)
C)	Financial income and (expense)	(1,926,322)
D)	Extraordinary income and (expense)	(566)
	Income taxes for the year	--
	Net income (loss) for the year	(2,281,802)

Separate financial statements of the direct subsidiary

at 31 December 2014

Cir S.p.A.

1. Statement of financial position

(in euro)

ASSETS		%(**)	31.12.2014		%(**)	31.12.2013
NON-CURRENT ASSETS			**1,036,056,445**			**1,305,993,961**
INTANGIBLE ASSETS			87,075			57,732
TANGIBLE ASSETS			2,593,248			2,722,826
INVESTMENT PROPERTY			15,255,491			15,827,313
EQUITY INVESTMENTS			764,224,676			1,005,340,533
OTHER RECEIVABLES			245,702,361			282,045,557
of which with related parties (*)	*245,348,090*	99.9		*281,856,804*	99.9	
DEFERRED TAXES			8,193,594			--
CURRENT ASSETS			**86,303,362**			**282,799,094**
OTHER RECEIVABLES			39,071,320			43,222,972
of which with related parties (*)	*20,897,176*	53.5		*26,512,974*	61.3	
FINANCIAL RECEIVABLES			--			--
of which with related parties (*)	--	--		--	--	
SECURITIES			--			--
CASH AND CASH EQUIVALENTS			47,232,042			239,576,122
TOTAL ASSETS			**1,122,359,807**			**1,588,793,055**

LIABILITIES AND EQUITY		%(**)	31.12.2014		%(**)	31.12.2013
EQUITY			**1,068,070,075**			**1,097,825,178**
SHARE CAPITAL ISSUED			397,146,184			397,146,184
less TREASURY SHARES			(27,282,907)			(24,764,288)
SHARE CAPITAL			369,863,277			372,381,896
RESERVES			366,729,209			361,081,558
RETAINED EARNINGS (LOSSES)			358,854,045			208,995,463
NET INCOME (LOSS) FOR THE YEAR			(27,376,456)			155,366,261
NON-CURRENT LIABILITIES			**855,706**			**324,672,810**
BONDS			--			286,982,300
DEFERRED TAXES			--			37,082,036
PERSONNEL PROVISIONS			855,706			608,474
CURRENT LIABILITIES			**53,434,026**			**166,295,067**
BANK OVERDRAFTS			--			--
BORROWINGS			--			--
of which from related parties (*)	--	--		--	--	
OTHER PAYABLES			40,418,679			153,279,720
of which to related parties (*)	*30,141,264*	74.6		*110,318,626*	72.0	
PROVISIONS FOR RISKS AND LOSSES			13,015,347			13,015,347
TOTAL LIABILITIES AND EQUITY			**1,122,359,807**			**1,588,793,055**

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

2. Income Statement

(in euro)

		%(**)	2014		%(**)	2013
SUNDRY REVENUES AND INCOME			4,146,014			6,794,426
of which sundry revenues and income with related parties (	*3,416,169*	*82.4*		*5,546,037*	*81.6*	
COSTS FOR SERVICES			(9,429,034)			(41,248,628)
of which from related parties (*)	*(349,760)*	*3.7*		*(957,000)*	*2.3*	
PERSONNEL COSTS			(7,055,007)			(6,800,932)
of which from related parties (*)	*(44,729)*	*0.6*		*(120,006)*	*1.8*	
OTHER OPERATING EXPENSE			(2,205,118)			(2,019,153)
AMORTISATION, DEPRECIATION & WRITE-DOWNS			(747,133)			(742,476)
EBIT			**(15,290,278)**			**(44,016,763)**
FINANCIAL INCOME			9,603,779			29,819,928
of which with related parties (*)	*7,950,858*	*82.8*		*5,124,940*	*17.2*	
FINANCIAL EXPENSE			(11,849,412)			(17,332,039)
DIVIDENDS			7,613,738			32,963,830
of which from related parties (*)	*7,579,959*	*99.6*		*32,933,693*	*99.9*	
GAINS FROM TRADING SECURITIES			--			114,756
LOSSES FROM TRADING SECURITIES			(23,750,720)			(23,746)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			(4,409,420)			(209,559,729)
NON-RECURRING INCOME (EXPENSE)			--			491,312,306
INCOME (LOSS) BEFORE TAXES			**(38,082,313)**			**283,278,543**
INCOME TAXES			10,705,857			(127,912,282)
NET INCOME (LOSS) FOR THE YEAR			**(27,376,456)**			**155,366,261**
BASIC EARNINGS (LOSS) PER SHARE (in euro)			(0.0368)			0.2089
DILUTED EARNINGS (LOSS) PER SHARE (in euro)			(0.0368)			0.2089

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

COFIDE
Gruppo De Benedetti

CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS OF D.LGS 58/98

1. The undersigned, Rodolfo De Benedetti, the Chairman, and Giuseppe Gianoglio, the executive responsible for the preparation of the financial statements of Cofide S.p.A., hereby certify, also taking into account the provisions of art. 154 -bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

   - the appropriateness, in relation to the characteristics of the business, and
   - effective application of the administrative and accounting procedures for the preparation of the financial statements during the course of 2014.

2. In this respect, no significant issues have arisen which need to be reported.

3. We also certify that the financial statements:

   - 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 report on operations 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, 9 March 2015

Rodolfo De Benedetti
Chairman

Giuseppe Gianoglio
Executive responsible for the preparation
of the company's financial statements

LIST OF EQUITY INVESTMENTS

AT 31 DECEMBER 2014

Persuant to Art. 38.2 Italian Legislative Decree 127/91

SUBSIDIARIES CONSOLIDATED USING THE FULL LINE-BY-LINE METHOD

(in euro or fereign currency)

Name of Company	Registered office	Share Capital	Currency	Parent Companies	% of ownership
COFIDE GROUP					
CIR S.p.A. (*)	Italy	397,146,183.50	€	COFIDE S.p.A.	45.80
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.	Switzerland	1,995,000.00	Chf	CIR S.p.A.	89.97
SOUTHLANDS S.r.l.	Italy	100,000.00	€	LAKE LEMAN INTERNATIONAL SCHOOL S.A.	100.00
SORGENIA GROUP					
SORGENIA HOLDING S.p.A.	Italy	139,056,214.00	€	CIR S.p.A.	65.03
SORGENIA S.p.A.	Italy	9,214,353.00	€	SORGENIA HOLDING S.p.A.	81.57
ENERGIA ITALIANA S.p.A.	Italy	26,050,000.00	€	SORGENIA S.p.A.	78.00
EOLICA BISACCIA S.r.l.	Italy	50,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA POWER S.p.A.	Italy	20,100,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA NEXT S.r.l.	Italy	10,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA PUGLIA S.p.A.	Italy	11,150,778.00	€	SORGENIA S.p.A.	100.00
RACOON S.r.l.	Italy	20,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA TRADING S.p.A.	Italy	20,000,000.00	€	SORGENIA S.p.A.	100.00
NOVENTI VENTURES II LP	United States	34,778,408.00	$USA	SORGENIA S.p.A.	69.47
SORGENIA E&P S.p.A.	Italy	64,000,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA INTERNATIONAL B.V.	Netherlands	64,000,000.00	€	SORGENIA E&P S.p.A.	100.00
SORGENIA GREEN S.r.l.	Italy	2,000,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA CASTELNUOVO DI CONZA S.r.l.	Italy	115,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA SAN GREGORIO MAGNO S.r.l.	Italy	110,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA MINERVINO S.p.A.	Italy	1,700,000.00	€	SORGENIA GREEN S.r.l.	75.00
SORGENIA SAN MARTINO IN PENSILIS S.r.l.	Italy	110,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA VENTO S.r.l.	Italy	50,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA GEOTHERMAL S.r.l.	Italy	10,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA BONEFRO S.r.l.	Italy	110,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA CAGGIANO S.r.l.	Italy	110,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA CAMPAGNA S.r.l.	Italy	110,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA HYDRO S.r.l. (GiàTORRE MAGGIORE WIND POWER S.r.l.)	Italy	75,000.00	€	SORGENIA S.p.A	100.00
SORGENIA ROMANIA S.r.l.	Romania	76,008,593.00	Ron	SORGENIA S.p.A.	100.00
SORGENIA SOLAR S.r.l.	Italy	100,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA FRANCE S.A.S.	France	2,000,000.00	€	SORGENIA GREEN S.r.l.	100.00
CASTELVETERE WIND S.r.l. (già SORGENIA CASTEVETERE S.r.l.)	Italy	60,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA RICIGLIANO S.r.l.	Italy	60,000.00	€	SORGENIA GREEN S.r.l.	100.00

(*) 49.18 % net of own shares held as tresury stock

Name of Company	Registered office	Share Capital	Currency	Parent Companies	% of ownership
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
ALL MUSIC S.p.A.	Italy	6,500,000.00	€	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.	56.07
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	36,000,000.00	€	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
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
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

(*) 56.05 % net of own shares held as tresury stock
(**) 57.74 % net of own shares held as tresury stock

Name of Company	Registered office	Share Capital	Currency	Parent Companies	% of ownership
S.ARA COMPOSITE S.A.S.	France	8,500,000.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	94.12
SOGEFI M.N.R. FILTRATION INDIA Pvt Ltd	India	15,940,980.00	Inr	FILTRAUTO S.A.	60.00
ALLEVARD IAI SUSPENSIONS PRIVATE Ltd	India	276,127,820.00	Inr	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	73.91
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
SYSTÈMES MOTEURS INDIA Pvt. Ltd.	India	127,636,860.00	Inr	SYSTÈMES MOTEURS S.A.S.	99.91
				SYSTÈMES MOTEURS CHINA S.à.r.l.	0.09
					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
SOGEFI ENGINE SYSTEMS (SHANGHAI) Co. Ltd in liquidazione (giàMARK IV (Shanghai) TRADING Co. Ltd)	China	5,000,000.00	Rmb	SOGEFI ENGINE SYSTEMS HONG KONG	100.00
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
CLEARVIEW HEALTHCARE LTD	India	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

Name of Company	*Registered office*	*Share Capital*	*Currency*	*Parent Companies*	*% of ownership*
KOS SERVIZI SOCIETÀ CONSORTILE a.r.l.	Italy	115,000.00	€	KOS S.p.A	3.68
				RESIDENZE ANNI AZZURRI S.r.l.	46.11
				ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	34.78
				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
				VILLA ROSA S.r.l.	2.15
					100.00
CIR INTERNATIONAL GROUP					
CIR VENTURES L.P.	United States	20,459,227.00	$USA	CIR INTERNATIONAL S.A.	99.20

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

CONSOLIDATED USING THE EQUITY METHOD

(in euro o valuta)

Name of Company	Registered office	Share Capital	Currency	Parent Companies	% of ownership
CIR GROUP					
DEVIL PEAK S.r.l.	Italy	69,659.00	€	NEXENTI S.r.l.	36.16
SORGENIA GROUP					
TIRRENO POWER S.p.A.	Italy	91,130,000.00	€	ENERGIA ITALIANA S.p.A.	50.00
GICA S.A.	Switzerland	4,000,000.00	Chf	SORGENIA S.p.A.	25.00
FIN GAS S.r.l.	Italy	10,000.00	€	SORGENIA S.p.A.	50.00
LNG MED GAS TERMINAL S.r.l.	Italy	31,093,955.00	€	FIN GAS S.r.l	70.78
SORGENIA FRANCE PRODUCTION S.A.S.	France	10,602,360.00	€	SORGENIA FRANCE S.A.S.	50.00
PARC ÉOLIEN DE LA VOIE SACRÉE S.A.S.	France	74,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	24.86
PARC ÉOLIEN D'EPENSE S.A.S.	France	802,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	25.00
VOLTERRA A.E.	Greece	3,609,402.00	€	SORGENIA S.p.A.	50.00
SOCIÉTÉ FRANÇAISE DES ALIZÉS S.a.r.l.	France	580,125.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE SAINT CRÉPIN S.A.S.	France	1,657,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE L'ARGONNE S.A.S.	France	2,179,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE CÔTE DE CHAMPAGNE SUD S.A.S.	France	120,300.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE CÔTE DE CHAMPAGNE S.A.S.	France	871,600.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE BERNAY ST MARTIN S.A.S.	France	1,493,700.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.A.S.	France	9,757,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE LONGEVILLE SUR MER S.A.S.	France	37,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE L'ORME CHAMPAGNE S.A.S.	France	37,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIENS DU NORD PAS-DE-CALAIS S.A.S.	France	400,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE BOUILLANCOURT EN SÉRY S.A.S.	France	53,700.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE LEFFINCOURT S.A.S.	France	4,537,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC D'AULNAY L'AÎTRE S.A.S.	France	37,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE BUSSY LE REPOS S.A.S.	France	10,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE LA TIERACHE S.A.S.	France	10,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE PLAINCHAMP S.A.S.	France	3,037,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE BLOMBAY L'ECHELLE S.A.S.	France	50,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE SOURCE DE L'HERBISSONNE S.A.S.	France	10,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE SEUIL MONT LAURENT S.A.S.	France	10,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	100.00
PARC ÉOLIEN DE MAURECHAMPS S.A.S.	France	1,117,000.00	€	HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.A.S.	100.00
PARC ÉOLIEN DE RAIVAL S.A.S.	France	1,117,000.00	€	HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.A.S.	100.00
PARC ÉOLIEN DE LA VALETTE S.A.S.	France	1,117,000.00	€	HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.A.S.	100.00
PARC ÉOLIEN DE VILLER S.A.S.	France	577,000.00	€	HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.A.S.	100.00
ILIOFANIA A.E.	Greece	300,000.00	€	VOLTERRA A.E.	100.00

Name of Company	Registered office	Share Capital	Currency	Parent Companies	% of ownership
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.	47.56
SWISS EDUCATION GROUP AG	Switzerland	92,006,742.00	CHF	CIR INTERNATIONAL S.A.	17.39
GRUPPO KOS					
APOKOS REHAB PVT Ltd	India	34,999,880.00	Inr	KOS S.p.A.	50.00

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

CONSOLIDATED AT COST (*)

(in euro or foreign currency)

Name of Company	*Registered office*	*Share Capital*	*Currency*	*Parent Companies*	*% of ownership*
GRUPPO SORGENIA					
E-ENERGY S.r.l.	Italy	15,000.00	€	SORGENIA S.p.A.	20.00
OWP PARC ÉOLIEN DU BANC DES OLIVES S.A.S.	France	10,000.00	€	SORGENIA FRANCE PRODUCTION S.A.S.	20.00
P&F Società agricola S.r.l.	Italy	10,000.00	€	SORGENIA S.p.A.	100.00
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
CONSORZIO OSPEDALE DI OSIMO	Italy	20,000.00	€	ABITARE IL TEMPO S.r.l.	24.70
GRUPPO CIR INTERNATIONAL					
PHA – Participations Hotelieres Astor *(In liquidazione)*	France	12,150.00	€	CIR INTERNATIONAL S.A.	99.98
KTP GLOBAL FINANCE MANAGEMENT S.A.	Luxembourg	31,000.00	€	CIR INTERNATIONAL S.A.	46.00

(*) investments which are non-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 Companies	% 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
CERT – CONSORZIO EMITTENTI RADIO TELEVISIVE	Italy	178,564.00	€	RETE A S.p.A.	6.67
CONSORZIO COLLE MADDALENA	Italy	62,224.08	€	RETE A S.p.A.	4.17
CONSORZIO ANTENNA COLBUCCARO	Italy	180,000.00	€	RETE A S.p.A.	8.89
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
GRUPPO SOGEFI					
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
GRUPPO KOS					
FONDO SPAZIO SANITÀ	Italy	18,000,000.00	€	IST. DI RIABILITAZIONE S. STEFANO S.r.l.	1.11
			€	VILLA ROSA S.r.l.	1.11
			€	RESIDENZE ANNI AZZURRI S.r.l.	2.78
					5.00

(*) Investements of less than 20%

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 Companies***	***% of ownership***
GRUPPO CIR					
FINAL S.A. *(in liquidazione)*	France	2,324,847.00	€	CIGA LUXEMBOURG S.à.r.l.	47.73
GRUPPO CIR INTERNATIONAL					
FOOD CONCEPTS HOLDING SA	Luxembourg	5,540,513.00	€	CIR INTERNATIONAL S.A.	19.00

REPORT OF THE BOARD OF STATUTORY AUDITORS

COFIDE S.p.A.

REPORT OF THE BOARD OF STATUTORY AUDITORS IN ACCORDANCE WITH ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/1998

To the Shareholders of COFIDE S.p.A.

During the year ended 31 December 2014 we performed the monitoring activities required of us by the applicable laws and regulations, in accordance with the Principles of Conduct for Statutory Auditors recommended by the National Council of Business Consultants and Accountants and the guidelines of the Code of Conduct issued by the Corporate Governance Committee of Borsa Italiana S.p.A. In preparing this report, we took account of the above and of the recommendations made by Consob on the matter.

The directors have informed you, in the Report on operations and the explanatory notes accompanying the financial statements, about the most significant transactions that took place during the year and subsequent to year end, in particular, the transactions involving Sorgenia SpA, an indirect subsidiary, which led to the preparation of a debt restructuring plan with banks, pursuant to art. 182-bis of the Bankruptcy Law, as approved by the Milan Court in February 2015. This complex procedure was concluded on 27 March 2015 with the exit of CIR S.p.A. from the share capital of the subsidiary.Given all of the above, having regard for the manner in which the activities for which it is responsible were performed during the year, the members of the Board of Statutory Auditors confirm that:

- we attended all Meetings held during the year of the Shareholders and the Board of Directors. We obtained from the Directors timely and full information on operations and on the more significant transactions from an economic and financial point of view entered into by the Company and its subsidiaries, in accordance with the law and the articles of association; we attended, through one or more Statutory Auditors, all meetings of the Audit and Risk Committee, the Appointment and Compensation Committee;
- we obtained the knowledge required to carry out our duties regarding compliance with the law and the articles of association, respect for the principles of sound administration and the adequacy of the Company's organisational structure through direct investigation, collecting data and information from the heads of department involved and from an exchange of key data and information with the independent auditors;
- we exercised the functions of the Board of Statutory Auditors which art. 19 of Legislative Decree no. 39/2010 identifies as those of the "Internal Control and Audit Committee";

- pursuant to Decree no. 39/2010, we carried out the surveillance activities indicated therein with reference to the financial reporting process, the effectiveness of internal control systems, risk management, the statutory audit of annual and consolidated accounts and the independence of the firm carrying out the legal audit, by means of direct investigation, obtaining information from the heads of department, and analysing the results of the work carried out by the independent auditors;
- as a consequence, we received the results of the auditors' quarterly checks that the accounts were being kept correctly, we received from the auditors the reports provided by art. 14 and art. 19, paragraph 3, of Legislative Decree no. 39/2010, the "Annual confirmation of their independence" pursuant to art. 17, paragraph 9, letter a) of Legislative Decree no. 39/2010 and we analysed, in accordance with art. 17, paragraph 9, letter b) of Legislative Decree no. 39/2010, the risks relating to the independence of the audit firm and the measures taken by it to limit such risks;
- pursuant to art. 149, paragraph 1. lett. d) of TUF, we monitored the effectiveness of the internal control system on subsidiaries and the adequacy of the instructions given to them, also in terms of art. 114, paragraph 2, of Legislative Decree no. 58/1998.
- we checked that the rules of corporate governance foreseen in the Code of Conduct for Listed Companies issued by Borsa Italiana S.p.A. were being put into practice by the Company;
- supervised compliance with the procedure for the Company's related party transactions with the principles contained in the Consob Regulations approved by resolution no. 17221 of 12 March 2010 and subsequent amendments, as well as compliance with the procedure itself;
- we checked that the supervisory bodies of the company's subsidiaries did not have any significant matters to communicate, except for information relating to Sorgenia SpA;
- we checked that the provisions of current law and regulations were being complied with in the preparation and format of the separate and consolidated financial statements, including all accompanying documents, which include, among other things, the information referred to in the regulations issued jointly by the Bank of Italy, Consob and Isvap;
- we verified that the procedures performed to test whether any assets had suffered impairment were adequate from a methodological viewpoint, particularly with reference to the assets that were written down;
- we verified that the Report on Operations for the year complies with current laws and regulations and is consistent with the resolutions adopted by the Board of Directors.

During the course of our monitoring activities, carried out as explained above, no significant facts emerged requiring notification to the Supervisory Bodies nor do we have any proposals to make regarding the financial statements, their approval or any other matters relating to our mandate.

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The specific indications that this report has to provide are listed below, in accordance with Consob Communique of 6 April 2001 and subsequent updates.

- We obtained sufficient information on the more significant transactions from an economic and financial viewpoint entered into by the Company and subsidiaries, checking that they were in accordance with the law and the articles of association; the Directors supplied adequate information in the Report on operations, we also obtained information and ensured that the transactions approved and/or put in place were not clearly imprudent, rash, in contrast with resolutions adopted, in potential conflict of interest or in any way likely to compromise the integrity of the Company's assets.
- Adequate information was given to us regarding intercompany and related-party transactions. Based on the information gathered, we ascertained that these transactions complied with the law and with the articles of association, were in the interests of the Company and did not give rise to any doubts as to the correctness and completeness of the information given in the financial statements, the existence of situations of conflict of interest, the protection of the Company's assets or the safeguarding of minority shareholders; the periodic checks and verification work carried out at the Company did not identify any atypical and/or unusual transactions, except with regard to the restructuring of the Sorgenia group.
- In the report on operations, the Directors have given adequate information on the main transactions entered into between COFIDE S.p.A., the companies belonging to the Group and/or related parties, stating that these transactions took place at "arm's-length" (i.e. normal market) conditions, also considering the quality and type of services provided; the documents accompanying the separate financial statements for 2013 give the appropriate details about the balance sheet and economic effects of such transactions.
- Today, Deloitte & Touche S.p.A. issued its audit reports on the separate and consolidated financial statements for the year ended 31 December 2014, including their opinion regarding their consistency as required by art. 14, paragraph 2, letter e) of Legislative Decree no. 39/2010, without any objections or highlighting any particular matters.
- The report on the "key matters" identified during the legal audit and any "significant weaknesses" identified in the system of internal control governing the financial reporting process, prepared by the auditing firm pursuant to art. 19, para. 3, of Legislative Decree no. 39/2010, does not highlight significant weaknesses in the system of control and provides broad information about the effects of the "Sorgenia matter" on the formation of the financial statements.
- During 2014, we did not receive any complaints pursuant to art. 2408 of the Italian Civil Code.
- During the year ended 31 December 2014, COFIDE S.p.A. appointed the independent auditors to carry out non-audit services relating to verification activities with a view to issuing certificates, for fees totalling Euro 2,000. During the same year, the subsidiaries appointed the

independent auditors to carry out non-audit services involving verification activities with a view to issuing certificates, for fees totalling Euro 310,000 and other services, for fees totalling Euro 278,000. The subsidiaries of COFIDE S.p.A. also appointed entities belonging to the Deloitte network to perform other services for fees totalling Euro 253,000. These fees are appropriate for the size and complexity of the work performed and do not appear to be of such a size as to affect the independence and autonomy of the auditors in carrying out their audit functions;

- During the year, we issued opinions in accordance with art. 2389 of the Civil Code.;
- During 2014, the Board of Directors met 8 times, the Audit and Risk Committee met 6 times, the Appointment and Compensation Committee met 2 times while no meetings of the Related Party Transactions Committee were held; the Board of Statutory Auditors met 8 times during the year.
- We have no particular observations to make concerning compliance with the principles of correct administration, because these appear to have been constantly observed, or concerning the adequacy of the organisational structure, which we found to be suitable to meet the operating, managerial and control needs of the Company.
- The system of internal control appeared to be adequate for the size and type of operations of the Company, as we also ascertained at meetings of the Audit and Risk Committee, all of which were attended by a member of the Board of Statutory Auditors.
- We have no observations to make regarding the adequacy of the administrative and accounting system or its reliability to represent operating events correctly. as regards the accounting information presented in the separate and consolidated financial statements for the year ended 31 December 2014, it has been certified without any significant matters raised, by the Chairman of the Board of Directors and by the Executive responsible for the preparation of the company's financial statements in accordance with art. 154-bis, paragraph 5 of Legislative Decree no. 58/1998 and art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions.
- We have no observations to make regarding the adequacy of information flows from the subsidiaries to the Parent Company to ensure the timely fulfillment of communication obligations required by law.
- During the regular exchanges of information and data between the Board of Statutory Auditors and the Independent Auditors, no further aspects emerged that need to be highlighted in this report.
- The Company has substantially adhered to the recommendations contained in the Code of Conduct prepared by the Committee for the Corporate Governance of Listed Companies and has illustrated its corporate governance model in the Report on this subject, also prepared in accordance with art. 123-bis of Legislative Decree no. 58/1998. To the extent of our responsibilities, we have monitored the way in which the rules of corporate governance required

by the Code of Conduct adopted by the Company are actually being implemented, ensuring among other things that the Corporate Governance Report contained the results of the regular check that the Board of Statutory Auditors has the necessary requisites of independence, which are determined on the same basis as for Directors. In relation to the matters laid down in Legislative Decree no. 231/2001, the Company has adopted, implemented and maintained an "Organisational Model" of behaviour and governance of its activities, and has established the Supervisory Body envisaged in the legislation which comprises the members of the Board of Statutory Auditors. The Company has also adopted a Code of Ethics.

- Our monitoring activities were carried out on a routine basis during 2014 and did not reveal any omissions, facts that could be censured or any irregularities worthy of note.

On completion of the surveillance activity that we carried out during the year, we do not have any proposals to make as per art. 153, paragraph 2, of Legislative Decree no. 58/1998 regarding the separate financial statements at 31 December 2014, on their approval or on any other matter within our area of responsibility, just as we have no observations to make on the allocation of the net profit for the year proposed by the Board of Directors.
2 April 2015

THE BOARD OF STATUTORY AUDITORS

Riccardo Zingales – Chairman of the Board of Statutory Auditors

Antonella Dellatorre – Statutory Auditor

Tiziano Bracco – Statutory Auditor

REPORT OF THE INDIPENDENT AUDITORS

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
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AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
COFIDE – Gruppo De Benedetti S.p.A.

1. We have audited the consolidated financial statements of COFIDE – Gruppo De Benedetti S.p.A. and subsidiaries (the "COFIDE Group"), which comprise the statement of financial position as of December 31, 2014, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and the related explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   The financial statements present for comparative purposes prior year data. As explained in the notes to the consolidated financial statements, the Directors have restated certain comparative data related to the prior year's consolidated financial statements with respect to the data previously reported and audited by us, on which we issued auditors' reports dated June 7, 2014. We have examined the methods used to restate the prior year comparative data and related disclosures included in the notes to the consolidated financial statements for the purpose of expressing an opinion on the consolidated financial statements as of December 31, 2014.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of COFIDE Group as of December 31, 2014, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005.

4. The Directors of COFIDE – Gruppo De Benedetti S.p.A. are responsible for the preparation of the report on operations and the annual report on corporate governance, published in the section "Corporate Governance" of COFIDE – Gruppo De Benedetti S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on corporate governance are consistent with the consolidated financial statements of COFIDE Group as of December 31, 2014.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Milan, Italy
April 2, 2015

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

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AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
COFIDE – Gruppo De Benedetti S.p.A.

1. We have audited the financial statements of COFIDE – Gruppo De Benedetti S.p.A., which comprise the statement of financial position as of December 31, 2014, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and the related explanatory notes. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's financial statements, whose data are presented for comparative purposes, reference should be made to our auditors' report issued on June 7, 2014.

3. In our opinion, the financial statements give a true and fair view of the financial position of COFIDE – Gruppo De Benedetti S.p.A.. as of December 31, 2014, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005.

4. The Directors of COFIDE – Gruppo De Benedetti S.p.A. are responsible for the preparation of the report on operations and the annual report on corporate governance, published in the section "Corporate Governance" of COFIDE – Gruppo De Benedetti S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and

paragraph 2, letter b) in the annual report on corporate governance, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on corporate governance are consistent with the financial statements of COFIDE – Gruppo De Benedetti S.p.A. as of December 31, 2014.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Milan, Italy
April 2, 2015

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