COFIDE
Gruppo De Benedetti

CONSOLIDATED FINANCIAL STATEMENTS, SEPARATE FINANCIAL STATEMENTS AND REPORT ON OPERATIONS 2015

CONTENTS

This Annual Report and Financial Statements as of 31 December 2015 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.

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.p.A.

Registered office and operations centre
20121 Milan, Via Ciovassino 1
Tel. (02) 72270.1 Fax (02) 72270.270

Administrative office
10129 Turin, Via Valeggio 41
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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.p.A.

NOTICE OF ANNUAL GENERAL MEETING

The Shareholders are invited to attend the Ordinary Annual General Meeting on April 28 2016 at 4.00 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 29 2016, same time and place**, to discuss and pass resolution on the following

AGENDA

1. Financial Statements for the year ended December 31 2015. Resolutions on the same. Presentation of Consolidated Financial Statements for the year ended December 31 2015.
2. Determination of the number of Directors, appointment of the members of he Board of Directors for the years 2016-2018 and decisions as to their fees.
3. Award of the mandate for the legal audit of the accounts for the years 2017-2025; decision as to the fees for the same.
4. Proposal to cancel the resolution of April 27 2015 regarding the authorization to buy back and dispose of own shares and proposal for a new authorization.
5. Compensation Report.

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. 83-*sexies* of D.Lgs. no. 58/98 and subsequent amendments and additions (TUF) – in favour of the individual who has the right to vote based on evidence available at the close of business Tuesday April 19 2016, 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 joint Consob/Bank of Italy Measure of October 22 2013, 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 the 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 Tuesday April 26 2016 for the first call and by Wednesday April 27 2016 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 26 2016.
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-*bis* 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.

APPOINTMENT OF THE BOARD OF DIRECTORS

In relation to the second item on the Agenda, notice is given that with the coming Annual General Meeting the mandate of the Board of Directors will come to an end. At the said meeting, therefore, new members will be appointed for the years 2016-2018, as per the terms of Art. 147-*ter* of the TUF and Art. 11 of the Company Bylaws to which reference should be made.
The Directors are appointed by the Shareholders' Meeting on the basis of lists presented by the Shareholders which list the candidates in numerical order.
Only Shareholders who alone or together with other Shareholders represent at least 2.5% (two point five per cent) of the share capital can present lists. The lists, signed by the Shareholder or

Shareholders who have presented them, even by one of them delegated to do so by the other, accompanied by the required documentation, must be filed by the presenting Shareholders with the Registered Office of the Company or sent to the following certified email address: segre@legalmail.it by April 3 2016 and will be published in accordance with current regulations. Since this date falls on a Sunday, lists will be accepted by fax to the number 0272270326, provided that they are then delivered to the Company Headquarters by April 4 2016.
A Shareholder or a group of Shareholders cannot present or vote for more than one list, even through an intermediary or a fiduciary company. Nobody can be a candidate on more than one list and acceptance of candidature on more than one list means that that person cannot be elected.
Lists that include a number of candidates equal to or higher than three must include candidates belonging to both genders in at least the proportion specified in current legislation on the subject of gender balancing.
Shareholders who intend to present lists are invited to consult the recommendations contained in Consob Communiqué DEM/9017893 of February 26 2009.
The lists must be accompanied by:
- The information relating to the identity of the Shareholders who have presented them, with an indication of the percentage of their total shareholding interest and with one (or more) certificate(s), to be filed at the Registered Office at the same time or, in any case, by April 7 2016 at the latest. This information should show their entitlement as of the date on which the lists were presented;
- A declaration by Shareholders other than those holding, even jointly, a controlling interest or a relative majority, stating that they have no connection with the latter as indicated by current legislation and regulations on this subject;
- An exhaustive description of the personal and professional characteristics of the candidates together with a declaration by the same candidates that attests that they possess the requisites required by current regulations and by the Company Bylaws and in which they accept their candidature; there should also be an indication of whether they are suitable to be qualified as Independent as per the terms of the law or of regulations.
Candidates for the position of Member of the Board of Directors must possess the requisites required mandatorily by current regulations and must declare any other positions they hold with the competition.
When only one list is presented or accepted, all the Directors are taken from that list. In the event that no lists are presented or that fewer Directors are elected than the number determined by the Shareholders' Meeting, then the same Shareholders must be reconvened in order to appoint the full Board of Directors.
Lists presented that do not comply with the instructions as above are considered as not having been presented.

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 NIS-Storage on the website www.emarketstorage.com, 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 Financial Statements for the year 2015 will be made available to the public in the same way.

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

Milan, March 18 2016

For the Board of Directors
The Chairman – Rodolfo De Benedetti

Report on operations

Shareholders,

The Cofide Group made a consolidated net income of € 18.7 million in 2015, compared with a loss of € 14.5 million in 2014.
The consolidated result was essentially attributable to CIR, which reported a net income of € 22.3 million (net loss of € 11.5 million in 2014) and to the net loss of Cofide of € 3.6 million (net loss of € 3 million in 2014).

In 2015, the consolidated net income of the CIR Group amounted to € 42 million compared with a consolidated net loss in 2014 of € 23.4 million. Both periods were affected by significant non-recurring items at the level of CIR and the non-industrial subsidiaries. In particular, in 2015 the Group recorded non-recurring income of € 11.0 million (gain of € 41.9 million on the sale of SEG - Swiss Education Group and impairment write-down of € -30.9 million on the investment in Espresso), whereas in 2014 it booked non-recurring expenses of € 35.4 million (€ -14.6 million for the repurchase of the CIR S.p.A. 2024 bond and € -20.8 million for the write-down of assets held in the form of non-performing loans).Even without these non-recurring items, consolidated net income would have shown a significant improvement, going from € 12.0 million in 2014 to € 31.0 million in 2015.
The contribution made by the industrial subsidiaries was € 20.4 million, compared with € 13.2 million in 2014. Espresso and KOS achieved significant increases in their net results, whereas Sogefi posted a slight reduction.
CIR S.p.A. and its non-industrial subsidiaries contributed net income of € 21.6 million compared with a net loss of € 36.6 million in 2014.

Cofide Group equity at 31 December 2015 was € 567.8 million versus € 528.4 million at 31 December 2014.

At 31 December 2015, the consolidated net debt of Cofide, the parent company, stood at € 37.7 million (€ 32.8 million at 31 December 2014).

The parent company Cofide S.p.A. closed 2015 with a net loss of € 3.6 million compared with net loss of € 3 million in 2014.

Cofide's operating subsidiaries are active in the following areas: media (publishing, radio, internet and advertising), automotive components (suspension components, air filters and cooling), and healthcare (care homes, rehabilitation, cancer cure, diagnostic and hospital management).

In order to provide further information on the financial performance of Cofide in 2015, 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)	*2015*	*2014*
Contributions of investments in subsidiaries:		
- CIR S.p.A.	22.3	(11.5)
TOTAL CONTRIBUTIONS	**22.3**	**(11.5)**
Net gains and losses on trading and the valuation of securities	(0.3)	1.2
Net financial income and expense	(1.6)	(2.1)
Net operating costs	(1.7)	(2.1)
RESULT BEFORE TAXES	**18.7**	**(14.5)**
Income taxes	--	--
NET RESULT	**18.7**	**(14.5)**

The **statement of financial position** at 31 December 2015 shows equity of € 567.8 million, Parent Company net debt of € 37.7 million and long-term financial assets of € 606.7 million.

(in millions of euro)	*31.12.2015*	*31.12.2014*
CIR S.p.A.	585.0	543.1
LONG-TERM EQUITY INVESTMENTS	**585.0**	**543.1**
Other long-term financial assets	21.7	18.6
TOTAL FINANCIAL ASSETS	**606.7**	**561.7**
Tangible assets	1.2	1.3
Net receivables and payables	(2.4)	(1.8)
NET INVESTED CAPITAL	**605.5**	**561.2**
Financed by:		
Equity	**567.8**	**528.4**
Net financial debt	**(37.7)**	**(32.8)**

The "Other long-term financial assets" of € 21.7 million consist mainly of Cofide's investment in the Jargonnant real estate fund for € 13.4 million and the investment made in the second half of 2015 in the Three Hills Decalia fund, which invests in small/medium-sized European companies, for € 7.3 million.

1. Performance of the Group

Consolidated revenues for 2015 amounted to € 2,544.4 million compared with € 2,392.6 million in 2014, an increase of € 151.8 million (+6.3%). Sogefi recorded an 11.1% increase in turnover, KOS an 11.9%, while the revenues of the Espresso Group fell by 6%, as a consequence of the ongoing crisis that is affecting the entire publishing industry. Revenues generated outside Italy accounted for 55.3% of the total, thanks to the international development of Sogefi.

Consolidated revenues can be broken down as follows:

(in millions of euro)	*2015*	*%*	*2014*	*%*	*Change* assoluta	*%*
Media						
Espresso Group	605.1	23.8	643.5	26.9	(38.4)	(6.0)
Automotive components						
Sogefi Group	1,499.1	58.9	1,349.4	56.4	149.7	11.1
Healthcare						
KOS Group	439.2	17.3	392.4	16.4	46.8	11.9
Other sectors	1.0	--	7.3	0.3	(6.3)	(86.3)
Total consolidated revenues	2,544.4	100.0	2,392.6	100.0	151.8	6.3
of which: ITALY	1,137.8	44.7	1,117.0	46.7	20.8	1.9
OTHER COUNTRIES	1,406.6	55.3	1,275.6	53.3	131.0	10.3

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

(in millions of euro)		*2015*	*%*	*2014*	*%*
Revenues		2,544.4	100.0	2,392.6	100.0
Consolidated EBITDA	*(1)*	**216.4**	**8.5**	**194.7**	**8.1**
Consolidated operating income (EBIT)		**78.2**	**3.1**	**78.5**	**3.3**
Financial management	*(2)*	(5.0)	(0.2)	(43.1)	(1.8)
Income taxes		(20.9)	(0.8)	(28.6)	(1.2)
Income (loss) from assets held for sale		9.4	0.3	(18.3)	(0.8)
Net income including minority interests		**61.7**	**2.4**	**(11.5)**	**(0.5)**
Minority interests		43.0	1.7	(3.0)	(0.1)
Net result of the Group		**18.7**	**0.7**	**(14.5)**	**(0.6)**

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 2015 came to € 216.4 million (8.5% of revenues) compared with € 194.7 million in 2014 (8.1% of revenues), an increase of € 21.7 million (+11.1). This growth is mainly due to better margins on the part of the Sogefi and KOS Groups, while the Espresso Group's margin fell as a result of reorganization charges of € 10.8 million.

Consolidated (EBIT) in 2015 came to € 78.2 million compared with € 78.5 million in 2014. The figure for 2015 reflects the impairment write-down of goodwill of the investment in Espresso for € 30.9 million, while the figure for 2014 included impairment write-downs for € 17.7 million. Excluding these write-downs, EBIT would increase from € 96.2 million in 2014 to € 109.1 million, reflecting the positive trend in EBITDA.

Financial management generated a net charge of € 5 million compared with one of € 43.1 million in 2014; In detail:

- net financial expense came to € 51.2 million compared with € 41.1 million in 2014; considering that 2014 included 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 fact net financial income decreased considerably thanks to the buy-back of the CIR bonds during the fourth quarter of 2014, a reduction in the financial expenses of the Espresso Group and the elimination of non-recurring financial expenses at the Sogefi Group;
- net gains from trading securities amounted to € 75.2 million. Excluding the aforementioned gain on the sale of the investment in SEG (€ 41.9 million), they amounted to € 33.3 million compared with € 2.5 million in 2014; taking into account that 2014 was affected by the expense of € 21.1 million for the repurchase of the CIR S.p.A. 2024 bond, net income increased by € 9.7 million thanks to the good results achieved by the Private Equity and Hedge Fund businesses;
- negative adjustments to financial assets of € 29 million have been recorded compared with negative adjustments of € 4.5 million in 2014. This figure mainly reflects the write-down of Persidera in the Espresso group for € 17 million.

The condensed consolidated statement of financial position of the Cofide Group at 31 December 2015, with comparative figures at 31 December 2015, is as follows:

(in millions of euro)	*31.12.2015*	*31.12.2014*
Fixed assets	1,815.3	1,775.0
Other net non-current assets and liabilities	(68.6)	(46.1)
Net working capital	(14.2)	(24.8)
Net invested capital	**1,732.5**	**1,704.1**
Net financial debt	**(159.4)**	**(145.6)**
Total equity	**1,573.1**	**1,558.5**
Equity of the Group	567.8	528.4
Minority interests	1,005.3	1,030.1

Net invested capital at 31 December 2015 came to € 1,732.5 million versus € 1,704.1 million at 31 December 2014.

The **consolidated net financial position** at 31 December 2015 showed net debt of € 159.4 million (compared with € 145.6 million at 31 December 2014) caused by:

- debt of € 37.7 million for Cofide, the parent company, compared with € 32.8 million at 31 December 2014;
- a financial surplus pertaining to CIR and its non-industrial subsidiaries of € 417.9 million, in increase compared with the 31 December 2014 figure of € 379.5 million. The increase of € 38.4 million was brought about mainly by the cash inflows resulting from the sale of SEG and the Private Equity funds, partly used to buy treasury shares (€ 53.3 million);
- total net debt of the industrial subsidiaries of € 539.6 million compared with € 492.3 million at 31 December 2014.The increase of € 47.3 million is entirely attributable to KOS and, in particular, to the acquisitions made (€ 71.4 million). The Sogefi Group reported an increase in net debt of € 18 million due to the outlay relating to product warranty costs during the first half of 2015, whereas the Espresso Group managed to reduce its debt by € 23.5 million.

Total equity at 31 December 2015 came to € 1,573.1 million compared with € 1,558.5 million at 31 December 2014, a net increase of € 14.6 million.

Group equity at 31 December 2015 amounted to € 567.8 million compared with € 528.4 million at 31 December 2014, a net increase of € 39.4 million.

Minority interests at 31 December 2015 amounted to € 1,005.3 million compared with € 1,030.1 million at 31 December 2014, a net decrease of € 24.8 million.

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

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

(in millions of euro)	*2015*	*2014*
SOURCES OF FUNDS		
Result for the period including minority interests from continuing operations	52.3	6.8
Amortisation, depreciation, write-downs & other non-monetary changes	84.8	116.0
Self-financing	**137.1**	**122.8**
Change in working capital and other non-current assets and liabilities	**25.1**	**(91.2)**
CASH FLOW GENERATED BY OPERATIONS FROM CONTINUING OPERATIONS	**162.2**	**31.6**
Increases in capital	0.3	5.2
Sale of the investment in SEG and the Private Equity business	73.2	--
TOTAL SOURCES OF FUNDS	**235.7**	**36.8**
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(130.9)	(158.6)
Price paid for business combinations	(51.1)	(9.6)
Net debt of acquired companies	(20.3)	(0.6)
Buy-back of own shares	(55.6)	(7.0)
Payment of dividends	(8.0)	(3.2)
Other changes in equity	4.0	6.4
TOTAL APPLICATIONS OF FUNDS	**(261.9)**	**(172.6)**
FINANCIAL SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS	**(26.2)**	**(135.8)**
CASH FLOW/NET FINANCIAL POSITION FROM DISCONTINUED OPERATIONS	**12.4**	**11.3**
FINANCIAL SURPLUS (DEFICIT)	**(13.8)**	**(124.5)**
NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD	**(145.6)**	**(21.1)**
NET FINANCIAL POSITION AT THE END OF THE PERIOD	**(159.4)**	**(145.6)**

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

In 2015, the change in the Group's net financial position shows a deficit of € 13.8 million, which is the result of sources of funds for € 235.7 million and applications for a total of € 261.9 million.

Sources include flows generated by current operations of € 162.2 million and the proceeds of sale of the investment in SEG and the Private Equity business for a total of € 73.2 million.

Applications of funds include the investments by the KOS Group for development and acquisitions (€ 85 million) and the buy-back of own shares (€ 55.6 million). Net investment in fixed assets mainly relates to the Sogefi Group.

At 31 December 2015 the Cofide Group had 14,215 employees, compared with 13,848 at 31 December 2014.

2. Performance of the Parent Company

Cofide S.p.A., the parent company, closed 2015 with a net loss of € 3.6 million compared with a net loss of € 3 million in 2014, and equity of € 556.6 million at 31 December 2015 (€ 559.1 million at 31 December 2014).

The **condensed income statement** of Cofide S.p.A., with comparative figures from 2015, is as follows:

(in millions of euro)		*2015*	*2014*
Net operating costs	*(1)*	(1.2)	(1.6)
Other operating costs, amortisation and depreciation	*(2)*	(0.5)	(0.5)
Financial management	*(3)*	(1.9)	(0.9)
Result before taxes		**(3.6)**	**(3.0)**
Income taxes		--	--
Net result		**(3.6)**	**(3.0)**

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 € 1.9 million compared with one of € 0.9 million the previous year. The reduction is due to lower gains on securities trading and valuation compared with the previous year.

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

(in millions of euro)		*31.12.2015*	*31.12.2014*
Fixed assets	*(1)*	575.0	575.1
Other net non-current assets and liabilities	*(2)*	21.3	18.2
Net working capital	*(3)*	(2.0)	(1.4)
Net invested capital		**594.3**	**591.9**
Net financial position	*(4)*	**(37.7)**	**(32.8)**
Equity		**556.6**	**559.1**

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 € 37.7 million (€ 32.8 million at 31 December 2014).

The change in equity from € 559.1 million at 31 December 2014 to € 556.6 million at 31 December 2015 reflects the net result for the period, € 3.6 million, net of the change in the fair value reserve € 1.1 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 31.12.2015	*Net result 2015*
Financial statements of Cofide S.p.A. (Parent Company)	556,605	(3,596)
- Dividends from consolidated companies	--	--
- Net contribution of consolidated companies	67,714	22,283
- Difference between the carrying values of investee companies and the portions of their equity included in the consolidation, net of their contributions	(56,555)	--
- Other consolidation adjustments	--	--
Consolidated financial statements (Group share)	567,764	18,687

Main Group investments
at 31 December 2015

COFIDE
Gruppo De Benedetti

53.0% (*)

CIR

	56.5% (*)	57.6% (*)	51.3% (*)	
	Gruppo Editoriale L'Espresso Spa	SOGEFI	KOS	non-core Investments
BUSINESSES	*All media sectors from dailies and periodicals to radio, internet and advertising*	*Global automotive components supplier (filters, engine air, and cooling systems and suspensions*	*Nursing homes, rehabilitation and Hospital management*	• *Private Equity*

(*) the percentage is calculated net of treasury shares

4. Performance of the subsidiaries

CIR GROUP - In 2015 the CIR Group made consolidated net income of € 42 million compared with a consolidated net loss of € 23.4 million in 2014. Both years were affected by significant non-recurring items. Even without these non-recurring items, Group net income would have shown a significant improvement, going from € 12 million in 2014 to € 31 million in 2015.
In 2015, non-recurring gains amounted to € 11 million, made up of the gain of € 41.9 million on the sale of SEG (Swiss Education Group) less € 30.9 million for the write-down of goodwill of the investment in Espresso following an impairment test.

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

(in millions of euro)	*2015*	*2014*
CONTRIBUTIONS TO NET RESULT		
Espresso Group	9.6	4.8
Sogefi Group	0.7	2.1
KOS Group	10.1	6.3
Total for main subsidiaries	**20.4**	**13.2**
Other subsidiaries	(1.4)	(6.8)
CIR and other non-industrial subsidiaries	**12.0**	**5.6**
Non-recurring items	11.0	(22.8)
Assets held for sale		(12.6)
Net result of the CIR Group	**42.0**	**(23.4)**

The contribution made by the industrial subsidiaries was € 20.4 million, compared with € 13.2 million in 2014.
As already explained, Espresso and KOS achieved significant increases in their net results, whereas Sogefi posted a slight reduction in net income.

Consolidated equity went from € 1,104.5 million at 31 December 2014 to € 1,103 million at 31 December 2015, a net decrease of € 1.5 million.

(in millions of euro)	*31.12.2015*	*31.12.2014*
CONTRIBUTIONS TO EQUITY		
Espresso Group	332.2	316.9
Sogefi Group	98.4	93.1
KOS Group	136.2	128.6
Other subsidiaries	1.8	0.1
Total subsidiaries	**568.6**	**538.7**
CIR and other non-industrial subsidiaries	**534.4**	**565.8**
- invested capital	116.5	186.3
- net financial position	417.9	379.5
Equity of the CIR Group	**1,103.0**	**1,104.5**

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

MEDIA

According to figures published by Nielsen Media Research, overall advertising expenditure in 2015 fell by 0.5% compared with 2014, a lower drop than in recent years.
As regards the breakdown by media, print advertising suffered a decline of -5.7%, lower than that reported in the previous year (-8.5%); television and internet revenues are still fairly stable compared with 2014 (+0.7% and -0.7% respectively) and radio grew significantly by 8.8%.
In terms of circulation, ADS figures for 2015 indicate a 8.7% fall in newspaper sales, slightly down on the trend seen in 2014 (-11.4%).

The Espresso Group closed 2015 with a consolidated turnover of € 605.1 million, down 6% from € 643.5 million in 2014 as a result of the crisis affecting the entire industry. Group revenues are as follows:

(in millions of euro)	*2015*		*2014*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Circulation	218.0	36.0	232.9	36.2	(6.4)
Advertising	346.0	57.1	365.6	56.8	(5.4)
Add-ons	28.3	4.7	32.8	5.1	(13.7)
Other revenues	12.8	2.1	12.1	1.9	5.8
TOTAL	605.1	100.0	643.5	100.0	(6.0)

Circulation revenues of € 218 million are down by 6.4% in a market that, as stated above, continues to show a significant decline in the number of copies sold (-8.7%). According to ADS, *La Repubblica* confirms its ranking as the top newspaper in terms of copies sold on newsstands, subscriptions and other channels; and according to Audipress (Survey 2015/III) the print edition has 2.2 million readers per day. The local newspapers, whose average daily readership according to Audipress surveys is 2.9 million readers, turned in a less negative performance in terms of circulation than the sector as a whole. Lastly, with regard to the digital editions of the Group's publications, in 2015 there were 93 thousand subscribers on average.

Total advertising revenues, without third-party concessions, fell by 4.2%; trends are mixed: if print advertising reflects the general performance of the market, which is still negative, radio and the Internet have been showing a positive trend. Radio has grown by 5.7%, with double-digit increases for m2o. In contrast to the market, Internet has grown by 2%, helped by *Repubblica.it*'s leadership position with an average Total Digital Audience in 2015 of 1.6 million unique daily users, with a gap of 30% between it and the website that came second; there is also a positive trend in local newspaper websites that have reached an average Total Digital Audience of 406 thousand unique daily users.

Costs are down by 5.8%, substantially reflecting the decline in revenues; fixed industrial costs, in particular, have fallen by 12% thanks to the ongoing reorganisation of the Group's production structure, whereas logistic and distribution costs have been cut (-7.5%) following a rationalisation of transport, administration and other operating costs (-4.1%), thanks to the measures taken to hold down labour costs and general expenses.

Consolidated EBITDA amounted to € 47.5 million; given that it includes € 10.8 million of reorganization charges, EBITDA was broadly in line with the previous year (€ 59.8 million), despite the decline in revenues.

Consolidated EBIT came to € 30.5 million versus € 29.9 million in 2014. Profitability by business sector shows a good level of resilience on the part of daily newspapers and an increase on the part of radio.

Financial expense has fallen from € 14.9 million in 2014 to the current € 8.8 million, thanks to the reduction in debt and the new funding programme launched in 2014.

In 2015, a write-down of € 17.1 million was made on the investment in Persidera based on the results of an impairment test. In addition, *DeejayTV* was sold to Discovery Italia during 2015, generating a capital gain of € 10.4 million, which was recorded under discontinued operations.

Consolidated net income amounted to € 17 million compared with € 8.5 million in 2014 and benefited from a recalculation of the deferred tax provision based on the new IRES rate of 24% introduced by the 2016 Stability Law.

Consolidated net debt of € 10.7 million at 31 December 2015 shows a further reduction compared with € 34.2 million at 31 December 2014. The financial surplus for the period amounted to € 23.5 million.

The Group had 2,183 employees at 31 December 2015, including those on fixed-term contracts, and the average workforce for 2015 was 4.9% lower than in the previous year.

The Board of Directors of L'Espresso, which met on 2 March 2016, proposed not to distribute any dividend for 2015.

As regards the outlook for 2016, the evidence to date does not allow us to foresee market developments that are significantly different from those that characterized 2015; January-February 2016 showed a slightly positive trend in the group's advertising revenues but this evolution cannot be considered consolidated as yet.

AUTOMOTIVE COMPONENTS

In 2015, world car production increased by 1.4%, thanks to the strong recovery in the European market (+7.1%) and growth in the North American (+2.7%) and Asian (+4.5%) markets. Conversely, the recession continued in the South American market, with a 20.5% fall in production during the year (all of 29.2% in the fourth quarter).

In 2015, revenues of the Sogefi group rose by 11.1% to € 1,499.1 million (+9.1% at constant exchange rates)thanks to a positive contribution by all business units and in all geographical areas with the exception of Latin America.
Europe, which is Sogefi’s main market, increased by 8.2% in 2015, underpinned by the market recovery. In North America it is outperforming the market (+27.4%), benefiting from its strong positioning with North American car manufacturers. In South America, sales decreased by 3.8% (+2.8% on a like-for-like basis) despite the market weakness (-20.5%). Lastly, the business continued to expand in Asia, with sales up by 34.2% (18.7% at constant exchange rates).

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

(in millions of euro)	*2015*		*2014*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Suspension	558.0	37.2	506.6	37.6	10.1
Filtration	536.4	35.8	473.7	35.1	13.2
Air and Cooling	409.3	27.3	374.3	27.7	9.3
Intercompany eliminations	(4.6)	(0.3)	(5.2)	(5.2)	(11.5)
TOTAL	1,499.1	100.0	1,349.4	100.0	11.1

All business units contributed with solid revenue growth: +10.1% for Suspensions, +13.2% for Filtration and +9.3% for Air and Cooling.

Consolidated EBITDA came in at € 115.5 million, up by 6% from € 109.5 million in 2014. It is worth recalling that non-recurring expenses of € 21.5 million were recorded, of which € 11.8 million for the Air & Cooling BU's provision for product warranties and € 7.3 million for restructuring costs.

EBIT amounted to € 50.7 million compared with € 48.3 million in 2014.

The net result was a positive € 1.1 million, down slightly from € 3.6 million in 2014 as an effect of higher financial expense, which in the previous year had benefited from positive non-recurring items.

Net financial debt stood at € 322.3 million at 31 December 2015 compared to € 304.3 million at 31 December 2014. The change during the year included expenses of approximately € 20 million which referred to product quality guarantee charges and outstanding claims in the Air and Cooling division.

Group equity at 31 December 2015 was € 170.8 million versus € 161.2 million at 31 December 2014.

At the end of 2015, the Sogefi group had 6,702 employees compared with 6,668 at 31 December 2014.

The Board of Directors of the Parent Company Sogefi, which met on 29 February 2016, proposed not to distribute any dividend in 2015.

According to available sources, the global car market is expected to increase in 2016 by 2.5%. Sogefi is looking to continue its positive trend in North America and Asia. In Europe after the important business expansion seen in 2015, the company expects more modest growth, while market conditions in South America remain difficult. Sogefi plans to expand its presence in the North American markets through an investment of € 17 million at Monterrey (Mexico) in a new plant serving all three business units.

HEALTHCARE

Over the past five years, health care spending has seen a sharp decline, linked to a reorganization of services, increased efficiency in purchasing and greater selectivity in hospital admissions and the provision of health services generally.
Despite the improvements in the Italian health budget over the last five years, 2015 saw a further € 2.35 billion reduction in public health spending, compared with the agreements reached with the Regions in the 2014-2016 Healthcare Pact. For 2016, the stability law instead increased public funding of € 1.3 billion, providing a total funding of € 111 billion, still down from what was agreed in the Healthcare Agreement, which fixed the funding for 2016 at € 115.6 billion.

For KOS, spending review measures led to a revision of the accreditation systems and spending limits, particularly in rehabilitation, and the failure to update prices set at regional level.
Private spending partially replaced public spending for some health services (mainly outpatient), following the increase in prescription charges and longer waiting times in public facilities.

Despite the difficult macroeconomic and industrial environment, the results achieved in 2015 by the KOS group were positive and show an acceleration in the growth trend that characterized previous years, both economically and financially.

The KOS Group currently manages 77 facilities, mainly in central and northern Italy, for a total of around 7,300 beds in use, operating in three strategic areas:

1) *Care homes:* management of residential care homes for the elderly and psychiatric care communities, with 46 nursing facilities and 9 psychiatric rehabilitation facilities, for a total of 5,249 beds in use (of which 5,053 in care homes);
2) *Rehabilitation*: management of hospitals and rehabilitation centres, including 21 rehabilitation facilities (with three care homes for the elderly) and 14 hospitals, for a total of 1,878 beds;
3) *Hospital management:* i.e. contract management of high-tech diagnostic and radiotherapy services and concession management of the Suzzara hospital.

In 2015, revenues increased by 11.9% to € 439.2 million. Group revenues are as follows:

(in millions of euro)	*2015*		*2014*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Care homes	190.8	43.4	153.4	39.1	24.4
Rehabilitation	168.4	38.4	161.3	41.1	4.4
Cancer cure and diagnostics	44.7	10.2	42.0	10.7	6.4
Acute	35.3	8.0	35.7	9.1	(1.1)
TOTAL	439.2	100.0	392.4	100.0	11.9

The increase in revenues is due to activities acquired or developed in 2014 and 2015. In particular, two events worth mentioning in 2015 are the acquisition of Polo Geriatrico Riabilitativo (416 beds) and the acquisition of Argento Vivo which manages two facilities consisting of a care home and a health centre (297 beds). In the second half, the group also inaugurated a new structure in the city of Turin and a psychiatric rehabilitation facility in the Marche; in the area of cancer care and diagnostics, work continues in India with the ClearMedi Healthcare Ltd joint venture and in the United Kingdom with the subsidiary Medipass Healthcare Ltd.

Consolidated EBITDA amounted to € 73.0 million, 20.9% up on € 60.4 million in 2014. The increase is substantially due to activities acquired or developed in 2014 and 2015.

Consolidated EBIT came to € 44.7 million (10.2% of revenues) compared with € 33.5 million (8.5% of revenues) in the previous year.

Consolidated net income amounted to € 19.8 million, up by over 60% compared with € 12.3 million the previous year.

At 31 December 2015 the Kos Group had net debt of € 210 million, compared with € 157 million at 31 December 2014. The increase is due to the financial outlay for the two acquisitions mentioned above (€ 71.4 million).

At 31 December 2015 consolidated equity amounted to € 265.8 million versus € 250.8 million at 31 December 2014.

The Group had 5,194 employees at 31 December 2015 compared with 4,708 at 31 December 2014.

NON-CORE INVESTMENTS

They are represented by private equity, minority interests and other investments amounting to € 113.6 million at 31 December 2015, compared with € 150.9 million at 31 December 2014.

Private Equity

CIR International, a Group company, manages a diversified portfolio of investments in private equity funds. The overall fair value of the portfolio at 31 December 2015, based on the NAVs provided by the various funds, came to € 59.2 million, a decrease of € 8.5 million compared with 31 December 2014. The rise is due to exchange gains of € 5.3 million and investments of € 1.2 million, whereas the decrease derives from capital repayments of € 10.5 million and write-downs of € 4.5 million. Total distributions in the year, amounting to € 25.1 million, generated a capital gain of € 14.5 million.

Outstanding commitments at 31 December 2015 amounted to € 6.3 million.

Other investments

Directly or indirectly, CIR holds investments in non-strategic interests for a total value of € 11.4 million at 31 December 2015, compared with € 33.9 million at 31 December 2014.
In November 2015, CIR sold to a group of investors its investment in SEG (Swiss Education Group), the main Swiss group and one of the international leading management training centres for the hospitality industry (hotels and restaurants) for a total of € 64 million. The transaction generated a capital gain of € 41.9 million for the CIR group.
In addition, CIR holds a portfolio of non performing loans totalling € 43 million at 31 December 2015.

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

As regards significant events that took place after 31 December 2015, on 2 March 2016 CIR signed a memorandum of understanding with its subsidiary Gruppo Editoriale L'Espresso, ITEDI (the company that publishes the newspapers La Stampa and Il Secolo XIX) and the shareholders of the latter (FCA and Ital Press Holding S.p.A. of the Perrone family) with a view to creating Italy's largest publishing group and one of the principal groups in Europe in the field of daily and digital news, by merging ITEDI with Gruppo Editoriale L'Espresso. Completion of the merger, which is subject to authorization by the competent authorities as well as by the shareholders of Gruppo Editoriale L'Espresso and ITEDI, is expected to take place in the first quarter of 2017.

6. Outlook for operations

The performance of the COFIDE Group in 2016 will be influenced by developments in the Italian economy, the impact of which is significant, especially in the media sector, as well as by the performance of major global automotive markets for the components sector.

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 more sensitive to trends in the economic cycle, whereas the health sector depends significantly on commercial relationship with public bodies, such as municipalities and regions. 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. In addition, any decrease in the expenditure capacity of Government and other public bodies could affect the activities of the health sector, its economic situation 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 as 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 2015 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 2015 related mainly to:

- operational support and communication services for € 280 thousand provided by Cofide S.p.A. to CIR S.p.A.;
- financial, legal and administrative assistance services for € 268 thousand provided by CIR S.p.A. to Cofide S.p.A.;
- property income of € 85 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 2015.

In 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.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.

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 July 2014 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 "2015 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 2015.

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.p.A., the Company has fulfilled all the disclosure requirements of art. 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 satisfy the independence requirements and are therefore sufficient to guarantee that their judgement 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 2015 was concentrated principally in the components sector. In the Sogefi Group, R&D expenditure for the year amounted to € 35.5 million (€ 35.3 million the previous year), mainly oriented towards product innovation.

Exception to the obligation to publish information documents in accordance with art. 70, paragraph 8, and art. 71, paragraph 1-bis of the Issuers' Regulations

In accordance with art. 70, paragraph 8, and art. 71, paragraph 1-bis of Consob Regulation no. 11971/99, as amended by Resolution no. 18079 of 20 January 2012, the Board of Directors decided to exercise its right to make an exception to the obligation to publish the information documents required in the event of significant transactions such as mergers, spin-offs, increases in capital by means of a contribution in kind, acquisitions and disposals.

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 2015 was approved by the Board of Directors on 14 March 2016.

9. Proposed allocation of the 2015 net income

Shareholders,

The financial statements for the year ended 31 December 2015, which we submit for your approval, closed with a loss of € 3,596,174.40 which we propose to cover in full through the use of retained earnings, which therefore will decrease from € 33,470,054.21 to € 29,873,879.81.

We also propose paying a dividend of € 10,068,938.85, i.e. € 0.014 to each of the 719,209,918 shares making up the share capital, to be taken from "Retained earnings (accumulated losses)", pointing out that, pursuant to art. 1 of DM 2 April 2008, it is understood as being made up entirely of earnings produced up to the year ended 31 December 2007.

The Board of Directors

Milan, 14 March 2016

COFIDE GROUP

Consolidated financial statements

At 31 December 2015

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*		*31.12.2015*		*31.12.2014*
NON-CURRENT ASSETS			**2,094,545**		**2,090,919**
INTANGIBLE ASSETS	(7.a.)		997,652		977,733
TANGIBLE ASSETS	(7.b.)		659,109		622,695
INVESTMENT PROPERTY	(7.c.)		20,916		21,291
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	(7.d.)		131,833		148,301
OTHER EQUITY INVESTMENTS	(7.e.)		5,830		4,980
OTHER RECEIVABLES	(7.f.)		87,075		89,239
of which with related parties (*)	(7.f.)	*2,693*		*23,973*	
SECURITIES	(7.g.)		87,383		110,727
DEFERRED TAXES	(7.h.)		104,747		115,953
CURRENT ASSETS			**1,412,396**		**1,340,994**
INVENTORIES	(8.a.)		134,055		128,664
CONTRACTED WORK IN PROGRESS			39,178		29,546
TRADE RECEIVABLES	(8.b.)		415,937		431,691
of which with related parties (*)	(8.b.)	*2,259*		*6,826*	
OTHER RECEIVABLES	(8.c.)		97,565		92,181
of which with related parties (*)	(8.c.)	*655*		*104*	
FINANCIAL RECEIVABLES	(8.d.)		30,496		10,017
SECURITIES	(8.e.)		131,012		149,044
AVAILABLE-FOR-SALE FINANCIAL ASSETS	(8.f.)		251,510		150,966
CASH AND CASH EQUIVALENTS	(8.g.)		312,643		348,885
ASSETS HELD FOR SALE	(8.h.)		9,005		2,539,260
ELIMINATIONS FROM AND TO DISCONTINUED OPERATIONS			--		(10,308)
TOTAL ASSETS			**3,515,946**		**5,960,865**

LIABILITIES AND EQUITY			*31.12.2015*		*31.12.2014*
EQUITY			**1,573,078**		**1,558,457**
SHARE CAPITAL	(9.a.)		359,605		359,605
RESERVES	(9.b.)		110,571		89,883
RETAINED EARNINGS (LOSSES)	(9.c.)		78,901		93,369
NET INCOME (LOSS) FOR THE YEAR			18,687		(14,468)
GROUP EQUITY			**567,764**		**528,389**
MINORITY INTERESTS			1,005,314		1,030,068
NON-CURRENT LIABILITIES			**1,060,437**		**1,045,432**
BONDS	(10.a.)		288,366		270,568
OTHER BORROWINGS	(10.b.)		421,910		382,650
OTHER PAYABLES			9,321		7,137
DEFERRED TAXES	(7.h.)		135,235		143,313
PERSONNEL PROVISIONS	(10.c.)		124,622		143,854
PROVISIONS FOR RISKS AND LOSSES	(10.d.)		80,983		97,910
CURRENT LIABILITIES			**875,769**		**858,226**
BANK OVERDRAFTS			19,517		15,671
BONDS	(11.a.)		5,011		4,677
OTHER BORROWINGS	(11.b.)		150,316		130,955
of which to related parties (*)	(11.b.)	--		--	
TRADE PAYABLES	(11.c.)		428,173		417,191
of which to related parties (*)	(11.c.)	*2,251*		*7,408*	
OTHER PAYABLES	(11.d.)		200,985		207,077
of which to related parties (*)	(11.d.)	--		--	
PROVISIONS FOR RISKS AND LOSSES	(10.d.)		71,767		82,655
LIABILITIES HELD FOR SALE	(8.h.)				2,509,058
ELIMINATIONS FROM AND TO DISCONTINUED OPERATIONS			6,662		(10,308)
TOTAL LIABILITIES AND EQUITY			**3,515,946**		**5,960,865**

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

2. Consolidated income statement

(in thousands of euro)

	Notes		2015		2014(**)
SALES REVENUES	(12)		2,544,410		2,392,620
of which from related parties (*)	(12)	--		--	
CHANGE IN INVENTORIES			(498)		(2,821)
COSTS FOR THE PURCHASE OF GOODS	(13.a.)		(937,923)		(852,212)
of which to related parties (*)	(13.a.)	--		--	
COSTS FOR SERVICES	(13.b.)		(624,563)		(607,382)
of which from related parties (*)	(13.b.)	*(979)*		*(2,075)*	
PERSONNEL COSTS	(13.c.)		(708,634)		(680,809)
OTHER OPERATING INCOME	(13.d.)		32,406		38,606
of which from related parties (*)	(13.d.)	*2,526*		*2,080*	
OTHER OPERATING COSTS	(13.e.)		(92,086)		(96,713)
of which to related parties (*)	(13.e.)	*(236)*		--	
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(7.d.)		3,355		3,455
AMORTISATION, DEPRECIATION & WRITE-DOWNS			(138,220)		(116,226)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)			**78,247**		**78,518**
FINANCIAL INCOME	(14.a.)		13,603		55,901
of which with related parties (*)	(14.a.)	*3,293*		*10,637*	
FINANCIAL EXPENSE	(14.b.)		(64,844)		(97,062)
of which with related parties (*)	(14.b.)	--		*(10,061)*	
DIVIDENDS			257		368
of which with related parties (*)		--		--	
GAINS FROM TRADING SECURITIES	(14.c.)		77,343		25,839
LOSSES FROM TRADING SECURITIES	(14.d.)		(2,360)		(23,698)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(14.e.)		(28,999)		(4,481)
NON-RECURRING INCOME (EXPENSE)	(14.f.)		--		--
INCOME (LOSS) BEFORE TAXES			**73,247**		**35,385**
INCOME TAXES	(15)		(20,946)		(28,628)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY			**52,301**		**6,757**
INCOME/(LOSS) FROM ASSETS HELD FOR SALE			9,377		(18,271)
NET INCOME (LOSS) FOR THE YEAR INCLUDING MINORITY INTERESTS			**61,678**		**(11,514)**
- MINORITY INTERESTS			(42,991)		(2,954)
- NET INCOME (LOSS) OF THE GROUP			**18,687**		**(14,468)**
BASIC EARNINGS (LOSS) PER SHARE (in euro)	(16)		0.0260		(0.0201)
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	(16)		0.0260		(0.0201)

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

(**) Some 2014 figures have been reclassified

3. Consolidated statement of comprehensive income

(in thousands of euro)

	2015	*2014*
INCOME/(LOSS) FOR THE PERIOD OF CONTINUING OPERATIONS	52,301	6,757
Other components of comprehensive income		
Items that will not be reclassified to the income statement		
Actuarial gains (losses)	13,937	(28,435)
Tax effect of items that will not be reclassified to the income statement	(3,667)	6,012
Subtotal of items that will not be reclassified to the income statement	10,270	(22,423)
Items that may be reclassified to the income statement		
Exchange differences on translation of foreign operations	150	14,937
Net change in fair value of available-for-sale financial assets	(12,673)	8,354
Net change in cash flow hedge reserve	5,542	810
Items of other comprehensive income		--
Tax effect of items that may be reclassified to the income statement	(1,909)	(555)
Subtotal of items that may be reclassified to the income statement	(8,890)	23,546
Total items of comprehensive income of the period	1,380	1,123
TOTAL STATEMENT OF COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS	**53,681**	**7,880**
TOTAL STATEMENT OF COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	**23,733**	**(26,944)**
TOTAL STATEMENT OF COMPREHENSIVE INCOME OF THE PERIOD	**77,414**	**(19,064)**
Total comprehensive income attributable to:		
Shareholders of the parent company	23,905	(10,751)
Minority interests	53,509	(8,313)
BASIC COMPREHENSIVE EARNINGS PER SHARE (in euro)	0.0332	(0.0149)
DILUTED COMPREHENSIVE EARNINGS PER SHARE (in euro)	0.0332	(0.0149)

4. Consolidated statement of cash flows

(in thousands of euro)

	2015	*2014*
OPERATING ACTIVITY		
NET INCOME (LOSS) FOR THE YEAR INCLUDING MINORITY INTERESTS - CONTINUING OPERATIONS	52,301	6,757
ADJUSTMENTS:		
AMORTISATION, DEPRECIATION & WRITE-DOWNS	138,220	116,226
SHARE OF RESULTS OF COMPANIES CONSOLIDATED AT EQUITY	(3,355)	(3,455)
ACTUARIAL VALUATION OF STOCK OPTION/STOCK GRANT PLANS	4,090	5,121
CHANGES IN PERSONNEL PROVISIONS, PROV. FOR RISKS & LOSSES	(32,855)	(9,506)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	28,999	4,481
LOSSES/(GAINS) ON SALE OF LONG-TERM SECURITIES	(41,893)	--
INCREASE (DECREASE) IN NON-CURRENT RECEIVABLES/PAYABLES	26,348	(30,028)
(INCREASE) DECREASE IN NET WORKING CAPITAL	(1,370)	(61,130)
CASH FLOW FROM OPERATING ACTIVITY - CONTINUING OPERATIONS	**170,485**	**28,466**
of which:		
- interest received (paid)	(42,181)	(56,759)
- income tax payments	(23,292)	(137,332)
INVESTING ACTIVITY		
PRICE PAID FOR BUSINESS COMBINATIONS	(51,139)	(9,625)
NET FINANCIAL POSITION OF ACQUIRED COMPANIES	(20,285)	(600)
(PURCHASE) SALE OF SECURITIES	(90,902)	(30,625)
SALE OF FIXED ASSETS	73,204	--
PURCHASE OF FIXED ASSETS	(130,905)	(151,188)
CASH FLOW FROM INVESTING ACTIVITY - CONTINUING OPERATIONS	**(220,027)**	**(192,038)**
FINANCING ACTIVITY		
INFLOWS FOR CAPITAL INCREASES	289	5,170
OTHER CHANGES IN EQUITY	4,027	6,475
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS/FINANCIAL RECEIVABLES	57,363	(373,943)
BUY-BACK OF OWN SHARES OF GROUP COMPANIES	(55,554)	(7,026)
DIVIDENDS PAID	(8,001)	(3,153)
CASH FLOW FROM FINANCING ACTIVITY - CONTINUING OPERATIONS	**(1,876)**	**(372,477)**
INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS	**(51,418)**	**(536,049)**
NET CASH AND CASH EQUIVALENTS - OPENING BALANCE OF DISCONTINUED OPERATIONS	**11,330**	**11,302**
NET CASH & CASH EQUIVALENTS - OPENING BALANCE	**333,214**	**857,961**
NET CASH & CASH EQUIVALENTS - CLOSING BALANCE	**293,126**	**333,214**

5. Consolidated statement of change in equity

(in thousands of euro)	*Attributable to shareholders of the parent company*						
	Share capital	*Reserves*	*Retained earnings (losses)*	*Net income (losses) for the period*	*Total*	*Minority interests*	*Total*
BALANCE AT 31 DECEMBER 2013	**359,605**	**82,858**	**223,785**	**(130,360)**	**535,888**	**1,049,919**	**1,585,807**
Increases in capital	--	--	--	--	--	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 period							
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 period	--	--	--	(14,468)	(14,468)	2,954	(11,514)
Total comprehensive result for the period	--	*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**
Increases in capital	--	--	--	--	--	289	289
Dividends to Shareholders	--	--	--	--	--	(8,001)	(8,001)
Retained earnings	--	--	(14,468)	14,468	--	--	--
Effects of equity changes in subsidiaries	--	15,470	--	--	15,470	(70,551)	(55,081)
Comprehensive result for the period							
Fair value measurement of hedging instruments	--	6,038	--	--	6,038	11,900	17,938
Fair value measurement of securities	--	1,438	--	--	1,438	239	1,677
Securities fair value reserve released to income statement	--	(7,538)	--	--	(7,538)	(7,006)	(14,544)
Effects of equity changes in subsidiaries	--	76	--	--	76	203	279
Currency translation differences	--	2,124	--	--	2,124	(2,008)	116
Actuarial gains (losses)	--	3,080	--	--	3,080	7,190	10,270
Result for the period	--	--	--	18,687	18,687	42,991	61,678
Total comprehensive result for the period	--	*5,218*	--	*18,687*	*23,905*	*53,509*	*77,414*
Balance at 31 December 2015	**359,605**	**110,571**	**78,901**	**18,687**	**567,764**	**1,005,314**	**1,573,078**

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 2015. Please refer to the section entitled "Adoption of new accounting standards, interpretations and amendments" for an illustration of the new standards into force with effect from 1 January 2015. In particular, note that the adoption of the new standards had no impact on the Group's equity and income statement.

The consolidated financial statements at 31 December 2015 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 IEPL – Institut d'Ecole Primaire Leman S.A. (formerly Lake Leman International School S.A.) closes its financial statements on 31 July, whereas Southlands S.r.l. closes its financial statements on 31 August. The companies prepare 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

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

A regards the Espresso Group, on 30 June 2014, the integration between the network operator activities of Rete A and Telecom Italia Media Broadcasting (TIMB), a subsidiary of Telecom Italia Media, was completed. This integration was achieved by the Espresso Group contributing 100% of its shares in Rete A to TIMB; as a result, TIMedia and the Espresso Group now hold 70% and 30% respectively of Persidera, the new name of TIMB.

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

In light of these transactions, the income statement for 2015, and, for comparative purposes, for 2014, classifies the costs and revenues of the companies up to the date of the transfer under "*Income/(loss) from assets held for sale"*. In 2015 this item also includes the gain realised on the sale of All Music.
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 had been recognised as "Discontinued Operations" and represented as such in the consolidated financial statements at 31 December 2014.

As regards the KOS group, a contract was signed in December 2015 for the sale of the business unit that runs the Archè care home in Menaggio (Como). The sale will take effect from the date of transfer of ownership to the new management company scheduled for the month of March 2016. In accordance with IFRS 5 - *"Non-current assets held for sale and discontinued operations"*, assets and liabilities held for sale have been classified under *"Assets/Liabilities held for sale"*.

It should also be noted that, as regards activities in the "Education" sector, during the year CIR S.p.A. decided to stop this line of business; in particular, following the receipt of several expressions of interest from investors for the purchase of Southlands S.r.l., it was decided to initiate negotiations with a view to selling the investment. Therefore, in accordance with IFRS 5 - *"Non-current assets held for sale and discontinued operations"*, assets and liabilities held for sale have been classified under *"Assets/liabilities held for sale"* and the costs and revenues achieved by the company up to the date of the transfer have been classified under *"Income/(loss) from assets held for sale",* together with the difference between the book value and the fair value of the company.

Note that "*Income (Loss) from assets held for sale*" at 31 December 2014 included revenues and expenses of the Sorgenia Group and of the assets in "Non-performing loans". Note that, as regards the assets in "Non-performing loans", due to the absence of negotiations for the sale of a portion of receivables (€ 39,470 thousand) which were subject to restatement in the consolidated financial statements at 31 December 2014 in accordance with IFRS 5, this amount has been reclassified from *"Assets held for sale"* to item 7.f *"Other receivables"*. As regard Sorgenia, note that on 27 March 2015 CIR sold its entire interest to the financing banks.

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 6 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 14 March 2016 (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, it's 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:

	2015		**2014**	
	Average exchange rate	*31.12.2015*	*Average exchange rate*	*31.12.2014*
US dollar	1.1095	1.0887	1.3285	1.2141
Swiss franc	1.06786	1.0835	1.2146	1.2024
GB pound	0.7257	0.7340	0.8061	0.7789
Brazilian real	3.6390	4.3116	3.1198	3.2207
Argentine peso	10.2114	14.0964	10.7596	10.2754
Chinese renminbi	6.9691	7.0607	8.1733	7.5358
Indian rupee	71.1238	72.0461	80.9717	76.7460
New Romanian leu	4.4450	4.5241	4.4439	4.4829
Canadian dollar	1.4158	1.5116	1.4657	1.4063
Mexican peso	17.5623	18.9143	17.6523	17.8667
Hong Kong dollar	8.5977	8.4374	10.2891	9.4171

2.c. Scope of consolidation

The consolidated financial statements at 31 December 2015 and 2014 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 2015 there are no relevant companies with significant non-controlling interests.

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

Persidera S.p.A.

(in thousands of euro)	*2015*	2014
Revenues	86,424	82,602
Net income	9,832	10,020
Comprehensive income	9,867	9,777
Non-current assets	158,636	168,209
Current assets	42,357	43,956
Total assets	**200,993**	212,165
Non-current liabilities	64,043	15,496
Current liabilities	40,783	100,851
Total liabilities	**104,826**	116,347

2.d. Change in the scope of consolidation

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

- *MEDIA*

On 30 January 2015, the transfer of ownership of All Music, a company of the Espresso Group that produces *Deejay TV*, a generalist TV channel, to Discovery Italia. During the year, we purchased a further interest of 15% in the share capital of Mo-Net S.r.l.. Lastly, on 5 November 2015 Finegil Editoriale S.p.A. agreed to buy the Parent Company's entire shareholding in Rotocolor S.p.A.

- *AUTOMOTIVE COMPONENTS*

During the first half of 2015, Allevard Rejna Autosuspensions S.A. increased its stake in Allevard IAI Suspensions Pvt Ltd from 73.91% to 74.23% and its interest in S.ara Composite S.A.S. from 94.12% to 95%.

During the year, the merger of the Indian companies Sogefi M.N.R. Filtration India Pvt Ltd and Systèmes Moteurs India Pvt Ltd was completed.

There were no further changes in the scope of consolidation during the year.

- *HEALTHCARE*

As regards the RSA area, the acquisition of 96% of "Polo Geriatrico Riabilitativo S.p.A." was completed; this company manages 2 structures in Milan and in Cinisello Balsamo (MI). On 16 April the company Argento Vivo S.r.l. was acquired. This company manages two structures in Milan and Bollate (MI). The company was then merged with Residenze Anni Azzurri S.r.l. in October 2015.

- *OTHER COMPANIES*

After the increase in capital of 15 May 2015, the investment in Southlands S.r.l. is held 71.428% by the Parent Company CIR S.p.A. and 28.572% by IEPL – Institut d'Ecole Primaire Leman S.A.; previously it was 100% held by IEPL – Institut d'Ecole Primaire Leman S.A. (formerly Lake Leman International School S.A.). Moreover, following the decision to proceed with the disposal of this investment, it was consolidated in accordance with IFRS 5.

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 their cost can be measured reliably, when there is a reasonable assumption that the asset can be made available for use or for sale and that it is able to generate future benefits. Once a year or any time it appears to be justified, capitalised costs are impairment tested.
Research costs are charged to the income statement as and when they are incurred.
Trademarks and licences, which are initially recognised at cost, are subsequently accounted for net of amortisation and accumulated impairment. The period of amortisation is defined as the lower of the contractual duration for use of the licence and the useful life of the asset.
Software licences, including associated costs, are recognised at cost and are recorded net of amortisation and any accumulated impairment.
"Customer relationships" represents the value assigned during the purchase price allocation process to the customer portfolio of the Systèmes Moteurs Group at the date of acquisition of control.
"Name" represents the value assigned during the purchase price allocation process to the name "Systèmes Moteurs" at the date of acquisition of control.

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

3.b. Tangible assets (IAS 16)

Tangible assets are recognised at purchase price or production cost, net of accumulated depreciation.

Cost includes associated expenses and any direct and indirect costs incurred at the time of acquisition and needed to make the asset ready for use. Financial charges relating to specific loans for long-term investments are capitalised up to the date when the assets become operational.
When there are contractual or compulsory obligations for decommissioning, removing or clearing sites where fixed assets are installed, the value recognised also includes a discounted estimate of the costs that will be incurred for their disposal.
Fixed assets are depreciated each year on a straight-line basis over the residual useful life of the assets.
Land, assets under construction and advance payments are not depreciated.
Land and buildings not used for corporate operating purposes are classified under a separate asset item and accounted for on the basis of IAS 40 "Investment property" (see paragraph 3.e. below).
In the event of circumstances that suggest that an asset has been impaired, its carrying value is checked against its recoverable value (i.e. fair value or value in use, whichever is the higher). Fair value can be established on the basis of values expressed by an active market, recent transactions or the best information available at the time with a view to determining the potential proceeds of selling the asset. Value in use is determined by discounting the cash flows expected from using the asset, applying best estimates of its residual useful life and a rate that takes into account the implicit risk of the specific business sectors in which the Group operates. This valuation is carried out for each individual asset or for the smallest identifiable cash generating unit (CGU).
If there is a negative difference between these values and the carrying value, the asset 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.
- *"hedge of a net investment in a foreign operation"* – where the fair value change of the effective portion of the hedge is recognised directly to equity, while the non-effective part is recognised to the income statement.

3.u. Foreign currency translation (IAS 21)

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

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

The assets and liabilities of Group companies whose functional currency is not the euro are measured as follows:

- assets and liabilities are translated using the exchange rate prevailing at the reporting date;
- costs and revenues are translated using the average exchange rate for the period.

Exchange rate differences are recognised directly to a special equity reserve.
Should an investment in a foreign operation be sold, the accumulated exchange rate differences recognised in the equity reserve are reversed to the income statement.

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

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

3.w. Earnings per share (IAS 33)

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

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

3.x. Business combinations and Goodwill

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

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

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

3.y. Use of estimates

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

4. Financial instruments

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

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

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

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

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

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

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

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

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

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

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

Investments held to maturity

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

Loans and receivables

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

Available-for-sale financial assets

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

This item also includes insurance policies subscribed by CIR Investimenti S.p.A. This deals with capitalisation policies and life insurance policies with returns linked to separate insurance portfolios and in certain cases, to unit linked funds. The return accrued each year, being financial in nature, like interest, is recognised in the income statement. The yields linked to unit linked funds as well as to changes in fair value are recorded in the comprehensive income statement and only in case of impairment or redemption recognised in the income statement. The valuation in the financial statements is based on the communications received from the insurance companies.

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

Fair value

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

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

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

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

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

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

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

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

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

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

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

The fair value hierarchy has three levels:

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

5. Accounting standards, changes in accounting estimates and errors

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

6. Adoption of new accounting standards, interpretations and amendments

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

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

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

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

Accounting standards, amendments and IFRS and IFRIC interpretations endorsed by the European Union, but not yet applicable on a compulsory basis and not adopted early by the group at 31 December 2015:

- On 21 November 2013 the IASB issued an amendment to IAS 19 "***Defined Benefit Plans: Employee Contributions***", which aims to present the contributions (relating only to the service provided by the employee during the year) made by employees or third parties to defined benefit plans to reduce the service cost for the year in which the contribution is paid. The need for this proposal arose with the introduction of the new IAS 19 (2011), where it is believed that such contributions are to be interpreted as part of a post-employment benefit, rather than as a short term benefit, and should therefore be spread over the employee's period of service. The amendments are effective for annual periods beginning on or after 1 February 2015. The Directors are currently assessing the potential effects of this amendment on the Group's consolidated financial statements.
- On 12 December 2013, the IASB published its "***Annual Improvements to IFRSs: 2010-2012 Cycle***" which incorporate the changes to standards as part of the annual refinement process. The main changes concern:
  - IFRS 2 Share Based Payments – Definition of vesting condition. Changes have been made to the definition of "vesting condition" and "market condition" and the definitions of "performance condition" and "service condition" have been added (they were previously included in the definition of "vesting condition");
  - IFRS 3 *Business Combinations – Accounting for contingent consideration*. The amendment clarifies that contingent consideration as part of a business combination classified as a financial asset or liability has to be remeasured at fair value at each balance sheet date and any changes in fair value are recognised in the income statement or among the elements of comprehensive income based on the requirements of IAS 39 (or IFRS 9);
  - IFRS 8 *Operating Segments – Aggregation of operating segments*. The amendments require an entity to provide disclosures about the assessments made by management in applying the criteria for the aggregation of operating segments, including a description of the

operating segments being aggregated and of the economic indicators considered in determining whether such operating segments have "similar economic characteristics;

- IFRS 8 *Operating Segments – Reconciliation of total of the reportable segments' assets to the entity's assets*. The amendments clarify that the reconciliation between the total assets of the operating segments and the total assets of the entity only has to be presented if the total assets of the operating segments are regularly reviewed by the chief operating decision maker;
- IFRS 13 *Fair Value Measurement – Short-term receivables and payables*. The Basis for Conclusions of this standard have been amended to clarify that, with the issuance of IFRS 13 and consequent changes to IAS 39 and IFRS 9, the possibility of accounting for current trade receivables and payables without booking the effects of discounting remains valid, if these effects are not material;
- IAS 16 *Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization.* The changes have eliminated the inconsistencies in the recognition of depreciation or amortization when a tangible or intangible asset is revalued. The requirements arising from amendments clarify that the gross carrying amount of the asset has to be adjusted in proportion to the revaluation of the net carrying amount of the asset and that the accumulated depreciation or amortization is equal to the difference between the gross and net carrying amounts, net of any impairment losses that have been accounted for;
- IAS 24 *Related Party Disclosures – Key management personnel*. This clarifies that in the event that the services of key management personnel are provided by an entity (and not by an individual), this entity is to be considered a related party.

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

- 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 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 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.

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

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

- On 30 January 2014, the IASB issued **IFRS 14 - *Regulatory Deferral Accounts*** which only allows those who adopt IFRS for the first time to continue recognising the amounts related to so-called "rate regulation activities" in accordance with the previous accounting principles. Given that neither the Company nor the Group are a first-time adopter, this standard is not applicable.
- On 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 2018, 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 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 impairment, the new standard requires loan losses to be estimated on the basis of the expected losses (and not incurred losses), using information that has adequate support, available without unreasonable effort or expense, and that includes historic, current and prospective figures. The standard requires that this impairment model apply to all financial instruments, namely financial assets carried at amortised cost, to those measured at fair value through other comprehensive income, and to receivables arising from leases and trade receivables.

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

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

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

- On 13 January 2016, the IASB issued **IFRS 16 - Leases** which is intended to replace IAS 17 - *Leases* and IFRIC 4 *Determining Whether an Arrangement contains a Lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

  The new standard provides a new definition of lease and introduces a criterion based on control ("right of use") of an asset to distinguish leases from service contracts, identifying as discriminating factors: identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits arising from use of the asset and the right to direct use of the asset underlying the contract.

  The standard establishes a single model of recognition and measurement of leases for the lessee, which entails booking the asset being leased - whether a finance lease or an operating lease - under assets, with a financial payable as the contra-entry. The standard also provides an option not to recognize as leasing contracts that involve "low-value assets" and leases that last for 12 months or less. On the other hand, the standard does not include any significant changes for lessors.

  The standard is applicable from 1 January 2019, but earlier application is permitted only for companies that have applied for early adoption of IFRS 15 - Revenue from Contracts with Customers. The Directors are of the opinion that application of IFRS 16 could have a significant impact on the accounting treatment of lease contracts and the 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 the related contracts.

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

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

On 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

2014	*Opening position*			*Movements during the year*								*Closing balance*		
	Original cost	*Accumulated amortisation and write-downs*	*Balance 31.12.2013*	*Acquisitions*	*Business combinations disposals*		*Exchange rate differences*	*Other changes*	*Discontinued operations*	*Net disposals*	*Amortisation and write-downs*	*Original cost*	*Accumulated amortisation and write-downs*	*Balance 31.12.2014*
(in thousands of euro)					*increases*	*decreases*				*cost*				
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**

2015	*Opening balance*			*Movements during the year*								*Closing balance*		
	Original cost	*Accumulated amortisation and write-downs*	*Balance 31.12.2014*	*Acquisitions*	*Business combinations disposals*		*Exchange rate differences*	*Other changes*	*Discontinued operations*	*Net disposals*	*Amortisation and write-downs*	*Original cost*	*Accumulated amortisation and write-downs*	*Balance 31.12.2015*
(in thousands of euro)					*increases*	*decreases*				*cost*				
Start-up and expansion costs	36	(36)	--	--	--	--	--	--	--	--	--	36	(36)	--
Capitalised development costs														
- purchased	--	--	--	--	--	--	--	--	--	--	--	--	--	--
- produced internally	171,610	(93,836)	77,774	16,971	--	--	(992)	7,568	--	(829)	(21,129)	184,220	(104,857)	79,363
Industrial patents and intellectual property rights	47,072	(14,537)	32,535	2,032	--	--	3	--	--	(22)	(3,401)	48,875	(17,728)	31,147
Concessions, licences, trademarks and similar rights	79,457	(66,074)	13,383	2,924	8	--	(33)	306	--	--	(2,853)	82,297	(68,562)	13,735
Titles and trademarks	388,002	--	388,002	--	--	--	--	--	--	--	--	388,002	--	388,002
Frequencies	87,234	--	87,234	--	--	--	--	44	--	--	--	87,278	--	87,278
Goodwill	763,547	(420,912)	342,635	--	60,048	--	477	(3,911)	--	(7,404)	(31,664)	902,017	(541,836)	360,181
Assets in progress and advance payments														
- purchased	3,792	--	3,792	6,146	--	--	(828)	(1,390)	--	(46)	--	7,674	--	7,674
- produced internally	16,095	(728)	15,367	4,917	--	--	1,184	(7,072)	--	--	(114)	15,493	(1,211)	14,282
Other	26,400	(9,389)	17,011	251	252	--	(48)	350	--	--	(1,826)	26,968	(10,978)	15,990
Total	**1,583,245**	**(605,512)**	**977,733**	**33,241**	**60,308**	**--**	**(237)**	**(4,105)**	**--**	**(8,301)**	**(60,987)**	**1,742,860**	**(745,208)**	**997,652**

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 rose from € 977,733 thousand at 31 December 2014 to € 997,652 thousand at 31 December 2015.

The amounts shown in the "Discontinued operations" column of the prior year 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)	*31.12.2015*	*31.12.2014*
la Repubblica	229,952	229,952
Local newspapers	154,741	154,741
Other titles and trademarks	3,309	3,309
Total	**388,002**	**388,002**

Frequencies:

(in thousands of euro)	*31.12.2015*	*31.12.2014*
Radio frequencies	87,278	87,234
Total	**87,278**	**87,234**

Goodwill:

(in thousands of euro)	*31.12.2015*	*31.12.2014*
Media Sector (Editoriale L'Espresso Group)	2,733	33,653
Healthcare sector (Kos Group)	228,810	176,431
Automotive sector (Sogefi Group)	128,638	128,638
Other investments	--	3,913
Total	**360,181**	**342,635**

The increase in "Goodwill" in the Healthcare segment refers to the acquisition of Polo Geriatrico Riabilitativo S.p.A. (€ 28,111 thousand) and Argento Vivo S.r.l. (€ 26,455 thousand). The companies acquired were included in the consolidated financial statements on the date when the risks and benefits were transferred to the Group, which generally coincides with the acquisition date. The cost of the business combination has been allocated to the assets, liabilities and intangible assets not recorded in the financial statements of the acquired companies, within the limits of their fair value. The residual amount has been attributed to goodwill. Considering the complexity of the valuation process, international accounting standards allow the definitive allocation to be made within twelve months from the acquisition date.

With regard to "Other investments" it should be noted that as a result of CIR's decision to withdraw from the education sector, it was decided in accordance with IFRS 5 to restate the goodwill recognized by Southlands S.r.l. as assets held for sale. Moreover, considering the potential sale of the company at close to zero, this goodwill has been partially written down.

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.

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:annual average yield on government bonds in countries where Group companies operate;
- risk premium: average market risk premium in countries where Group companies operate.

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
The impairment tests carried out on the goodwill allocated to the Healthcare and Automotive Sectors, using the cash flow method and other valuation methods, ascertained the absence of impairment losses.
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.
With regard to the goodwill allocated to the Media Sector, deriving in part from the difference between the purchase cost of the interest held by CIR in the sub-group and the net assets reflected in the consolidated financial statements of the CIR Group, the results of the impairment test identified the need for a writedown of € 30.9 million relating solely to the goodwill represented by the difference between the carrying amount of the equity investment held by CIR and the fair value of the related assets and liabilities at the acquisition date.

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

Media

The impairment test on the Media sector, which coincides with the Espresso sub-group, 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 € 87.3 million, and the goodwill allocated to the sector of € 33.7 million before the impairment writedown recorded at 31 December 2015. 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 goodwill relating to 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 (2016-2020) and calculating the terminal value.
  The discount rate used was the Espresso Group's after-tax WACC, namely 6.59%. Lastly, as regards the calculation of 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 (2016-2020), from which are deducted the outlays for normalized investments, as well as taxes on operating income. 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 2016 Budget and the 2016-2018 Three-Year Plan approved by the Board of Directors of the Espresso Group on 21 January 2016 and 24 February 2016, respectively. These forecasts have been extended to the years 2019 and 2020 on the basis of reasonable hypotheses in line with past evidence.

The principal assumptions underlying the forecasts made are summarised below:

Advertising revenues: for 2016 a certain stability compared with 2015 is being assumed in the advertising market as a whole, also in consideration of the slight growth expected in the GDP (+1.1%), which is still insufficient to generate a clear reversal of the trend in investments. With regard to the individual segments, the share is likely to stay in line with what we have seen 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 2016 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 the rest of the plan, it is assumed that the advertising market will return to limited growth over the next four years (2017-2020). 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.

Market trends were therefore reflected in the business plans of the Group's publishing CGUs for the years 2016-2020, assuming:

- for the Repubblica CGU, a decline in advertising in printed publications, but rising income on the Internet, substantially in line with the expected development of the market;

- for the Local Newspapers CGUs, a downturn in advertising revenues on paper publications similar to that of the national media is foreseen, whereas Internet is expected to grow significantly, higher than the market, considering both the starting level of turnover, which is still quite low, and the current project for renewal and strengthening of the websites of all the Group's local newspapers.

Sales revenues: the assumptions made for the 2016 budget regarding the kiosk sales of the Group's daily newspapers are based on market trends during the period from 2005 to 2015.
Based on ADS data, during that period kiosk and subscription sales of daily newspapers fell by 44.6% (an annual average of -5.7%), from a daily average of 4.9 to 2.7 million copies. By segment, the national dailies providing information and sports news have fared worst, declining since 2005 by 54.3% and 50.1% respectively (an annual average of -7.2%), while the sales of local newspapers have dropped by 38.6% (-4.8% per annum). This adverse trend has accelerated significantly in recent years however.
The latest figures available at the time of preparation of the 2016 Budget (ADS in November) indicated an overall drop in kiosk sales and subscriptions of 8.9% (-11.1% for national newspapers and -8.5% for local newspapers) in 2015. In view of these trends, the budget provides for a market evolution in 2016 similar to that of 2015.
For the subsequent years of the plan, the structural decline in
kiosk sales is assumed to continue, with the sales of la Repubblica declining by 9.5% and those of local newspapers falling by 6% each year.
Alongside the structural decline in printed copies, the plan assumes 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 2016-2020 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 2016 and subsequent years of the plan envisage a substantial stability in 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 2016-2020 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 and application of the solidarity system 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;
- further reorganisation 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. We also assumed that the growth rate "g" is zero, except for the "Mo-Net" CGU which is showing a steady growth trend for the underlying business.

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.

In particular with regard to the Publishing CGUs, the analysis of the "Finegil Editoriale Nord-Est" and "Finegil Editoriale Livorno" CGUs produced the following results.

The value in use of the "Finegil Editoriale Nord-Est" CGU would be equal to the carrying amount of € 99.8 million, assuming a 9.5% fall in advertising revenues and a 6.0% decline in copies sold. Alternatively, accepting the assumptions for sales and advertising revenues adopted in the 2016-2020 plan, the recoverable value in use of the "Finegil Editoriale Nord-Est" CGU would be equal to the carrying amount if the weighted average cost of capital was 6.86%, rather than the 6.59% currently used.

The value in use of the "Finegil Editoriale Livorno" CGU would be equal to the carrying amount of € 23.2 million, assuming a 7.5% fall in advertising revenues and a 7.0% decline in copies sold. Alternatively, accepting the assumptions for sales and advertising revenues adopted in the 2016-2020 plan, the recoverable value in use of the "Finegil Editoriale Livorno" CGU would be equal to the carrying amount if the weighted average cost of capital was 6.87%, rather than the 6.59% currently used.

When determining the fair value less selling costs of the CGU represented by the Group's internet company (Mo-Net), the equity value obtained by applying market multipliers was reduced by a discount factor of 30% to take account of the scale differential and the relative "illiquid" nature of the company compared with the panel of internet companies considered.

The tests carried out in this way did not reveal the need to recognise impairment losses on the amounts recorded in the consolidated financial statements under intangible assets with an useful life other than goodwill.

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.

An impairment test has therefore been carried out on the company as a whole to verify the recoverability of the carrying value of all the CGUs and of the corporate costs/assets of the business as a whole, not allocated to the CGU level.

This impairment test was made by considering the sum of the cash flows of each CGU, as well as the valuation of non-allocated costs. This involved estimating the present value of corporate costs (not allocated to the CGU); the present value of these costs has been considered as a reduction in the overall value of the company and has been estimated using after-tax cash flows and an after-tax discount rate.

For the projection of corporate costs and the determination of cash flows, we have used criteria in line with those applied for the impairment test of each CGU in terms of the explicit forecast period and in terms of growth (beyond the explicit forecast period). To calculate the value in use, the after-tax operating cash flows of the entire Group were taken as a point of reference from the plans drawn up for the years 2016-2020; for the projection of the related cash flows, we used an after-tax rate of 6.59% and a growth rate of zero. In particular, over the Plan period, it has been assumed that there would be a gradual reduction in corporate costs, also including management and administration costs (consultancy, rent, travel expenses, etc.), as already implemented by the Group in recent years.

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.

Neither the fair value of the stock at 31 December 2015 nor the value in use determined using the methodologies described above support the carrying amount of the Media CGU in the consolidated financial statements of the CIR Group.
In particular, the value in use attributable to CIR, reflecting the highest recoverable amount, is € 333.9 million lower than the carrying amount of the equity investment in the separate financial statements, and compared with the consolidated carrying amount of the Media CGU.
The separate financial statements of CIR therefore include a writedown of the investment of € 7.8 million, while the goodwill recorded in the consolidated financial statements has been decreased by an impairment charge of € 30.9 million.

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 2016-2019 (adjusted to exclude the expected benefits of future projects and reorganisations), as approved by the Board of Directors of 19 January 2016 and 29 February 2016 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 9.55%.
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 (2019), 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: 17.1%
- levered beta of the sector: 1.12

- risk-free rate: 3% (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: 7% (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: 3.4% (estimated on the basis of the 2016 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): 16.75% for the Engine Systems Division (Fluid Filters), 12.28% for the Engine Systems Division (Air Filters and Cooling) and 14.1% for the Car Suspension Components Division.

Healthcare sector

The goodwill allocated to the healthcare sector, which corresponds to the KOS sub-group, amounts to € 229 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 2013, 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 "Cancer cure and diagnostics" 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)	*31.12.2015*	*%*
Goodwill allocated by KOS sub-holding		
Care homes	140,709	62
Rehabilitation	65,389	29
Hi-tech services	21,253	9
Corporate	516	--
Additional goodwill allocated to the Healthcare CGU	943	--
Total	**228,810**	**100.0**

In developing the impairment test, we used management's latest budget forecasts for the economic and financial trend during the period 2016-2021, 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 2014) 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%, while for those in the UK it is 6.1% and for those in India it is 11.4%.
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.

7.b. Tangible assets

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

7.b. Tangible assets

2014	*Opening balance*			*Movements during the year*									*Closing balance*		
	Original cost	*Accumulated depreciation and write-downs*	*Balance 31.12.2013*	*Acquisitions*	*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 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.

2015	*Opening balance*			*Movements during the year*									*Closing balance*		
	Original cost	*Accumulated depreciation and write-downs*	*Balance 31.12.2014*	*Acquisitions*	*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 31.12.2015*
(in thousands of euro)					*increases*	*decreases*					*cost*				
Land	47,157	(522)	46,635	--	1,302	--	--	15	338	--	(224)	--	48,588	(522)	48,066
Buildings used for operating purposes	340,586	(150,650)	189,936	4,446	18,914	--	--	(823)	31,588	--	(671)	(11,708)	393,164	(161,482)	231,682
Plant and machinery	950,545	(728,142)	222,403	25,489	3,551	--	--	(3,725)	28,773	--	(1,754)	(45,718)	962,357	(733,338)	229,019
Industrial and commercial equipment	129,339	(100,286)	29,053	10,337	238	--	--	364	6,319	--	(46)	(7,242)	140,773	(101,750)	39,023
Other assets	246,734	(193,446)	53,288	12,679	849	--	--	(329)	3,073	--	(848)	(11,817)	255,834	(198,939)	56,895
Assets in progress and advance payments	82,108	(728)	81,380	42,108	--	--	--	(190)	(68,648)	--	(226)	--	55,152	(728)	54,424
Total	**1,796,469**	**(1,173,774)**	**622,695**	**95,059**	**24,854**	**--**	**--**	**(4,688)**	**1,443**	**--**	**(3,769)**	**(76,485)**	**1,855,868**	**(1,196,759)**	**659,109**

Tangible assets rose from € 622,695 thousand at 31 December 2014 to € 659,109 thousand at 31 December 2015.

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

2014	Opening balance			Movements during the year								Closing balance		
	Original cost	Accumulated depreciation and write-downs	Net balance 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 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

2015	Opening balance			Movements during the year								Closing balance		
	Original cost	Accumulated depreciation and write-downs	Net balance 31.12.2014	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 31.12.2015
(in thousands of euro)					increases	decreases				cost				
Buildings	28,843	(7,552)	21,291	413	--	--	--	--	1	(41)	(748)	29,215	(8,299)	20,916
Total	28,843	(7,552)	21,291	413	--	--	--	--	1	(41)	(748)	29,215	(8,299)	20,916

Investment property has gone from € 21,291 thousand at 31 December 2014 to € 20,916 thousand at 31 December 2015, 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 2015 and 2014 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*	
	2015	*2014*	*2015*	*2014*	*2015*	*2014*
Land	7,385	5,864	--	--	--	--
Buildings	76,663	34,133	8,390	7,338	131,178	131,178
Plant and machinery	19,244	7,624	6,172	3,890	144,963	162,531
Other assets	2,862	1,641	2,150	824	183	183
Assets in progress and advance payments	6,013	30,728	--	--	--	--

7.d. Investments in companies consolidated at equity

(in thousands of euro)

2014		*Balance 31.12.2013*	*Increases (Decreases)*	*Write-downs*	*Dividends*	*Pro-rata share of result*		*Other changes*	*Discontinued 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**

(in thousands of euro)

2015		*Balance 31.12.2014*	*Increases (Decreases)*	*Write-downs*	*Dividends*	*Pro-rata share of result*		*Other changes*	*Discontinued operations*	*Balance 31.12.2015*
						Loss	*Income*			
Persidera S.p.A.	30.00	130,103	--	(17,112)	(2,856)	--	2,949	--	--	113,084
Editoriale Libertà S.p.A.	35.00	13,920	--	--	(350)	--	341	--	--	13,911
Editoriale Corriere di Romagna S.r.l.	49.00	3,058	--	--	--	--	98	--	--	3,156
Altrimedia S.p.A.	35.00	681	--	--	--	--	60	--	--	741
Le Scienze S.p.A.	50.00	143	--	--	(72)	--	17	--	--	88
Devil Peak S.r.l.	36.16	--	--	--	--	--	..	--	--	--
Apokos Rehab PVT Ltd	50.00	191	567	--	--	(33)	..	--	--	725
Huffingtonpost Italia S.r.l.	49.00	205	--	--	--	(77)	..	--	--	128
Total		**148,301**	**567**	**(17,112)**	**(3,278)**	**(110)**	**3,465**	**--**	**--**	**131,833**

Bear in mind, as regards the Espresso group, that the transfer of 100% of Rete A S.p.A. to Persidera S.p.A. was completed on 30 June 2014, at the same time acquiring 30% of Persidera. Following this operation, the business headed by Rete A was deconsolidated and the investment in Persidera was booked at a value of € 127,700 million.

At 31 December 2015, the investments held in Persidera, Editoriale Libertà and Editoriale Corriere di Romagna, shown at their fair value as defined on the basis of an appraisal issued by an independent expert, were subjected to an impairment test, using methodologies and assumptions similar to those adopted for the Group CGU in determining both the fair value and value in use, taking into account the specific areas of activity of each company. More precisely, the recoverable amount of the

investment - comparative term for assessing the presence of an impairment loss - was determined in accordance with IAS 36 as the higher of fair value less selling costs and value in use: the first was estimated by reference to market multiples; the second was quantified according to the expected cash flows from the investment, based on the 2016-2020 budgets.
In particular, for the "Persidera CGU", the fair value less costs to sell is based on direct multiples taken from comparable listed companies. This approach seems preferable to that used in the past which made reference to transactions involving television frequencies that occurred in the Italian market in an era that at this point is far too remote.
In determining the value in use of the CGU concerned, however, the 2016-2018 business plan approved by the Board of Directors of Persidera S.p.A. on 17 February 2016 was used; this plan was extended until 2032 to reflect with the twenty-year licence to use the frequencies. The terminal value was taken as being equal to the last year of the plan, assuming renewal of the concession at the same conditions.
The discount rate applied to the expected cash flows was 8.09%, taking into account the specific characteristics of the business and the company.
The impairment test carried out at the end of 2015 on the investments revealed the need to write down the carrying amount of Persidera S.p.A. by € 17,112 thousand in order to align the value of this investment to its recoverable value as reflected in its fair value.
On the other hand, there were no impairment losses on the investments in Editoriale Corriere di Romagna and Editoriale Libertà whose recoverable value was found to be the value in use, as it was higher than the fair value.

The "discontinued operations" column of 2014 referred to assets belonging to the Energy Sector (Sorgenia Group) in application of IFRS 5.

7.e. Other investments

(in thousands of euro)	*31.12.2015*	*31.12.2014*
Ansa S. Coop. A.R.L.	2,209	2,209
Emittenti Titoli S.p.A.	132	132
Other	3,489	2,639
Total	**5,830**	**4,980**

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

7.f. Other receivables

"Other receivables" at 31 December 2015 had a balance of € 87,075 thousand, compared with € 89,239 thousand at 31 December 2014.

At 31 December 2015, this item includes the following:

- € 42,022 thousand (€ 18,496 thousand at 31 December 2014) of unsecured and mortgage-backed receivables of the securitisation company Zeus Finance S.r.l. Note that due to the breakdown of negotiations for the sale of a portion of receivables (€ 39,470 thousand) which were subject to restatement in the prior year's financial statements in accordance with IFRS 5, this amount has been reclassified out of assets held for sale. Write-downs of € 1,931 thousand were made during the year;
- € 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;

- € 9,602 thousand of amounts due from the Treasury to the Sogefi Group, mainly relating to tax receivables for research and development of the French subsidiaries.

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

7.g. Securities

"Securities" at 31 December 2015 amounted to € 87,383 thousand, compared with € 110,727 thousand at 31 December 2014, 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 € 14,582 thousand (€ 13,428 thousand at 31 December 2014) to the fair value reserve for Cofide's portion). During the year, gains for € 14,545 thousand (€ 9,568 thousand in 2014) were realised and booked to item 14.c. "Gains on securities trading". At 31 December 2015, the residual commitment for investment in private equity funds stood at € 6.3 million.

In November 2015, CIR International S.A. sold to a group of investors its investment in SEG (Swiss Education Group), the main Swiss group and one of the international leading management training centres for the hospitality industry (hotels and restaurants) for a total of € 64 million. The transaction generated a capital gain of € 41.9 million for the CIR group.

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)	*2015*		*2014*	
	Amount of temporary differences	*Tax effect*	*Amount of temporary differences*	*Tax effect*
Deductible temporary differences from:				
- write-down of current assets	45,758	11,996	39,440	11,406
- write-down of fixed assets	51,349	14,368	50,011	15,479
- revaluation of current liabilities	22,645	6,005	34,852	9,970
- revaluation of personnel provisions	61,385	17,030	70,172	19,179
- revaluation of provisions for risks and losses	76,011	23,686	87,112	27,563
- revaluation of long-term borrowings	--	--	--	--
- write-down of financial instruments	907	228	1,945	543
- tax losses from previous years	105,578	31,434	106,422	31,813
Total deferred tax assets	**363,633**	**104,747**	**389,954**	**115,953**

Taxable temporary differences from:				
- revaluation of current assets	638	160	774	209
- revaluation of fixed assets	446,959	125,621	436,057	133,287
- write-down of current liabilities	49,159	7,943	101,465	8,033
- valuation of personnel provisions	5,109	1,335	4,827	1,327
- write-down of provisions for risks and losses	424	127	416	132
- revaluation of financial instruments	174	49	1,407	325
Total deferred tax liabilities	**502,463**	**135,235**	**534,946**	**143,313**
Net deferred taxes		**(30,488)**		**(27,360)**

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 € 422.9 million, which can be carried forward without any limit, and to other Group companies for € 11 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:

2015 *(in thousands of euro)*	*Balance at 31.12.2014*	*Use of deferred taxes from prior periods*	*Deferred taxes generated in the period*	*Discontinued operations*	*Exchange rate differences and other changes*	*Balance at 31.12.2015*
Deferred tax assets:						
- to income statement	92,495	(11,005)	4,010	--	(1,231)	84,269
- to equity	23,458	(4,227)	--	--	1,247	20,478
Deferred tax liabilities:						
- to income statement	(123,855)	10,372	(357)	--	984	(112,856)
- to equity	(19,458)	--	(1,677)	--	(1,244)	(22,379)
Net deferred taxes	(27,360)					(30,488)

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:						
- to income statement	170,435	(4,914)	13,007	(92,323)	6,290	92,495
- to equity	22,546	(119)	1,091	(4,206)	4,146	23,458
Deferred tax liabilities:						
- to income statement	(195,438)	73,556	(5,531)	3,815	(257)	(123,855)
- to equity	(19,682)	1,555	(1,331)	--	--	(19,458)
Net deferred taxes	(22,139)					(27,360)

8. Current assets

8.a. Inventories

Inventories can be broken down as follows:

(in thousands of euro)	*31.12.2015*	*31.12.2014*
Raw materials, secondary materials and consumables	69,835	65,569
Work in progress and semi-finished goods	13,888	13,557
Finished goods and goods for resale	50,332	49,531
Advance payments	--	7
Total	**134,055**	**128,664**

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.

8.b. Trade receivables

(in thousands of euro)	*31.12.2015*	*31.12.2014*
Receivables - customers	413,678	424,865
Receivables - subsidiaries and joint ventures	--	4,380
Receivables - associates	2,259	2,446
Total	**415,937**	**431,691**

"Receivables - customers" are interest-free and have an average maturity in line with market conditions.
Trade receivables are shown net of any write-downs that take credit risk into account.

In 2015, provisions for write-downs were made for a total of € 6,679 thousand compared with € 5,927 thousand in 2014.

The item "Receivables - subsidiaries and joint ventures" at 31 December 2014 relates to receivables from the Sorgenia Group, cashed during the year.

8.c. Other receivables

(in thousands of euro)	*30.06.2015*	*31.12.2014*
Receivables - subsidiaries and joint ventures	551	--
Receivables - associates	104	104
Tax receivables	51,970	46,862
Other receivables	44,940	45,215
Total	**97,565**	**92,181**

"Receivables - subsidiaries and joint ventures" refer to the loan granted to Southlands S.r.l. whose assets and liabilities have been reclassified in accordance with IFRS 5. A write-down of € 984 thousand has been made on this loan to adjust its value to the potential selling price of the company.

8.d. Financial receivables

"Financial receivables" went from € 10,017 thousand at 31 December 2014 to € 30,496 thousand at 31 December 2015.This item includes € 13,156 thousand which relates to the fair value measurement of the Cross Currency Swap contracts designated as hedge accounting, taken out by the Sogefi Group for the purpose of hedging the interest rate and currency risk on the private bond placement of USD 115 million; it also includes € 14,243 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)	*31.12.2015*	*31.12.2014*
Italian Government securities or similar securities	2,562	2,591
Investment funds and similar funds	62,327	66,300
Bonds	33,227	24,096
Certificates of deposit and other securities	32,896	56,057
Total	**131,012**	**149,044**

The fair value measurement of "Securities" led to a positive adjustment to the income statement of € 4,463 thousand.

8.f. Available-for-sale financial assets

This item totals € 251,510 thousand and refers for € 45,996 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 € 7,305 thousand (€ 17,914 thousand at 31 December 2014). The effect of this measurement on Cofide's equity for its share came to € 3,874 thousand. During the year, gains for € 19,582 thousand (€ 9,513 thousand in 2014) were realised and booked to item 14.c. "Gains on securities trading", as well as negative adjustments to the income statement of € 3,825 thousand.
This item also includes € 205,514 thousand for life insurance and capitalisation policies with leading insurance companies taken out by CIR Investimenti S.p.A. The net yield during the year came to € 2,201 thousand.

8.g. Cash and cash equivalents

Cash and cash equivalents declined from € 348,885 thousand at 31 December 2014 to € 312,643 thousand at 31 December 2015.
A breakdown of the changes is given in the statement of cash flows.

8.h. Assets and liabilities held for sale

The amount of "assets held for sale" of € 9,005 thousand refers for € 2,598 thousand to assets of the KOS group and for € 6,407 thousand to assets of Southlands S.r.l.

The amount of "liabilities held for sale" of € 6,662 thousand refers for € 255 thousand to liabilities of the KOS group and for € 6,407 thousand to liabilities of Southlands S.r.l.

For further information please read section 6 "Notes to the consolidated financial statements"

9. Equity

9.a. Share capital

The share capital at 31 December 2015 amounts to € 359,604,959.00, the same as at 31 December 2014, 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 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
Retained earnings	--	--	--	--	--	--
Fair value measurement of hedging instruments	--	--	6,038	--	--	6,038
Fair value measurement of securities	--	--	1,438	--	--	1,438
Securities fair value reserve released to income statement	--	--	(7,538)	--	--	(7,538)
Effects of equity changes in subsidiaries	--	--	723	(377)	15,200	15,546
Currency translation differences	--	--	922	1,202	--	2,124
Actuarial gains (losses)	--	--	--	--	3,080	3,080
Balance at 31 December 2015	5,044	22,644	15,634	(4,176)	71,425	110,571

The "Fair value reserve", net of tax, was positive for € 15,634 thousand and refers (in positive) to the measurement of "Securities" in item 7.g. for € 14,582 thousand, to the measurement of "Available-for-sale financial assets" in item 8.f. for € 3,874 thousand and (in negative) to the measurement of hedges for € 2,822 thousand.

The "Translation reserve" had a negative balance of € 4,176 thousand at 31 December 2015 with the following breakdown:

(in thousands of euro)	*31.12.2014*	*Increases*	*Decreases*	*31.12.2015*
Sogefi Group	(6,118)	--	(3,533)	(9,651)
KOS Group	98	32	--	130
CIR Ventures	(1,019)	1,019	--	--
CIR International	1,973	3,445	--	5,418
Sorgenia Group	11	--	(11)	--
Other	54	--	(127)	(73)
Total	**(5,001)**	**4,496**	**(3,671)**	**(4,176)**

The breakdown of "Other reserves" at 31 December 2015 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	71,382
Total	**71,425**

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 the item "Bonds" is as follows:

(in thousands of euro)	*31.12.2015*	*31.12.2014*
Gruppo Editoriale L'Espresso S.p.A. 2.625% 2014/2019 Convertible Bond	79,497	75,760
Sogefi S.p.A. Bond 2013/2020 in USD	105,302	94,359
Sogefi S.p.A. Bond 2013/2020	24,940	24,922
Sogefi S.p.A. 2% 2014/2021 Convertible Bond	78,627	75,527
Total	**288,366**	**270,568**

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

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

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

As regards the Gruppo Editoriale L'Espresso S.p.A. 2.625% 2014/2019 Convertible Bond, please note that following the resolution of the Board of Directors on 21 January 2015 and the signing of a formal renunciation (or "deed poll") under English law, which took place on 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 under the loan regulations. This waiver is final, irrevocable and unconditional. Under English law, this waiver has the same effect as amending the loan regulations.

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

10.b. Other borrowings

(in thousands of euro)	*31.12.2015*	*31.12.2014*
Collateralised bank loans	42,179	43,585
Other bank loans	275,464	232,349
Leases	89,767	72,540
Other payables	14,500	34,176
Total	**421,910**	**382,650**

This item comprises loans obtained by the Sogefi sub-group of € 162,190 thousand, by the Kos sub-group of € 209,886 thousand and a loan granted to Cofide of € 49,834 thousand.
"Other payables" include € 11,562 thousand relating to the fair value of derivative contracts hedging interest rate risk.

10.c. Personnel provisions

The details of this item are as follows:

(in thousands of euro)	*31.12.2015*	*31.12.2014*
Employee leaving indemnity (TFR)	75,118	87,444
Pension funds and similar obligations	49,504	56,410
Total	**124,622**	**143,854**

(in thousands of euro)	*31.12.2015*	*31.12.2014*
Opening balance	143,854	128,711
Provisions for service during the period	22,343	20,085
Increases for interest	2,732	3,454
Actuarial gains or losses	(10,529)	21,633
Benefits paid	(13,808)	(12,218)
Increases or decreases due to changes in the scope of consolidation	28	(633)
Discontinued operations	--	(2,302)
Other changes	(19,998)	(14,876)
Closing balance	**124,622**	**143,854**

In 2014, "Discontinued operations" referred 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	1.39% - 2.03%
Annual inflation rate	1.5% - 2%
Annual rate of pay increases	0.5% - 1.5%
Annual rate of TFR increase	2.625% - 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 disputes pending	Provision for restructuring charges	Provision for other risks	Total
Balance at 31 December 2014	14,932	19,296	63,682	97,910
Provisions made during the period	3,088	1,095	18,750	22,933
Uses	(2,646)	(14,438)	(19,131)	(36,215)
Exchange rate differences	(65)	(386)	(486)	(937)
Other changes	(2,575)	(373)	240	(2,708)
Balance at 31 December 2015	**12,734**	**5,194**	**63,055**	**80,983**

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 onwards of a defective part by the subsidiary Systèmes Moteurs S.A.S., before, and partly after, its acquisition 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. In 2012 Systèmes Moteurs S.A.S. and the Company 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 lawsuit involved a technical inspection by an expert appointed by the Court. The court appointed an expert in June 2012. Proceedings on the merits have therefore been suspended, pending the expert's report. The expert has established that the origin of the defect relates to the thermostat, which was made by a supplier of Systèmes Moteurs S.A.S.
In 2014, the two customers intervened in the proceedings by asking for the expert appraisal also to define the compensation due to them. This request was accepted and the expert's appointment was subsequently extended.
Previously, the two customers had submitted claims for damages out of court. To date, there are no other proceedings pending in which the two customers are involved.

The customers have requested damages, which they estimate at € 122.8 million, mainly related to past and future campaigns, and € 65.9 million for reputational damage and loss of profits.
Based on the proceedings that are currently pending, the Company and its legal counsel believe that the likelihood of a liability as a result of this claim is remote.

With regard to the first request, each claim has been divided with the aim identifying the costs for each production period. Of the € 122.8 million, the Company estimates that € 60.4 million relates to the period prior to the acquisition of Systèmes Moteurs from the Sogefi Group and € 26.6 million to the 7 months immediately afterwards.
The Company has already settled with the customers through debit notes for a total of € 3 million. In addition, in the first half of 2015, the Company paid € 18.0 million to the two customers. These amounts were paid to these customers by Systèmes Moteurs S.A.S. on a provisional basis under standstill agreements, without admission of liability. These amounts will be adjusted and possibly partially reimbursed when the judgement on the issue will be issued.

During 2015, the Company prudently decided to set aside an additional € 11.8 million in the Provision for product warranties, taking into account the latest developments.

With reference to the compensation expected from the seller of the shares in Systèmes Moteurs S.A.S., it should be noted that in 2011 the Sogefi Group recorded in its consolidated financial statements an indemnification asset of € 23.4 million, 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.
At 31 December 2015 this indemnification asset was assessed according to IFRS 3.57, continuing to consider it recoverable on the basis of the contractual guarantees given by the seller and the above evaluations.

The Sogefi Group did not record any additional assets after 2011.
Note that Sogefi S.p.A. opened an international arbitration procedure for recovery of the costs incurred after the acquisition of Systèmes Moteurs S.A.S. from the seller of the shares, as foreseen in the purchase agreement. A judgement is scheduled for the first half of 2016.

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

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

(in thousands of euro)	*Provision for disputes pending*	*Provision for restructuring charges*	*Provision for other risks*	*Total*
Balance at 31 December 2014	5,935	18,993	57,727	82,655
Provisions made during the period	120	5,559	7,210	12,889
Uses	(4,224)	(12,925)	(9,629)	(26,778)
Exchange rate differences	--	--	34	34
Other changes	2,852	--	115	2,967
Balance at 31 December 2015	**4,683**	**11,627**	**55,457**	**71,767**

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. 2014/2019 Bond Loan.

11.b. Other borrowings

(in thousands of euro)	*31.12.2015*	*31.12.2014*
Collateralised bank loans	5,758	29,227
Other bank loans	91,232	64,374
Leases	10,252	7,538
Other borrowings	43,074	29,816
Total	**150,316**	**130,955**

"Other borrowings" relate for € 74,770 thousand to loans within the Sogefi Group, for € 37,564 thousand to loans within the Kos Group and for € 37,291 thousand to loans within the Espresso Group.

11.c. Trade payables

(in thousands of euro)	*31.12.2015*	*31.12.2014*
Payables - subsidiaries and joint ventures	9	5,937
Payables - associates	2,242	1,471
Payables - suppliers	421,747	406,794
Advance payments	4,175	2,989
Total	**428,173**	**417,191**

At 31 December 2014 "Payables to subsidiaries and joint ventures" related for € 5,928 thousand to payables of CIR S.p.A. to the Sorgenia Group, including € 5,905 thousand from taking part in the CIR tax consolidation, paid in June 2015.

11.d. Other payables

(in thousands of euro)	*31.12.2015*	*31.12.2014*
Due to employees	73,257	77,596
Tax payables	32,467	33,384
Social security payables	48,705	48,707
Other payables	46,556	47,390
Total	**200,985**	**207,077**

12. Revenues

BREAKDOWN BY BUSINESS SECTOR

(in millions of euro)	*2015*		*2014*		*Change*
	amount	*%*	*amount*	*%*	*%*
Media	605.1	23.8	643.5	26.9	(6.0)
Automotive components	1,499.1	58.9	1,349.4	56.4	11.1
Healthcare	439.2	17.3	392.4	16.4	11.9
Other	1.0	--	7.3	0.3	(86.3)
Total consolidated revenues	**2,544.4**	**100.0**	**2,392.6**	**100.0**	**6.3**

BREAKDOWN BY GEOGRAPHICAL AREA

(in millions of euro)

2015	*Total revenues*	*Italy*	*Other European countries*	*North America*	*South America*	*Asia*	*Other countries*
Media	605.1	605.1	--	--	--	--	--
Automotive components	1,499.1	104.2	839.6	264.1	174.5	111.2	5.5
Healthcare	439.2	428.5	7.5	--	--	3.2	--
Other	1.0	--	1.0	--	--	--	--
Total consolidated revenues	**2,544.4**	**1,137.8**	**848.1**	**264.1**	**174.5**	**114.4**	**5.5**
Percentages	100.0%	44.7%	33.3%	10.4%	6.9%	4.5%	0.2%

(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%

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 € 852,212 thousand in 2014 to € 937,923 thousand in 2015. The increase is mainly attributable to the Sogefi Group.

13.b. Costs for services

This item went from € 607,382 thousand at 31 December 2014 to € 624,563 thousand at 31 December 2015, as can be seen from the following breakdown:

(in thousands of euro)	*2015*	*2014*
Technical and professional consulting	83,968	89,854
Distribution and transport costs	39,327	38,374
Outsourcing	46,913	49,882
Other expenses	454,355	429,272
Total	**624,563**	**607,382**

The net increase in "Costs for services" is attributable to increases in the Sogefi and Kos groups and decreases in the Espresso group.

13.c. Personnel costs

Personnel costs totalled € 708,634 thousand at 31 December 2015 (€ 680,809 thousand at 31 December 2014).

(in thousands of euro)	*2015*	*2014*
Salaries and wages	485,043	474,930
Social security contributions	155,928	153,329
Employee leaving indemnity	18,738	19,573
Pensions and similar benefits	3,254	1,143
Valuation of stock option plans	4,090	5,121
Other costs	41,581	26,713
Total	**708,634**	**680,809**

The Group had an average of 14,064 employees in 2015 (13,840 in 2014).

13.d. Other operating income

This item can be broken down as follows:

(in thousands of euro)	*2015*	*2014*
State grants	630	1,098
Capital gains on asset disposals	3,759	2,979
Miscellaneous gains and other income	28,017	34,529
Total	**32,406**	**38,606**

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

13.e. Other operating expense

This item can be broken down as follows:

(in thousands of euro)	*2015*	*2014*
Write-downs and losses on receivables	9,680	17,827
Allocations to provisions for risks and losses	26,605	15,251
Indirect taxes	30,861	30,023
Restructuring charges	6,100	16,195
Capital losses on asset disposals	2,018	2,768
Miscellaneous losses and other costs	16,822	14,649
Total	**92,086**	**96,713**

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

"Write-downs and losses on receivables" in 2014 referred for € 12,185 thousand to the write-downs made by the securitisation company Zeus Finance S.r.l. 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)	*2015*	*2014*
Interest income on bank accounts	1,587	6,056
Interest on securities	2,110	2,416
Other interest income	5,128	13,765
Interest rate derivatives	3,419	32,153
Exchange gains	1,357	1,424
Other financial income	2	87
Total	**13,603**	**55,901**

In 2014, "Interest rate derivatives" included 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).

14.b. Financial expense

This item includes the following:

(in thousands of euro)	*2015*	*2014*
Interest expense on bank accounts	16,455	18,149
Interest expense on bonds	19,511	32,391
Other interest expense	9,348	9,118
Interest rate derivatives	6,794	12,017
Exchange losses	1,008	1,443
Other financial expenses	11,728	23,944
Total	**64,844**	**97,062**

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

14.c. Gains from trading securities

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

(in thousands of euro)	*2015*	*2014*
Shares - other companies	192	392
Other securities and other gains	77,151	25,447
Total	**77,343**	**25,839**

"Other securities and other gains" include the gain on the sale of the investment in SEG (Swiss Education Group). For further information, please refer to item 7.g. "Securities".

14.d. Losses from trading securities

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

(in thousands of euro)	*2015*	*2014*
Shares - subsidiaries	--	945
Shares - other companies	2,030	52
Other securities and other losses	330	22,701
Total	**2,360**	**23,698**

"Shares and options - subsidiaries" in the previous year included losses pertaining to the Espresso Group.

"Other securities and other losses" in the previous year included € 21,096 thousand for repayment of the CIR 2004/2024 bond.

14.e. Adjustments to the value of financial assets

The net charge of € 28,999 thousand refers for € 8,390 thousand to the fair value adjustment of "Securities" and "Available-for-sale financial assets" classified as current assets, and for € 20,609 thousand to the write-down of "Equity investments consolidated at equity", "Securities" and "Equity investments" classified as non-current assets.

15. Income taxes

Income taxes can be broken down as follows:

(in thousands of euro)	*2015*	*2014*
Current taxes	23,398	39,581
Deferred taxes	(2,741)	(45,894)
Prior year taxes	289	37,168
Charges (income) from participating in the tax consolidation	--	(2,227)
Total	**20,946**	**28,628**

"Prior year taxes" refer primarily to the reversal of deferred tax liabilities to current taxes of € 37.1 million which found capacity in the transfer to the income statement.

"Charges (income) from participating in the tax consolidation" in 2014 referred 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 Group tax consolidation.

The following table shows a reconciliation of the ordinary tax rate and the effective tax rate for 2015:

(in thousands of euro)	*2015*
Pre-tax income (loss) as per the financial statements	73,247
Theoretical income taxes	20,143
Tax effect of non-deductible costs	15,908
Tax effect of prior year losses which generate deferred tax assets in the current year	37
Tax effect of prior year losses which did not generate deferred tax assets	(24,564)
Tax effect on interest rate differentials of foreign companies	559
Non-taxable grants	(5,303)
Other	9,163
Income taxes	15,943
Average effective tax rate	21.77
Theoretical tax rate	27.50
IRAP and other taxes	4,714
Prior year taxes	289
Total taxes as per the financial statements	20,946

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.

	2015	*2014*
Net income (loss) attributable to the shareholders (in thousands of euro)	18,687	(14,468)
Weighted average number of ordinary shares in circulation	719,209,918	719,209,918
Earnings (loss) per share (euro)	**0.0260**	**(0.0201)**

	2015	*2014*
Net income (loss) from the statement of comprehensive income attributable to the shareholders (in thousands of euro)	23,905	(10,751)
Weighted average number of ordinary shares in circulation	719,209,918	719,209,918
Earnings (loss) per share (euro)	**0.0332**	**(0.0149)**

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.

18.a. Market risk

Foreign currency risk
As the Group operates internationally, Sogefi in particular, it is exposed to the risk that fluctuations in exchange rates could affect the fair value of some of its assets and liabilities. The Sogefi Group produces and sells mainly in the Euro Area, but it is subject to foreign currency risk, especially versus the GB pound, Brazilian real, US dollar, Argentine peso, Chinese renminbi and Canadian dollar.
Regarding the exchange rate risk associated 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	*31.12.2015*		*31.12.2014*	
Shift in the EUR/USD exchange rate	-5%	+5%	-5%	+5%
Effect on income statement (EUR/thousand)	364	364	1,933	1,933
Effect on equity (EUR/thousand)	(663)	(663)	(1,544)	(1,544)

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 "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 has different concentrations of receivables depending on the nature of the activities carried on by the operating companies, as well as by their different target customers, mitigated, however, by the fact that the credit exposure is spread over a large number of counterparties and customers. For example, the concentration of receivables is lower than in the case of management of residential care homes, whose revenues derive more than 50% from the number of guests in the structure and whose receivables recorded in the financial statements from public entities (mainly local health authorities and municipalities) are due from a plurality of subjects.
The concentration of receivables is greater than in the case of hospital management (or of diagnostic imaging departments in hospitals) due to the fact that almost all of the revenues derive from a single subject.
The monitoring of credit risk versus customers includes grouping receivables together by type, age, the whether the company is in financial difficulty or is involved in disputes and the existence of legal or insolvency proceedings.
Since 2006 the CIR Group has been acquiring and managing non-performing loans and has put in place procedures for measuring and establishing the fair value of its portfolios.

18.c. Liquidity risk

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

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

Interest rate risk depends on fluctuations in market rates, which can cause changes in the fair value of cash flows of financial assets or liabilities.
Interest rate risk mainly concerns long-term bonds issued at a fixed rate, which exposes the Group to the risk of fluctuations in their fair value as interest rates change.
In line with the Group's risk management policies, the Parent Company and the subsidiaries have entered into various IRS contracts with leading financial institutions 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)	*31.12.2015*		*31.12.2014*	
Change	-1%	+1%	-1%	+1%
Change in income statement	(3,650)	4,020	(5,438)	19,529
Change in equity	(4,023)	4,248	(5,200)	7,299

(*) Note that for the KOS Group, given that interest rates in 2014 and 2015 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 2015, 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 € 198 million, maturing in 2016 (€ 8 million) and 2018 (€ 190 million);
- hedging of Kos Group bank borrowings, with a notional value of € 71.6 million.

b) exchange rate hedge:

- forward sales totalling USD 53 million to hedge investments in hedge funds and loans, expiring in March 2016;
- The following hedging transactions have been carried out by the Sogefi group:
- forward sales of USD 4.5 million and purchases of Euro expiring in 2016;
- forward sales of GBP 2 million and purchases of Euro expiring in 2016;
- forward sales of Euro 3 million and purchases of GBP expiring in 2016;
- forward sales of Euro 0.5 million and purchases of BRL expiring in 2016;
- forward sales of MXN 54 million and purchases of CAD expiring in 2016;
- forward purchases of USD 0.7 million and sales of Euro expiring in 2016;
- forward purchases of Euro 1.2 million and sales of RON expiring in 2016;
- forward purchases of USD 10 million and sales of CAD expiring in 2016;
- forward purchases of MXN 9 million and sales of MXN/USD expiring in 2016;
- forward purchases of CAD 5.5 million and sales of MXN expiring in 2016;
- forward purchases of Euro 3 million and sales of INR expiring in 2016;
- forward purchases of Euro 4.8 million and sales of BRL expiring in 2016;
- forward purchases of USD 2.6 million and sales of BRL expiring in 2016;
- forward purchases of USD 0.9 million and sales of ARP expiring in 2016;
- 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.

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 2015, 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.

- <u>Espresso Group</u>

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.

- <u>Sogefi Group</u>

The covenants relating to the borrowing outstanding at year end are described below:

- loan of € 60,000 thousand - Intesa Sanpaolo S.p.A.: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5;
- loan of € 15,000 thousand - Banco do Brasil S.A.: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;
- loan of € 20,000 thousand - Mediobanca S.p.A.: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;
- loan of € 50,000 thousand - Unicredit S.p.A.: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;
- loan of € 55,000 thousand - BNP Paribas S.A.: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;
- loan of € 30,000 thousand - Société Générale S.A.: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;
- 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 € 30,000 thousand - Ing Bank N.V.: 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 2015, these covenants were all respected.

- <u>KOS Group</u>

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

- a line of credit obtained by the parent company KOS: ratio of consolidated net financial position to consolidated EBITDA of less than 4.25 and ratio of EBITDA and financial expense of more than 3.5;
- loans obtained by Istituto di Riabilitazione Santo Stefano S.r.l.: ratio of net financial position to EBITDA of less than 4.25;
- loan obtained by Residenze Anni Azzurri S.r.l.: ratio of net financial position to EBITDA of less than 4.25;
- loan obtained by Medipass S.p.A.: ratio of net financial position to EBITDA of less than 2.6 and ratio of consolidated net financial position to consolidated shareholders' equity of less than 2.2 and a Debt Service Coverage Ratio of more than 1.

At 31 December 2015, these covenants were all respected.

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

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

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

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

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

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

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").

F.S. items	*Level 1*	*Level 2*	*Level 3*	*Total*
(in thousands of euro)				
NON-CURRENT ASSETS				
Financial assets				
(measured at fair value through equity)				
Other receivables (item 7.f.)				
- derivatives	--	--	--	--
Non-current securities (item 7.g.)	--	86,525	858	87,383
Financial assets				
(measured at fair value through profit and loss)				
Other receivables (item 7.f.)				
- derivatives	--	--	--	--
Non-current securities (item 7.g.)	--	--	--	--
CURRENT ASSETS				
Financial assets				
(measured at fair value through profit and loss)				
Other receivables (item 8.c.)				
- derivatives	--	14,263	--	14,263
Financial receivables (item 8.d.)				
- derivatives	--	--	--	--
Current securities (item 8.e.)				
- Equity investments	17	1,841	--	1,858
- Italian Government securities or similar securities	2,562	--	--	2,562
- Investment funds and similar funds	37,339	24,988	--	62,327
- Bonds	33,227	--	--	33,227
- Certificates of deposit and other securities	--	27,089	--	27,089
Total current securities (item 8.e.)	73,145	53,918	--	127,063
Financial assets				
(measured at fair value through equity)				
Other receivables (item 8.c.)				
- derivatives	--	--	--	--
Financial receivables (item 8.d.)				
- derivatives	--	--	--	--
Available-for-sale financial assets (item 8.f.)				
- Equity investments	--	--	--	--
- Italian Government securities or similar securities	--	--	--	--
- Investment funds and similar funds	--	45,996	--	45,996
- Bonds	--	--	--	--
- Certificates of deposit and other securities	--	205,514	--	205,514
Total available-for-sale financial assets (item 8.f.)	--	251,510	--	251,510
NON-CURRENT LIABILITIES				
Financial liabilities				
(measured at fair value through equity)				
Other borrowings (item 10.b.)				
- derivatives	--	--	--	--
Financial liabilities				
(measured at fair value through profit and loss)				
Other borrowings (item 10.b.)				
- derivatives	--	(11,562)	--	(11,562)
CURRENT LIABILITIES				
Financial liabilities				
(measured at fair value through equity)				
Other borrowings (item 11.b.)				
- derivatives	--	--	--	--
Other payables (item 11.d.)				
- derivatives	--	--	--	--
Financial liabilities				
(measured at fair value through profit and loss)				
Other borrowings (item 11b.)				
- derivatives	--	(2,464)	--	(2,464)
Other payables (item 11.d.)				
- derivatives	--	--	--	--

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 International for investments in companies operating in the information technology and communication (ITC) sector (for a total of € 858 thousand). The decrease in the balance mainly refers to the sale of the investment in Swiss Education Group AG.

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

(in thousands of euro)	FINANCIAL ASSETS			
	Held for trading	*Measured at fair value*	*Available for sale*	*Hedges*
Opening position	**--**	**--**	**18,647**	**--**
Increases				
- Purchases	--	--	--	--
- Gains recognised to:				
Income statement (1)	--	--	42,406	--
- of which gains	--	--	42,406	--
Equity (2)	--	--	705	--
Transferred from other levels	--	--	--	--
Other increases	--	--	258	--
Reclassifications	--	--	--	--
Decreases				
- Sales	--	--	(60,730)	--
- Repayments			--	
- Losses recognised to:				
Income statement (3)	--	--	--	--
- of which losses	--	--	--	--
Equity (4)	--	--	(428)	--
Transferred from other levels	--	--	--	--
Other decreases	--	--	--	--
Closing position	--	--	**858**	--

(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
2015

(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 financial 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.	5,830	--	--	--	--	5,830	--	--	--	5,830	204	--
Other receivables (*)	7.f.	77,000		--	77,000	--	--	--	--	--	77,000	4,738	205
Securities	7.g.	87,383	--	--	--	--	87,383	--	--	--	87,383	56,530	6,343
CURRENT ASSETS													
Trade receivables	8.b.	415,937	--	--	415,937	--	--	--	--	--	415,937	(2,530)	--
Other receivables (**)	8.c.	45,595	--	--	45,595	--	--	--	--	--	45,595	(120)	--
Financial receivables	8.d.	30,496	14,263	--	16,233	--	--	--	--	--	30,496	13,002	13,156
Securities	8.e.	131,012	127,063	--	--	3,949	--	--	--	--	131,012	923	--
Available-for-sale financial assets	8.f.	251,510	--	--	--	--	251,510	--	--	--	251,510	18,061	(10,609)
Cash and cash equivalents	8.g.	312,643	--	--	312,643	--	--	--	--	--	312,643	1,901	--
NON-CURRENT LIABILITIES													
Bonds	10.a.	(288,366)	--	--	--	--	--	--	--	(288,366)	(308,226)	(19,511)	--
Other borrowings	10.b.	(421,910)	--	--	--	--	--	(11,562)	--	(410,348)	(423,362)	(15,886)	(11,767)
Trade payables		(42)	--	--	--	--	--	--	--	(42)	(42)	--	--
CURRENT LIABILITIES													
Bank overdrafts		(19,517)	--	--	--	--	--	--	--	(19,517)	(19,517)	(1,430)	--
Bonds	11.a.	(5,011)	--	--	--	--	--	--	--	(5,011)	(5,011)	--	--
Other borrowings	11.b.	(150,316)	--	--	--	--	--	(2,464)	--	(147,852)	(150,157)	(1,272)	(319)
Trade payables	11.c.	(428,173)	--	--	--	--	--	--	--	(428,173)	(428,173)	(15)	--

(*) Not including € 10,075 thousand of tax receivables.
(**) Not including € 51,970 thousand of tax receivables.

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 financial 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	--
Trade payables	11.d.	--	--	--	--	--	--	--	--	--	--	--	--

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

RISK CATEGORIES - 2015

(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.	5,830	--	--	--	5,830
Other receivables (*)	7.f.	77,000	--	--	--	77,000
Securities	7.g.	87,383	--	--	--	87,383
CURRENT ASSETS						
Trade receivables	8.b.	415,937	--	--	--	415,937
Other receivables (**)	8.c.	45,595	--	--	--	45,595
Financial receivables	8.d.	30,496	--	--	--	30,496
Securities	8.e.	131,012	--	--	--	131,012
Available-for-sale financial assets	8.f.	251,510	--	--	--	251,510
Cash and cash equivalents	8.g.	312,643	--	312,643	--	--
NON-CURRENT LIABILITIES						
Bonds	10.a.	(288,366)	(288,366)	--	--	--
Other borrowings	10.b.	(421,910)	(421,910)	--	--	--
Trade payables		(42)	(42)	--	--	--
CURRENT LIABILITIES						
Bank overdrafts		(19,517)	(19,517)	--	--	--
Bonds	11.a.	(5,011)	(5,011)	--	--	--
Other borrowings	11.b.	(150,316)	(150,316)	--	--	--
Trade payables	11.c.	(428,173)	(428,173)	--	--	--

(*) Not including € 10,075 thousand of tax receivables

(**) Not including € 51,970 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

CREDIT RISK

(in thousands of euro)

Position at 31 December 2015	*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.	77,000	34,978	42,022	--	--	--	42,022	--	
Gross receivable		116,646	37,312	79,334	--	--	--	79,334	--	
Provision for write-downs		(39,646)	(2,334)	(37,312)	--	--	--	(37,312)	--	(1,931)
Trade receivables	8.b.	415,937	292,853	123,084	43,996	17,396	8,613	53,079	--	
Gross receivable		453,352	300,545	152,807	45,185	17,732	8,990	80,900	--	
Provision for write-downs		(37,415)	(7,692)	(29,723)	(1,189)	(336)	(377)	(27,821)	--	(6,679)
Other receivables (current assets) (**)	8.c.	45,595	45,595	--	--	--	--	--	--	
Gross receivable		50,397	47,129	3,268	--	--	--	3,268	--	
Provision for write-downs		(4,802)	(1,534)	(3,268)	--	--	--	(3,268)	--	(1,176)
Total		**538,532**	**373,426**	**165,106**	**43,996**	**17,396**	**8,613**	**95,101**	**--**	**(9,786)**

(*) Not including € 10,075 thousand of tax receivables.

(**) Not including € 51,970 thousand of tax receivables.

(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.

PROVISION FOR WRITE-DOWN OF RECEIVABLES

(in thousands of euro)

Position at 31 December 2015	*Opening balance*	*Write-downs*	*Used*	*Exchange difference +/-*	*Business combinations +/-*	*Other changes*	*Closing balance*
Provision for write-down of receivables	(404,898)	(9,786)	333,723	177	(1,079)	--	(81,863)

(in thousands of euro)

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

LIQUIDITY RISK - 2015

(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	11,570	26,184	25,372	122,346	46,112	127,000	358,584
Other borrowings:							
- Due to banks for loans	110,280	137,234	104,500	51,344	20,292	19,662	443,312
- Due to leasing companies	13,981	13,436	12,756	12,009	10,463	54,212	116,857
- Due to other providers of finance	38,482	1,005	420	420	276	861	41,464
Bank overdrafts	20,932	--	--	--	--	--	20,932
Trade payables	428,173	--	--	--	--	--	428,173
Derivative financial liabilities							
Hedging derivatives	6,246	3,700	966	10,579	(835)	(933)	19,723
Non-hedging derivatives	691	--	--	--	--	--	691
TOTAL	**630,355**	**181,559**	**144,014**	**196,698**	**76,308**	**200,802**	**1,429,736**

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**

19. Guarantees and commitments

At 31 December 2015 the position of guarantees and commitments was the following:

COFIDE

CIR shares for a total carrying amount of € 335,278 thousand have been pledged to the bank as collateral for the loan.

- CIR and financial holding companies

Commitments for private equity fund investments by CIR International for € 6.3 million;

- Espresso Group

At 31 December 2015 the group had outstanding commitments of € 42,868 thousand in relation to:

- contracts for the purchase of plants and other printing equipment for € 272 thousand for the Repubblica division and the Nord-Ovest division of Finegil Editoriale;
- guarantees given by the Parent Company to the companies involved in the Group VAT return for € 15,382 thousand;
- 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;
- other guarantees for € 7,214 thousand, which mainly relate to guarantees in favour of the Parent Company and the subsidiaries Elemedia and Finegil Editoriale, Nord-Est and Nuova Sardegna divisions.

- Sogefi Group

Operating leases

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

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

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

The main operating leases outstanding at 31 December 2015 refer to the following subsidiaries:

- Sogefi (Suzhou) Auto Parts Co. Ltd for the lease of three production sites located in Wujiang, for which the contract terminates in September 2033. At 31 December 2015 the residual instalments amount to € 16,106 thousand, of which € 774 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 offices. The two contracts terminate in March 2020 (Equinox II) and May 2021 (Parc Ariane IV) respectively; at 31 December 2015 the residual instalments amount to € 4,070 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 September 2020. The residual instalments at 31 December 2015 amount to € 1,825 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 2021 and at 31 December 2015 the residual instalments amount to € 4,898 thousand, of which € 937 thousand due within one year. Against this contract, Sogefi S.p.A. has issued a guarantee for approximately 100% of the residual lease instalments;
- AIS Mexico S.deR,L,deC.V. for the lease of the Monterrey production site. The contract terminates in June 2031 and at 31 December 2015 the residual instalments amount to € 13,384 thousand, of which € 479 thousand due within one year. The Group has not given any form of guarantee on this contract;
- Allevard Sogefi U.S.A. Inc. for the lease of the production site in Prichard (West Virginia). The contract terminates in May 2019 and the residual instalments at 31 December 2015 amount to € 1,245 thousand, of which € 364 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 2015 are as follow:

-

(in thousands of euro)	*2015*	*2014*
Within 1 year	8,316	7,555
1-5 years	25,910	18,814
Over 5 years	11,385	12,646
Total	**45,610**	**39,016**

Investment commitments

At 31 December 2015 there are binding commitments for investments relating to the purchase of tangible assets of € 1,709 thousand.

Guarantees given

Details of these guarantees are as follows:

(in thousands of euro)	*31.12.2015*	*31.12.2014*
Sureties given to third parties	4,984	1,893
Other unsecured guarantees given to third parties	2,463	9,714
Secured guarantees given for borrowings shown in the financial statements	8,422	7,122

The sureties given in favour of third parties relate to guarantees given to certain customers, to the Tax Authorities for Group VAT and for operating lease contracts; sureties are shown at the value of the outstanding commitment as of the reporting date.

"Other unsecured guarantees given to third parties" refer to the commitment of LPDN GmbH to the staff pension fund of the two business divisions at the time of the acquisition in 1996. This commitment is covered by contractual obligations on the part of the vendor, which is a leading German company.

The secured guarantees relate exclusively to the subsidiaries Sogefi Engine Systems Canada Corp., Allevard IAI Suspensions Private Ltd, United Springs B.V., Sogefi Filtration do Brasil Ltda and Sogefi M.N.R. Engine Systems India Pvt Ltd which, for the loans obtained, have granted to the lenders secured guarantees over their tangible assets and trade receivables.

Other risks

At 31 December 2015 the Sogefi Group held assets belonging to third parties on its premises for € 10,200 thousand.

- KOS Group

The following is a breakdown of the bank guarantees and other sureties given by KOS S.p.A. for a total of € 4,235 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;
- a guarantee on behalf of Residenze Anni Azzurri for the lease of the building in San Faustino 27 for € 2,094 thousand.

Bank guarantees given by other Group companies for € 11,057 thousand, with the following breakdown:

- a guarantee given by Residenze Anni Azzurri S.r.l. to guarantee care home lease payments, for € 9,751 thousand;

- a guarantee given by companies of the Istituto di Riabilitazione S. Stefano Group for € 1,306 thousand;

At 31 December 2015, other commitments and risks amounted to € 8,194 thousand, mainly related to:

- assets on free loan for € 2,030 thousand;
- guarantees issued by Suzzara Hospital in favour of F.lli Montecchi, for € 953 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 € 229 thousand;
- contractual commitments of around € 617 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 46 care homes for the elderly in operation at the reporting date, 11 are owned, while 8 of the 30 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	31/12/2014	19,463	19,330	19,547	19,496	19,333	136,232
Residual property lease payments	31/12/2015	24,389	24,458	24,861	24,834	24,805	228,594

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.

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	4,884,781	50,849	48,049
Other European countries	782,568	36,063	43,908
North America	139,277	19,348	7,709
South America	92,635	11,706	5,393
Asia	158,685	12,811	9,415
Consolidation adjustments	(2,542,000)	(2,017)	23,746
Total assets	**3,515,946**	**128,760**	**138,220**

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

(in millions of euro)

AGGREGATE / CONSOLIDATED	2015													2014
	Revenues	*Costs of production*	*Other operating income & expense*	*Adjustments to the value of investments consolidated at equity*	*Amortisation/depreciation and write-downs*	*EBIT*	*Net financial income & expense*	*Dividends, net gains and losses on trading and the valuation of securities*	*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*
		(1)	*(2)*				*(3)*	*(4)*						
Espresso Group	605.1	(554.1)	(6.9)	3.4	(17.0)	30.5	(8.8)	(17.1)	--	2.3	10.3	(12.1)	5.1	2.3
Sogefi Group	1,499.1	(1,345.5)	(38.0)	--	(64.9)	50.7	(32.7)	--	--	(12.9)	--	(4.7)	0.4	1.0
KOS Group	439.2	(353.9)	(16.0)	--	(24.6)	44.7	(12.2)	(0.1)	--	(11.1)	--	(16.0)	5.3	3.1
Total for main subsidiaries	**2,543.4**	**(2,253.5)**	**(60.9)**	**3.4**	**(106.5)**	**125.9**	**(53.7)**	**(17.2)**	**--**	**(21.7)**	**10.3**	**(32.8)**	**10.8**	**6.4**
Other subsidiaries	1.0	(5.7)	4.0	--	(0.1)	(0.8)	(0.2)	0.6	--	--	(0.9)	0.6	(0.7)	(3.3)
Total subsidiaries	**2,544.4**	**(2,259.2)**	**(56.9)**	**3.4**	**(106.6)**	**125.1**	**(53.9)**	**(16.6)**	**--**	**(21.7)**	**9.4**	**(32.2)**	**10.1**	**3.1**
CIR and other holding companies before non-recurring items	--	(13.8)	0.2	--	(0.7)	(14.3)	2.9	22.6	--	0.8	--	(5.6)	6.4	2.8
Non-recurring items	--	--	--	--	**(30.9)**	**(30.9)**	**1.4**	**40.5**	--	--	--	**(5.2)**	5.8	(11.2)
Assets held for sale	--	--	--	--	--	--	--	--	--	--	--	-	--	(6.2)
Cofide														
Revenues	--												--	--
Net operating costs		(1.6)											(1.6)	(1.8)
Other operating income & expense			(0.1)										(0.1)	(0.2)
Adjustments to the value of investments consolidated at equity				--									--	--
Amortisation/depreciation and write-downs					--								--	(0.1)
EBIT						(1.7)							(1.7)	(2.1)
Net financial income & expense							(1.6)						(1.6)	(2.1)
Dividends and net gains from securities trading								(0.3)					(0.3)	1.2
Non-recurring income (expense)									--				--	--
Income taxes										--			--	--
Consolidated total for the Group	**2,544.4**	**(2,274.6)**	**(56.8)**	**3.4**	**(138.2)**	**78.2**	**(51.2)**	**46.2**	**--**	**(20.9)**	**9.4**	**(43.0)**	**18.7**	**(14.5)**

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 € (3.1) 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 € 3.1 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)

CONSOLIDATED / AGGREGATE	*31.12.2015*							*31.12.2014*
	Fixed assets	*Other net non-current assets and liabilities*	*Net working capital*	*Net financial position*	*Total equity*	*Minority interests*	*Equity of the Group*	*Equity of the Group*
	(1)	*(2)*	*(3)*	*(4)*				
Espresso Group	708.9	(164.0)	56.2	(10.7)	590.4	414.2	176.2	155.8
Sogefi Group	536.8	(24.7)	0.6	(322.3)	190.4	138.2	52.2	45.8
KOS Group	548.5	(20.3)	(44.9)	(210.0)	273.3	201.1	72.2	63.2
Other subsidiaries	--	1.8	(3.4)	3.4	1.8	0.9	0.9	0.1
Total subsidiaries	**1,794.2**	**(207.2)**	**8.5**	**(539.6)**	**1,055.9**	**754.4**	**301.5**	**264.9**
CIR and other holding companies	19.9	117.3	(20.7)	417.9	534.4	250.9	283.5	278.2
Cofide								
Fixed assets	1.2				1.2	--	1.2	1.3
Other net non-current assets and liabilities		21.3			21.3	--	21.3	18.2
Net working capital			(2.0)		(2.0)	--	(2.0)	(1.4)
Net financial position				(37.7)	(37.7)	--	(37.7)	(32.8)
Consolidated total for the Group	**1,815.3**	**(68.6)**	**(14.2)**	**(159.4)**	**1,573.1**	**1,005.3**	**567.8**	**528.4**

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

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

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

4) *This item is the sum of "financial receivables", "securities", "available-for-sale financial assets" and "cash and cash equivalents" under current assets, 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 Group does not hold equity investments in joint ventures at 31 December 2015.

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)			*31.12.2015*	*31.12.2014*
A.	Cash and bank deposits		312,643	348,885
B.	Other cash equivalents		251,510	150,966
C.	Securities held for trading		131,012	149,044
D.	**Cash and cash equivalents (A) + (B) + (C)**		695,165	648,895
E.	**Current financial receivables**		30,496	10,017
F.	Current bank payables	(*)	(116,507)	(109,272)
G.	Bonds		(5,011)	(4,677)
H.	Current portion of non-current debt		(53,326)	(37,354)
I.	Other current borrowings		--	--
J.	**Current financial debt (F) + (G) + (H) + (I)**		(174,844)	(151,303)
K.	**Current net financial position (J) + (E) + (D)**		550,817	507,609
L.	Non-current bank borrowings	(**)	(317,643)	(275,934)
M.	Bonds		(288,366)	(270,568)
N.	Other non-current payables	(**)	(104,267)	(106,716)
O.	**Non-current financial debt (L) + (M) + (N)**		(710,276)	(653,218)
P.	**Net financial position (K) + (O)**		(159,459)	(145,609)

(*) 96,990 thousand (€ 116,507- € 19,517) 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 2015

	Options in circulation at start of period		Options granted during the period		Options exercised during the period			Options expired during the period		Options in circulation at end of period			Options exercisable at end of period	
	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	Average market price on the exercise date	No. of options	Weighted average strike price	No. of options	Average strike price	Average duration (years)	No. of options	Weighted average strike price
Stock Option Plan 6 September 2004	1,432,200	1.56	-	-	-	-	-	1,432,200	1.56	-	-	-	-	-
Stock Option Plan 11 March 2005	3,014,200	2.34	-	-	-	-	-	3,014,200	2.34	-	-	-	-	-
Stock Option Plan 6 September 2005	2,125,000	2.49	-	-	-	-	-			2,125,000	2.49	0.16	2,125,000	2.49
Stock Option Plan 2006 - 1st tranche	2,175,000	2.50	-	-	-	-	-	-	-	2,175,000	2.50	1.00	2,175,000	2.50
Stock Option Plan 2006 - 2nd tranche	2,175,000	2.47	-	-	-	-	-	-	-	2,175,000	2.47	1.50	2,175,000	2.47
Extraordinary Stock Option Plan 1st tranche	3,050,000	3.0877	-	-	-	-	-	-	-	3,050,000	3.0877	1.75	3,050,000	3.0877
Extraordinary Stock Option Plan 2nd tranche	3,050,000	2.7344	-	-	-	-	-	-	-	3,050,000	2.7344	2.25	3,050,000	2.7344
Extraordinary Stock Option Plan 3rd tranche	3,110,000	1.6806	-	-	-	-	-	-	-	3,110,000	1.6806	2.75	3,110,000	1.6806
Extraordinary Stock Option Plan 4th tranche	2,203,500	1.0718	-	-			-	-	-	2,203,500	1.0718	3.25	2,203,500	1.0718
1st tranche 2009	1,947,800	0.9907	-	-			-	-	-	1,947,800	0.9907	3.75	1,947,800	0.9907
2nd tranche 2009	3,136,000	1.5449	-	-	-	-	-	-	-	3,136,000	1.5449	4.16	3,136,000	1.5449
1st tranche 2010	3,206,000	1.6208	-	-	-	-	-	-	-	3,206,000	1.6208	4.75	3,206,000	1.6208
2nd tranche 2010	3,128,000	1.4982	-	-	-	-	-	-	-	3,128,000	1.4982	5.17	3,128,000	1.4982
Total	33,752,700	1.9966	-	-	-	-	-	4,446,400	2.09	29,306,300	1.9826	2.92	29,306,300	1.9826

STOCK GRANT PLANS AT 31 DECEMBER 2015

	Financial instruments in circulation at start of period		Financial instruments granted during the period		Financial instruments exercised during the period			Financial instruments expired in the period		Financial instruments in circulation at end of period			Financial instruments exercisable at end of period	
	No. of Units	Initial value	No. of Units	Initial value	No. of Units	Weighted average strike price	Average market price on the exercise date	No. of Units	Weighted average strike price	No. of Units	Initial value	Average duration (years)	No. of Units	Initial value
Stock Grant Plan 2011	1,605,762	1.6391	-	-	47,537	1.6391		1,391,600	1.6391	166,625	1.6391	5.33	166,625	1.6391
Stock Grant Plan 2012	3,939,908	1.0263	-	-	280,187	1.0263		286,576	1.0263	3,373,145	1.0263	6.33	740,341	1.0263
Stock Grant Plan 2013	3,305,116	0.8003	-	-	-	-		282,663	0.8003	3,022,453	0.8003	7.33	-	-
Stock Grant Plan 2014	2,036,574	1.1300	-	-	-	-		275,000	1.1300	1,761,574	1.1300	8.50	-	-
Stock Grant Plan 2015	-	-	1,880,000	1.0916	-	-		200,000	1.0916	1,680,000	1.0916	9.33	-	-
Stock Grant Plans 2015 reserved to the General Manager	-	-	1,000,000	1.0940	-	-		-	-	1,000,000	1.0940	9.33	-	-
Total	10,887,360	1.0675	2,880,000	1.0924	327,724	1.1152		2,435,839	1.2776	11,003,797	1.0062	7.67	906,966	1.6391

CIR S.p.A. - 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 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.
- On 27 April 2015 the Shareholders' Meeting approved the 2015 Stock Grant Plan reserved for the executives and directors of the Company, the parent company and subsidiaries, for a maximum of 2,800,000 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 free of charge 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 2017 to 31 January 2019. The shares assigned in execution of the Plan will be made available only from treasury shares held by the Company. A total of 940,000 time units were assigned during the year, whose maturity is subject to continued service, and 940,000 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 is € 1.0892.

- On 27 April 2015 the Shareholders' Meeting approved the 2015 Stock Grant Plan reserved for the General Manager of CIR S.p.A. for a maximum of 1,100,000 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 free of charge 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 25% of the related total, each of which maturing quarterly from 30 June 2017 to 31 March 2018. The shares assigned in execution of the Plan will be made available only from treasury shares held by the Company. A total of 1,000,000 time units were assigned during the year, whose maturity is subject to continued service.

The notional cost of the Plans for the period was € 1,789 thousand, recognised under "Personnel costs" in the income statement.

ESPRESSO

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

STOCK OPTION PLANS FOR EMPLOYEES AT 31 DECEMBER 2015

	Options in circulation at start of period		Options granted during the period		Options cancelled during the period		Options exercised during the period		Options in circulation at end of period			Options exercisable at end of period	
	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	Average duration (years)	No. of options	Weighted average strike price
Stock option plan 23 February 2005	830,000	4.75	--	--	830,000	4.75	--	--	--	--	--	--	--
Stock option plan 27 July 2005	855,000	4.65	--	--	855,000	4.65	--	--	--	--	--	--	--
Stock option plan 2006 - 1st tranche	850,000	4.33	--	--	--	--	--	--	850,000	4.33	1.00	850,000	4.33
Stock option plan 2006 - 2nd tranche	850,000	3.96	--	--	--	--	--	--	850,000	3.96	1.50	850,000	3.96
Extraordinary stock option plan 2009 - 1st tranche	1,267,500	3.84	--	--	--	--	--	--	1,267,500	3.84	1.75	1,267,500	3.84
Extraordinary stock option plan 2009 - 2nd tranche	1,267,500	3.60	--	--	--	--	--	--	1,267,500	3.60	2.25	1,267,500	3.60
Extraordinary stock option plan 2009 - 3rd tranche	1,515,000	2.22	--	--	--	--	--	--	1,515,000	2.22	2.75	1,515,000	2.22
Extraordinary stock option plan 2009 - 4th tranche	820,950	1.37	--	--	--	--	--	--	820,950	1.37	3.25	820,950	1.37
Ordinary stock option plan 2009 - 1st tranche	485,150	1.00	--	--	--	--	--	--	485,150	1.00	3.75	485,150	1.00
Ordinary stock option plan 2009 - 2nd tranche	2,152,200	1.86	--	--	--	--	--	--	2,152,200	1.86	4.25	2,152,200	1.86
Ordinary stock option plan 2010 - 1st tranche	2,417,500	2.25	--	--	--	--	--	--	2,417,500	2.25	4.75	2,417,500	2.25
Ordinary stock option plan 2010 - 2nd tranche	2,085,400	1.58	--	--	--	--	--	--	2,085,400	1.58	5.25	2,085,400	1.58
Total	**15,396,200**	**2.73**	--	--	**1,685,000**	**4.70**	--	--	**13,711,200**	**2.49**	**3.46**	**13,711,200**	**2.49**

STOCK GRANT PLANS FOR EMPLOYEES AT 31 DECEMBER 2015

	Units in circulation at start of period		Units granted during the period		Units cancelled/expired during the period		Units exercised during the period		Units in circulation at end of period		Units exercisable at end of period	
	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of options	Weighted average strike price
2011												
Time-based units	304,686	1.81	--	--	--	--	147,965	1.81	156,721	1.81	156,721	1.81
Performance-based units	612,500	1.81	--	--	612,500	1.81	--	--	--	--	--	--
2012												
Time-based units	771,093	0.98	--	--	--	--	318,758	0.98	452,335	0.98	343,785	0.98
Performance-based units	775,624	0.98	--	--	--	--	281,257	0.98	494,367	0.98	168,617	0.98
2013												
Time-based units	697,500	0.83	--	--	--	--	71,880	0.83	625,620	0.83	189,708	0.83
Performance-based units	697,500	0.83	--	--	--	--	71,880	0.83	625,620	0.83	189,708	0.83
2014												
Time-based units	725,000	1.70	--	--	--	--	--	--	725,000	1.70	--	--
Performance-based units	725,000	1.70	--	--	--	--	--	--	725,000	1.70	--	--
2015												
Time-based units	--	--	710,000	1.24	--	--	--	--	710,000	1.24	--	--
Performance-based units	--	--	710,000	1.24	--	--	--	--	710,000	1.24	--	--

SOGEFI S.p.A. - Stock Grant Plans

Sogefi S.p.A. implements incentive plans based on Sogefi S.p.A. shares reserved for employees 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 2015, the ones issued from 2004 to 2014, the main characteristics of which are shown below.

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 October 2015, the Board of Directors implemented the 2015 stock grant plan (approved by Shareholders' Meeting on 20 April 2015 for a maximum of 1,500,000 units) reserved for employees of the Company and its subsidiaries by granting them a total of 441,004 units (of which 190,335 time-based units and 250,669 performance units).
The time-based units will mature in quarterly tranches, i.e. 12.5% of the related total, from 20 October 2017 to 20 July 2019.
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 2015 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 € 833 thousand.

In particular, the input data used for the measurement of the fair value of the 2015 Stock Grant plan are summarised below:

- curve of EUR/GBP/SEK/CHF risk-free interest rates on 23 October 2015;
- prices of the underlying asset (i.e. the price of the Sogefi S.p.A. share on 23 October 2015, namely € 2.206) and of the securities in the benchmark basket, again posted on 23 October 2015;
- normal market prices of the Sogefi S.p.A. share and of the securities in the benchmark basket from 22 September 2015 to 22 October 2015, 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 October 2015;
- 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), calculated for the period between 23 October 2014 to 23 October 2015.

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.

2014 Stock Grant Plan for a maximum of 750,000 conditional rights, reserved for the 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 notional cost of the plans for 2015 is € 642 thousand.

The following table shows the total number of existing rights with respect to the plans for the period 2011-2015:

	2015	2014
Not exercised/not exercisable at the start of the year	2,024,255	2,483,088
Granted in the year	441,004	378,567
Cancelled in the year	(409,398)	(504,125)
Exercised during the year	(177,989)	(333,276)
Not exercised/not exercisable at the end of the year	1,877,871	2,024,254
Exercisable at the end of the year	391,558	247,203

SOGEFI S.p.A. - 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 2006 reserved for employees of Sogefi S.p.A. and its subsidiaries for a maximum of 1,770,000 shares (1.49% of share capital at 31 December 2015) with a strike price of € 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 (0.6% of share capital at 31 December 2015) with a strike price of € 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 € 6.96 to € 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 (0.74% of share capital at 31 December 2015) with a strike price of € 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 (1.97% of share capital at 31 December 2015) with a strike price of € 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 0.86% of the share capital at 31 December 2015), of which 475,000 (Tranche I options) with a strike price of € 5.9054, exercisable from 30 June 2009 to 30 September 2017 and 540,000 (Tranche II options) with a strike price of € 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 (2.06% of the share capital at 31 December 2015) with a strike price of € 2.3012, exercisable between 30 September 2010 and 30 September 2020.

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

	2015		2014	
	No. of options	*Average strike price*	*No. of options*	*Average strike price*
Not exercised/not exercisable at the start of the year	4,863,937	3.26	6,534,500	3.06
Assigned during the year	--	--	--	--
Cancelled during the year	(230,600)	5.00	(367,000)	4.30
Exercised during the year	(97,000)	1.49	(1,298,763)	1.94
Matured during the year	(345,600)	3.87	(4,800)	2.64
Not exercised/not exercisable at the end of the year	4,190,737	3.16	4,863,937	3.26
Exercisable at the end of the year	4,190,737	3.16	4,863,937	3.26

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 2015:

No. of options outstanding and exercisable at 31 December 2014	4,863,937
Options vested during the year	--
Options cancelled during the year	(230,600)
Options exercised during the year	(97,000)
Options matured during the year	(345,600)
No. of options outstanding and exercisable at 31 December 2015	**4,190,737**

Sogefi S.p.A. - 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 € 7.0854, adjusted in 2008 to € 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 2015:

	2015
Not exercised/not exercisable at the start of the year	840,000
Assigned during the year	--
Cancelled during the year	--
Exercised during the year	--
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 2015 is € 8 thousand (it was zero at the end of 2014).

KOS

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

STOCK OPTION PLANS AT 31 DECEMBER 2015

	Options in circulation at start of period		*Options granted during the period*		*Options exercised during the period*		*Options expired during the period*		*Options in circulation at end of period*			*Options exercisable at end of period*		*Expiry date*	
	No. of options	*Weighted average strike 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	4.8	420,000	3.40	30/09/2010	30/09/2020
Stock Option Plan 2010	4,070,000	3.75	--	--	--	--	--	--	4,070,000	3.75	5.0	4,070,000	3.75	31/12/2014	31/12/2020
Stock Warrants Plan 2010	635,000.00	3.75	--	--	--	--	--	--	635,000	3.75	5.0	635,000	3.75	31/12/2014	31/12/2020
Total	**5,125,000**	**3.72**	--	--	--	--	--	--	**5,125,000**	**3.72**	**5.0**	**5,125,000**	**3.72**		

24. Disputes

Certain Group companies have legal disputes pending, against which their Boards have set aside risk provisions for amounts that are considered appropriate, taking into account the opinion of their consultants regarding the likelihood that significant liabilities will actually occur.

In particular, the Rome Regional Tax Commission filed its judgement no. 64/9/12 on 18 May 2012, on its resumption, with regard to the investigations into 1991 IRPEG and ILOR; these investigations gave rise to the following main findings;

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

As regards the beneficial interest in shares, the Group has been making provisions since 2008, considering that, according to the evolution of the related jurisprudence, the additional taxes assessed and related interest charged were to be considered a "probable risk" (the provisions did not only involve 1991, but also the next three 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 2015, this judgement indicates a maximum amount at risk of € 371.8 million (of which additional taxes assessed of € 121.4 million, interest of € 129 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 2012 the Group had set aside an amount of € 34.2 million (to cover the risks related to the amortisation of the cost incurred for the purchase of the beneficial interest, the tax credit on the dividends, the withholding taxes incurred and the related accrued interest), with reference to all four tax periods assessed. During 2015, the Group provided € 347 thousand for accumulated interest; the provision at 31 December 2015 amounted to € 35,113 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 € 2 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 € 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 2015 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)	*2015*
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	2,641
b) by the independent auditors:	
- for auditing services for certification purposes	225
- for other services	51
c) by network partners of the independent auditors for other services	133
of which for tax consulting	--

KEY FIGURES OF THE PARENT COMPANY FRATELLI DE BENEDETTI S.p.A
Cofide S.p.A. is subject to management and coordination by the parent company, Fratelli De Benedetti S.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 2014.

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	--	--	--	--	--	3	--	--
Associates	--	--	(979)	--	2,426	3,290	--	--
Joint ventures	--	--	--	--	--	--	--	--
Other related parties	--	--	--	(236)	465	--	--	--
Total	--	--	(979)	(236)	2,891	3,293	--	--

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	--	--	551	--	9	--
Associates	2,693	2,259	104	--	2,242	--
Joint ventures	--	--	--	--	--	--
Other related parties	--	--	--	--	--	--
Total	2,693	2,259	655	--	2,251	--

COFIDE Group

Consolidated financial statements
of the direct subsidiary at 31 December 2015

CIR Group

CIR GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	*Notes*		*31.12.2015*		*31.12.2014*
NON-CURRENT ASSETS			**2,071,525**		**2,070,948**
INTANGIBLE ASSETS	(7.a.)		997,652		977,733
TANGIBLE ASSETS	(7.b.)		658,737		622,271
INVESTMENT PROPERTY	(7.c.)		20,064		20,439
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	(7.d.)		131,833		148,301
OTHER EQUITY INVESTMENTS	(7.e.)		5,830		4,980
OTHER RECEIVABLES	(7.f.)		86,957		89,122
of which with related parties (*)	(7.f.)	*2,693*		*23,973*	
SECURITIES	(7.g.)		65,705		92,149
DEFERRED TAXES	(7.h.)		104,747		115,953
CURRENT ASSETS			**1,400,094**		**1,327,946**
INVENTORIES	(8.a.)		134,055		128,664
CONTRACT WORK IN PROGRESS			39,178		29,546
TRADE RECEIVABLES	(8.b.)		415,937		431,691
of which with related parties (*)	(8.b.)	*2,259*		*6,826*	
OTHER RECEIVABLES	(8.c.)		97,363		91,963
of which with related parties (*)	(8.c.)	*655*		*104*	
FINANCIAL RECEIVABLES	(8.d.)		30,496		10,017
SECURITIES	(8.e.)		121,006		137,918
AVAILABLE-FOR-SALE FINANCIAL ASSETS	(8.f.)		251,510		150,963
CASH AND CASH EQUIVALENTS	(8.g.)		310,549		347,184
ASSETS HELD FOR SALE	(8.h.)		9,005		2,539,260
ELIMINATIONS FROM AND TO DISCONTINUED OPERATIONS			--		(10,308)
TOTAL ASSETS			**3,480,624**		**5,927,846**

LIABILITIES AND EQUITY	*Note*		*31.12.2015*		*31.12.2014*
EQUITY			**1,590,294**		**1,573,199**
SHARE CAPITAL ISSUED			397,146		397,146
less TREASURY SHARES			(54,211)		(27,283)
SHARE CAPITAL	(9.a.)		342,935		369,863
RESERVES	(9.b.)		340,336		307,108
RETAINED EARNINGS (LOSSES)	(9.c.)		377,663		450,886
NET INCOME FOR THE PERIOD			42,014		(23,399)
GROUP EQUITY			**1,102,948**		**1,104,458**
MINORITY INTERESTS			487,346		468,741
NON-CURRENT LIABILITIES			**1,010,070**		**1,000,286**
BONDS	(10.a.)		288,366		270,568
OTHER BORROWINGS	(10.b.)		372,076		337,950
OTHER PAYABLES			9,286		7,102
DEFERRED TAXES	(7.h.)		134,881		143,036
PERSONNEL PROVISIONS	(10.c.)		124,478		143,720
PROVISIONS FOR RISKS AND LOSSES	(10.d)		80,983		97,910
CURRENT LIABILITIES			**873,598**		**855,611**
BANK OVERDRAFTS			19,517		15,671
BONDS	(11.a.)		5,011		4,677
OTHER BORROWINGS	(11.b.)		150,316		130,028
of which to related parties (*)	(11.b.)	--		--	
TRADE PAYABLES	(11.c.)		427,418		417,002
of which to related parties (*)	(11.c.)	*2,251*		*7,504*	
OTHER PAYABLES	(11.d.)		199,569		205,578
of which to related parties (*)	(11.d.)	--		--	
PROVISIONS FOR RISKS AND LOSSES	(10.d.)		71,767		82,655
LIABILITIES HELD FOR SALE	(8.h.)		6,662		2,509,058
ELIMINATIONS FROM AND TO DISCONTINUED OPERATIONS			--		(10,308)
TOTAL LIABILITIES AND EQUITY			**3,480,624**		**5,927,846**

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

CIR GROUP

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	Notes		*2015*		*2014(**)*
SALES REVENUES	(12)		2,544,410		2,392,620
of which from related parties (*)	(12)	--		--	
CHANGE IN INVENTORIES			(498)		(2,821)
COSTS FOR THE PURCHASE OF GOODS	(13.a.)		(937,896)		(852,173)
of which to related parties (*)	(13.a.)	--		--	
COSTS FOR SERVICES	(13.b.)		(623,738)		(606,436)
of which from related parties (*)	(13.b.)	*(1,259)*		*(2,425)*	
PERSONNEL COSTS	(13.c.)		(708,458)		(680,637)
OTHER OPERATING INCOME	(13.d.)		32,579		38,783
of which from related parties (*)	(13.d.)	*3,111*		*2,328*	
OTHER OPERATING EXPENSE	(13.e.)		(91,592)		(96,043)
of which to related parties (*)	(13.e.)	*(236)*		--	
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(7.d.)		3,355		3,455
AMORTISATION, DEPRECIATION & WRITE-DOWNS			(138,176)		(116,160)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)			**79,986**		**80,588**
FINANCIAL INCOME	(14.a.)		13,548		55,855
of which with related parties (*)	(14.a.)	*3,293*		*10,637*	
FINANCIAL EXPENSE	(14.b.)		(63,197)		(94,912)
of which with related parties (*)	(14.b.)	--		*(10,061)*	
DIVIDENDS			257		338
of which with related parties (*)		--		--	
GAINS FROM TRADING SECURITIES	(14.c.)		76,880		24,171
LOSSES FROM TRADING SECURITIES	(14.d.)		(2,360)		(23,698)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(14.e.)		(28,271)		(3,996)
NON-RECURRING INCOME (EXPENSE)	(14.f.)		--		--
INCOME BEFORE TAXES			**76,843**		**38,346**
INCOME TAXES	(15)		(20,946)		(28,628)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY			**55,897**		**9,718**
INCOME/(LOSS) FROM ASSETS HELD FOR SALE			9,377		(18,271)
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS			**65,274**		**(8,553)**
- (NET INCOME) LOSS OF MINORITY INTERESTS			(23,260)		(14,846)
- NET INCOME (LOSS) OF THE GROUP			**42,014**		**(23,399)**
BASIC EARNINGS (LOSS) PER SHARE (in euro)	(16)		0.0590		(0.0314)

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

(**) Some 2014 figures have been reclassified

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 2015.

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, 14 March 2016

Rodolfo De Benedetti
Chairman

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

COFIDE GROUP

Separate Financial statements

At 31 December 2015

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*		*% (**)*	*31.12.2015*		*% (**)*	*31.12.2014*
NON-CURRENT ASSETS				**596,841,958**			**593,792,474**
TANGIBLE ASSETS	5.a.			372,153			424,363
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.			118,111			117,053
SECURITIES	5.f.			21,678,428			18,577,792
CURRENT ASSETS				**12,301,267**			**13,144,028**
OTHER RECEIVABLES	6.a.			201,784			313,862
of which: with related parties (*)		*94,882*	*47.02*		*98,291*	*31.32*	
SECURITIES	6.b.			10,006,230			11,128,571
CASH AND CASH EQUIVALENTS	6.c.			2,093,253			1,701,595
TOTAL ASSETS				**609,143,225**			**606,936,502**

LIABILITIES AND EQUITY		*31.12.2015*	*31.12.2014*
EQUITY		**556,604,759**	**559,079,652**
SHARE CAPITAL	7.a.	359,604,959	359,604,959
RESERVES	7.b.	167,125,920	166,004,639
RETAINED EARNINGS (LOSSES)	7.c.	33,470,054	36,430,706
NET INCOME (LOSS) FOR THE YEAR		(3,596,174)	(2,960,652)
NON-CURRENT LIABILITIES		**50,367,100**	**45,145,588**
OTHER BORROWINGS	8.a.	49,834,305	44,700,038
OTHER PAYABLES	8.b.	34,582	34,582
DEFERRED TAXES	8.c.	353,959	276,877
PERSONNEL PROVISIONS	8.d.	144,254	134,091
CURRENT LIABILITIES		**2,171,366**	**2,711,262**
BANK OVERDRAFTS	9.a.	161	57
OTHER BORROWINGS	9.b.	--	927,307
TRADE PAYABLES	9.c.	755,066	284,846
OTHER PAYABLES	9.d.	1,416,139	1,499,052
TOTAL LIABILITIES AND EQUITY		**609,143,225**	**606,936,502**

2. Income Statement

(in euro)

	Notes		%(**)	2015		%(**)	2014
SUNDRY REVENUES AND INCOME	10			411,191			420,889
of which sundry revenues and income with related parties (*)		365,000	*88.77%*		349,760	*83.10%*	
COSTS FOR THE PURCHASE OF GOODS	11			(26,621)			(39,201)
COSTS FOR SERVICES	12			(1,456,917)			(1,750,684)
of which from related parties (*)		(268,400)	*18.24%*		(302,194)	*17.26%*	
PERSONNEL COSTS	13			(176,380)			(171,811)
OTHER OPERATING EXPENSE	14			(445,823)			(463,630)
AMORTISATION, DEPRECIATION & WRITE-DOWNS	15			(44,155)			(65,474)
EBIT				**(1,738,705)**			**(2,069,911)**
FINANCIAL INCOME	16			54,884			45,868
FINANCIAL EXPENSE	17			(1,647,444)			(2,150,152)
DIVIDENDS	18			--			29,939
of which from related parties (*)		--	*0.0%*		--	*0.0%*	
GAINS FROM TRADING SECURITIES	19			463,482			1,668,903
of which from related parties (*)		--	*0.0%*	(728,391)	--	*0.0%*	
LOSSES FROM TRADING SECURITIES							--
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	20						(485,299)
INCOME (LOSS) BEFORE TAXES				**(3,596,174)**			**(2,960,652)**
INCOME TAXES	21			--			--
NET INCOME (LOSS) FOR THE YEAR				**(3,596,174)**			**(2,960,652)**
INCOME/(LOSS) FROM ASSETS HELD FOR SALE							
BASIC EARNINGS (LOSS) PER SHARE (in euro)	22			(0.0050)			(0.0041)
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	22			(0.0050)			(0.0041)

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

(**) Percentage of the whole

3. Statement of comprehensive income

(in euro)

	2015	*2014*
Net result for the year	**(3,596,174)**	**(2,960,652)**
Other components of comprehensive income		
Net change in fair value of available-for-sale financial assets	1,121,281	5,034,296
Taxes on other comprehensive income	--	(276,877)
Items of other comprehensive income, net of tax	1,121,281	4,757,419
TOTAL STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR	**(2,474,893)**	**1,796,767**
BASIC EARNINGS (LOSS) PER SHARE (in euro)	(0.0034)	0.0025
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	(0.0034)	0.0025

4. Statement of cash flows

(in euro)

	2015	*2014*
OPERATING ACTIVITY		
NET INCOME (LOSS) FOR THE YEAR	(3,596,174)	(2,960,652)
ADJUSTMENTS:		
AMORTISATION, DEPRECIATION & WRITE-DOWNS	44,155	65,474
ALLOCATION TO PERSONNEL PROVISIONS, NET OF USE	10,163	(41,490)
LOSSES/(GAINS) ON SALE OF CURRENT SECURITIES	--	--
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	728,391	485,299
(INCREASE) DECREASE IN NET WORKING CAPITAL	499,385	(132,814)
CASH FLOW FROM OPERATING ACTIVITY	**(2,314,080)**	**(2,584,183)**
INVESTING ACTIVITY		
CHANGE IN TANGIBLE ASSETS AND INVESTMENT PROPERTY	8,055	(140,775)
CHANGE IN INVESTMENTS IN SUBSIDIARIES	--	--
CHANGE IN OTHER CAPITALISED RECEIVABLES	(1,058)	(5,032)
NET CHANGE IN CURRENT SECURITIES	(906,375)	1,424,401
CASH FLOW FROM INVESTMENT ACTIVITY	**(899,378)**	**1,278,594**
FINANCING ACTIVITY		
CHANGE IN OTHER BORROWINGS	4,206,960	989,210
NET CHANGE IN CURRENT SECURITIES	(601,948)	(1,978,319)
DIVIDENDS PAID	--	--
CASH FLOW FROM FINANCING ACTIVITY	3,605,012	(989,109)
INCREASE (DECREASE) IN NET CASH & CASH EQUIVALENTS	391,554	(2,294,698)
NET CASH & CASH EQUIVALENTS - OPENING BALANCE (*)	1,701,538	3,996,236
NET CASH & CASH EQUIVALENTS - CLOSING BALANCE (*)	**2,093,092**	**1,701,538**

(*) 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 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)
2013 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**
Allocation of 2014 result to reserves	--	--	(2,960,652)	2,960,652	--
Distribution to Shareholders	--	--	--	--	--
Adjustment of securities to fair value:					
- change in reserve	--	1,198,363	--		1,198,363
- deferred taxes on reserve changes	--	(77,082)	--	--	(77,082)
2015 result	--	--	--	(3,596,174)	(3,596,174)
Total comprehensive result for 2015	--	*1,121,281*	--	(3,596,174)	(2,474,893)
BALANCE AT 31 DECEMBER 2015	**359,604,959**	**167,125,920**	**33,470,054**	**(3,596,174)**	**556,604,759**

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 classification formats 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 14 March 2016 (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 2015 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 (IFRS 10, IAS 27 and IAS 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 2015.

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.

Income from dividends, interest and royalties is 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 is formally documented, stating the effectiveness of the hedge.

For accounting purposes hedging transactions are 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.

Assets and liabilities measured at fair value on a recurring basis
Please refer to the "Other information" section for further details.
No transfers were made between the levels of the fair value hierarchy during 2015.

Assets and liabilities not measured at fair value on a recurring basis

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.

Statement of financial position

5. Non-current assets

5.a. Tangible assets

2014	*Opening balance*			*Movements during the year*				*Closing balance*		
	Original cost	*Accumulated depreciation*	*Balance*	*Additions*	*Disposals and adjustments*		*Depreciation*	*Original cost*	*Accumulated depreciation*	*Balance*
(in euro)			*01.01.2014*		*cost*	*accum. depr.*				*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)	--	--	--	--	--	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)	--	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

2015	*Opening balance*			*Movements during the year*				*Closing balance*		
	Original cost	*Accumulated depreciation*	*Balance*	*Additions*	*Disposals and adjustments*		*Depreciation*	*Original cost*	*Accumulated depreciation*	*Balance*
(in euro)			*01.01.2015*		*cost*	*accum. depr.*				*31.12.2015*
Buildings										
- Operating building in Rome	1,315,924	(906,124)	409,800	--	--	--	(39,478)	1,315,924	(945,602)	370,322
Total	1,315,924	(906,124)	409,800	--	--	--	(39,478)	1,315,924	(945,602)	370,322
Industrial and commercial equipment										
- Motor vehicles	143,724	(135,668)	8,056	--	(32,224)	24,168	--	111,500	(111,500)	--
- Electronic office equipment	61,993	(61,120)	873	--	--	--	(873)	61,993	(61,993)	--
- Furniture and fittings	396,735	(394,815)	1,920	--	--	--	(1,436)	396,735	(396,251)	484
- Alarm systems	47,889	(47,889)	--	--	--	--	--	47,889	(47,889)	--
- Telephone systems	12,041	(12,041)	--	--	--	--	--	12,041	(12,041)	--
- Machinery and sundry equipment	28,373	(24,659)	3,714	--	--	--	(2,367)	28,373	(27,026)	1,347
- Assets expensed during the year	20,973	(20,973)	--	--	--	--	--	20,973	(20,973)	--
Total	711,728	(697,165)	14,563	--	(32,224)	24,168	(4,676)	679,504	(677,673)	1,831
Total tangible fixed assets	2,027,652	(1,603,289)	424,363	--	(32,224)	24,168	(44,154)	1,995,428	(1,623,275)	372,153

5.b. Investment property

This item has had the following changes:

2014	*Opening balance*			*Movements during the year*				*Closing balance*		
(in euro)	*Original cost*	*Accumulated depreciation*	*Balance 01.01.2014*	*Additions*	*Disposals*		*Depreciation*	*Original cost*	*Accumulated depreciation*	*Balance 31.12.2014*
					cost	*accum. depr.*				
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

2015	*Opening balance*			*Movements during the year*				*Closing balance*		
(in euro)	*Original cost*	*Accumulated depreciation*	*Balance 01.01.2014*	*Additions*	*Disposals*		*Depreciation*	*Original cost*	*Accumulated depreciation*	*Balance 31.12.2015*
					cost	*accum. depr.*				
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:

2014	Opening balance		Movements during the year					Closing balance	
	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
CIR S.P.A.	363,771,164	573,821,503	--	--	--	--	--	363,771,164	573,821,503
Total		573,821,503		--		--			573,821,503

2015	Opening balance		Movements during the year					Closing balance	
	01.01.2015		Increases		Decreases		Write-downs	31.12.2015	
(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 31.12.2015	Equity 31.12.2015	Income (loss) 2015	Percentage direct control	Percentage indirect control
CIR S.p.A. (*)	Via Ciovassino 1, Milan	397,146,183	1,008,152,042	(8,390,107)	45.80%	53.04%

(*) 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:

2014	Opening balance		Movements during the year					Closing balance	
	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		--	--	--	--	--	--		--

2014	Opening balance		Movements during the year					Closing balance	
	01.01.2015		Increases		Decreases		Write-downs	31.12.2015	
(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)	*31.12.2015*	*31.12.2014*
Due from the Treasury	102,970	101,912
Other receivables	15,141	15,141
Total	118,111	117,053

5.f. Securities

This item includes the following:

(in euro)	*31.12.2015*	*31.12.2014*
Available-for-sale securities		
Investments in other companies	1,000,000	--
Investment funds	20,678,428	18,577,792
Total	21,678,428	18,577,792

The year-end measurement at fair value of available-for-sale securities led to a positive adjustment of € 1,198,363 which was recognised directly in equity.

6. Current assets

6.a. Other receivables

This item includes the following:

(in euro)	*31.12.2015*	*31.12.2014*
Due from the Treasury	78,528	103,537
Other receivables	28,375	112,034
Other receivables with related parties	94,881	98,291
Total	201,784	313,862

6.b. Securities

This item includes the following:

(in euro)	*31.12.2015*	*31.12.2014*
Available-for-sale securities		
Investment funds	--	2,620
Total	--	2,620
Securities held for trading		
Investments in other companies	1,841,600	2,562,126
Investment funds	8,164,630	8,563,825
Total	10,006,230	11,125,951
Total securities	10,006,230	11,128,571

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 € 728,391.

6.c. Cash and cash equivalents

Cash and cash equivalents increased by € 391,658 going from € 1,701,595 to € 2,093,253.

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 2014, this item has decreased by € 2,960,652 following allocation of the previous year's loss.

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 2014	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
Changes in fair value reserve:							
. *Valuation at year-end fair value of available-for-sale securities*	--	--	--	--	--	1,198,363	1,198,363
. *Deferred taxes on fair value at year end*	--	--	--	--	--	(77,082)	(77,082)
BALANCE AT 31 DECEMBER 2015	5,044,115	22,643,845	42,975	133,069,943	243,375	6,081,667	167,125,920

8. Non-current liabilities

8.a. Other borrowings

This item includes the following:

(in euro)	*31.12.2015*	*31.12.2014*
Secured bank loan	44,851,420	44,700,038
Bank loan	4,982,885	0
Total	49,834,305	44,700,038

According to the favourable market conditions and in particular the reduction in interest rates and bank margins, the company has taken steps to seek new funding opportunities at better conditions.

After contacting the main banks, the best option was to renew the two loans with lower interest spreads and longer maturities.

The loan of Euro 45,000,000 maturing on 23 December 2016 and regulated at 3-month Euribor plus a spread of 375 basis points per annum has been renewed for the same amount with maturity on 23 December 2018 and the interest margin reduced to 225 basis points. It includes a "revolving" component of € 20,000,000 and a forward component of € 25,000,000.

At the end of the year, the interest rate applied to the loan was 2.250%.

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.

The "revolving" loan for a maximum nominal amount of € 20,000,000 with maturity on 11 December 2015, accruing annual interest at 3-month Euribor plus a spread of 250 bps, has been renewed for the same amount with maturity on 11 December 2018 and the interest margin reduced to 200 bps.

At the end of the year, the interest rate applied to the loan was 1.915%.

8.b. Other payables

This item includes the following:

(in euro)	*31.12.2015*	*31.12.2014*
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)	*31.12.2015*		*31.12.2014*	
	Amount of temporary differences	*Tax effect*	*Amount of temporary differences*	*Tax effect*
Valuation of securities available-for-sale	6,435,626	353,959	5,034,134	276,877
Total deferred taxes	6,435,626	353,959	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)	*31.12.2015*	*31.12.2014*
Employee leaving indemnity (TFR)	144,254	134,091
Total	144,254	134,091
Balance at 1 January 2015		134,091
Net change for the year		10,505
Taxes		(342)
Balance at 31 December 2015		144,254

9. Current liabilities

9.a. Bank overdrafts

Bank borrowings have increased by € 104 going from € 57 to € 161.

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)	*31.12.2015*	*31.12.2014*
Bank loan	--	927,307
Total	--	927,307

The"revolving" loan for a maximum amount of € 20,000,000 maturing on 11 December 2015 has been renewed at improved conditions until 11 December 2018.

According to its duration, it was recorded under "Other borrowings" in non-current liabilities, to which reference should be made for details.

9.c. Trade payables

These refer to amounts due to suppliers, which have gone from € 284,846 to € 755,066.

9.d. Other payables

(in euro)	*31.12.2015*	*31.12.2014*
Due to the Treasury	1,364,247	1,442,653
Social security payables	15,251	14,716
Other payables	36,641	41,683
Total	1,416,139	1,499,052

10. Sundry revenues and income

This item includes the following:

(in euro)	*2015*	*2014*
Services to subsidiaries	280,000	349,760
Property income from subsidiaries	85,000	29,183
Property income	27,798	27,798
Other income and cost recoveries from third parties	18,393	14,148
Total	411,191	420,889

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 € 39,201 to € 26,621.

12. Costs for services

This item includes the following:

(in euro)	*2015*	*2014*
Services from subsidiaries	268,400	302,194
Administrative, fiscal, legal and corporate consulting	568,423	581,398
Fees for corporate bodies	425,800	502,674
Other operating expenses	194,294	364,418
Total	1,456,917	1,750,684

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

13. Other operating expense

Personnel costs have gone from € 171,811 to € 176,380. The following table shows the changes during the year in the number of employees by category:

	31.12.2014	*New hires*	*Resignations*	*31.12.2015*	*Average for the year*
Executives	--	--	--	--	--
Employees	2	--	--	2	2
Total	2	--	--	2	2

14. Other operating expense

This item includes the following:

(in euro)	*2015*	*2014*
Taxes, duties and rights	87,491	102,062
Mandatory contributions and membership fees	100,351	113,529
Charities	232,500	232,500
Other charges and expenses	25,481	15,539
Total	445,823	463,630

15. Amortisation, depreciation & write-downs

This item only includes the depreciation of tangible fixed assets, which fell from € 65,474 to € 44,155.

16. Financial income

This item includes the following:

(in euro)	*2015*	*2014*
Interest income on bank deposits	20,919	14,696
Other financial income	33,965	31,172
Total	54,884	45,868

17. Financial expense

This item includes the following:

(in euro)	*2015*	*2014*
Interest and financial charges on bank loans	1,621,967	2,134,331
Interest and bank charges	18,734	2,963
Fees on stock market transactions	6,743	12,858
Total	1,647,444	2,150,152

18. Dividends

This item includes the following:

(in euro)	*2015*	*2014*
Dividends from investments in other companies	--	29,939
Total dividends	--	29,939

For details of the item "Write-down of investments in subsidiaries", please refer to item 4.d "2015 Equity investments".

19. Gains from trading securities

This item includes the following:

(in euro)	*2015*	*2014*
Gains on trading investments in other companies	163,234	247,503
Gains from investment funds	300,248	1,313,873
Income from adjustment of derivatives to fair value at year end	--	107,527
Total	463,482	1,668,903

20. Adjustments to financial assets

This item includes the following:

(in euro)	*2015*	*2014*
Write-down of investment funds	(399,195)	(45,113)
Revaluation of equity investments in other companies	43,171	84,239
Write-downs of equity investments in other companies	(372,367)	(524,425)
Total	(728,391)	(485,299)

21. Income taxes

This item includes the following:

(in euro)	*2015*	*2014*
Current taxes	--	--
Total	--	--

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.

22. 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):

	2015	*2014*
Net income attributable to the shareholders	(3,596,174)	(2,960,652)
Weighted average number of ordinary shares in circulation	719,209,918	719,209,918
Earnings (loss) per share	**(0.0050)**	**(0.0041)**

	2015	*2014*
Comprehensive income attributable to the shareholders	(2,474,893)	1,796,767
Weighted average number of ordinary shares in circulation	719,209,918	719,209,918
Earnings (loss) per share	**(0.0034)**	**0.0025**

23. 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.

24. 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)	31.12.2015	31.12.2014
A.	Cash and bank deposits	2,093,253	1,701,595
B.	Other cash equivalents	--	2,620
C.	Securities held for trading	10,006,230	11,125,951
D.	**Liquidity**	12,099,483	12,830,166
E.	Current financial receivables	--	--
F.	Current bank payables	161	57
G.	Current portion of non-current debt	--	--
H.	Other current borrowings	--	927,307
I.	**Current financial debt (F) + (G) + (H)**	161	927,364
J.	**Net current financial (surplus) debt (I) - (E) - (D)**	(12,099,322)	(11,902,802)
K.	Non-current bank borrowings	49,834,305	44,700,038
L.	**Non-current financial debt**	49,834,305	44,700,038
M.	**Net financial (surplus) debt (J) + (L)**	37,734,983	32,797,236

25. 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 loans maturing in 2018.

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 2015 there was no significant concentration of credit risk.

Liquidity risk

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.

Measurement of financial assets and liabilities and fair value hierarchy

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 2015 and 2014 *(in euro)*:

2015	Level 1	Level 2	Level 3	Total
NON-CURRENT ASSETS				
Financial assets at fair value in equity				
Available-for-sale securities:				
- Investments in other companies		1,000,000		1,000,000
- Investment funds	--	20,678,428	--	20,678,428
Total	--	*21,678,428*	--	*21,678,428*
Financial assets at fair value through profit and loss	--	--	--	--
Total securities	--	21,678,428	--	21,678,428
CURRENT ASSETS				
Financial assets at fair value in equity				
Available-for-sale securities:				
- Investment funds	--	--	--	--
Total	--	--	--	--
Financial assets at fair value through profit and loss				
Securities held for trading:				
- Investments in other companies	--	1,841,600	--	1,841,600
- Investment funds	--	8,164,630	--	8,164,630
Total	--	*10,006,230*	--	*10,006,230*
Total securities	--	10,006,230	--	10,006,230

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

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES SHOWN IN THE 2015 FINANCIAL STATEMENTS

(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 financial 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 receivables	*5.e.*	15	--	--	15	--	--	--	--	--	15	--	--
Securities	*5.f.*	21,678	--	--	--	--	21,678	--	--	--	21,678	265	1,194
CURRENT ASSETS													
Other receivables	*6.a.*	123	--	--	123	--	--	--	--	--	123	--	--
Securities	*6.b.*	10,006	--	10,006	--	--	--	--	--	--	10,006	199	4
Cash and cash equivalents	*6.c.*	2,093	--	--	2,093	--	--	--	--	--	2,093	54	--
NON-CURRENT LIABILITIES													
Other borrowings	*8.a.*	49,834	--	--	--	--	--	--	--	49,834	49,834	(1,622)	--
Other payables	*8.b.*	35	--	--	--	--	--	--	--	35	35	--	--
CURRENT LIABILITIES													
Bank overdrafts	*9.a.*	--	--	--	--	--	--	--	--	--	--	(19)	--
Other borrowings	*9.b.*	--	--	--	--	--	--	--	--	--	--	--	--
Trade payables	*9.c.*	755	--	--	--	--	--	--	--	755	755	--	--

"Other borrowings" in non-current liabilities relate to two floating-rate bank loans maturing at the end of 2018.
The carrying amount is considered a reasonable approximation of its fair value.

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

(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 financial 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 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	--	--

"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.

RISK CATEGORIES - 2015

(in thousands of euro)

	F.S. items	Carrying value	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.	21,678	--	--	--	21,678
CURRENT ASSETS						
Other receivables	6.a.	123	--	--	--	123
Securities	6.b.	10,006	--	--	--	10,006
Cash and cash equivalents	6.c.	2,093	--	--	--	2,093
NON-CURRENT LIABILITIES						
Other borrowings	8.a.	49,834	49,834	--	--	--
Other payables	8.b.	35	35	--	--	--
CURRENT LIABILITIES						
Bank overdrafts	9.a.	--	--	--	--	--
Other borrowings	9.b.	--	--	--	--	--
Trade payables	9.c.	755	755	--	--	--

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	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	--	--	--

CREDIT RISK

(in thousands of euro)

Position at 31 December 2015	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 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		123	123	--	--	--	--	--	--	--
Provision for write-downs		--	--	--	--	--	--	--	--	--
Total		138	138	--	--	--	--	--	--	--

(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 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	--	--	--	--	--	--	--

LIQUIDITY RISK - 2015

(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	--	--	49,834	--	--	--	49,834
Other payables	--	--	--	--	--	35	35
Current liabilities							
Other borrowings	--	--	--	--	--	--	--
Trade payables	755	--	--	--	--	--	755
TOTAL	755	--	49,834	--	--	35	50,624

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 - 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.

GUARANTEES AND COMMITMENTS

For the loan of € 45,000,000 maturing on 23 December 2018, 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 F.lli De Benedetti S.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.

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	33,470,054	A, B, C	33,470,054
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	6,081,667	=	=
TOTAL			171,870,462
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			166,826,347

KEY:

Possible use:

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

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 F.lli De Benedetti S.a.p.A. (now F.lli De Benedetti S.p.A.) at 31 December 2014
are as follows.

(in euro)

STATEMENT OF FINANCIAL POSITION

ASSETS		
B)	Fixed assets	245,310,316
C)	Current assets	126,386
D)	Accrued income and prepaid expenses	6,396
Total assets		245,443,098

LIABILITIES		
A)	EQUITY	
	Share capital	170,820,000
	Reserves	15,091,161
	Net income (loss) for the year	(2,250,701)
D)	PAYABLES	61,782,638
Total liabilities		245,443,098

INCOME STATEMENT

B)	Costs of production	(287,783)
C)	Financial income and (expense)	(1,962,531)
D)	Extraordinary income and (expense)	(387)
	Income taxes for the year	0
	Net income (loss) for the year	(2,250,701)

Separate financial statements of the direct subsidiary at 31 December 2015

CIR S.p.A.

STATEMENT OF FINANCIAL POSITION

(in euro)

ASSETS		%(**)	31.12.2015		%(**)	31.12.2014
NON-CURRENT ASSETS			**999,669,642**			**1,036,056,445**
INTANGIBLE ASSETS			75,054			87,075
TANGIBLE ASSETS			1,831,677			2,593,248
INVESTMENT PROPERTY			14,923,851			15,255,491
EQUITY INVESTMENTS			896,131,076			764,224,676
OTHER RECEIVABLES			80,213,909			245,702,361
of which with related parties (*)	*79,694,486*	99.4		*245,348,090*	99.9	
DEFERRED TAXES			6,494,075			8,193,594
CURRENT ASSETS			**60,970,785**			**86,303,362**
OTHER RECEIVABLES			38,584,550			39,071,320
of which with related parties (*)	*21,377,713*	55.4		*20,897,176*	53.5	
CASH AND CASH EQUIVALENTS			22,386,235			47,232,042
TOTAL ASSETS			**1,060,640,427**			**1,122,359,807**

LIABILITIES AND EQUITY		%(**)	31.12.2015			31.12.2014
EQUITY			**1,008,152,042**			**1,068,070,075**
SHARE CAPITAL ISSUED			397,146,184			397,146,184
less TREASURY SHARES			(54,210,969)			(27,282,907)
SHARE CAPITAL			342,935,215			369,863,277
RESERVES			391,952,558			366,729,209
RETAINED EARNINGS (LOSSES)			281,654,376			358,854,045
NET INCOME (LOSS) FOR THE YEAR			(8,390,107)			(27,376,456)
NON-CURRENT LIABILITIES			**1,026,000**			**855,706**
PERSONNEL PROVISIONS			1,026,000			855,706
CURRENT LIABILITIES			**51,462,385**			**53,434,026**
BANK OVERDRAFTS			19			--
OTHER PAYABLES			39,417,653			40,418,679
of which to related parties (*)	*30,328,905*	76.9		*30,141,264*	74.6	
PROVISIONS FOR RISKS AND LOSSES			12,044,713			13,015,347
TOTAL LIABILITIES AND EQUITY			**1,060,640,427**			**1,122,359,807**

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

(**) Percentage of the whole

INCOME STATEMENT

(in euro)

		%(**)	2015		%(**)	2014
SUNDRY REVENUES AND INCOME			3,654,228			4,146,014
of which sundry revenues and income with related parties (*)	*2,697,849*	*73.8*		*3,416,169*	*82.4*	
COSTS FOR SERVICES			(6,163,163)			(9,429,034)
of which from related parties (*)	*(280,000)*	*4.5*		*(349,760)*	*3.7*	
PERSONNEL COSTS			(5,395,208)			(7,055,007)
of which from related parties (*)	*(13,729)*	*0.3*		*(44,729)*	*0.6*	
OTHER OPERATING EXPENSE			(2,943,878)			(2,205,118)
of which to related parties (*)	*(1,219,762)*	*41.4*		--	--	
AMORTISATION, DEPRECIATION & WRITE-DOWNS			(640,734)			(747,133)
EBIT			**(11,488,755)**			**(15,290,278)**
FINANCIAL INCOME			3,745,447			9,603,779
of which with related parties (*)	*3,601,247*	*96.1*		*7,950,858*	*82.8*	
FINANCIAL EXPENSE			(19,670)			(11,849,412)
DIVIDENDS			9,907,024			7,613,738
of which from related parties (*)	*9,702,864*	*97.9*		*7,579,959*	*99.6*	
LOSSES FROM TRADING SECURITIES			(57,564)			(23,750,720)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			(10,722,214)			(4,409,420)
INCOME (LOSS) BEFORE TAXES			**(8,635,732)**			**(38,082,313)**
INCOME TAXES			1,245,625			10,705,857
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY			**(7,390,107)**			**(27,376,456)**
INCOME/(LOSS) FROM ASSETS HELD FOR SALE			(1,000,000)			--
NET INCOME (LOSS) FOR THE YEAR			**(8,390,107)**			**(27,376,456)**
BASIC EARNINGS (LOSS) PER SHARE (in euro)			(0.0118)			(0.0368)
DILUTED EARNINGS (LOSS) PER SHARE (in euro)			(0.0118)			(0.0368)

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

(**) Percentage of the whole

COFIDE
Gruppo De Benedetti

CERTIFICATION OF THE SEPARATE 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 2015.

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

3. We also certify that the separate 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, 14 March 2016

Rodolfo De Benedetti
Chairman

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

LIST OF EQUITY INVESTMENTS

AT 31 DECEMBER 2015

Persuant to Art. 38.2 Italian Legislative Decree 127/91

SUBSIDIARIES CONSOLIDATED USING THE FULL LINE-BY-LINE METHOD

(in euro or foreign currency)

Name of Company	*Registered office*	*Share capital*	*Currency*	*Parent 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
INSTITUT D'ÉCOLE PRIMAIRE LÉMAN S.A. (In liquidation)	Switzerland	3,695,000.00	Chf	CIR S.p.A.	94.59
SOUTHLANDS S.r.l.	Italy	50,000.00	€	CIR S.p.A.	71.43
				INSTITUT D'ÉCOLE PRIMAIRE LÉMAN S.A.	28.57
					100.00
ESPRESSO GROUP					
GRUPPO EDITORIALE L'ESPRESSO S.p.A. (*)	Italy	61,805,893.20	€	CIR S.p.A.	53.58
FINEGIL EDITORIALE S.p.A.	Italy	128,798,515.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	99.78
S.E.T.A. S.p.A.	Italy	774,750.00	€	FINEGIL EDITORIALE S.p.A.	71.00
A. MANZONI & C. S.p.A.	Italy	15,000,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
ROTOCOLOR S.p.A.	Italy	23,000,000.00	€	FINEGIL EDITORIALE S.p.A.	100.00
SOMEDIA S.p.A.	Italy	677,608.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
ELEMEDIA S.p.A.	Italy	25,000,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
MO-NET S.r.l.	Italy	35,800.00	€	ELEMEDIA S.p.A.	66.00
SOGEFI GROUP					
SOGEFI S.p.A. (**)	Italy	61,630,948.60	€	CIR S.p.A.	56.03
SOGEFI REJINA S.p.A.	Italy	21,978,316.00	€	SOGEFI S.p.A.	99.88
FILTRAUTO S.A.	France	5,750,000.00	€	SOGEFI S.p.A.	100.00
SOGEFI FILTRATION Ltd	UK	5,126,737.00	£GBP	SOGEFI S.p.A.	100.00
SOGEFI FILTRATION S.A.	Spain	14,249,084.96	€	SOGEFI S.p.A.	86.08
				FILTRAUTO S.A.	13.92
					100.00
SOGEFI FILTRATION d.o.o.	Slovenia	10,291,798.00	€	SOGEFI S.p.A.	100.00
ALLEVARD REJNA AUTOSUSPENSIONS S.A.	France	34,000,000.00	€	SOGEFI S.p.A.	99.99
SOGEFI PURCHASING S.A.S.	France	100,000.00	€	SOGEFI S.p.A.	100.00
ALLEVARD SOGEFI U.S.A. Inc.	United States	20,055,000.00	$USA	SOGEFI S.p.A.	100.00
SYSTÈMES MOTEURS S.A.S.	France	54,938,125.00	€	SOGEFI S.p.A.	100.00
SOGEFI FILTRATION DO BRASIL Ltda	Brazil	51,507,374.00	Real	SOGEFI FILTRATION S.A.	99.99
				ALLEVARD MOLAS DO BRAZIL Ltda	0.01
					100.00
SOGEFI FILTRATION ARGENTINA S.A.	Argentina	57,235,407.00	Pesos	SOGEFI FILTRATION DO BRASIL Ltda	94.25
				FILTRAUTO S.A.	5.17
				SOGEFI REJNA S.p.A.	0.57
					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.	100.00
ALLEVARD FEDERN GmbH	Germany	50,000.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	100.00
ALLEVARD REJNA ARGENTINA S.A.	Argentina	16,600,000.00	Pesos	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	89.97
				ALLEVARD MOLAS DO BRAZIL Ltda	10.00
					99.97

(*) 53.04% net of own shares held as tresury stock

(in euro or foreign currency)

Name of Company	*Registered office*	*Share capital*	*Currency*	*Parent Companies*	*% of ownership*
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
S.ARA COMPOSITE S.A.S.	France	10,000,000.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	95.00
SOGEFI M.N.R. ENGINE SYSTEMS INDIA Pvt Ltd	India	21,254,640.00	Inr	FILTRAUTO S.A.	70.00
				SYSTÈMES MOTEURS S.A.S.	24.98
				SYSTEMES MOTEURS CHINA S.à.r.l.	0.02
					70.00
ALLEVARD IAI SUSPENSIONS PRIVATE Ltd	India	302,000,000.00	Inr	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	74.23
SOGEFI ENGINE SYSTEMS CANADA CORP.	Canada	39,393,000.00	Cad	SYSTÈMES MOTEURS S.A.S.	100.00
SOGEFI ENGINE SYSTEMS USA INC.	United States	100.00	$USA	SYSTÈMES MOTEURS S.A.S.	100.00
SYSTÈMES MOTEURS CHINA S.à.r.l.	Luxembourg	12,500.00	€	SYSTÈMES MOTEURS S.A.S.	100.00
SOGEFI ENGINE SYSTEMS MEXICO S.DE R.L.DE C.V.	Mexico	3,000.00	Mxn	SOGEFI ENGINE SYSTEMS CANADA CORP.	99.97
				SYSTÈMES MOTEURS S.A.S.	0.03
					100.00
S.C. SYSTÈMES MOTEURS S.r.l.	Romania	7,087,610.00	Ron	SYSTÈMES MOTEURS S.A.S.	99.99
				SOGEFI FILTRATION S.A.	0.01
					100.00
SOGEFI ENGINE SYSTEMS HONG KONG Ltd	Hong Kong	1,000.00	Hkd	SYSTÈMES MOTEURS CHINA S.à.r.l.	100.00

(*) 56.46 % net of own shares held as tresury stock
(**) 57.61 % net of own shares held as tresury stock

(in euro or foreign currency)

Name of Company	*Registered office*	*Share capital*	*Currency*	*Parent Companies*	*% of ownership*
KOS GROUP					
KOS S.p.A.	Italy	8,565,211.70	€	CIR S.p.A.	51.26
OSPEDALE DI SUZZARA S.p.A.	Italy	120,000.00	€	KOS S.p.A	99.90
MEDIPASS S.r.l.	Italy	700,000.00	€	KOS S.p.A	100.00
ELSIDA S.r.l.	Italy	100,000.00	€	MEDIPASS S.r.l.	100.00
MEDIPASS HEALTHCARE LTD	UK	3,477.00	£GBP	MEDIPASS S.r.l.	89.99
CLEARMEDI HEALTHCARE LTD	India	9,904,111.18	Inr	MEDIPASS S.r.l.	70.88
				CLEARVIEW HEALTHCARE LTD	29.12
					100.00
MEDIPASS HEALTHCARE LEEDS & BELFAST LTD	UK	1,000.00	£GBP	MEDIPASS HEALTHCARE LTD	55.00
MEDIPASS LEEDS LTD (già HTI LEEDS)	UK	2.00	£GBP	MEDIPASS HEALTHCARE LEEDS &BELFAST LTD	100.00
MEDIPASS BELFAST LTD (già HTI IRELAND)	UK	2.00	£GBP	MEDIPASS HEALTHCARE LEEDS &BELFAST LTD	100.00
RESIDENZE ANNI AZZURRI S.r.l.	Italy	27,079,034.00	€	KOS S.p.A	100.00
POLO GERIATRICO RIABILITATIVO S.p.A.	Italy	320,000.00	€	RESIDENZE ANNI AZZURRI S.r.l.	96.00
CLEARVIEW HEALTHCARE LTD	Italy	4,661,880.00	Inr	MEDIPASS S.r.l.	85.19
HSS REAL ESTATE S.r.l.	Italy	2,064,000.00	€	KOS S.p.A	100.00
ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	Italy	2,550,000.00	€	KOS S.p.A	100.00
ABITARE IL TEMPO S.r.l.	Italy	100,826.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	54.00
SANATRIX S.r.l.	Italy	843,700.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	76.97
SANATRIX GESTIONI S.r.l.	Italy	300,000.00	€	SANATRIX S.r.l.	99.61
JESILAB S.r.l.	Italy	80,000.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	100.00
FIDIA S.r.l.	Italy	10,200.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	60.00
KOS SERVIZI SOCIETÀ CONSORTILE a r.l.	Italy	115,000.00	€	KOS S.p.A	3.68
				RESIDENZE ANNI AZZURRI S.r.l.	46.12
				ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	36.93
				MEDIPASS S.r.l.	2.07
				OSPEDALE DI SUZZARA S.p.A.	2.15
				SANATRIX GESTIONI S.r.l.	3.02
				ABITARE IL TEMPO S.r.l.	4.94
				FIDIA S.r.l.	0.43
				JESILAB S.r.l.	0.43
				ELSIDA S.r.l.	0.23
					100.00

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

CONSOLIDATED USING THE EQUITY METHOD

(in euro or foreign currency)

Name of Company	*Registered office*	*Share capital*	*Currency*	*Parent Companies*	*% of ownership*
CIR GROUP					
DEVIL PEAK S.r.l.	Italy	69,659.00	€	NEXENTI S.r.l.	36.16
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 INTERNATIONALGROUP					
KTP GLOBAL FINANCE S.C.A.	Luxembourg	566,573.75	€	CIR INTERNATIONAL S.A.	47.55
KOS GROUP					
APOKOS REHAB PVT Ltd	India	115,000,000.00	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*
ESPRESSO GROUP					
ENOTRYA S.r.l. *(in liquidation)*	Italy	75,000.00	€	ELEMEDIA S.p.A.	70.00
CELLULARMANIA.COM S.r.l. *(in liquidation)*	Italy	10,400.00	€	ELEMEDIA S.p.A.	100.00
KSOLUTIONS S.r.l. *(in liquidation)*	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
KOS GROUP					
OSIMO SALUTE S.p.A.	Italy	750,000.00	€	ABITARE IL TEMPO S.r.l.	25.50
ARCHE' S.r.l.	Italy	10,000.00	€	RESIDENZE ANNI AZZURRI S.r.l.	100.00
CIR INTERNATIONAL GROUP					
PHA – Participations Hotelieres Astor *(in liquidation)*	France	12,150.00	€	CIR INTERNATIONAL S.A.	100.00
KTP GLOBAL FINANCE MANAGEMENT S.A.	Luxembourg	31,000.00	€	CIR INTERNATIONAL S.A.	46.00

(*) Investments which are 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	10,783,361.63	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	3.68
				FINEGIL EDITORIALE S.p.A.	13.24
				S.E.T.A. S.p.A.	2.94
					19.85
CONSULEDIT S. CONSORTILE a.r.l. *(in liquidation)*	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 liquidation)*	Italy	258,000.00	€	A. MANZONI & C. S.p.A.	7.50
PRESTO TECHNOLOGIES Inc. *(non operativa)*	United States	7,663,998.40	$USA	ELEMEDIA S.p.A.	7.83
D-SHARE S.r.l.	Italy	104,235.25	€	ELEMEDIA S.p.A.	9.43
TELELIBERTÀ S.p.A.	Italy	2,200,000.00	€	FINEGIL EDITORIALE S.p.A.	4.32
PREMIUM PUBLISHER NETWORK CONSORZIO	Italy	19,426.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	16.96
CONSORZIO EDICOLA ITALIANA	Italy	51,497.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	16.67
SOGEFI GROUP					
UMC & MAKKAWI SPRING MANUFACTURING Co., Ltd	Sudan	900,000.00	SDP	SOGEFI REJNA S.p.A.	25.00
AFICO FILTERS S.A.E.	Egypt	11,000,000.00	EGP	SOGEFI REJNA S.p.A.	22.62
KOS GROUP					
FONDO SPAZIO SANITÀ	Italy	45,600,000.00	€	IST. DI RIABILITAZIONE S. STEFANO S.r.l.	0.88
			€	RESIDENZE ANNI AZZURRI S.r.l.	1.10
					1.98

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND IN OTHER COMPANIES

NON INCLUDING IN THE CONSOLIDATED STATEMENTS

(in euro or foreign currency)

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

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 2015 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.

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 the disclosure relating to a subsidiary of Sogefi S.p.A., as reported below;
- 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;
- 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.

* * *

The specific indications that this report has to provide are listed below, in accordance with the Consob Communication dated 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 have made adequate disclosures about these transactions 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 controls carried out in the Company offices did not reveal that any atypical and/or unusual transactions had been carried out.
- 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 2015, 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 and communicated and analysed by the Board of Statutory Auditors, does not highlight significant weaknesses, except for disclosures that relate to weaknesses limited to the internal control system of the Brazilian subsidiary in the field of filtration of the Sogefi group, which did not produce significant elements on group accounts and for which measures were promptly prepared to eliminate the problems.
- During 2015, we did not receive any complaints pursuant to art. 2408 of the Italian Civil Code.
- During the year ended 31 December 2015, 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 engaged the independent auditors to carry out non-audit services involving verification activities with a view to issuing certificates, for fees totalling Euro 225,000 and other

services, for fees totalling Euro 51,000. The subsidiaries of COFIDE S.p.A. also appointed entities belonging to the Deloitte network to perform other services for fees totalling Euro 133,000. 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 2015, the Board of Directors met 8 times, the Audit and Risk Committee 7 times and the Appointments and Compensation Committee once, while the Related Party Transactions Committee met 4 times; the Board of Statutory Auditors met 10 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 2015, 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 timely fulfilment of the 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 complied with 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 implemented,

ensuring among other things that the Corporate Governance Report contains the results of the periodic check that the Board of Statutory Auditors meets the necessary independence requirement, 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 2015 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 2015, on their approval or on any other matter within our area of responsibility, just as we do not have any comments to make on the Board of Directors' proposals to cover the loss and to distribute a dividend from reserves.

We thank you for your confidence in us and remind you that the mandate given to the Board of Directors is due to expire. The directors have already taken steps to call a General Meeting for you to pass the necessary resolutions.

Milan, 5 April 2016

THE BOARD OF STATUTORY AUDITORS

Riccardo Zingales – Chairman of the Board of Statutory Auditors

Antonella Dellatorre – Statutory Auditor

Tiziano Bracco – Statutory Auditor

Deloitte.

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INDEPENDENT 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.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of COFIDE – Gruppo De Benedetti S.p.A. and its subsidiaries (the "COFIDE Group"), which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated income statement, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the related explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the COFIDE Group as at December 31, 2015, and of its financial performance and 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.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of COFIDE – Gruppo De Benedetti S.p.A., with the consolidated financial statements of the COFIDE Group as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the consolidated financial statements of COFIDE Group as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by

Marco Miccoli
Partner

Milan, Italy
April 5, 2016

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

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**INDEPENDENT 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.**

Report on the Financial Statements

We have audited the accompanying financial statements of COFIDE – Gruppo De Benedetti S.p.A., which comprise the statement of financial position as at December 31, 2015, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the related explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of COFIDE – Gruppo De Benedetti S.p.A. as at December 31, 2015, and of its financial performance and 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.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of COFIDE – Gruppo De Benedetti S.p.A., with the financial statements of COFIDE – Gruppo De Benedetti S.p.A as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the financial statements of COFIDE – Gruppo De Benedetti S.p.A as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by

Marco Miccoli
Partner

Milan, Italy
April 5, 2016

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