2014 ANNUAL REPORT

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SHAREHOLDERS' MEETING OF APRIL 22ND 2015

AGENDA

1. Presentation of the Separate and Consolidated Financial Statements for the year ended December 31st 2014, together with the Directors' Report, Board of Statutory Auditors' Report and the Independent Auditors' Report; resolutions thereon;
2. Appointment of the Board of Directors for the three-year period 2015 – 2016 and 2017, determining the number of Board members and relative remuneration;
3. Appointment of the Board of Statutory Auditors for the three-year period 2015 – 2016 and 2017 and determination of emoluments;
4. Resolutions on the sale and purchase of treasury shares in accordance with Article 2357 of the Civil Code;
5. Remuneration Report in accordance with Article 123-*ter* paragraph 6 of Legislative Decree 58/98; resolutions thereon.

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CORPORATE BOARDS

Board of Directors

Chairman	Francesco Gaetano Caltagirone
Vice Chairmen	Azzurra Caltagirone Gaetano Caltagirone
Directors	Francesco Caltagirone Alessandro Caltagirone Massimo Confortini (1) - (2) Mario Delfini (1) Massimo Garzilli (1) Albino Majore (1) Giampietro Nattino (1) - (2)

Board of Statutory Auditors

Chairman	Antonio Staffa
Standing Auditors	Maria Assunta Coluccia Federico Malorni

Executive Responsible

Roberto Di Muzio

Independent Audit Firm

PricewaterhouseCoopers SpA

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(1) Members of the Internal Control Committee
(2) Members of the Independent Directors' Committee

DELEGATED POWERS

In accordance with Consob recommendation No. 97001574 of February 20th 1997 the nature of the powers delegated to the members of the Board of Directors are reported below

Chairman

The Chairman was conferred all ordinary and extraordinary administrative powers with the exception of those reserved by law and the Company By-Laws to the Shareholders' Meeting and to the Board of Directors.

Vice Chairman

In the absence or impediment of the Chairman, the Vice Chairman Gaetano Caltagirone and in his absence or impediment, the Vice Chairman Azzurra Caltagirone, are conferred all ordinary and extraordinary administration powers with the exception of those reserved by law and the Company By-laws to the Shareholders' Meetings and to the Board of Directors.

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DIRECTOR'S REPORT ON THE GROUP RESULTS FOR THE YEAR ENDED DECEMBER 31st 2014

INTRODUCTION

The present Directors' Report refers to the Consolidated and Separate Financial Statements of Caltagirone Editore SpA (hereafter also "the Group") at December 31st 2014, prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC), approved by the European Commission (hereinafter "IFRS").

The present Report should be read together with the Consolidated and Separate Financial Statements and the relative Notes, which constitute the Annual Accounts for 2014.

MARKET OVERVIEW

Publishing has been one of the hardest hit sectors by the protracted Italian recession, resulting in a consistent decline in the two principal revenue sources of the Group: advertising and circulation.

The Italian advertising market in 2014 again contracted (-2.5%), although to a more contained degree than in previous years.

Newspapers - and in particular daily newspapers - compared to other media have seen the poorest performances, with a drop of 9.7% on 2013 (Source: Nielsen Research Institute – FCP). The digital sector however countered these developments - growing 2.1% (Source: Assointernet – FCP) and achieving a market share in line with the majority of the developed nations. The online and digital advertising market in Italy is worth approx. Euro 1.9 billion of a total market value of approx. Euro 7.6 billion.

The growth in online and digital advertising revenues follows the expanded digital audience in 2014. User numbers in fact increased 3% on 2013, particularly thanks to the increase in mobile users (+20.4%).

Despite the poor figures reported, in 2014 the daily newspaper sector however confirmed its importance as a source of information, with 19 million Italians reading daily newspapers on an "average day".

GROUP OPERATIONS

The table below illustrates the key financial results for the year 2014 compared to the previous year.

Euro thousands	**2014**	**2013**	**% Change**
Circulation revenues	70,825	75,620	-6.3%
Advertising revenues	91,502	98,295	-6.9%
Promotions revenues	659	788	-16.4%
Other operating revenues	7,159	6,812	5.1%
Total Operating Revenues	**170,145**	**181,515**	**-6.3%**
Raw materials, supplies and consumable stores	(18,869)	(20,716)	-8.9%
Labour costs	(77,773)	(82,896)	-6.2%
Other operating costs	(73,427)	(79,060)	-7.1%
Total operating costs	**(170,069)**	**(182,672)**	**-6.9%**
EBITDA	**76**	**(1,157)**	**106.6%**
Amortisation, depreciation, provisions & write-downs	(37,270)	(81,422)	-54.2%
Operating loss	**(37,194)**	**(82,579)**	**55.0%**
Result of companies valued at equity	**127**	**(99)**	**na**
Financial income	6,593	6,917	-4.7%
Financial charges	(5,178)	(2,365)	118.9%
Financial result	**1,415**	**4,552**	**-68.9%**
Loss before taxes	**(35,652)**	**(78,126)**	**54.4%**
Income taxes	(1,608)	2,592	na
Net loss before minority share	**(37,260)**	**(75,534)**	**50.7%**
Minority interest	66	102	-35.3%
Group net loss	**(37,194)**	**(75,432)**	**50.7%**

In 2014, Operating revenues reduced 6.3%, due to the decrease in both advertising revenues (-6.9%) and circulation revenues (-6.3%).

Raw material costs decreased 8.9% - principally due to the lower quantities utilised in the production process on the basis of a lower amount of copies sold.

Labour costs, net of non-recurring charges of Euro 1.8 million (Euro 1.9 million in 2013) related to the reorganisation plans put in place by a number of Group companies, reduced 6.1% following the corporate restructurings introduced in preceding years.

Other operating costs decreased overall by 7.1%, as a result of the action taken on overhead and general costs.

EBITDA in 2014 reported a moderate profit (Euro 76 thousand), improving on 2013 (loss of Euro 1.2 million) as a result of reduced operating costs.

The EBIT reports a loss of Euro 37.2 million (loss of Euro 82.6 million in 2013), significantly impacted by the write-down of goodwill and newspaper titles for some group companies totalling Euro 25.5 million (Euro 70.6 million in 2013) on the basis of impairment tests, amortisation and depreciation and risk provisions of Euro 9.1 million and the write-down of receivables of approx. Euro 2.2 million. Excluding the Impairment Tests, the EBIT would amount to a loss of 11.7 million, slightly improving on a loss of Euro 12 million in 2013.

The financial management result, which reported a profit of Euro 1.4 million (profit of Euro 4.6 million in 2013), includes dividends received on listed shares of Euro 3.3 million and net financial income of Euro 1.7 million, net of the write-down of E-care Spa of approx. Euro 3 million).

The Group net result reports a loss of Euro 37.2 million (loss of Euro 75.4 million in 2013). The reduction in the loss on the previous year is due to the significantly lower write-downs on goodwill and newspapers than in 2013.

Net Cash Position

The Group Cash Financial Position at December 31st 2014 is as follows:

Euro thousands	**31/12/14**	**31/12/13**
Current financial assets	-	3
Cash and cash equivalents	155,494	186,633
Non-current financial debt	(13,516)	(18,652)
Current financial liabilities	(15,789)	(30,544)
Net Cash Position *	**126,189**	**137,440**

* The Net Cash Position in accordance with CESR recommendation of February 10th 2005 is illustrated at Note 30 of the Notes to Consolidated Financial Statements.

The Net Cash Position decreased approx. Euro 11.3 million on December 31st 2013, principally due to the funding of the reorganisation plans implemented in previous years and the payment of extraordinary tax items.

Shareholders' Equity

The Group Consolidated Shareholders' Equity reduced from Euro 625.6 million at December 31st 2013 to Euro 586.5 million at December 31st 2014; the reduction of Euro 39.2 million was mainly due to the loss in the year and the negative effect from the fair value measurement of shares held by the Group.

The balance sheet and income statement ratios are provided below:

	2014	2013
ROE* *(Net Result/Net Equity)***	**(6.3)**	**(12.1)**
ROI* *(EBIT/total assets)***	**(4.8)**	**(9.8)**
ROS* *(EBIT/Operating Revenues)***	**(21.9)**	**(45.5)**
Equity Ratio*(Net equity/total assets)*	**0.76**	**0.74**
Liquidity Ratio *(Current assets/Current liabilities)*	**3.08**	**2.75**
Capital Invested Ratio *(Net equity/non-current assets)*	**1.06**	**1.07**

** percentage values*

*** For definitions of "Net Result" and "EBIT", reference should be made to the income statement attached to the present report*

The income statement indicators (ROE, ROI and ROS), although negative, improved on the previous year due to the reduced write-downs on goodwill and the newspaper titles.

The balance sheet indicators confirm the Group's financial equilibrium, with strong stability, the capacity to meet short-term commitments through liquid funds and finally equilibrium between own funds and fixed assets.

Group operating performance

- *Publishing*

Circulation revenues of Euro 69.1 million reduced 7.2% in 2014 compared to 2013, due to the ongoing structural shifts impacting the market.

The latest official available circulation data indicates a reduction of approx. 11.8%[1] in paper copies sold in 2014 compared to 2013.

The sale of subscriptions and multimedia versions of Group newspapers are still not significant and their percentage of Group circulation revenues continues to be negligible; however, they once again grew strongly (+33.22%[2] in December 2014 compared to December 2013).

The websites of the Caltagirone Editore network reached at November 2014 approx. 1,140,000[3] Total Audience unique daily users (PC and mobile). The Group is therefore now the third largest Italian digital information provider. In particular, the Group websites reported significant increases in Total Audience daily unique users: in November 2014 compared to

[1]ADS figures (Newspaper Sales Figures) Newspaper print edition sales January-December 2014/January-December 2013
[2]ADS figures (Newspaper Sales Figures) Digital Newspaper Sales December 2014/December 2013
[3]*Audiweb November 2014* figures, *including aggregated websites*

January 2014 Il Messaggero (+33%)[4]; Nuovo Quotidiano di Puglia (+107%); Leggo (+96%); Il Gazzettino (+30%) and Corriere Adriatico (+8%)[5].

The Revenues from products sold together with Group newspapers were not significant (Euro 659 thousand), following the substantial discontinuation of these promotional activities.

- *Advertising*

Group advertising revenues overall reduced 6.9% in 2014.

Daily newspaper advertising revenues contracted 10.6%; (the latest available sector figures concerning the entire 2014 report a drop of 9.6%[6] on 2013).

Website advertising revenues in 2014 increased 46.3% on the previous year (the latest available internet sector advertising figures report a 2.1% increase[7]).

It is noted that the contribution of this sector to overall Group advertising revenues increased to over 10% of total advertising revenues in the year.

RISK MANAGEMENT

The activities of Caltagirone Editore and its subsidiaries are subject to various financial risks: market risks (raw materials prices and the movements in listed equities held in portfolio), credit risk, exchange rate risk, interest rate risk and liquidity risk. The management of financial risks is undertaken through organisational directives which govern the management of these risks and the control of all operations which have importance in the composition of the financial and/or commercial assets and liabilities.

The Group does not have any derivative financial instruments, nor do specific financial risks exist in relation to price, credit or liquidity (other than that deriving from operating activities).

- *Market risk (price of raw materials – paper)*

The Group is exposed to fluctuations in the price of paper - the principal raw material; this risk is managed through supply contracts with Italian and foreign companies with fixed prices and quantities for a maximum period of approximately 12 months, and through procurement from suppliers based in different geographic areas in order to avoid the risks

[4] *Audiweb figures: November 2014 including aggregated websites*
[5] *Audiweb figures: November 2014*
[6] *FCP newspaper research institute* figures – January – December 2014 compared with 2013
[7] *FCP Assointernet research institute* figures – January – December 2014 compared with 2013

related to an excessive concentration of suppliers and to obtain the most competitively priced supplies.

- *Price risk of the equity shareholdings*

In relation to the risk of changes in the fair value of the equity shareholdings held as available for sale, the Group monitors the changes of share prices and for this reason constantly records the movements in the listed shares in portfolio. Based on this data, the investment and divestment policies of the Group are defined with the objective to optimise medium and long-term cash flows, also considering the distribution of dividends from the shares in portfolio. The investment and divestment strategies of the equity investments are also considered in relation to the diversification of risk.

- *Credit Risk*

Receivables at year-end principally are of a commercial nature. In general, they are recorded net of any write-downs, calculated on the basis of the risk of non-fulfilment by the counterparty, determined considering the information available on the client's solvency and historical insolvency data in relation to the varying expiry dates of receivables. Historically, there are no significant situations which are particularly problematic in relation to the solvency of the clients, as the policy of the Group is only to sell to clients after a prudent evaluation of their credit capacity and therefore within the established credit limits. Finally, no significant debtor positions were recorded which would equate to an excessive concentration of credit. On this basis, the credit risk to which the Group is exposed can be considered limited.

- *Currency risk*

The Group has no currency risk exposure as it operates only in the Eurozone.

- *Interest rate risk*

The interest rate risk relates to an uncontrolled increase of the charges deriving from variable interest rates on medium/long-term loans of Group companies. The interest rate risk to which the Group is exposed is considered limited in that the loans undertaken are contracted in Euro, which currently presents low interest rates following the monetary policies adopted by the central banks to counter the recession.

- *Liquidity risk*

Liquidity risk is linked to the difficulty in obtaining funds to cover commitments at a given moment. The Caltagirone Editore Group has access to its own liquidity which is in the form of short-term deposits and therefore easily accessible and highly liquid. This risk therefore is not significant for the Group.

- *Environment and security risk*

Existing regulations and laws are rigorously applied to workplace health and security and hence govern this area of risk.

Principal uncertainties and going concern

Further to that stated in the paragraph on business risks, the current conditions in the financial markets and the real economy do not allow accurate evaluations of the short-term outlook. This situation does not cause concern in relation to the going concern principle in that the Group, as previously highlighted, relies on its own funds and no uncertainties exist that could compromise the capacity of the Group to carry out its operating activities.

Other information

During the year, the Companies of the Caltagiorne Group did not carry out any research and development activity.

At December 31st 2014, there were 843 employees (924 at December 31st 2013).

For segment information on the costs, revenues and investments, reference should be made to the Explanatory Notes to the Consolidated Financial Statements.

The reconciliation of the shareholders' equity and net profit of the Group and of the Parent Company as per Consob Communication No. 6064293 of 28/07/2006 is attached to the present report.

Subsequent events

In February 2015, Piemme and RCS Mediagroup signed an agreement for the exclusive management of local advertising revenues. The agreement establishes that from March 1st 2015, local print and digital advertising for Rome, Lazio, Veneto, Friuli, Campania and Calabria of the local editions of the RCS newspapers will be exclusively managed by Piemme. No further significant events occurred after December 31st 2014.

Outlook

The economy continues to be impacted by sluggish consumer figures within a recession which has persisted for more than 6 years. This environment conditions advertising spend - particularly in the daily newspaper and magazine sector.

The Group, although continuing to closely monitor and reduce costs, has maintained the initiatives targeting the growth of multi-media editions and an improved internet presence in order to expand new advertising streams and acquire new readers. The above-stated agreement between Piemme and RCS for the exclusive management of local advertising is part of this strategy. The agreement will allow Piemme to strengthen its regional leadership, extending its offer beyond the Group newspaper titles with print and online editions of Corriere della Sera and La Gazzetta dello Sport, therefore boosting revenues.

PARENT COMPANY OVERVIEW

For 2014 Caltagirone Editore SpA reports financial income of Euro 26.6 million and financial charges of Euro 64.6 million, with a net loss of Euro 40.7 million, principally due to the write-down of investments in subsidiaries for Euro 61.2 million, as shown in the following table which compares the key financial results with the previous year, reclassified in accordance with Consob Communication No. 94001437 of February 23rd 1994:

Euro thousands	31/12/2014	31/12/2013
Dividends from subsidiaries	20,966	-
Dividends from other companies	1,508	670
Other financial income	3,208	5,030
Revaluation of investments in subsidiaries	957	18,785
Total financial income	**26,639**	**24,485**
Interest and financial charges from subsidiaries	(387)	(1,682)
Interest and financial charges from third parties	(48)	(34)
Write-down of investments in subsidiaries	(61,133)	(73,672)
Write-down of other investments	(3,018)	(31)
Total financial charges	**(64,586)**	**(75,419)**
NET FINANCIAL INCOME/(CHARGES)	**(37,947)**	**(50,934)**
Result from operating activities	(2,150)	(2,230)
LOSS BEFORE TAXES	**(40,097)**	**(53,164)**
Income taxes	(553)	(360)
NET LOSS FOR THE YEAR	**(40,650)**	**(53,524)**

The dividends from investments in subsidiaries concerned Il Gazzettino SpA (Euro 20.3 million) and Il Quotidiano di Puglia (Euro 634 thousand).

The dividends from other companies relate to those received on listed shares.

Other financial income represents the interest income on bank deposits accrued during the year.

The revaluation of investments in subsidiaries follows the write-back of the book value of Finced Srl, as the reasons for the impairments recognised in previous years were no longer applicable.

The account interest and financial charges from subsidiaries principally comprises interest on loans received from Il Messaggero SpA (Euro 204 thousand) and Piemme Spa (Euro 128 thousand).

The write-downs of investments in subsidiaries concerns the companies Leggo SpA, Corriere Adriatico SpA, Quotidiano di Puglia SpA and Piemme Spa and relates to the adjustment of the book value of the investment to the Net Equity, adjusted for any write-backs emerging from the Impairment Tests.

The write-downs of other investments principally concern the holding in E-care Spa. The Group significantly reduced its holding in the company from 15% to 0.59%, following the non-exercise of the option on the share capital and share premium increase carried out by the company in October 2014.

The shareholders' equity of the Company at December 31st 2014 was Euro 524 million. The reduction compared to December 31st 2013 (Euro 565.5 million) is principally due to the loss in the year, net of the negative effect of the valuation at fair value of equities in portfolio.

NET CASH POSITION

The net cash position is as follows:

Euro thousands	**31/12/2014**	**31/12/2013**
Current financial assets	55,389	34,039
Cash and cash equivalents	149,719	181,130
Current financial liabilities	(6,865)	(37,909)
Net Cash Position *	**198,243**	**177,260**

** The Net Cash Position in accordance with CESR recommendation of February 10th 2005 is illustrated at note 22 of the Notes to Financial Statements.*

The Net Cash Position increased by approx. Euro 21 million, due principally to the receipt of dividends from subsidiaries (Euro 20.9 million) and from listed companies (Euro 1.5 million).

PRINCIPAL EQUITY INVESTMENTS

The key results of the subsidiary companies are reported below.

IL MESSAGGERO SPA

The Company publishes the daily newspaper Il Messaggero, founded in 1878 and the historic daily newspaper of the Capital. Il Messaggero is the leading daily newspaper in the Central Italian Region. In May 2007, the traditional print edition was joined by ilmessaggero.it, the online version. In 2012 the newspaper was radically restyled in order to create a more modern product, increasingly user-friendly and capable of communicating on the various multi-media platforms.

The Company in 2014 reports a net loss of Euro 5.1 million after amortisation and depreciation of approx. Euro 8.8 million (net loss of Euro 4.9 million in 2013), against Operating Revenues of Euro 70.7 million, reducing 6.6% on 2013, principally due to the drop in advertising revenues (10.1%). Print and digital sales revenues decreased from Euro 35.06 million to Euro 33.12 million (-5.54%). The EBITDA improved from Euro 2.75 million to Euro 2.89 million, thanks to a reduction in operating costs of approx. 7%.

IL MATTINO SPA

The Company publishes Il Mattino, the daily newspaper of Naples and since 1892 the leading newspaper in Campania and the most popular newspaper in Southern Italy, thanks to its long tradition and extensive regional reach.

Il Mattino SpA in 2014 reported a net loss of Euro 4.4 million (net loss of Euro 2.5 million in 2013), after amortisation, depreciation and provisions of approx. Euro 3.2 million, with a reduction in Operating Revenues of 11.5% to Euro 26.6 million following the contraction in advertising revenues (-11%) and the number of copies sold (-11.9%). The internet segment countered these developments, improving 47.9% - compared to 2.1% for the sector overall - contributing 8.1% to advertising revenues. An EBITDA loss of Euro 579 thousand was reported (profit of Euro 333 thousand in 2013). 2014 reports a net loss of Euro 5.1 million, compared to a net loss in 2013 of Euro 4.9 million, substantially due to prior year taxes (Euro 1.2 million), following a tax dispute for fiscal year 2004 settled in 2014.

IL GAZZETTINO SPA

The Company publishes the daily newspaper Il Gazzettino, founded in 1887 and the historic newspaper of Venice. Il Gazzettino is among the leading 10 daily newspapers in Italy in terms of circulation and by far the largest newspaper in Triveneto. Entering the Caltagirone Editore group in 2006, the newspaper changed format from a broadsheet to tabloid and – as is the case for the other Group newspapers – is available also in an online and digital edition.

Il Gazzettino SpA in 2014 reported a Net Loss of Euro 647 thousand (Net Profit of Euro 731 thousand in 2013), against Operating Revenues of Euro 35.6 million (-4.6%). The reduction in the EBITDA from a profit of Euro 0.8 million in 2013 to a loss of Euro 0.1 million in 2014 is mainly due to the drop in operating revenues, only partially offset by a reduction in operating costs. The Net Result benefitted from dividends distributed in 2014 by subsidiaries of Euro 1.2 million.

LEGGO SPA

The Company publishes the free newspaper Leggo. Founded in March 2001, Leggo is the leading free newspaper in Italy. Initially distributed in 15 major Italian cities; since November 2011 Leggo joined the "Social Press", becoming more in-depth, modern and featuring improved content. Today, the traditional newspaper Leggo is exclusively present in Rome and Milan, while the online version leggo.it is available to users throughout Italy.

The Company in 2014 reported advertising revenues of Euro 4.7 million, reducing approx. 2.5% on the previous year (Euro 4.8 million).

2014 saw a net loss of Euro 813 thousand compared to a loss of Euro 1.2 million in 2013, due to the implementation of a strict cost control and reduction policy.

CORRIERE ADRIATICO SPA

The Company publishes the newspaper Corriere Adriatico which, founded in 1860, occupies a dominant position in the Le Marche region. Il Corriere Adriatico joined the Group in 2004. Since June 2006, the newspaper has been printed entirely in colour and is also available in an online and digital edition.

Il Corriere Adriatico SpA in 2014 reported a Net Loss of Euro 814 thousand (Net Loss of Euro 1.3 million in 2013), against reduced Operating Revenues of 4.4% on 2013. The contraction in revenues substantially follows a reduced numbers of copies sold (-9.5%), with advertising revenues substantially in line with the previous year (-0.86%). Website advertising revenues, within the overall figure reported above, confirmed also in 2014 significant growth (+32.1%), contributing 7.6% to total advertising revenue. The EBITDA improved on a loss of Euro 1.63 million in 2013 to a loss of Euro 1.09 million in 2012, thanks to the production cost containment programme, which offset the further drop in revenues.

QUOTIDIANO DI PUGLIA SPA

The Company publishes Il Nuovo Quotidiano di Puglia, founded in 1979 and the most widely read newspaper in the Ionico Salentina region. Since June 2008, the newspaper has been printed in full colour and a digital version is also available.

In 2014, Quotidiano di Puglia SpA, which publishes the newspaper of the same name in the provinces of Lecce, Brindisi and Taranto, reported a Net Profit of Euro 142 thousand (Euro 9 thousand in 2013), with Operating Revenues of Euro 7 million (substantially in line with 2013).

PIEMME SPA

Piemme, founded in 1998, is the Group advertising agency with a portfolio comprising: Daily newspapers, each of which the undisputed leader in their respective regions, the Social Press, a modern social platform which everyday involves readers and web users, and online news websites. Piemme is the leader on the central-south market.

The Company in 2014 reports a net loss of Euro 3.3 million (net loss of Euro 4.7 million in 2013), against advertising revenues of Euro 90.4 million (Euro 97.5 million in 2013), reducing 7.3% on 2013.

The loss is due to the contraction in advertising revenues which were only partially offset by the reduction in operating costs. Non-recurring charges amounted to Euro 1.25 million, following the company reorganisation implemented.

OTHER INVESTMENTS

Finced Srl, a Group finance company, reported in 2014 a Net Profit of Euro 1.2 million (Euro 4.9 million in 2013), principally due to the receipt of dividends on listed shares (Euro 1.8 million).

For information relating to the market trends and performances of the principal subsidiaries and the business strategies, reference should be made to the Directors' Report accompanying the consolidated financial statements.

TRANSACTIONS WITH RELATED PARTIES

For the transactions between the Companies of Caltagiorne Editore SpA and other related parties, reference should be made to the Notes to the Separate Financial Statements and the Directors' Report of the Consolidated Financial Statements.

TREASURY SHARES

In execution of the Shareholders Meeting resolution of April 16th 2014 which authorises the purchase and/or sale of treasury sales of the Company in accordance with Article 2357 of the Civil Code, the Board of Directors of Caltagirone Editore S.p.A implemented the treasury share buy-back programme of Company shares on the MTA segment of Borsa Italiana.

At December 31st 2014 Caltagirone Editore SpA had 1,313,286 treasury shares in portfolio, comprising 1,05% of the share capital for a value of Euro 1,333,953.00.

OTHER INFORMATION

Caltagirone Editore SpA, in compliance with the current legislative provisions, is a handler of personal data. The Board of Directors of the Company, in the meeting of March 23rd 2004, appointed an Executive Responsible for the handling of personal data.

Caltagirone Editore SpA, as permitted by the Consolidated Finance Act, takes part in a Group tax regime called the “Tax Consolidation” as the parent company.

The Board of Directors’ meeting of March 11th 2014 also confirmed for 2014 the appointment of the Executive Responsible for the preparation of the accounting and corporate documents of the company in the person of Mr. Roberto Di Muzio.

The Shareholders’ Meeting of April 16th 2014, in extraordinary session, amended Article 9 of the By-Laws, in order to establish the option to call subsequent Shareholders’ Meetings in extraordinary session and in ordinary session where the quorums established by applicable regulations for each of the previous meetings have not been met, in accordance with Article 2369, first paragraph of the Civil Code.

The Remuneration Report was made available at the registered offices and on the internet site of the company www.caltagironeeditore.com/investorrelations/corporategovernance as required by Article 123 *ter* of the CFA, which reports the information concerning the policy adopted by the company for the remuneration of members of the management and control boards, the remuneration paid to the members of these boards and the information on investments held by these parties.

The Parent Company did not undertake research and development activity in the year and does not have any secondary offices.

At December 31st 2014, the Company had 3 employees (3 at December 31st 2013).

The parent company is not subject to management and co-ordination pursuant to Article 2497 and subsequent of the Italian Civil Code.

CORPORATE GOVERNANCE

For further information on the Corporate Governance system of Caltagirone Editore SpA and the shareholders, pursuant to Article 123 bis of the Consolidated Finance Act, reference should be made to the "Corporate Governance Report", prepared in accordance with the indications and recommendations of Borsa Italiana SpA and published in accordance with article 89 of the Issuers' Regulations and available on the company website www.caltagironeeditore.com/investorrelations/corporategovernance.

PROPOSALS TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

we propose to you the approval of the Financial Statements at December 31st 2014, consisting of the Balance Sheet, Income Statement, Comprehensive Income Statement, Statement of Changes in Shareholders' Equity and the Cash Flow Statement, as well as the relative attachments and the Directors' Report.

The Board of Directors proposes to carry forward the loss of the Parent Company Caltagirone Editore SpA of Euro 40,649,827.00.

ROME, MARCH 10TH 2015

FOR THE BOARD OF DIRECTORS

THE CHAIRMAN

MR. FRANCESCO GAETANO CALTAGIRONE

RECONCILIATION BETWEEN THE NET RESULT AND THE NET EQUITY OF THE PARENT COMPANY AND THE CONSOLIDATED NET RESULT AND NET EQUITY

31.12.2014	Net Result	Net Equity
Net Result and Net Equity for the year as per financial statements of the parent company	**(40,650)**	**523,983**
Contribution of subsidiary and associated companies	21,330	46,934
Effect of the equity method valuation of associated companies	67	3
Adjustment to the international accounting standards IFRS/IAS	4,158	60,008
Elimination of inter-company dividends	(22,166)	-
Elimination of inter-company (gains) losses, net of tax effect	1	(44,385)
Minority interest share of net equity	66	-
Net Result and Net Equity as per the consolidated financial statements	**(37,194)**	**586,543**

LIST OF INVESTMENTS AT 31.12.2014

COMPANY	REGISTERED OFFICE	SHARE CAPITAL	CURRENCY	HOLDING DIRECT	INDIRECTLY THROUGH	
COMPANIES INCLUDED IN THE CONSOLIDATION UNDER THE LINE-BY-LINE METHOD						
CED DIGITAL & SERVIZI SRL	ROME	100,000.00	Euro	99.990%	FINCED Srl	0.010%
IL MESSAGGERO SpA	ROME	1,265,385	Euro	99.950%	FINCED Srl	0.050%
IL MATTINO SpA	ROME	500,000.00	Euro	99.950%	FINCED Srl	0.050%
PIEMME SpA	ROME	2,643,139.00	Euro	99.999%	FINCED Srl	0.001%
LEGGO SpA	ROME	1,000,000.00	Euro	99.950%	FINCED Srl	0.050%
FINCED Srl	ROME	10,000.00	Euro	99.990%	PIEMME SpA	0.010%
CORRIERE ADRIATICO SpA	ANCONA	890,000.00	Euro	99.950%	FINCED Srl	0.050%
QUOTIDIANO DI PUGLIA SpA	ROME	1,020,000	Euro	99.950%	FINCED Srl	0.050%
IL GAZZETTINO SpA	ROME	2,000,000.00	Euro	99.950%	FINCED Srl	0.050%
CENTRO STAMPA VENETO SpA	ROME	567,000.00	Euro		IL GAZZETTINO SpA	100.000%
IMPRESE TIPOGRAFICHE VENETE SpA	ROME	936,000.00	Euro		IL GAZZETTINO SpA	100.000%
P.I.M. PUBBLICITA' ITALIANA MULTIMEDIA Srl	ROME	1,044,000.00	Euro		IL GAZZETTINO SpA	100.000%
COMPANIES INCLUDED IN THE CONSOLIDATION UNDER THE EQUITY METHOD						
ROFIN 2008 Srl	ROME	10,000.00	EUR	30.000%		

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CONSOLIDATED FINANCIAL STATEMENTS

December 31st 2014

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CONSOLIDATED FINANCIAL STATEMENTS

December 31st 2014

Consolidated Balance Sheet

Assets

(in Euro thousands)	note	31.12.2014	31.12.2013
Non-current assets			
Intangible assets with definite life	1	314	1,285
Intangible assets with indefinite life	2	317,277	342,735
Goodwill		*66,374*	*88,854*
Newspaper titles		*250,903*	*253,881*
Property, plant and equipment	3	51,586	58,813
Equity investments valued at equity	4	3	777
Equity investments and non-current securities	5	136,171	139,704
Non-current financial assets	6	39	43
Other non-current assets	7	127	453
Deferred tax assets	8	47,751	43,461
TOTAL NON-CURRENT ASSETS		**553,268**	**587,271**
Current assets			
Inventories	9	2,345	2,317
Trade receivables	10	56,652	59,483
of which related parties		*745*	*1,971*
Current financial assets	11	-	3
Tax receivables	8	4,685	4,121
Other current assets	12	1,802	1,279
of which related parties		*-*	*4*
Cash and cash equivalents	13	155,494	186,633
of which related parties		*214*	*770*
TOTAL CURRENT ASSETS		**220,978**	**253,836**
TOTAL ASSETS		**774,246**	**841,107**

Consolidated Balance Sheet

Shareholders' Equity & Liabilities *(in Euro thousands)*	note	31.12.2014	31.12.2013
Shareholders' Equity			
Share capital		125,000	125,000
Share capital issue costs		(18,865)	(18,865)
Reserves		517,602	594,936
Loss for the year		(37,194)	(75,432)
Group Shareholders' Equity		**586,543**	**625,639**
Minority interest shareholders' equity		-	68
TOTAL SHAREHOLDERS' EQUITY	14	**586,543**	**625,707**
Liabilities			
Non-current liabilities			
Employee provisions	15	28,011	29,410
Other non-current provisions	16	5,642	6,684
Non-current financial debt	17	13,516	18,652
Other non-current liabilities	18	2,403	2,799
Deferred tax liabilities	8	66,282	65,480
TOTAL NON-CURRENT LIABILITIES		**115,854**	**123,025**
Current liabilities			
Current provisions	16	3,271	5,862
Trade payables	19	22,455	24,576
of which related parties		*888*	*1,230*
Current financial liabilities	17	15,789	30,544
of which related parties		*3,556*	*5,845*
Other current liabilities	18	30,334	31,393
of which related parties		*11*	*35*
TOTAL CURRENT LIABILITIES		**71,849**	**92,375**
TOTAL LIABILITIES		**187,703**	**215,400**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**774,246**	**841,107**

Consolidated Income Statement

(in Euro thousands)	note	2014	2013
Revenues			
Revenues from sales and services	20	162,986	174,703
of which related parties		*1,297*	*2,109*
Other operating revenues	21	7,159	6,812
of which related parties		*79*	*92*
TOTAL REVENUES		**170,145**	**181,515**
Costs			
Raw material costs	22	18,869	20,716
Labour costs	15	77,773	82,896
of which restructuring charges		*1,800*	*1,974*
Other operating charges	23	73,427	79,060
of which related parties		*6,805*	*7,080*
TOTAL COSTS		**170,069**	**182,672**
EBITDA		**76**	**(1,157)**
Amortisation & Depreciation	24	7,986	8,564
Provisions	24	1,088	235
Write-down of intangible assets with definite life	1-24	547	-
Write-down of intangible assets with indefinite life	2-24	25,458	70,580
Doubtful debt provision	24	2,191	2,043
EBIT		**(37,194)**	**(82,579)**
Result of companies valued at equity	4-25	**127**	**(99)**
Financial income		6,593	6,917
of which related parties		*3,264*	*2,555*
Financial charges		(5,178)	(2,365)
of which related parties		(297)	(219)
Net financial income/(charges)	25	**1,415**	**4,552**
LOSS BEFORE TAXES		**(35,652)**	**(78,126)**
Income taxes	8	(1,608)	2,592
LOSS FROM CONTINUING OPERATIONS		**(37,260)**	**(75,534)**
NET LOSS FOR THE YEAR		**(37,260)**	**(75,534)**
Group net loss		(37,194)	(75,432)
Minority interest share		(66)	(102)
Basic loss per share	26	(0.298)	(0.603)
Diluted loss per share	26	(0.298)	(0.603)

Consolidated Comprehensive Income Statement

(in Euro thousands)	**2014**	**2013**
Net loss for the year	**(37,260)**	**(75,534)**
Items which are not reclassified subsequently to profit/(loss) for the year		
Effect of actuarial gains/losses, net of tax effect	(445)	(638)
Items which may be reclassified subsequently to profit/(loss) for the year		
Profit/(loss) from recalculation of AFS assets, net of fiscal effect	(956)	31,650
Total other items of the Comprehensive Income Statement	**(1,401)**	**31,012**
Total comprehensive profit/(loss) for the year	**(38,661)**	**(44,522)**
Attributable to:		
Parent Company shareholders	(38,595)	(44,419)
Minority interest	(66)	(103)

Statement of Changes in Consolidated Shareholders' Equity

(in Euro thousands)	Share capital	Listing charges	Treasury shares	Fair Value reserve	Other reserves	Net Profit/(loss)	Group net equity	Minority interest N.E.	Total net equity
Balance at January 1st 2013	**125,000**	**(18,865)**	**(440)**	**(4,554)**	**630,490**	**(60,978)**	**670,653**	**(32)**	**670,621**
Prior year result carried forward					(60,978)	60,978	**-**		**-**
Acquisition of treasury shares			(393)				**(393)**		**(393)**
Change in consolidation scope					(203)		**(203)**	203	**-**
Total operations with shareholders	**-**	**-**	**(393)**	**-**	**(61,181)**	**60,978**	**(596)**	**203**	**(393)**
Change in fair value reserve				31,650			**31,650**	-	**31,650**
Change in employment termination reserve					(637)		**(637)**	(1)	**(638)**
Net Result						(75,432)	**(75,432)**	(102)	**(75,534)**
Total comprehensive profit/(loss) for the year	**-**	**-**	**-**	**31,650**	**(637)**	**(75,432)**	**(44,419)**	**(103)**	**(44,522)**
Other changes						1	**1**		**1**
Balance at December 31st 2013	**125,000**	**(18,865)**	**(833)**	**27,096**	**568,672**	**(75,431)**	**625,639**	**68**	**625,707**
Balance at January 1st 2014	**125,000**	**(18,865)**	**(833)**	**27,096**	**568,672**	**(75,431)**	**625,639**	**68**	**625,707**
Prior year result carried forward					(75,431)	75,431	**-**		**-**
Acquisition of treasury shares			(501)				**(501)**		**(501)**
Total operations with shareholders	**-**	**-**	**(501)**	**-**	**(75,431)**	**75,431**	**(501)**	**-**	**(501)**
Change in fair value reserve				(956)			**(956)**	-	**(956)**
Change in employment termination reserve					(445)		**(445)**		**(445)**
Net Result						(37,194)	**(37,194)**	(66)	**(37,260)**
Total comprehensive profit/(loss) for the year	**-**	**-**	**-**	**(956)**	**(445)**	**(37,194)**	**(38,595)**	**(66)**	**(38,661)**
Other changes							**-**	(2)	**(2)**
Balance at December 31st 2014	**125,000**	**(18,865)**	**(1,334)**	**26,140**	**492,796**	**(37,194)**	**586,543**	**-**	**586,543**

Consolidated Cash Flow Statement

in Euro thousands	Note	31.12.2014	31.12.2013
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	**13**	**186,633**	**188,902**
Net loss for the year		(37,260)	(75,535)
Amortisation & Depreciation		7,986	8,564
(Revaluations) and write-downs		31,215	72,770
Result of companies valued at equity		(127)	(127)
Net financial income/(charges)		(4,425)	(4,697)
(Gains)/losses on disposals		(15)	(3)
Income taxes		1,608	(2,592)
Changes in employee provisions		(2,878)	(4,173)
Changes in current and non-current provisions		(3,633)	(7,806)
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**(7,529)**	**(13,374)**
(Increase) Decrease in inventories		(28)	999
(Increase) Decrease in Trade receivables		641	(1,178)
Increase (Decrease) in Trade payables		(2,121)	(2,535)
Change in other current and non-current liabilities		(1,904)	433
Change in deferred and current income taxes		1,031	(308)
OPERATING CASH FLOW		**(9,910)**	**(15,963)**
Dividends received		2,565	1,770
Interest received		3,322	5,146
Interest paid		(1,229)	(1,085)
Income taxes paid		(6,277)	(3,849)
A) CASH FLOW FROM OPERATING ACTIVITIES		**(11,529)**	**(13,981)**
Investments in intangible fixed assets		(210)	(270)
Investments in tangible fixed assets		(193)	(634)
Non-current investments and securities		-	(6)
Sale of intangible and tangible assets		22	26
Sale of equity investments and non-current securities		1,155	-
Change in non-current financial assets		4	(15)
Change in current financial assets		3	-
B) CASH FLOW FROM INVESTING ACTIVITIES		**781**	**(899)**
Change in current financial liabilities		(19,890)	13,003
Other changes		(501)	(392)
C) CASH FLOW FROM FINANCING ACTIVITIES		**(20,391)**	**12,611**
D) Effect exchange differences on cash & cash equivalents		-	-
Change in net liquidity		**(31,139)**	**(2,269)**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**13**	**155,494**	**186,633**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31st 2014

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Introduction

Caltagirone Editore SpA (Parent Company) is a limited liability company, listed on the Milan Stock Exchange, operating in the publishing sector with its registered office in Rome (Italy), Via Barberini, No, 28,

At the date of the preparation of the present explanatory notes, the shareholders with holdings above 2% of the share capital, as per the shareholders' register, the communications received in accordance with Article 120 of Legislative Decree No. 58 of February 24th 1998, and other information available are:

- Francesco Gaetano Caltagirone: 75,955,300 shares (60.76%).
  This investment is held:
  - Directly for 2,700,000 shares (2.160%)
  - Indirectly through the Companies:
    Parted 1982 SpA 44,454,550 shares (35.56%)
    Gamma Srl 9,000,750 shares (7.20%)
    FGC Finanziaria Srl 19,800,000 shares (15.84%)
- Gaetano Caltagirone 3,000,000 shares (2.40%)
- Edizione Srl 2,799,000 shares (2.24%)

At the date of the preparation of the present accounts, the ultimate holding company was FGC SpA, due to the shares held through subsidiary companies.

The consolidated financial statements at December 31st 2014 include the financial statements of the Parent Company and its subsidiaries (together the "Group"). The financial statements prepared by the Directors of the individual companies for approval by the respective shareholders' meetings, were utilised for the consolidation.

The present consolidated financial statements were authorised for publication by the Directors on March 10th 2015.

Compliance with international accounting standards approved by the European Commission

The consolidated financial statements at December 31st 2014 are prepared on the going concern basis of the Parent Company and the subsidiaries and in accordance with Articles 2 and 3 of Legislative Decree 38/2005 and International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), approved by the European Commission and in force at the balance sheet date, in addition to the preceding International Accounting Standards (IAS). For simplicity, all the standards and interpretations are hereafter stated simply as “IFRS”.

All of the financial statements of the companies consolidated fully are prepared at the same date as the consolidated financial statements and, with the exception of those of the Parent Company which are prepared according to IFRS, were prepared according to Italian GAAP, to which the necessary adjustments were made in order to render them uniform with the Parent Company principles.

The Group did not opt for the advance adoption of the standards, interpretations and updates already approved, which are applicable after the date of the accounts.

The Group evaluated the possible effects related to the application of the new standards/changes to accounting standards already in force listed below in the present notes; based on a preliminary evaluation, significant effects did not emerge in the consolidated financial statements and the parent company financial statements.

Basis of presentation

The Consolidated Financial Statements consist of the Balance Sheet, the Consolidated Income Statement, the Comprehensive Consolidated Income Statement, the Consolidated Cash Flow Statement, the Statement of changes in Shareholders’ Equity and the present Notes to the financial statements.

The Balance Sheet is presented in a format which separates the current and non-current assets and liabilities, while the Consolidated Income Statement is classified on the basis of the nature of the costs and the Cash Flow statement is presented utilising the indirect method. The IFRS were applied in accordance with the “Framework for the preparation and presentation of financial statements” and no matters arose which required recourse to the exceptions permitted by IAS 1, paragraph 19.

It is recalled that CONSOB. resolution No. 15519 of July 27th 2006 requires that the above financial statements report, where the amounts are significant, additional sub-accounts to those already specifically required by IAS 1 and other international accounting standards in order to show the balances and transactions with related parties as well as the relative income statement accounts relating to non-recurring or unusual operations.

The assets and liabilities are shown separately and without any offsetting.

The Consolidated Financial Statements are presented in Euro, the functional currency of the Parent Company, and the amounts shown in the notes to the financial statements are shown in thousands, except where indicated otherwise.

The operational and presentation currency of the Group is the Euro, which is also the operational currency of all of the companies included in the present financial statements.

The 2013 financial statements of the Parent Company Caltagirone Editore SpA are also prepared in accordance with IFRS as defined above.

New accounting standards and interpretations

New accounting standards applicable to financial statements at December 31st 2014

IFRS 10 Consolidated financial statements. IFRS 10 introduced a single model to assess the existence of control on any type of entity and the consequent inclusion in the consolidation scope. In particular, according to IFRS 10 control over an entity exists when an investor has the ability to utilise their power to influence the results of the entity, and when having the right to variable returns from their connection with the entity invested in.

The standard provides a detailed application guidance which addresses the different means through which an investor may have control of another entity.

IFRS 10 should not significantly change the consolidation scope for the majority of our clients, however possible changes are expected for particularly complex structures and in particular in the following cases:

- entities in which an investor, although not acquiring a majority of voting rights, may assume control in consideration of the significant fragmentation of voting rights among the other investors (de facto control);
- structured entities where voting or similar rights are not the means through which power is exercised;
- funds or similar entities managed by management companies

IFRS 11 – Joint Arrangements. IFRS 11 introduced a number of changes in the definitions of jointly-controlled operations and their measurement. Under IFRS 11, joint control concerns the sharing, on the basis of a contract, of control, which exists only where the decisions regarding significant activities requires unanimity by all parties sharing control. Within joint arrangements, the standard identifies two types of agreements: joint operations, in which the parties who share joint control (i.e.: joint operators) have rights to the assets and obligations upon the liabilities of the agreement and joint ventures, in which the parties (i.e.: joint venturers) have the right to the net assets of the agreement. The assessment undertaken to attain a correct classification is fundamental, as on this basis the accounting treatment is established; however this assessment may be particularly complex and subject to professional opinion. For this purpose, the standard requires Directors, in the case in which the agreement is structured through a separate vehicle, to closely assess the rights and obligations deriving from these agreements, considering (i) the structure and legal form of the agreement, (ii) the terms agreed between the parties under the agreements and (iii) if significant, other facts and circumstances.

In relation to the method for measuring joint operations, the joint operator will consider the joint operation as if it were their own operation and therefore recognise their share of assets, liabilities, revenues and costs. The only applicable accounting treatment in the case of joint ventures requires the valuation of the investment according to the equity method.

IFRS 12 Disclosures of interests in other entities. IFRS 12 requires the disclosure of all information necessary for the reader of financial statements to evaluate the nature, the risks and the financial effects related to investments in subsidiaries, associates, joint ventures and non-consolidated structured entities. In order to achieve this objective, the standard requires disclosure concerning:

- the *significant evaluations and assumptions adopted* (including changes to these evaluations and assumptions), to establish if an investor holds control of an entity or joint control, or exercises significant influence. The standard requires the identification of the type of joint arrangement (i.e.: joint operation or joint venture) where the agreement is structured through a separate vehicle;
- *investments in subsidiaries*. Composition of the group, minority shareholdings, any restrictions on the use of assets and obligations concerning liabilities, changes to controlling investments (acquisitions of holdings, loss of control, gains and losses deriving from these changes), consolidated investments with differing year-ends;
- *interests in joint ventures and associates.* Economic-financial nature and effects of interests in joint control agreements and in associates. The disclosure regards also the nature and the changes to the risks associated with their interests, summary information on the financial statements of the entity subject to investment, the share of any unrecognised losses, the commitments and potential liabilities. The standard requires also the indication of the fair value of investments in joint ventures or associates valued through the equity method if a listed price of the investment exists;

6. *structured entities not consolidated* The evaluations and the assumptions which the investor considered in determining the nature of their interest in another entity

must be outlined. In addition, disclosure must be provided which allows the reader of the financial statements to understand the nature and the extent of the interests in non-consolidated structured entities and to evaluate the nature, and the changes, to risks associated with interests held in these entities.

Amendment to IFRS 10, 11 and 12 Transition guidance. This document clarifies that the date of first application of the three new documents (IFRS 10, 11, 12) is the first day of the administrative period in which IFRS 10 is adopted for the first time (for example January 1, 2014 for companies reporting at December 31, 2014). Entities which adopt IFRS 10 must evaluate control at the date of first application. The treatment of the comparative data depends on this evaluation and in particular:

- if, compared to the application of the previous IAS27/SIC 12, the consolidation scope changes, the comparative data of the previous period (financial year 2013) must be "restated" in line with 2014, where such is possible.
- any difference between the book value according to IFRS 10 and the previous book value at the beginning of the previous year is recognised to net equity;
- adjustments to the preceding book values are not required for investments no longer consolidated;
- the disclosure required by IFRS 12 concerns only the current and previous year and not all other years presented. This latter simplification is applied both to subsidiaries (IFRS 10) and joint arrangements (IFRS 11).

Amendments to IFRS 10, 11 and 12 Exception from consolidation for investment entities. The amendment applies to "investment entities" and therefore entities which "obtain funds from one or more investors for the provision of investment management services" and which "commit to pursue the commercial objectives of investors of investing funds exclusively to obtain capital appreciation, investment income or both". In addition the investment entity calculates and values the yields of nearly all investments held based on the fair value.

The amendment introduces an exception, for the investment entity, to the obligation to consolidate subsidiary companies, where concerning subsidiaries which provide investment related services. The non-consolidated subsidiaries of an investment entity must be measured at fair value with recognition to the income statement. The exemption does not apply to subsidiaries of investment entities, which must however consolidate these investments.

IFRIC 21 Levies. For entities based in EU countries, the interpretation must be applied "at the latest" from periods beginning June 17th 2014 (for periods coinciding with the calendar year, therefore from January 1st 2015).

The interpretation contains the provisions for the calculation of an obligation to pay a levy other than income taxes. In consideration of the fact that in a number of countries the laws and regulations require an entity to pay a levy with regard to revenues, assets or liabilities (considering, on occasion, the book values preceding the date upon which the obligation arises), IFRIC 21 addresses the measurement of liabilities concerning the payment of levies in accordance with IAS 37 and excludes these taxes from the application of IAS 12. The interpretation however does not consider the issue of whether the liability concerning a payment of a levy gives rise to an asset or a cost.

For Italian entities, this interpretation produced a number of effects from the 2014 Half-Year Financial Statements. In particular these effects concern the accounting treatment of taxes concerning property ownership, such as for example IMU.

Improvement to IAS 32 Financial Instruments: Presentation. The amendments provides clarifications on the offsetting of financial assets and liabilities in the balance sheet, without amending the current provisions of IAS 32 which provides for offsetting only where an entity contemporaneously has a legal right to offset the amounts recognised and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The amendment clarifies a legal right to offset where both the following conditions are satisfied:

- the right to offset must be correctly exercisable and therefore must not depend on a future event;
- the right to offset must be legally exercised by all counterparties both in ordinary business activity and in the case of the insolvency of one of the counterparties.

Amendment to IAS 36 Impairment of assets. The amendment introduced limited changes to the disclosure required by IAS 36 where the recoverable value is calculated using the fair value net of disposal costs. Simultaneous to the issue of IAS 13 "Fair value", the IASB made a number of amendments also to IAS 36. One of the amendments introduced however had a greater impact than originally intended by the IASB, with this amendment, in addition to correcting this aspect, introducing a number of additional disclosures in relation to the fair value in the case of an impairment or a write-back. In particular, the amendment:

- removes the obligation to indicate the book value of goodwill and of intangible assets with indefinite useful lives where a CGU contains goodwill or an intangible asset with indefinite useful life, in the cases in which significant write-downs have not been made;

- requires the disclosure of the recoverable value of an asset or a CGU where an impairment or a write-back has been recognised;
- requires detailed disclosure on how the fair value net of disposal costs is measured, where an impairment or a write-back has been recognised.

The new issues introduced by the new amendment will have an impact for entities which will calculate an impairment or a write-back of an impairment to a non-financial asset.

Amendment to IAS 39 Novation of derivatives and continuation of hedge accounting. The amendment introduced an exception to the requirements to discontinue hedge accounting in the cases of the novation of OTC derivatives with a central counterparty. In particular, the amendment establishes that it is not necessary to interrupt hedge accounting of a "renewed or amended" derivative which was designated as a hedging instrument, if the following conditions may be satisfied:

- if, in accordance with law or regulations, the parties of a hedging instrument agree that a central counterparty is the new counterparty of the OTC;
- if, in accordance with law and regulations, one (or more) counterparties replace the original counterparty to become their new counterparty;
- if any other changes of the hedging instrument are limited to those necessary to replace this counterparty.

The changes introduced by the amendment clarify therefore that "renewed" derivative hedges may continue to be measured where the replacement or the renewal of the derivative with a different hedging instrument is not the conclusion or a discontinuation of the previous instrument. The clarification defines stringent criteria to establish if this replacement or renewal is a discontinuation, an interruption, or a continuation of the contractual effects of the original derivative.

New accounting standards and interpretations issued but not yet in force

The new standards and interpretations issued, but not yet in force or not yet approved by the European Union and therefore not applicable for the financial statements at December 31st 2014 are listed and briefly illustrated below.

Amendment IAS 19, Employee contributions. In a number of Countries, pension plans require employees or third parties to contribute to the pension plan and these contributions reduce the cost incurred by the employer. These comprise non-discretional contributions which the current version of IAS 19R requires consideration of for the measurement of defined benefit plans, including them in the measurement of liabilities and attributing to them “work periods” according to paragraph 70 of the standard. The objective of the amendment was to simplify the measurement of these contributions when, although related to the service provided by employees, they do not depend on the number of years of service. In this case the amendment introduces a simplification based on whether the contributions of employees (or third parties) may be recognised as a reduction in the cost of labour in the period in which the relative service was provided rather than attributed to the entire “work period”.

The accounting treatment of voluntary contributions has not changed compared to the current version of IAS19R (they are recognised as a reduction in the cost of labour at the time of payment).

Annual improvements 2010-2012. The amendments in the 2010-2012 improvement cycle were as follows:

- IFRS 2: the definition of “maturation conditions” is clarified and definitions of “service conditions” and “result conditions” are introduced;
- IFRS 3: the standard was amended to clarify that the obligation to pay a potential sum falls within the definition of financial instruments and must be classified as a financial liability or a net equity item on the basis of the indications contained in IAS 32. In addition, it was clarified that the obligations to settle a potential payment, other than those defined as a net equity instrument, are measured at each balance sheet date, with changes recognised to the income statement;
- IFRS 8: the amendment introduced requires disclosure on assessments made by management in operating segment combinations, describing the segments aggregated and the economic indicators evaluated to determine that the aggregated segments have similar economic features. In addition, the standard was amended to require that in the notes to the financial statements a reconciliation between the assets of the operating segments and the total assets from the balance sheet is provided (this information must be provided only if disclosure is provided on the operating segment assets);
- IAS 16 and IAS 38: both standards were amended to clarify the accounting treatment of the historic cost and accumulated depreciation of a fixed asset when the entity applies the revalued cost model. It has been clarified that the adjustments to the book value to the revalued amount may take place in two ways: a) if the gross value of the

asset is revalued and if it is itself revalued. Even proportionally, the value of the depreciation provision; b) accumulated depreciation is eliminated against the gross value of the asset.

- IAS 24: the amendment establishes the disclosure required when a third party entity provides services for the management of the senior executives of the entity which prepares the financial statements.

Annual improvements 2011-2013. The amendments in the 2011-2013 improvement cycle were as follows:

- IFRS 3: the amendment clarifies that IFRS 3 is not applicable to recognise the accounting effects from the formation of a joint venture or joint operation (as established by IFRS 11) in the financial statements of joint ventures or joint operations;
- IFRS 13: it has been clarified that the provision contained in IFRS 13 upon which it is possible to measure the fair value of a group of financial assets and liabilities on a net basis, is applied to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9;
- IAS 40: the amendment introduced clarifies that to establish where the acquisition of a property investment constitutes a business combination, reference should be made to IFRS 3.

IFRS with entry into force from periods beginning January 1, 2016 (IASB effective date)

IFRS 14 Regulatory Deferral Accounts. IFRS 14 permits only those adopting IFRS for the first time to continue to recognise amounts concerning “Rate Regulation” Activities according to the previous accounting standards adopted. In order to improve comparability with entities which already apply IFRS and who do not recognise these amounts, the standard requires that the effect of the rate regulation be presented separately from the other accounts.

Amendment to IAS 1 Disclosure initiative: the amendment includes a series of definitions on the concepts of significance and combinations, on the manner for presenting partial results further than that established by IAS 1, on the structure of the notes and on the disclosure of significant accounting policies.

Amendments to IAS 27 Equity Method in Separate Financial Statements. the amendment allows entities to utilise, in their separate financial statements, the equity method to measure investments in subsidiaries, joint ventures and associates.

Amendments to IFRS 11, Joint arrangements on acquisition of an interest in a joint operation. the amendment establishes that an entity should adopt IFRS 3 to recognise the accounting effects from the acquisition of an interest in a joint operation which comprises a "business". This principle applies also for the acquisition of an initial interest and for subsequent acquisitions. However, an investment previously held is not revalued where the acquisition of a further share results in the joint control remaining unaltered (i.e. the further acquisition does not result in obtaining control of the investment).

Amendments to IAS 16, Property, plant and equipment, and IAS 41, Agriculture, regarding bearer plants. The amendment changes the financial statement recognition of fruit bearing plants, such as vines, rubber trees and palm oil trees. The IASB decided that fruit bearing plants must be measured according to IAS 16, as their function is similar to property, plant and machinery used for production activity.

Amendment to IAS 16, Property, plant and equipment and IAS 38,'Intangible assets', on depreciation and amortization. The amendments to both standards establishes that an asset should not be depreciated based on the revenues to be generated over a set period. The IASB clarifies that revenues generated from an activity which includes the use of an asset generally reflect factors other than the consumption of economic benefit of the asset.

Amendments to IFRS 10 Consolidated financial statements and IAS 28, Investments in associates and joint ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments seeks to resolve a conflict between the provisions of IFRS 10 and IAS 28 in the case in which an investor sells or contributes a business to an associate or joint venture.

According to IFRS 10 in the case of the loss of control of an investment, an investor must recognise to the income statement the difference between the fair values of the amount received and the book value of the assets and liabilities eliminated.

According to paragraph 28 of IAS 28 the effect of the operations between an investor and an associate or joint venture is recorded in the financial statements of the entity, only to the extent of the third party holding in the associate or joint venture.

The amendment to the two standards establishes that in the case of the sale or contribution of a business to an associate or joint venture, the investor applies IFRS 10 and recognises to their financial statements the entire gain or loss resulting from loss of control. The amendment does not apply where the asset sold or contributed to the associate or joint venture does not constitute a business in accordance with IFRS 3. In this latter case, the gain or loss will be recognised according to paragraph 28 of IAS 28.

Annual improvements 2012-2014. The amendments in the 2012-2014 improvement cycle were as follows:

- IFRS 5: the amendment clarifies that where a non-current asset (or disposal group) is reclassified as “held for sale” (IFRS 5 paragraphs 7-9) to “held for distribution” (IFRS 5 paragraph 12A) or vice versa, this reclassification does not constitute an amendment to a sales or distribution plan. In addition, it has been clarified that the principles of IFRS 5 on changes to a sales plan apply to an asset (or a disposal group) which is no longer held for distribution but is not reclassified as “held for sale”;
- IFRS 7, “Service contracts”: if an entity transfers a financial asset to third parties and the conditions of IAS 39 are complied with for the elimination of the asset, the amendment to IFRS 7 requires that disclosure of any residual involvement which the entity may still have in relation to the transferred asset is reported. In particular, the amendment provides indications on the meaning of “residual involvement” and provides a specific guide to aid management in determining if the terms of an agreement for the provision of a service which concerns the asset transferred concerns a residual involvement;
- IFRS 7, “Interim financial statements”: clarifies that the disclosure required on the previous amendment to IFRS 7 “Disclosure - Offsetting financial assets and financial liabilities” does not need to be reported in the interim financial statements if not expressly required by IAS 34;
- IAS 19: the standard requires that the discount rate used for post-employment benefit obligations must be calculated on the basis of the market yields of leading corporate bonds and in Countries in which there is no “central market” for such bonds, the market yields of government securities must be used. The amendment introduced with the 2012-2014 improvement cycle establishes that in evaluating the existence of a “central market” of leading company bonds, the market must be considered at currency level and not at individual Country level;
- IAS 34: paragraph 16 A lists the information which must be reported in the interim financial statements if not stated elsewhere in the interim financial statements. The amendments clarifies the meaning of “disclosure elsewhere in the interim financial statements”, explaining that such refers to other documents which must be made available to users together with the interim financial statements (for example the Directors’ Report).

IFRS with entry into force from periods beginning January 1, 2017 (IASB effective date)

IFRS 15, Revenue from Contracts with Customers. The standard replaces IAS 18, IAS 11 and the following interpretations: IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. It is applied to contracts with customers, with the exception of agreements within the scope of IAS 17, IFRS 4 or IFS 39/IFRS 9. The paragraphs of IFRS 15 concerning the recognition and measurement of revenues introduced a 5 step model:

1) identification of the contract with the customer, 2) identification of the "performance obligations" i.e. the separable elements which make up a single contract but for accounting purposes must be separated, 3) the establishment of the sales price, 4) the allocation of the price to the various "performance obligations", 5) the recognition of revenues when the "performance obligations" are satisfied. IFRS 15 supplements the financial statement disclosure to be provided in relation to the nature, amount, timing and uncertainty of revenues and the relative cash flows.

IFRS with entry into force from periods beginning January 1, 2018 (IASB effective date)

IFRS 9, Financial instruments. The standard replaces IAS 39 and contains a model for the measurement of financial instruments based on three categories: amortised cost, fair value and fair value with changes to the OCI. The standard establishes a new impairment model which differs from that currently established by IAS 39 and is based principally on expected losses. In addition, amendments were made to the hedge accounting provisions.

Any effects that the newly applied accounting standards, amendments and interpretations may have on the Group's financial disclosure are currently being evaluated.

Basis of Consolidation

Consolidation scope

The consolidation scope includes the Parent Company and all of its subsidiaries, directly or indirectly held (hereinafter the "Group").

The list of subsidiaries included in the consolidation scope is as follows:

	Registered office	2014	2013	Activities
Caltagirone Editore SpA	Rome	Parent com.	Parent com.	finance

Il Messaggero SpA	Rome	100%	100%	publishing
Il Mattino SpA	Rome	100%	100%	publishing
Piemme SpA	Rome	100%	100%	advertising
Leggo SpA	Rome	100%	100%	publishing
Finced Srl	Rome	100%	100%	finance
Ced Digital & Servizi Srl	Rome	100%	100%	publishing
Corriere Adriatico SpA	Ancona	100%	100%	publishing
Quotidiano di Puglia SpA	Rome	100%	100%	publishing
Il Gazzettino SpA	Rome	100%	100%	publishing
Centro Stampa Veneto SpA *(1)*	Rome	100%	100%	printing
Imprese Tipografiche Venete SpA *(1)*	Rome	100%	100%	printing
P.I.M. Srl *(1)*	Rome	100%	100%	advertising
Telefriuli SpA *(1)*	Tavagnacco (UD)	-	87.50%	television

(1) Held by Il Gazzettino SpA.

In September, the Group did not exercise its option right on the share capital and share premium increase of Telefriuli Spa and therefore no longer holds an investment in the company. For further details, reference should be made to note 34.

Subsidiaries

Subsidiary companies are all companies in which the Group directly or indirectly exercises control. Control is exercised either due to directly or indirectly holding a majority of the voting rights, or through the exercise of a dominant influence which is expressed by the power to determine, including indirectly based on contractual or legal agreements, the financial and operating choices of the company and thus obtaining the relative benefits, without reference to the actual holding in the company. According to IFRS 10, control exists if the investor has the ability to use its power over the investee to affect the amount of the investor's return end if the investor is exposed, or has the rights, to variable returns from its involvement with the investee.

Subsidiaries are consolidated from the date in which control occurs until the moment in which this control terminates.

The financial statements used for the consolidation were prepared at December 31st and are normally those prepared and approved by the Board of Directors of the individual companies, appropriately adjusted, where necessary, in accordance with the accounting principles of the Parent Company.

For the list of companies included in the consolidation scope, reference should be made to the table as per Article 38 of Legislative Decree No. 127/1991 attached to the present report.

Associated companies

	Registered office	2014	2013
Rofin 2008 Srl	Rome	30.00%	30.00%
Editrice Telenuovo SpA	Verona	-	40.00%
Publieditor Srl in liquidation	Verona	-	40.00%

Associated companies are companies in which the Group has a significant influence, which is presumed to exist when the percentage held is between 20% and 50% of the voting rights.

On October 10th 2014 the investment held by Il Gazzettino Spa in Editrice Telenuovo Spa was sold.

The company Pubblieditor Srl was declared bankrupt in 2013.

Companies under joint control are subject to a contractual agreement between the participants which establish the control of the business operations of the company.

The investments in associated companies and the companies subject to joint control are valued under the equity method and are initially recorded at cost.

The equity method is as described below:

- the book value of these investments are in line with the net equity and includes the recording of the higher value attributed to the assets and liabilities and to any goodwill identified at the moment of the acquisition;
- the Group gains and losses are recorded at the date in which the significant influence begins and until the significant influence terminates; in the case where, due to losses, the Company valued under this method indicates a negative net equity, the carrying value of the investment is written down and any excess pertaining to the Group, where this latter is committed to comply with legal or implicit obligations of the investee, or in any case to cover the losses, is recorded in a specific provision; the equity changes of the companies valued under the equity method not recorded through the income statement are recorded directly as an adjustment to equity reserves;
- the significant gains and losses not realised generated on operations between the Parent Company and subsidiary companies and investments valued under the equity method are eliminated based on the share pertaining to the Group in the investee; the losses not realised are eliminated, except when they represent a reduction in value.

The list of the associated companies is provided in the notes.

The condensed financial information required by IAS 12 is provided in the notes.

Consolidation procedures

The subsidiary companies are consolidated using the line-by-line method. The criteria adopted for the line-by-line consolidation were as follows:

- the assets and liabilities and the charges and income of the companies fully consolidated are recorded line-by-line, attributing to the minority shareholders, where applicable, the share of net equity and net result for the period pertaining to them; this share is recorded separately in the net equity and in the consolidated income statement;
- the business combinations, in which the control of an entity is acquired, are recorded applying the "Acquisition method". The acquisition cost is represented by the fair value, at the purchase date, of assets sold, of liabilities incurred and of capital instruments issued. The assets, liabilities and contingent liabilities are recognised at their fair value at the purchase date. The difference between the purchase cost and the fair value of the assets and liabilities transferred, if positive, is recorded under intangible assets as goodwill, and if negative is recorded directly in the income statement, as income;
- the inter-group balances and transactions, including any unrealised gains with third parties, are eliminated net of the fiscal effect, if significant. The unrealised losses are not eliminated, where the transaction indicates a reduction in value of the activity transferred;
- the gains and losses deriving from the sale of an investment in a consolidated company are recorded to group net equity as a transaction with shareholders for the amount corresponding to the difference between the sales price and the corresponding share of the consolidated net equity sold. In the case in which the sale results in the loss of control and therefore the deconsolidation of the investment, the difference between the sales price and the corresponding share of consolidated net equity sold must be recorded as a profit or loss to the income statement.

Foreign currency transactions

All transactions in currencies other than the Euro are recognised at the exchange rate at the date of the transaction. The assets and liabilities denominated in foreign currencies other than the operational currencies are subsequently adjusted to the exchange rate at the end of the reporting period. The positive or negative differences between the values translated at the period end exchange rate and the original exchange rate are recognised in the income statement.

The non-monetary assets and liabilities denominated in foreign currencies and recorded at historical cost are translated utilising the exchange rate at the initial date of recording of the operation.

The non-monetary assets and liabilities recognised at fair value are translated using the exchange rate at the transaction date.

Business combinations

Business combinations are recognised according to the acquisition method. According to this method:

i. the amount transferred in a business combination is valued at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date and of the equity instruments issued in exchange for control of the company acquired. Accessory charges to the transaction are recorded to the income statement at the moment in which they are incurred;

ii. at the acquisition date, the identifiable assets acquired and the liabilities assumed are recorded at fair value at the acquisition date; an exception are the deferred tax assets and liabilities, employee benefit assets and liabilities, liabilities or equity instruments relating to share-based payments of the entity acquired or share-based payments relating to the Group, issued in replacement of the contracts of the entity acquired, and the assets (or group of assets and liabilities) held-for-sale, which are instead valued according to the applicable standard;

iii. goodwill is calculated as the excess of the amounts transferred in the business combination, of the value of minority interests' net equity and the fair value of any holding previously held in the acquired company compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of amounts transferred, of the value of minority interest net equity and the fair value of any holding previously held in the acquired company, this excess is immediately recorded to the income statement as income deriving from the transaction concluded;

iv. any amount subject to conditions established by the business combination contract are valued at fair value at the acquisition date and included in the value of the amounts transferred in the business combination for the determination of goodwill.

In the case of business combinations undertaken in a series of phases, the holding previously held in the acquired entity is revalued at fair value at the acquisition of control date and any profit or loss is recorded to the income statement.

If the initial values of a business combination are incomplete at the period-end in which the business combination took place, the Group reports in its consolidated financial statements the provisional values of the items for which the final calculations could not be made. These provisional values are adjusted in the measurement period to take account of the new information obtained on the facts and circumstances existing at the acquisition date which, if known, would have had effects on the value of assets and liabilities recognised at this date.

On passage to IFRS, the Group decided to restate only the business combinations taking place after January 1st 2004. For the acquisitions before this date, goodwill is the amount recorded in accordance with Italian GAAP.

Accounting policies

Intangible assets with definite life

An intangible asset is a non-monetary asset, clearly identifiable and without physical substance, controllable and capable of generating future economic benefits.

The Intangible assets with a definite life, which include patents, concessions, licences, trademarks and similar rights and software, are recorded at cost, including direct accessory costs necessary in order to render the asset available for use. For each intangible asset, on initial recognition the useful life is determined and re-examined annually and any changes are made in accordance with future estimates.

Intangible assets with definite useful lives are recognised net of the relative accumulated amortisation and any impairment in accordance with the procedures described below.

Amortisation begins when the asset is available for use and is recognised on a systematic basis in relation to the residual use and thus over the useful life of the asset. In the first year of use the amortisation takes into account the period of its use in the year. Considering the uniformity of the assets contained in the individual categories, it is considered, with the exception of specific cases, that the useful life of these assets is approximately 3-5 years. At the moment of sale or when no expected future economic benefits exist from the use of an intangible asset, it is eliminated from the financial statements and any loss or gain (calculated as the difference between the sales value and the net book value) is recorded in the income statement in the year of the above mentioned elimination.

Goodwill

The goodwill deriving from business combinations is allocated to the cash-generating unit identified which will benefit from these operations. The goodwill relating to investments in associated companies is included in the carrying value of these companies.

After the initial recording, goodwill is not amortised but is adjusted for any loss in value, determined in accordance with the procedures described below. Any write-downs may not be subsequently re-stated.

Intangible assets with an indefinite life (Newspaper Titles)

Intangible assets with indefinite useful lives are those assets for which, on the basis of an analysis of all of the relevant factors, there is no foreseeable limit to the period in which the cash flow generated is limited for the Group. The newspaper titles are considered assets with indefinite useful lives.

The intangible assets with an indefinite life are initially recorded at purchase cost, determined in accordance with the same procedures indicated for intangible assets with a definite life, but are not amortised subsequently. The recovery of their value is verified adopting the same criteria for the Goodwill. Any write-downs are reinstated if the reasons for their write down no longer exist.

Property, plant and equipment

Property, plant and equipment is recorded at cost, including directly allocated accessory costs and those necessary for the asset being in the condition for which it was acquired, and increased, in the presence of current obligations, by the current value of the estimated cost for the disposal of the asset.

The financial charges directly attributable to the acquisition, construction or production of an asset are capitalised as part of the cost of the asset itself until the moment in which the asset is ready for expected use or sale.

The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement in the year in which they are incurred. The capitalisation of the costs relating to the expansion, modernisation or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset in accordance with the component approach.

Property, plant and equipment is recorded net of the relative accumulated depreciation and any loss in value determined in accordance with the procedures described below. Depreciation is calculated on a straight-line basis according to the estimated useful life of the asset; useful life is reviewed annually and any changes, where necessary, are made on the basis of the new estimate.

The property, plant and equipment acquired through finance lease contracts, where the majority of the risks and rewards relating to the ownership of an asset have been transferred to the Group, are recognised as assets of the Group at their fair value or, if lower, at the current value of the minimum lease payments, including any redemption amounts to be paid. The corresponding liability due to the lessor is recorded under financial payables. The leased assets are amortised based on the useful life of the asset. When there is no reasonable certainty that the Group will acquire ownership at the end of the lease, the asset is amortised over the shorter period of the duration of the lease and the useful life of the asset. The leased assets where the lessor bears the majority of the risks and rewards relating to an asset are recorded as operating leases. The costs relating to operating leases are recorded on a straight-line basis in the income statement over the duration of the lease contract.

The principal depreciation rates applied are as follows:

	Useful life	Economic/technical rate
Industrial buildings	30 years	3.33%
Light structures	10 years	10%
Non automated machines and general plant	10 years	10%
Rotating press for paper in rolls	15 years	6.67%
Various equipment	4 years	25%
Office furniture and equipment	8 years	12.5%
Transport vehicles	5 years	20%
Motor vehicles and similar	4 years	25%

Land, both constructible and relating to civil and industrial buildings, is not depreciated as it has an unlimited useful life.

When the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is made separately for each part of the asset, with the application of the component approach principle.

At the moment of sale or when there are no expected future economic benefits from the use of property, plant and equipment, they are eliminated from the financial statements and any loss or gain (calculated as the difference between the sales value and the book value) is recorded in the Income Statement in the year of the above-mentioned elimination.

Impairment losses

Periodically, property, plant and machinery and intangible assets with definite useful life are examined for the existence of events or changes which would indicate that the book value may not be recovered. If an indication of this type exists, the recoverable amount must be determined and, in the case in which the book value exceeds the recoverable amount, these assets are written down to reflect their recoverable amount.

The recoverable amount of the intangible and tangible assets is the higher value between the present value, net of the disposal costs and their value of use. The value in use refers to the present value of estimated future cash flows of the asset or, for assets that do not independently generate sufficient cash flows, of the group of assets that comprise the cash generating unit to which the asset belongs.

In defining the value of use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the activity.

A reduction in value is recognised in the income statement when the carrying value of the asset, or of the relative cash-generating unit to which it is allocated, is higher than the recoverable amount: the losses in value of cash-generating units are firstly attributed to the reduction in the carrying value of any goodwill allocated and, thereafter, to a reduction of other assets, in proportion to their carrying value. When the reasons for a write-down no longer exist on tangible and intangible assets other than goodwill, the book value of the asset is restated through the income statement, up to the value at which the asset would be recognised if no write-down had taken place and amortisation had been recognised.

When the reduction in value deriving from the test is higher than the value of the asset subject to the test allocated to the cash generating unit to which it belongs, the residual amount is allocated to the assets included in the cash-generating unit in proportion to their carrying value. This allocation has as its minimum limit, the highest value between:

- the relative fair value of the asset less disposal costs;
- the relative value in use, as defined above;
- zero.

The impairments are recognised in the income statement under the account amortisation, depreciation and write down costs.

Investments in companies valued under the Equity method

Associated companies are companies in which the Group exercises a significant influence but does not exercise control of the financial and operating policies, as defined by IAS 28 – Investments in associates. The consolidated financial statements include the quota attributable to the Group of the results of associated companies recorded under the equity method, from the date in which the significant influence commences until the date in which the significant influence ceases.

Where the share of losses pertaining to the Group in the associated company exceeds the carrying value of the investment, the value of the investment is written down and the share of further losses is not recorded, with the exception that the Group has the obligation to cover such losses.

Investments valued at cost

These concern investments for which the fair value cannot be reliably determined, these investments are valued at cost adjusted for reductions in value and the effects are recognised in the income statement. Any write-downs may not be subsequently re-stated.

Inventories

Raw materials, semi-finished and finished products are recognised at cost and measured at the lower of cost and the market value. The cost is calculated on the basis of the weighted average cost method, which includes related accessory costs.

In order to establish the net realisable value, the value of any obsolete or slow-moving inventory is written-down based on the expected future utilisation/realisable value through the creation of a relative fund for the reduction in value of the inventory.

Financial assets

The financial assets are classified, on initial recognition, in one of the following categories and measured as follows:

- *available-for-sale financial assets:* the AFS assets are non-derivative financial instruments explicitly designated in this category and are classified under non-current assets unless management has the intention to sell them within 12 months from the balance sheet date. These financial assets are valued at fair value and the valuation gains or losses are allocated to net equity and the Comprehensive Income Statement. They are recognised in the income statement only when the financial asset is sold, or, in the case of negative cumulative changes, when it is considered that the reduction in value already recorded under equity may not be recovered and when a long-term loss in value is established.

The Group, taking account of the types of shares held, established that the quantitative limits utilised to identify the necessity for an impairment procedure are for a decrease in the fair value of above 50% compared to the original book value or a decrease in the fair value below the initial recording for 60 consecutive months.

Financial assets are derecognised from the balance sheet when the right to receive the cash flows from the instrument ceases and the Group has transferred all the risks and rewards relating to the instrument and the relative control. When the fair value cannot be determined reliably, the cost value is maintained, adjusted for any losses in value. These losses for reduction in value may not be restated;

- *loans and receivables*: they are financial instruments, principally relating to loans and trade receivables, non-derivative, not listed on an active market, from which fixed or determinable payments are expected. They are stated as current assets except for amounts due beyond 12 months from the balance sheet date, which are classified as non-current. These assets are measured at amortised cost, on the basis of the effective interest rate (identified as their nominal value). When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. The losses in value are recorded in the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost where no write-down had been applied.

Financial assets are eliminated from the balance sheet when the right to receive the cash flows from the instrument ceases and the Group has transferred all the risks and rewards relating to the instrument and the relative control.

Financial liabilities

Financial liabilities relate to loans, trade payables and other commitments to be paid, and are initially valued at fair value, net of directly allocated accessory costs, and subsequently at amortised cost, using the effective interest rate. When there is a change in the expected cash flows and it is possible to estimate them reliably, the values of liabilities are recalculated to reflect this change based on the new current value of the expected cash flows and of the internal yield initially determined.

The financial liabilities are classified under current liabilities, except when the Group has an unconditional right to defer their payment for at least 12 months after the balance sheet date.

Financial liabilities are eliminated from the balance sheet when they expire and the Group has transferred all the risks and rewards relating to the instrument.

Fair value hierarchy levels

In relation to the financial assets and liabilities recorded in the balance sheet at Fair Value, IFRS 13 requires that these values are classified based on a hierarchy of levels which reflects the degree of input utilised in the determination of the Fair Value. The following levels are used:

- Level 1: determination of fair value based on prices listed on active markets for identical assets or liabilities which the entity can access at the valuation date;
- Level 2: determination of fair value based on other inputs than the listed prices included in "Level 1" but which are directly (prices) or indirectly (derivatives of prices) observable for the assets or liabilities;
- Level 3: determination of the Fair Value based on valuation models whose input is not observable for the assets or liabilities.

For information on the Fair Value hierarchy level, reference should be made to Note 33.

Cash and cash equivalents

Cash and cash equivalents are accounted at fair value and include bank deposits and cash in hand, or rather those values that are available on demand at short notice, certain in nature and with no payment expenses.

Cash and cash equivalents in foreign currencies are valued at the year-end exchange rate.

Shareholders' Equity

Treasury shares

The costs incurred for the purchase of treasury shares are recorded as a reduction of shareholders' equity. The gains or losses deriving from a subsequent sale are recorded as net equity movements.

Costs for share capital increases

The costs incurred for the stock exchange listing of the Parent Company Caltagirone Editore SpA, net of the relative tax effect, are recorded as a reduction of the shareholders' equity in a separate negative reserve.

Employee benefits

The liabilities relating to the benefits recognised to employees and paid on or after the employment period and relating to defined benefit plans (Employee Leaving Indemnity), net of any assets serving the plan, are determined on the basis of actuarial assumptions estimating the amount of the future benefits that the employees have matured at the balance sheet date. The liability is recognised on an accruals basis over the maturity period of the right.

In relation to the Employee leaving indemnity, following the amendments to Law No.296 of December 27th 2006 and subsequent Decrees and Regulations ("Pension Reform") issued in the first months of 2007, it is noted that:

- the employee leaving indemnity matured at December 31st 2006 continues to be considered as a defined benefit plan.
- the employee leaving indemnity matured from January 1st 2007, for Italian companies with a number of employees above 50, is considered a defined contribution plan.

The determination of the current value of the Group commitments is made by an independent expert using the projected unit credit method. Under this method, a future projection is made of the liability to determine the probable amount to be paid on the termination of employment and then discounted, to take into account the period of time which will pass before the actual payment. The calculation takes into account the employee leaving indemnity matured and is based on actuarial assumptions which principally relate to the interest rate, which reflects the market return of primary securities with maturities similar to those for bonds and the turnover of employees.

For the quota of the employee leaving indemnity allocated to the integrated pension or rather the INPS fund from the date of the option exercised by the employee, the Group is not a debtor of the employee indemnity provision matured after December 31st 2006, and therefore the actuarial calculation of the employee leaving indemnity excludes the component relating to future salary changes.

The actuarial gains and losses, defined as the differences between the carrying value of the liabilities and the current value of the Group commitments at the end of the period, due to changes in the actuarial parameters described above, are directly recorded to the Comprehensive Income Statement. The financial component is however recorded in the Income Statement, in the account financial charges.

Provisions for risks and charges

Provisions for risks and charges are recognised in respect of certain or probable losses or liabilities, the amount or due date of which could not be determined at year-end.

The Provisions for risks and charges are recorded when a legal or implicit obligation exists towards a third party that derives from a past event, and a payment of resources is probable in order to satisfy the obligation and this amount can be reliably estimated. When the financial effect of the time value of money is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted using the estimated future cash flows at a pre-tax rate that reflects the current market assessment of the cost of money and, if appropriate, the specific risks of the obligation; the increase of the liability due to the passing of time is recorded as a financial charge.

In particular, the provisions for risks and charges relating to employee restructuring plans are recognised when at the balance sheet date the event which gives rise to the obligation is ‘binding' as the Company, through the drawing up of a formal restructuring programme, has generated within interested third parties the valid expectations that the entity will implement the afore-mentioned programme.

Grants

The grants and contributions, from public entities and private third parties, are recognised at fair value when there is reasonable certainty that they will be received and that they will satisfy the conditions for their attainment. The grants received against specific expenses are recognised under other liabilities and credited to the Income Statement in the period in which the related costs mature.

The grants received against specific assets whose value is recorded under fixed assets are recorded under other liabilities and credited to the Income Statement in relation to the depreciation period to which the asset refers.

Operating grants are fully recognised to the Income Statement at the moment in which they satisfy the conditions for their recognition.

Revenues

Revenues are recognised in accordance with the probability that the Group will receive economic benefits and the amount can be determined reliably. The revenues are recognised at the fair value of the amount received less returns, premiums and discounts. The revenues from the sale of goods are recognised when the significant risks and benefits of the ownership of the assets are transferred to the purchaser. In particular, the circulation revenues are recognised in relation to the number of copies issued by the balance sheet date, appropriately adjusted at the year-end to take into account returns based on historical data.

Revenues for services are recognised when the services are provided, with reference to the progress of completion of the activities. The advertising revenues are recognised based on the completion of the advertisement by the end of the year.

Financial income and charges

Financial income and charges are recognised in accordance with the accruals concept on the basis of the interest matured on the net value of the relative financial assets and liabilities utilising the effective interest rate, therefore utilising the rate which is financially equivalent to all the cash inflows and outflows which comprise an operation.

Dividends

The dividends are recorded when the right of the shareholders to receive the payment arises. The dividends and dividend payments on account payable to third parties are recorded as changes in shareholders' equity at the date in which the Shareholders Meetings approves them.

Income taxes

Current Income taxes for the period are determined on the basis of the taxable assessable income and in accordance with current fiscal law; in addition, the effects deriving from the implementation of the Group's national fiscal consolidation is applied.

Deferred tax assets and liabilities are calculated on temporary differences between the balance sheet values and the corresponding values recognised for tax purposes, applying the expected tax when the differences are reversed, determined on the basis of the current tax rates in force and in consideration of any expected changes relating to future years.

The recognition of deferred tax assets is made when their recovery is probable - that is when it is expected that there will be future assessable fiscal income sufficient to recover the asset, while deferred tax liabilities are recorded in every case.
The recovery of the deferred tax asset is reviewed at each balance sheet date.

Earnings/(loss) per share

Basic
The basic earnings/(loss) per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.
Diluted
The diluted earnings per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares. In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted assuming the conversion of all shares with potential dilution effect. The diluted earnings per share is not calculated in the case of losses, as the dilution effect would result in an improvement in the earnings per share.

ROSK MANAGEMENT

The activities of Caltagirone Editore and its subsidiaries are subject to various financial risks: market risks (raw materials prices and the movements in listed share prices), credit risk, exchange rate risk, interest rate risk and liquidity risk. The management of the financial risks of the Group is undertaken through organisational directives which govern the management of these risks and the control of all operations which have importance in the composition of the financial and/or commercial assets and liabilities. The Group does not have any derivative financial instruments, nor do specific financial risks exist in relation to price, credit or liquidity (other than that deriving from operating activities).

- Market risk (price of raw materials – paper)

  The Group is exposed to fluctuations in the price of paper - the principal raw material; this risk is managed through supply contracts with Italian and foreign companies with fixed prices and quantities for a maximum period of approximately 12 months, and through procurement from suppliers based in different geographic areas in order to avoid the risks related to an excessive concentration of suppliers and to obtain the most competitively priced supplies.

- Price risk of the equity shareholdings

In relation to the risk of changes in the fair value of the equity shareholdings held and classified as available-for-sale, the Group monitors the changes of share prices and for this reason constantly records the movements in the listed shares in portfolio. Based on this data, the investment and divestment policies of the Group are defined with the objective to optimise medium and long-term cash flows, also considering the distribution of dividends from the shares in portfolio. The investment and divestment strategies of the equity investments are also considered in relation to the diversification of risk.

- Credit risk

The receivables at the end of the year are prevalently of a commercial nature and relate principally to publishing activities (circulation), which based on the nature of the business have reduced average realisation times, and to Advertising, as indicated in the notes to the balance sheet of the consolidated and separate financial statements, to which reference is made. In general, they are recorded net of any write-downs, calculated on the basis of the risk of non-fulfilment by the counterparty, determined considering the information available on the client's solvency and historical insolvency data in relation to the varying expiry dates of receivables. Historically, there are no significant situations which are particularly problematic in relation to the solvency of the clients, as the policy of the Group is only to sell to clients after a prudent evaluation of their credit capacity and therefore within the established credit limits. Finally, no significant debtor positions were recorded which would equate to an excessive concentration of credit. On this basis, the credit risk to which the Group is exposed can be considered limited.

- Currency risk

The Group at the balance sheet date has no currency risk exposure as it currently operates only in the Eurozone.

- Interest rate risk

The interest rate risk relates to an uncontrolled increase of the charges deriving from variable interest rates on medium/long-term loans of Group companies. The interest rate risk to which the Group is exposed is considered limited in that the loans undertaken are contracted in Euro, which currently presents low interest rates following the monetary policies adopted by the central banks to counter the recession.

- Liquidity risk

Liquidity risk is linked to the difficulty in obtaining funds to cover commitments at a given moment. The Caltagirone Editore Group has access to its own liquidity which is in the form of short-term deposits and therefore easily accessible and highly liquid. This risk therefore is not significant for the Group.

- Environment and security risk

Existing regulations and laws are rigorously applied to workplace health and security and hence govern this area of risk.

Use of estimates

The preparation of the Consolidated Financial Statements require the Directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the balance sheet, the consolidated income statement and the consolidated cash flow statement, and on the disclosures in the notes to the accounts. The final outcome of the accounts in the financial statements, which use the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and conditions upon which the estimates are based.

The accounting principles and accounts in the financial statements which require greater subjectivity in the preparation of the estimates and for which a change in the underlying conditions of the assumptions used may have a significant impact on the consolidated financial statements of the Group are as follows:

- Goodwill and other indefinite intangible assets
- Write-down of fixed assets
- Depreciation of tangible fixed assets
- Deferred taxes
- Provisions for risks and charges
- Allowance for doubtful accounts
- Other write-down provisions
- Employee benefits

The estimates and assumptions are reviewed periodically and the effects of all variations recorded in the Income Statement or the Comprehensive Income Statement, when they relate only to that year. When the revision relates to both current and future periods (for example the revision of the useful life of fixed assets), the changes are recorded in the period in which the revision is made and in the relative future periods.

Change of accounting principles, errors and change of estimates

The accounting principles adopted are amended from one period to another only if the change is required by a standard and if this contributes to providing more reliable information on the effects of the operations on the balance sheet, income statement and cash flows of the enterprise.

The changes to the accounting standards are recorded retrospectively with the recording of the effect to net equity for the more remote periods reported. The other comparative amounts indicated for each period are adjusted as if the new standard had always been applied. The prospective approach is made only when it is impractical to reconstruct the comparative information.

The application of a new or amended accounting standard is accounted for in accordance with the requirements of the standard. If the standard does not permit a transition period, the change is accounted in accordance with the retrospective method, or if impractical, with the prospective method.

In the case of significant errors, the same method that is used for changes in accounting standards illustrated previously is applied.In the case of non-significant errors, these are accounted for in the income statement in the period in which they are noted.

Changes in estimates are accounted in accordance with the prospective method in the Income Statement in the period in which the change occurs only if impacting upon this latter or in the period in which the change occurs, and subsequent periods if the change also impacts upon future periods.

Value of the Group

The Stock Market capitalisation of Caltagirone Editore is currently lower than the net equity of the Group (Stock Market capitalisation at December 31, 2014 of Euro 103.8 million compared to a Group net equity of Euro 586.4 million). The share price was affected by the generally weak and highly volatile financial market conditions, which significantly differ from an assessment based on the Group's underlying fundamentals expressed by the value in use. While considering the complex economic environment, reflected also in the cash flow estimate and discounting rate estimate, the impairment test should consider the capacity to generate cash flows or the determination of specific fair values, rather than stock market values which also reflect developments not strictly related to the Group, with a particular short-term focus.

It should however be considered that the total value of cash and cash equivalents, of available-for-sale financial assets and the Newspaper Titles account for 92% of the Consolidated Net Equity. On measuring the Newspaper Titles at fair value less disposal costs, further gains emerged which approximate the value of Net Equity.

ASSETS

1) Intangible assets with definite life

Historical cost	Research & development	Patents	Trademarks	Others	Total
01.01.2013	762	1,533	4,963	5,540	**12,798**
Increases			22	350	**372**
Decreases			(3)	(37)	**(40)**
31.12.2013	**762**	**1,533**	**4,982**	**5,853**	**13,130**
01.01.2014	762	1,533	4,982	5,853	**13,130**
Increases			40	171	211
Decreases			(250)	(336)	(586)
Change in consolidation scope			(3,100)		(3,100)
31.12.2014	**762**	**1,533**	**1,672**	**5,688**	**9,655**
Amortisation and loss in value	**Research & development**	**Patents**	**Trademarks and concessions**	**Others**	**Total**
01.01.2013	762	1,492	3,842	4,991	**11,087**
Increases		28	355	378	**761**
Decreases			(3)		**(3)**
31.12.2013	**762**	**1,520**	**4,194**	**5,369**	**11,845**
01.01.2014	762	1,520	4,194	5,369	**11,845**
Increases		11	17	376	404
Decreases			(247)	(336)	(583)
Change in consolidation scope			(2,325)		(2,325)
31.12.2014	**762**	**1,531**	**1,639**	**5,409**	**9,341**
Net value					
01.01.2013	**-**	**41**	**1,121**	**549**	**1,711**
31.12.2013	**-**	**13**	**788**	**484**	**1,285**
31.12.2014	**-**	**2**	**33**	**279**	**314**

The change to the consolidation scope impacting the account “Trademarks and Concessions” relates to the television concession of the company Telefriuli SpA, no longer within the consolidation scope (as described in note n.34).

At December 31st 2014, no Companies of the Group recorded the existence of inactive intangible assets or completely amortised still in use of significant value.

The amortisation rates used are shown below:

Category	**Average rate**
Development Costs	20.0%
Industrial patents and intel. property rights	26.5%
Trademarks, concessions and licenses	10.0%
Others	28.0%

2) Intangible assets with indefinite life

The intangible assets with indefinite life, comprising of goodwill and newspaper titles, are not amortised, but annually subject to verifications to determine the existence of any loss in value (impairment test).

The table below shows the movements in the intangible assets with indefinite life:

Historical cost	Goodwill	Newspaper titles	Total
01.01.2013	**189,596**	**286,794**	**476,390**
Increases			**-**
Decreases			**-**
31.12.2013	**189,596**	**286,794**	**476,390**
01.01.2014	**189,596**	**286,794**	**476,390**
Increases			-
Decreases			-
31.12.2014	**189,596**	**286,794**	**476,390**
Write-downs	**Goodwill**	**Newspaper titles**	**Total**
01.01.2013	**49,475**	**13,600**	**63,075**
Increases	51,267	19,313	**70,580**
Decreases			**-**
31.12.2013	**100,742**	**32,913**	**133,655**
01.01.2014	**100,742**	**32,913**	**133,655**
Increases	22,480	2,978	25,458
Decreases			-
Reclassifications			-
31.12.2014	**123,222**	**35,891**	**159,113**
Net value			
01.01.2013	**140,121**	**273,194**	**413,315**
31.12.2013	**88,854**	**253,881**	**342,735**
31.12.2014	**66,374**	**250,903**	**317,277**

The goodwill, as described in detail below, is allocated to each CGU of the Newspaper Titles and the advertising agency.

The breakdown of the balance relating to the newspaper titles is shown below:

	01.01.2013	Increases	Decreases	Write-downs	31.12.2013
Il Messaggero S.p.A	90,808				90,808
Il Mattino SpA	44,496				44,496
Quotidiano di Puglia SpA	22,031			(6,000)	16,031
Corriere Adriatico SpA	15,156				15,156
Il Gazzettino S.p.A.	100,700			(13,313)	87,387
Other minor newspaper titles	3				3
Total	**273,194**	**-**	**-**	**(19,313)**	**253,881**

	01.01.2014	Increases	Decreases	Write-downs	31.12.2014
Il Messaggero S.p.A	90,808				90,808
Il Mattino SpA	44,496				44,496
Quotidiano di Puglia SpA	16,031				16,031
Corriere Adriatico SpA	15,156			(2,978)	12,178
Il Gazzettino S.p.A.*	87,387				87,387
Other minor newspaper titles	3				3
Total	**253,881**	**-**	**-**	**(2,978)**	**250,903**

**In relation to Il Gazzettino, the value of the Publishing Title, net of the theoretical tax effect on gains allocated on acquisition, appropriately adjusted following write-downs, is Euro 67.1 million*

In 2013, the Caltagirone Editore Group completed a number of corporate restructuring actions ("transfer" of the advertising agency Piemme S.p.A. under the direct control of the Parent Company Caltagirone Editore) as part of a process which has been under development for some time and involving the relative centralisation of a number of operating and strategic decisions concerning the respective areas of Group activity. These operations principally concerned the daily newspaper advertising agency activities, the distribution method of a number of local Group newspapers - in part the manner of content organization - the development and management of the digital business of all Group newspaper titles within a special purpose entity, in addition to the centralisation of a number of functions (purchase of assets and services, technologies and software development). These developments relate also to the operating decisions taken by the Group in response to the challenging marketplace which has emerged in recent years.

Close interdependencies were therefore generated between the various Group legal entities based on existing synergies, which can be fully traced through the adoption of a single aggregate financial statement which, among other issues, enables a single "reading" of the figures according to the effective operating manner of the newspaper titles and the dedicated advertising agency.

In 2014, the unified management of the Newspaper Titles was further strengthened and the strategic direction undertaken by the Group further consolidated.

Therefore, for a better representation of the economic and financial relations between the various Caltagirone Editore Group companies, they were all grouped together in a single CGU and the 2014 impairment test on intangible assets with indefinite useful lives of the Group (and particularly goodwill) was carried out separately for the components relating to the individual Publishing Titles and for the overall goodwill of the CGU.

Firstly, a verification of the recoverability of the value of the individual Newspaper Titles was made in accordance with the combined provisions of IAS 36 par. 10(b) and IAS 38 par. 108. Secondly, the recoverability of the goodwill of the CGU was verified based on a comparison between the Enterprise Value of the CGU and the Net Capital Employed, including the Newspaper Titles and Goodwill, and the CGU itself, in accordance with IAS 36 par. 10(a).

The impairment test on the individual Newspaper Titles was carried out on the basis of the recoverable value on the individual Newspapers calculated using a model in line with that used to calculate the third level fair value of IFRS 13 "Fair Value Measurement" ("IFRS

13"). For the establishment of the recoverable value of the Newspaper Titles, it was not possible to refer to the two fair value levels, as market prices or other directly or indirectly observable measures of these assets were not available.

The recoverable value of the Newspaper Titles was established through application of a method based on empirical multipliers. This method is one of the most widely used comparative methods in common practice for the calculation of the value of specific categories of intangible assets.

The model applied refers to, for the estimated recoverable value of the Newspaper Titles, revenue multipliers (separate for circulation and advertising revenue) and a corrective factor based on a multiple of the negative EBITDA values which may be generated by the Newspaper Title. The multiplier ratios of the revenue variables are calibrated on the basis of a "balance scorecard" which allocates a score for a series of qualitative factors contributing to the value of the newspaper titles (age, competition, circulation, price, editing, advertising attractiveness, future potential, advertising catchment area and profitability), based on an analysis of the general publishing sector performance and the competitive position of each newspaper title on its market, in addition to historical experience and managerial assessments of the qualitative profiles of each of the publishing titles. The determination of the revenue ratios based on the overall score from the balance scorecard, for each Newspaper Title, is based on an objective criteria on the basis of which, for all ratios, the allocation of a minimum score for all qualitative factors corresponds to the extreme low-end of the parametric range and the maximum score to the extreme upper range.

The underlying table reports the book values of the Newspaper Titles following the impairment tests on the Newspaper Titles.

Description	Newspaper titles*		
(€/000)	2014	2013	Write-downs
Il Gazzettino	67,142	67,142	-
Il Messaggero	90,808	90,808	-
Il Mattino	44,496	44,496	-
Quotidiano di Puglia	16,031	16,031	-
Corriere Adriatico	12,178	15,156	2,978

** Newspapers are recognised net of the theoretical tax effect on gains allocated on acquisition, appropriately adjusted for write-downs.*

The results of the valuation method adopted to calculate an estimate of the value of the Newspaper Titles depends on the values allocated to the revenue and EBITDA variables, in addition to the values allocated to model ratios; therefore, changes in the values allocated to these totals have effects, possibly significant, on the value of the Publishing Titles.

In order to verify the recoverability of the CGU's goodwill, an economic and financial plan of the Caltagirone Editore Group was prepared using the financial statement accounts of the CGU comprising the publishing and advertising activities.

The estimate of the recoverable value of goodwill was carried out according to IAS 36. The value in use in 2014 was determined through the Discounted Cash Flow method, which is the discounting of the future operating cash flows generated by the CGU. In particular, the cash flows were estimated for a period of 5 years and then discounted based on the cost of capital of the CGU (WACC). A terminal value representing the projections of the CGU's revenue capacity, calculated under the perpetual return model, was added to this value. A growth rate of zero was applied for the calculation of the terminal value. The impairment test also took account of the 2015 forecasted performance. In addition, for subsequent years, specific performance estimates were drawn up, taking account of the general and market environment as impacted by the current crisis, in addition to the resultant changed operating conditions. In this regard, the forecasts made in the previous year were reviewed also on the basis of the 2014 figures.

The expected cash flows utilised in the model were calculated based on the 2015 budget and the 2016-2019 planning data and represent the best estimate of the amounts and timing for which the future cash flows are expected to occur based on the long-term plan which was reviewed and updated in 2014 to take account also of differences between the previous plan and the 2014 results. The expected sales growth is based on management plans and forecasts. In particular, a progressive recovery of the advertising revenue component is expected, both on the basis of a market recovery and the growth of advertising revenues on the websites of the Newspapers; the circulation revenue component benefits, amid continued sales number weakness, from pricing strategies. The operating costs considered in the expected cash flows were also determined based on management estimates for the coming five years and take account of the positive effects of the restructuring plan already in place. The projection of cash flows was estimated through extrapolation of the five-year projections formulated by Management and approved by the

Board of Directors on March 9th 2015. The sensitivity of estimates made to expected revenue volumes from the forecasts made should be noted.

The estimates and the budget data used in the application of the above indicated parameters were determined by Group management based on past experience and forecasts relating to the development of the relative markets. The internal and external factors which may lead to the verification of a loss in value will be constantly monitored by the Group. The sensitivity analysis in relation to the parameters utilised for the impairment test did not result in significant effects on the results of the valuations carried out due to contained fluctuations in the discount rate, of the g-rate and of the expected EBITDA over the duration of the 2015-2019 plan (this latter directly influenced by the typical drivers of the CGU's operating performance).

The model utilised for the 2013 impairment test was reviewed, which calculated the Enterprise Value of the Group companies (CGU's), to which the newspapers and goodwill refers, based on an overall Enterprise Value. The review of the model was carried out taking account also of Consob communication No. 000397 of January 19th 2015; it had no significant effects on the intangible assets with indefinite life writedowns.

The underlying table reports the principal parameters used in the goodwill impairment test and the results of the analyses.

Description (€/000)	Goodwill 2014	Goodwill 2013	Write-downs	*Tax rate* 2014	*Tax rate* 2013	WACC* 2014	WACC* 2013	*g-rate*** 2014	*g-rate*** 2013	Explicit period cash flows
Value	66,374	88,854	22,480	32.38%	32.18%	7.30%	7.50%	0	0	5 years

** The WACC represents the average weighted cost of capital of the entity taking into account the specific risks relating to the operating sectors considered. This parameter is considered net of fiscal effect and takes account of interest rate movements. The WACC which would cancel the entire goodwill (€ 88.9 million) is 8.8%, while the rate which would cancel the entire amount of the publishing titles and goodwill (€ 319.5 million) is 36.18%.*

*** The g-rate concerns the expected growth rate in order to calculate the "Terminal Value" The g-rate which would cancel the entire goodwill (€ 88.9 million) is -2.1%, while the rate which would cancel the entire amount of the publishing titles and goodwill (€ 319.5 million) is -586.9%.*

The percentage decrease on all expected EBITDA cash flows from 2015 to produce a cancellation of the entire goodwill (Euro 88.9 million) is -12.4%, while that which would produce a cancellation of the entirety of the value of the publishing titles and goodwill (Euro 319.5 million) is -55.7%.

In accordance with IAS 36, an impairment test was carried out on the carrying value of goodwill and the newspaper titles according to the methods described previously. The result, also confirmed by valuations made by an independent expert, was a total impairment of Euro 25.5 million, of which Euro 22.5 million concerning the write-down of the CGU's goodwill and Euro 3.0 million the write-down of the Corriere Adriatico newspaper title.

However, regardless the impairment model utilised, in the valuation of the intangible assets concerning editorial activities, elements which lie outside the typical economic considerations are also considered and which relate to the number of readers and the circulation on the market, issues which determine the effective value of the newspaper and the price.

3) *Property, plant and equipment*

Historical cost	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01.01.2013	8,606	51,542	99,550	1,138	21,790	2	**182,628**
Increases		6	226	14	378	6	**630**
Decreases			(149)		(149)	(2)	**(300)**
31.12.2013	**8,606**	**51,548**	**99,627**	**1,152**	**22,019**	**6**	**182,958**
01.01.2014	8,606	51,548	99,627	1,152	22,019	6	**182,958**
Increases		7	70		335	46	458
Decreases			(13)		(195)	(1)	(209)
Change in consolidation scope			(1,997)	(292)	(147)		(2,436)
Reclassifications	232	(232)				(51)	(51)
31.12.2014	**8,838**	**51,323**	**97,687**	**860**	**22,012**	**-**	**180,720**
Depreciation and loss in value	**Land**	**Buildings**	**Plant and machinery**	**Commercial and industrial equipment**	**Other assets**	**Assets in progress**	**Total**
01.01.2013	-	19,479	76,397	1,033	19,710	-	**116,619**
Increases		1,602	5,406	35	760		**7,803**
Decreases			(148)		(129)		**(277)**
31.12.2013	**-**	**21,081**	**81,655**	**1,068**	**20,341**	**-**	**124,145**
01.01.2014	-	21,081	81,655	1,068	20,341	-	**124,145**
Increases		1,578	5,284	33	687		7,582
Decreases		(164)	(13)	(292)	(174)		(643)
Change in consolidation scope			(1,816)		(134)		(1,950)
31.12.2014	**-**	**22,495**	**85,110**	**809**	**20,720**	**-**	**129,134**
Net value							
01.01.2013	**8,606**	**32,063**	**23,153**	**105**	**2,080**	**2**	**66,009**
31.12.2013	**8,606**	**30,467**	**17,972**	**84**	**1,678**	**6**	**58,813**
31.12.2014	**8,838**	**28,828**	**12,577**	**51**	**1,292**	**-**	**51,586**

The account “Plant and machinery” is substantially composed of the presses belonging to Group publishing Companies.

The account “Other assets” includes, in addition to computers, servers and network appliances, leasehold improvements and restructuring relating to rented offices. Depreciation is calculated based on the duration of the contract, which is lower than the useful life of the asset.

The assets mentioned above are assets not of significant value and are still in use due to the ordinary maintenance carried out in the course of the year and previous years. No financial expenses were capitalised.

The book value of plant and machinery provided as guarantees on liabilities amounts to Euro 8.5 million. For further information, reference should be made to Note 17.

4) Equity investments valued at equity

	01.01.2013	Increases (Decreases) to Income Statement	Increases (Decreases)	Other changes	31.12.2013
Editrice Telenuovo SpA	845	(68)			777
Rofin 2008 S.r.l.	-	(31)		31	-
Total	**845**	**(99)**		**31**	**777**

	01.01.2014	Increases (Decreases) to Income Statement	Increases (Decreases)	Other changes	31.12.2014
Editrice telenuovo SpA	777	127	(904)		-
Rofin 2008 S.r.l.	-		3		3
Total	**777**	**127**	**(901)**	**-**	**3**

On October 10th 2014 the investment held by Il Gazzettino Spa in Editrice Telenuovo Spa was sold.

The latest key balance sheet data relating to this investment is summarised below:

Investments in associated companies	Registered office	Share capital	Assets	Liabilities	Revenues	Shareholders' Equity	Result	% held
ROFIN 2008 SRL	Rome	10	9	1	-	8	(2)	30.00%

5) Equity investments and non-current securities

Equity investments and non-current securities	01.01.2013	Increases (Decreases)	Write-downs	Fair value change	31.12.2013
Investments in other companies valued at cost	4,715	6	(147)		4,574
Investments in other companies available-for-sale	104,260			30,870	135,130
Total	**108,975**	**6**	**(147)**	**30,870**	**139,704**

Equity investments and non-current securities	01.01.2014	Increases (Decreases)	Write-downs	Fair value change	31.12.2014
Investments in other companies valued at cost	4,574	(250)	(3,021)		1,303
Investments in other companies available-for-sale	135,130	697		(959)	134,868
Total	**139,704**	**447**	**(3,021)**	**(959)**	**136,171**

The breakdown of the account investments in other companies valued at cost is as follows:

Investments in other companies valued at cost	Registered office	%	01.01.2013	Increases (Decreases)	Write-downs	31.12.2013
Euroqube		14.82	452		(147)	305
Ansa		6.71	1,166			1,166
E-Care		15.0	3,045			3,045
Other minor			52	6		58
Total			**4,715**	**6**	**(147)**	**4,574**

Investments in other companies valued at cost		01.01.2014	Increases (Decreases)	Write-downs	31.12.2014
Euroqube	14.82	305	(250)	(3)	52
Ansa	6.71	1,166			1,166
E-Care	0.59	3,045		(3,018)	27
Other minor		58			58
Total		**4,574**	**(250)**	**(3,021)**	**1,303**

The write-down of Euro 3 million of the investment in E- Care SpA is due to the substantial divestment from the company by the Parent Company following the non-exercise of the share capital increase option right; therefore, the Group share reduced from 14.5% to 0.5%.

The company ANSA is the leading news agency in Italy and a leader worldwide; ANSA is a cooperative of 34 members, including the leading publishers of national newspapers, created with a mission to publish and circulate news.

The investments in other companies are valued at fair value or, where the development plans are not available, at cost, adjusting for impairments where present.

During the year, no impairment indicators were identified and therefore no impairment test was carried out.

According to the information held by the Group therefore, no indications exist that the cost differs significantly from the fair value.

The breakdown of the account Investments in other companies AFS is as follows:

AFS Investments in other companies	01.01.2013	Increases (Decreases)	Fair value change	31.12.2013
Assicurazioni Generali SpA	78,318		19,152	97,470
Unicredit SpA	25,942		11,718	37,660
Total	**104,260**	**-**	**30,870**	**135,130**
	01.01.2014	**Increases (Decreases)**	**Fair value change**	**31.12.2014**
Assicurazioni Generali SpA	97,470		(570)	96,900
Unicredit SpA	37,660	697	(389)	37,968
Total	**135,130**	**697**	**(959)**	**134,868**

Number

	01.01.2013	Increases	Decreases	31.12.2013
Assicurazioni Generali SpA	5,700,000			5,700,000
Unicredit SpA	7,000,000			7,000,000
	01.01.2014	**Increases**	**Decreases**	**31.12.2014**
Assicurazioni Generali SpA	5,700,000			5,700,000

Unicredit SpA	7,000,000	116,666	7,116,666

In the year, Unicredit SpA distributed a dividend through the allocation of 116,666 newly-issued shares (as an alternative to cash distribution), for a value of Euro 696 thousand.

The valuation at fair value of these investments at December 31st 2014 was recorded to the Comprehensive Income Statement in the Shareholders' Equity reserve for Euro 0.96 million (excluding the tax effect).

The changes in the fair value reserve are reported below:

	01.01.2013	Increases	Decreases	31.12.2013
Fair Value reserve	(3,396)	30,870		27,474
Tax effect	(1,158)	1,158	(378)	(378)
Fair value reserve, net of tax effect	**(4,554)**	**32,028**	**(378)**	**27,096**
Changes in the year				**31,650**
	01.01.2014	**Increases**	**Decreases**	**31.12.2014**
Fair Value reserve	27,474		(959)	26,515
Tax effect	(378)	7	(4)	(375)
Fair value reserve, net of tax effect	**27,096**	**7**	**(963)**	**26,140**
Changes in the year				**(956)**

In relation to the disclosure required by IFRS 13, concerning the so-called "hierarchy of fair value", the shares available for sale belong to level one, as concerning financial instruments listed on an active market.

6) Non-current financial assets

The account, amounting to Euro 39 thousand, principally relates to receivables for deposits due within five years.

7) Other non-current assets

The account, totalling Euro 127 thousand, decreased Euro 326 thousand on the previous year, principally following the exit from the consolidation scope of Telefriuli SpA.

8) Deferred and current income taxes

The deferred taxes refer to temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes.

The movements are shown below of the deferred tax assets and liabilities:

	01.01.2013	Provisions	Utilisations	Changes to the consolidation scope	Reclassifications	Other changes	31.12.2013
Deferred tax assets							
Tax losses carried forward	33,074	5,251	(2,610)		(20)		35,695
Provision for risks and charges	4,019	282	(1,450)		618		3,469
Doubtful debt provision	2,687	461	(493)		63		2,718
Others	1,444	813	(192)		(661)	175	1,579
Total	**41,224**	**6,807**	**(4,745)**	**-**	**-**	**175**	**43,461**
		6,807	**(4,745)**				
Deferred tax liabilities							
Fair value intangible & tangible assets	28,422		(4,420)				24,002
Diff. fiscal depreciation rates	22,834	164	(1,805)				21,193
Reversal amortisation of intangible assets	17,326	2,553					19,879
Others	1,232	2	(10)			(818)	406
Total	**69,814**	**2,719**	**(6,235)**	**-**	**-**	**(818)**	**65,480**
Net deferred tax assets	**(28,590)**	**4,088**	**1,490**	**-**	**-**	**993**	**(22,019)**

	01.01.2014	Provisions	Utilisations	Changes to the consolidation scope	Reclassifications	Other changes	31.12.2014
Deferred tax assets							
Tax losses carried forward	35,695	4,342	(504)				39,533
Provision for risks and charges	3,469	357	(1,261)		(4)		2,561
Doubtful debt provision	2,718	517	(211)				3,024
Others	1,579	1,026	(127)		4	151	2,633
Total	**43,461**	**6,242**	**(2,103)**	**-**	**-**	**151**	**47,751**
Deferred tax liabilities							
Fair value intangible & tangible assets	24,002		(143)	(245)			23,614
Diff. fiscal depreciation rates	21,193	164	(1,078)				20,279
Reversal amortisation of intangible assets	19,879	2,127					22,006
Others	406	2	(12)			(13)	383
Total	**65,480**	**2,293**	**(1,233)**	**(245)**	**-**	**(13)**	**66,282**
Net deferred tax assets	**(22,019)**	**3,949**	**(870)**	**245**	**-**	**164**	**(18,531)**

The increase of the deferred tax assets is principally due to the tax losses in the year.

Based on forecasts, it is considered that the Group will have, in the coming years, sufficient assessable income to recover the deferred tax assets recorded in the financial statements at December 31st 2014, taking account also deferred tax assets on assessable temporary differences to partially cover tax losses.

The deferred tax liability relates to temporary timing differences on amortisation and depreciation.

The change in the consolidation scope relates to Telefriuli SpA.

The other changes in the deferred tax assets and liabilities include the tax effects on the fair value of the investments and the actuarial losses recorded directly to the Comprehensive Income Statement.

The net position for income taxes, represented by the payments on account and other tax credits, net of income taxes payable, is calculated as follows:

In thousands of Euro	**31.12.2014**	**31.12.2013**
Receivables for direct taxes	5,069	3,409
Reimbursement request of direct taxes	-	1,458
Payables for IRES/IRAP/substitute taxes	(384)	(746)
Total	**4,685**	**4,121**

The income taxes for the year are as follows:

	2014	**2013**
Current income tax	2,057	2,992
Income taxes of prior years	2,630	(6)
Current income taxes	**4,687**	**2,986**
Provision for deferred tax liabilities	2,293	2,719
Utilisation of deferred tax liabilities	(1,233)	(6,235)
Deferred tax charge	**1,060**	**(3,516)**
Recording of deferred tax assets	(6,242)	(6,807)
Utilisation of deferred tax assets	2,103	4,745
Deferred tax income	**(4,139)**	**(2,062)**
Total	**1,608**	**(2,592)**
Current and deferred IRES tax	(2,761)	(5,824)
Current and deferred IRAP tax	1,739	3,238
Income taxes of prior years	2,630	(6)
Total income taxes	**1,608**	**(2,592)**

Income taxes of prior years are recorded as a result of subsidiaries tax litigation.

The analysis of the difference between the theoretical IRES and actual tax rates are as follows:

2014			**2013**		
Assessable	**Amount**	**Effective rate**	**Assessable**	**Amount**	**Effective rate**

Profit/(loss) before taxes	**(35,652)**	**(9,804)**	**27.5%**	**(78,126)**	**(21,485)**	**27.5%**
Permanent differences increase (decrease):						
Dividends	(3,135)	(862)		(1,682)	(462)	
Write-down of investments	3,021	831		147	40	
Non-deductible costs	4,280	1,177		6,065	1,668	
Write-down of intangible assets with an indefinite life	25,458	7,001		57,267	15,748	
Share of expenses/income from equity investments	(127)	(35)		99	(27)	
Other permanent differences	(3,885)	(1,068)		(4,949)	(1,361)	
Current and deferred IRES tax	**(10,040)**	**(2,761)**	**7.7%**	**(21,179)**	**(5,824)**	**2.2%**

9) *Inventories*

Inventories at December 31st 2014 amount to Euro 2.3 million (Euro 2.3 million at December 31st 2013) and consist exclusively of raw materials (principally paper and ink), ancillary and consumables.

The change of inventory recorded in the income statement amounts to an increase of Euro 28 thousand and is included in the account Raw material costs (see Note 22).

Inventories are measured at the lower of the purchase price, calculated using the weighed average cost method, and the realisable value. The net realisable value of inventories is in line with that recognised in the financial statements.

There is no inventory provided as a guarantee on liabilities.

10) *Trade receivables*

The breakdown is as follows:

	31.12.2014	31.12.2013
Trade receivables	67,619	68,394
Doubtful debt provision	(12,095)	(11,318)
Trade receivables	**55,524**	**57,076**
Receivables from related parties	745	1,971
Advances to suppliers	11	31
Trade receivables beyond 12 months	1,959	1,901
Doubtful debt provision beyond 12 months	(1,587)	(1,496)
Total trade receivables	**56,652**	**59,483**

Trade receivables principally relate to Group advertising revenues from the advertising agency Piemme SpA (Euro 59.2 million).

The doubtful debt provision was utilised in the year for Euro 1.4 million and increased by Euro 2.2 million for the provisions made in the year.

The general valuation criteria of receivables, considered financial assets within the scope of IAS 39, are illustrated in the accounting policies.

In particular, receivables, as considered financial assets, are measured at amortised cost, on the basis of the effective interest rate (identified as their nominal value).

When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. Impairments are recognised to the income statement.

When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost where no write-down had been applied.

The value of trade receivables, adjusted by the relative doubtful debt provision, approximates their fair value.

The estimate of the Doubtful debt provision is made, in consideration of the highly fragmented nature of the debt positions, through an assessment of the maturity of receivables by similar type, referring to historical-statistical analysis on the probability of recovery. The write-down process requires however that individual commercial positions of significant amounts and for which an objective solvency condition is apparent are subject to individual write-downs.

The estimate of the Doubtful debt provision (referred mostly to overdue loans) of Piemme SpA and of the Caltagirone Editore Group was made on a reasonably conservative basis, covering also any potential losses on receivables not in dispute.

The table below shows the ageing of the trade receivables at December 31st 2013 and at December 31st 2014.

	31.12.2014	31.12.2013
Not yet due	**33,017**	**33,198**
1-30 days	3,931	6,956
30-60 days	3,379	2,773
60-90 days	1,807	1,996
Over 90 days	25,485	23,471
Overdue	**34,602**	**35,196**
Total Gross Value	**67,619**	**68,394**
Doubtful debt provision	(12,095)	(11,318)
Trade receivables	**55,524**	**57,076**

11) Current financial assets

The breakdown is as follows:

	31.12.2014	31.12.2013
Accrued interest	-	3
Total current financial assets	**-**	**3**
of which related parties	-	-

12) Other current assets

The breakdown is as follows:

	31.12.2014	31.12.2013
Employee receivables	125	100
Receivables from related parties	-	3
Other receivables	1,236	711
Prepaid expenses	441	465
Total other current assets	**1,802**	**1,279**

The account "Other receivables" principally relates to receivables from social security institutions for Euro 703 thousand and Other receivables for Euro 474 thousand.

13) Cash and cash equivalents

The breakdown is as follows:

	31.12.2014	31.12.2013
Bank and post office deposits	155,220	185,803
Bank and postal deposits with related parties	214	770
Cash in hand and similar	60	60
Total cash and cash equivalents	**155,494**	**186,633**

The reduction in cash and cash equivalents at December 31, 2014 is essentially due to the reduced debt exposure to the credit institutions.

The average interest rate on the bank deposits in Euro was 1.9% (2.7% in 2013).

In relation to the variable rate of liquidity, an annual interest rate increase of 1%, at like-for-like terms, would have a positive impact on the net profit of approx. Euro 1.6 million. A decrease in interest rates of the same level would have a corresponding negative impact.

Bank and postal deposits with related parties refer principally to the positions with Unicredit SpA.

SHAREHOLDERS' EQUITY & LIABILITIES

14) Shareholders' Equity

	31.12.2014	31.12.2013
Share Capital	125,000	125,000
Listing charges	(18,865)	(18,865)
Treasury shares	(1,334)	(833)
Reserve for treasury shares	1,334	833
Fair Value reserve	26,140	27,096
Other reserves	491,462	567,840
Net loss	(37,194)	(75,432)
Group net equity	**586,543**	**625,639**
Minority interest N.E.	-	68
Total net equity	**586,543**	**625,707**

The share capital amounts to Euro 125 million, consisting of 125 million ordinary shares at a nominal value of Euro 1 each.

All of the ordinary shares issued are fully paid-in. There are no shares subject to guarantees or restrictions on the distribution of dividends. At December 31st 2014 Caltagirone Editore SpA had 1,313,286 treasury shares in portfolio, comprising 1.05% of the share capital, for a value of Euro 1,333,953.

The fair value reserve (for greater details reference should be made to Note 5) of Euro 26.1 million, includes the net changes in the year of Euro 0.96 million, concerning the market value adjustments of available-for-sale investments.

The Other Reserves include:

- Share premium reserve of Euro 481.4 million;
- Legal reserve of the Parent Company of Euro 25 million, set up pursuant to Article 2430 of the Civil Code;
- Consolidation reserves, consisting of the higher value of the Group's share of net equity compared to the cost of some equity investments and retained earnings for a total negative amount of Euro 30.4 million.
- Actuarial losses reserve relating to the application of IAS 19 for post-employment benefits, amounting to Euro 2.8 million, net of the relative tax effect. The decrease in the year of Euro 0.5 million is essentially due to the change in the discount rate utilised in the valuation of the provision;
- Reserves relating to first-time application of IAS/IFRS of Euro 16.9 million.
- Other reserves of the Parent Company of Euro 1.4 million.

LIABILITIES

15) Personnel

Post-employment benefits and employee provisions

Post-employment benefits in the Group companies with less than 50 employees represents a liability relating to the benefits recognised to employees and paid either on termination or after employment service. This liability, together with the senior management indemnity provision, is a defined benefit plan and therefore is determined applying the actuarial method.

In the Group companies with over 50 employees, in accordance with the pension reform, the employee leaving indemnity matured at December 31st 2006 represents the payable matured by the company to be paid at the end of the employment service. This payable is valued applying actuarial and financial techniques without however considering the future salaries of the employee. The assumptions relating to the determination of the plan are summarised in the table below:

Values in %	**31.12.2014**	**31.12.2013**
Annual technical discounting rate	1.60%	3.10%
Annual inflation rate	1.50%	2.20%
Annual increase in employee leaving indemnity	2.62%	3.15%
Annual increase in salaries	3.00%	3.00%

In relation to the senior manager indemnity provision, the annual discount rate is 1% and the annual remuneration increase rate is 3.5%.

The movements in the year are as follows:

	2014	**2013**
Net liability at January 1st	29,410	31,678
Current cost in the period (service costs)	323	345
Interest charge (interest cost)	865	1,027
Actuarial gains (losses)	593	855
(Services paid)	(2,806)	(4,495)
Change to consolidation scope	(374)	-
Net liability at December 31st	**28,011**	**29,410**

The actuarial loss relates mainly to the change in the technical annual discounting rate.

In relation to the sensitivity analyses, an increase of 0.5% to the discount rate utilised may prompt a reduction in the net liabilities of the provision of Euro 523 thousand; a similar decrease in the rate may result in an increased net liability of Euro 546 thousand.

The comparison between the employee benefit provision and the liability in accordance with Italian regulations is as follows:

	01.01.2013	31.12.2013	31.12.2014
Nominal value of the provision	31,730	28,130	26,029
Actuarial adjustment	(52)	1,280	1,982
Total DBO	**31,678**	**29,410**	**28,011**

As illustrated by the movement, the change between the liability determined in accordance with Italian regulations and IFRS is essentially due to the change in the discount rate utilised.

Employee numbers and cost

	2014	2013
Wages and salaries	52,212	55,333
Social security	18,415	18,919
Post-employment benefit	323	345
Post-employment benefit to Complementary Fund	3,591	3,729
Other costs	3,232	4,570
Total personnel costs	**77,773**	**82,896**

The account wages and salaries and social charges reflects the benefits of the restructuring and reorganisation plans undertaken in previous years, under which the workforce was re-sized (see also the average workforce reported below).

Other costs include charges concerning labour disputes, leaving incentives and the social security institution contributions from the restructuring in the year of approx. Euro 1.8 million.

The following table shows the average number of employees by category:

	31.12.2014	31.12.2013	Average 2014	Average 2013
Executives	23	25	24	24
Managers & white collar	249	304	276	318
Journalists	451	466	456	469
Print workers	120	129	125	129
Total	**843**	**924**	**881**	**940**

16) Provisions for risks and charges

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 2013	10,727	611	10,709	**22,047**
Provisions	199	36	285	**520**
Utilisations	(1,607)	(474)	(7,940)	**(10,021)**
Reclassifications	(92)		92	**-**
Balance at December 31st 2013	**9,227**	**173**	**3,146**	**12,546**
of which:				
Current portion	2,716		3,146	**5,862**
Non-current portion	6,511	173		**6,684**
Total	**9,227**	**173**	**3,146**	**12,546**
Balance at January 1st 2014	9,227	173	3,146	**12,546**
Provisions	278	140	814	**1,232**
Utilisations	(1,935)	(131)	(2,799)	**(4,865)**
Balance at December 31st 2014	**7,570**	**182**	**1,161**	**8,913**
of which:				
Current portion	2,110		1,161	**3,271**
Non-current portion	5,460	182		**5,642**
Total	**7,570**	**182**	**1,161**	**8,913**

The provision for legal disputes refers principally to the provisions made by the companies Il Messaggero SpA, Il Mattino SpA and Il Gazzettino SpA against liabilities deriving from damages requested for slander and from employees. The provision was estimated taking into consideration the nature of the business, based on experience in similar cases and of all the information available at the date of the preparation of the consolidated financial statements, considering the difficulty in estimating charges and the timing connected to each single case.

The agent's indemnity provision, which reflects the prudent increase in the risk connected to the termination of the mandate conferred to agents in accordance with law, refers to the company Piemme SpA, advertising agency.

The decrease in the provision for other risks principally concerns the payment of charges on the restructuring plans, accrued in previous years, of Il Messaggero SpA and Centro Stampa Veneto SpA.

17) Financial liabilities

	31.12.2014	31.12.2013
Bank payables	13,516	18,652
Non-current financial payables	**13,516**	**18,652**
Bank payables	7,093	19,607
Payables to related companies	3,556	5,845
Short-term portion of non-current loans	5,140	5,092
Current financial liabilities	**15,789**	**30,544**

The due dates of the financial liabilities are as follows:

	31.12.2014	31.12.2013
Within 3 months	10,649	25,452
Between 3 months & 1 year	5,140	5,092
Current financial liabilities	**15,789**	**30,544**
Between 1 and 2 years	5,192	5,139
Between 2 and 5 years	8,324	13,513
due beyond 5 years	-	-
Non-current financial payables	**13,516**	**18,652**
Total financial payables	**29,305**	**49,196**

The interest rates at the balance sheet date on the financial liabilities are as follows:

Values in %	2014	2013
Non-current financial payables		
Bank payables	0.8	1.0
Current financial payables		
Bank payables	3.4	3.0
Short-term portion of non-current loans	0.8	1.0

The non-current financial liabilities to banks are represented by a loan to finance the construction in 2005 of a printing centre located at Torre Spaccata in Rome. The loan is at a variable interest rate (Euribor at 6 months + spread 0.5%) amounting to Euro 60 million, granted by Intesa Sanpaolo SpA to the company S.E.M. SpA, incorporated in 2006 into Il Messaggero SpA. The first capital repayment was made in December 2005 while the final repayment is due in June 2018. In addition, a special privileged guarantee was given on the factory assets amounting to Euro 60 million, in addition to a bank surety of the Parent Company of Euro 37.9 million.

In relation to the variable rate of financial liabilities, an annual interest rate increase of 1%, at like-for-like terms, would have a negative impact on the net profit of approx. Euro 293 thousand. A decrease in interest rates of the same level would have a corresponding positive impact.

The value of the financial liabilities approximates their fair value.

18) Other Liabilities

	31.12.2014	31.12.2013
Other non-current liabilities		
Other payables	107	120
Deferred income	2,296	2,679
Total	**2,403**	**2,799**
Other current liabilities		
Social security institutions	8,108	6,984
Employee payables	8,341	8,003
VAT payables	278	1,187
Withholding taxes	3,749	3,828
Other payables	9,397	10,997
Payables to related companies	11	35
Deferred income	450	359
Total	**30,334**	**31,393**

Other payables include Euro 4.9 million as the amount available to the Board of Directors in accordance with Article 25 of the by-laws which establishes the allocation to this account of 2% of net profit.

19) Trade payables

	31.12.2014	31.12.2013
Supplier payables	21,567	23,346
Payables to related companies	888	1,230
	22,455	**24,576**

Trade payables principally refer to operating subsidiaries in the publishing sector and relate to the purchase of raw materials, services and capital expenditures. The book value of the trade payables reported above approximates their fair value.

There are no payables due over 12 months.

INCOME STATEMENT

20) Revenues from sales and services

	2014	2013
Circulation revenues	70,825	75,620
Promotion revenues	659	788
Advertising	91,502	98,295
Total revenues from sales and services	**162,986**	**174,703**
of which related parties	1,297	2,109

Sales and advertising revenues of the principal newspaper titles, both entirely realised in Italy, have been affected by the economic-financial crisis of recent years. The performances are commented upon in detail in the Directors' Report, to which reference is made.

21) Other operating revenues

	2014	2013
Operating grants	7	249
Recovery of expenses from third parties	1,748	2,207
Capital grant contributions	323	338
Rent, leases and hire charges	73	144
Gains on disposal of assets	6	4
Reimbursements and claims	-	596
Subsidised tariffs	321	484
Other revenues	4,681	2,790
Total other operating revenues	**7,159**	**6,812**
of which related parties	79	92

22) Raw material costs

	2014	2013
Paper	15,343	15,924
Other publishing materials	3,554	3,792
Other	-	1
Change in inventory of raw materials and goods	(28)	999
Total raw materials costs	**18,869**	**20,716**

For further details on the cost movements of raw materials, reference should be made to the Directors' Report.

23) Other operating costs

	2014	2013
Editorial services	15,132	15,645
Transport and delivery	9,360	10,865
Outside contractors	4,882	5,418
Promotions	495	669
Advertising & promotions	2,385	1,870
Commissions and agent costs	6,762	7,118
Utilities and power	2,123	2,690
Maintenance and repair costs	2,640	2,991
Consulting	3,071	4,157
Purchase of advertising space third parties	1,245	287
Directors and statutory auditors fees	2,197	1,907
Insurance, postal and telephone	1,024	1,396
Cleaning and security	775	852
Subcontractors and other services	2,898	2,523
Independent auditors fees	309	319
Other costs	7,279	7,765
Total service costs	**62,577**	**66,472**
Rental	6,193	6,444
Hire	880	1,308
Others	33	11
Total rent, lease and hire costs	**7,106**	**7,763**
Other operating charges	3,664	4,696
Others	80	129
Total other costs	**3,744**	**4,825**
Total other operating costs	**73,427**	**79,060**
of which related parties	6,805	7,080

24) Amortisation, depreciation, provisions & write-downs

	2014	2013
Amortisation of intangible assets	404	761
Depreciation of property, plant & equipment	7,582	7,803
Provision for risks and charges	1,088	235
Write-down of intangible assets with definite life	547	-
Write-down of intangible assets with an indefinite life	25,458	70,580
Doubtful debt provision	2,191	2,043
Total depreciation, amortisation, provisions & write-downs	**37,270**	**81,422**

The depreciation of tangible fixed assets principally relates to the depreciation on printing and rotary plant.

In relation to the write-down of intangible assets with definite and indefinite life and the doubtful debt provision, reference should be made respectively to Notes 1, 2 and 10.

25) Net financial result and share of investments valued under the equity method

	2014	2013
Investments valued at equity result		
Rofin 2008	-	(31)
Editrice Telenuovo	127	(68)
Total	**127**	**(99)**
Financial income		
Dividends	3,262	1,770
Bank deposit interest	3,271	5,066
Other financial income	60	81
Total	**6,593**	**6,917**
Financial charges		
Write-down of investments	(3,021)	(147)
Loan interest	(219)	(270)
Interest on bank accounts	(772)	(656)
Interest on leaving indemnity	(865)	(1,027)
Banking commissions and charges	(235)	(192)
Other financial expenses	(66)	(73)
Total	**(5,178)**	**(2,365)**
Financial result	**1,415**	**4,552**

The dividends included in financial income relates to the shareholding in Assicurazioni Generali SpA for Euro 2.6 million and Unicredit SpA for Euro 0.7 million (dividend on 116,666 newly issued shares).

Write-downs of investments principally concern the investment in E-Care SpA. For further details reference should be made to note 5.

26) Earnings/(loss) per share

The basic earnings/(loss) per share is calculated by dividing the Group net result for the year by the weighted average number of ordinary shares outstanding in the year.

	2014	2013
Net Result	(37,194)	(75,432)
Number of ordinary shares outstanding (thousands)	125,000	125,000
Net loss per share	**(0.298)**	**(0.603)**

The diluted earning per share is identical to the basic earnings per share as Caltagirone Editore SpA has only issued ordinary shares.

In 2014 no dividends were distributed.

27)Other Consolidated Comprehensive Income Statement items

The breakdown of the other comprehensive income statement items, excluding the tax effects, is reported below:

	31.12.2014			31.12.2013		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Actuarial gains/(losses) on post-employment benefits	(614)	169	(445)	(880)	242	(638)
Gain/(loss) from recalculation of AFS financial assets, net of tax effect	(959)	3	(956)	30,870	780	31,650

28)Transactions with related parties

The transactions of Group companies with related parties generally relate to normal operations and are regulated at market conditions. They principally relate to the exchange of goods, the provision of services, and the provision and use of financial resources by associated companies and subsidiaries excluded from the consolidation scope, as well as with other companies belonging to the Caltagirone Group or under common control.

There are no atypical or unusual transactions which are not within the normal business operations. The following tables report the values.

31.12.2013 (Euro '000)	Parent Company	Associated companies	Companies under common control	Other related parties	Total related parties	Total account item	% on total account items
Balance sheet transactions							
Trade receivables		840	775	356	**1,971**	**59,483**	3.31%
Current financial assets			4		**4**	**1,279**	0.31%
Cash and cash equivalents				770	**770**	**186,633**	0.41%
Trade payables	820		116	294	**1,230**	**24,576**	5.00%
Current financial liabilities				5,845	**5,845**	**30,544**	19.14%
Other current liabilities			35		**35**	**31,393**	0.11%
Income statement transactions							
Revenues			723	1,386	**2,109**	**174,703**	1.21%
Other operating revenues			84	8	**92**	**6,812**	1.35%
Other operating costs			6,494	586	**7,080**	**79,060**	8.96%
Financial income				2,555	**2,555**	**6,917**	36.94%
Financial charges				219	**219**	**2,365**	9.26%

31.12.2014 (Euro '000)	Parent Company	Associated companies	Companies under common control	Other related parties	Total related parties	Total account item	% on total account items
Balance sheet transactions							
Trade receivables	6		74	665	**745**	**56,652**	1.32%
Cash and cash equivalents				214	**214**	**155,494**	0.14%
Trade payables	610	2	85	191	**888**	**22,455**	3.95%
Current financial liabilities				3,556	**3,556**	**15,789**	22.52%
Income statement transactions							
Revenues	23		68	1,206	**1,297**	**162,986**	0.80%
Other operating revenues			57	22	**79**	**7,159**	1.10%
Other operating costs	1,000		342	5,463	**6,805**	**73,527**	9.26%
Financial income				3,264	**3,264**	**6,593**	49.51%
Financial charges				297	**297**	**5,178**	5.74%

Trade receivables principally concern commercial transactions for the sale of advertising space.

Cash and cash equivalents and current financial liabilities and financial charges concern the operations in place at December 31st 2014 with the credit institutions Unicredit SpA and Banca Finnat Euramerica SpA.

Trade payables to Parent Companies refer to the invoices received from Caltagirone SpA for services performed during the year.

Operating revenues principally concern the advertising carried out with Group newspapers by companies under common control.

Operating costs principally include rental costs by the Parent Company and Other group companies for their respective head offices from companies under common control.

The account financial income concerns dividends received from Assicurazioni Generali SpA and interest income on bank deposits at UniCredit SpA.

29) Business segment information

The disclosures required in accordance with IFRS 8 on the segment information are provided below. The Caltagirone Editore Group, in consideration of the economic and financial relations between the various Group companies and the interdependence between the publishing activities of the various Group newspapers and the advertising activity carried out by the Group agency, described in note 2, operates within a single sector, defined as a distinctly identifiable part of the Group, which provides a set of related products and services and is subject to differing risks and benefits from the other sectors of Group activity. This vision is used by Management to carry out an analysis of operational performance and for the specific management of related risks. The Group operates exclusively in Italy and bases sector performance on turnover volumes and EBITDA from ordinary operations.

In thousands of Euro	*Publishing and Advertising activities*	*Other activities*	*Consolidation Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
2013						
Sector revenues – third parties	179,457	2,055	3	181,515		181,515
Inter-segment revenues	77,593	2,339	(3)	79,929	(79,929)	
Segment revenues	**257,050**	**4,394**	**-**	**261,444**	**(79,929)**	**181,515**
Segment EBITDA	**1,331**	**(2,488)**		**(1,157)**		**(1,157)**
Depreciation, amortisation, provisions & write-downs	80,909	513	-	81,422		81,422
EBIT	**(79,578)**	**(3,001)**	**-**	**(82,579)**	**-**	**(82,579)**
Net financial income/(charges)						4,552
Net result of the share of associates						(99)
Loss before taxes						**(78,126)**
Income taxes						2,592
Net Loss						**(75,534)**

	Publishing and Advertising activities	*Other activities*	*Consolidation Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
Segment assets	478,165	346,494	16,448	841,107		841,107
Segment liabilities	210,497	5,739	(836)	215,400		215,400
Equity investments valued at net equity		760	17	777		777
Investments in intangible and tangible fixed assets	934	68		1,002		1,002

In thousands of Euro	*Publishing and Advertising activities*	*Other activities*	*Consolidation Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
2014						
Sector revenues – third parties	167,971	2,153	21	170,145		170,145
Inter-segment revenues	71,863	1,776	(21)	73,618	(73,618)	
Segment revenues	**239,834**	**3,929**	**-**	**243,763**	**(73,618)**	**170,145**
Segment EBITDA	**1,845**	**(1,769)**		**76**		**76**
Depreciation, amortisation, provisions & write-downs	35,590	1,680		37,270		37,270
EBIT	**(33,745)**	**(3,449)**	**0**	**(37,194)**	**-**	**(37,194)**
Net financial income/(charges)						1,415
Net result of the share of associates						127
Loss before taxes						**(35,652)**
Income taxes						(1,608)
Net Loss						**(37,260)**

	Publishing	*Other*	*Consolidation*	*Segment*	*Segment*	*Consolidated*

	and Advertising activities	activities	Adjustments	eliminations	eliminations	
Segment assets	466,366	291,825	16,055	774,246		774,246
Segment liabilities	184,496	3,662	(454)	187,704		187,704
Equity investments valued at net equity		907	(904)	3		3
Investments in intangible and tangible fixed assets	577	93		670		670

30) Net Cash Position

The Net Cash Position, in accordance with the CESR recommendation of February 10th 2005, is as follows:

In thousands of Euro	31.12.2014	31.12.2013
A. Cash	60	60
B. Bank deposits	155,434	186,573
D. Liquidity (A)+(B)	**155,494**	**186,633**
E. Current financial receivables	**-**	**3**
F. Bank payables – current portion	10,648	25,452
G. Current portion of long-term loans	5,141	5,092
H. Current payables to other lenders	-	-
I. Current debt (F)+(G)+(H)	**15,789**	**30,544**
J. Net current cash position (I)-(E)-(D)	**(139,705)**	**(156,092)**
K. Non-current bank payables	13,516	18,652
L. Non-current payables to other lenders	-	-
M. Non-current financial debt (K)+(L)	**13,516**	**18,652**
N. Net Cash Position (J)+(M)	**(126,189)**	**(137,440)**

31) Guarantees and commitments

	31.12.2013
1. Bank and Insurance Sureties Given	712
2. Bank and Insurance Sureties Received	82
3. Bills at banks	-
4. Mortgages and privileges	-
TOTAL	**794**
	31.12.2014
1. Bank and Insurance Sureties Given	859
2. Bank and Insurance Sureties Received	219
3. Bills at banks	-
4. Mortgages and privileges	-
TOTAL	**1,078**

32) Other information

Assignments conferred to the audit firm and related remuneration

The table below shows the payments made to the audit firm PricewaterhouseCoopers SpA in accordance with Article 149 of Consob Resolution No. 11971/99 in 2014.

Company	Audit Firm	Period	Audit service charges	Annual Fees (*)
Caltagirone Editore SpA	PWC SpA	2012/2020	30	30
Il Mattino SpA	PWC SpA	2012/2020	31	31
Piemme SpA	PWC SpA	2012/2020	28	28
Il Messaggero S.p.A.	PWC SpA	2012/2020	36	36
Leggo S.p.A.	PWC SpA	2012/2020	16	16
Finced S.r.l.	PWC SpA	2012/2020	5	5
Corriere Adriatico SpA	PWC SpA	2012/2013/2014	18	18
Quotidiano di Puglia SpA	PWC SpA	2012/2013/2014	24	24
Il Gazzettino SpA	PWC SpA	2012/2020	30	30
ITV SpA	PWC SpA	2012/2013/2014	9	9
CSV SpA	PWC SpA	2012/2013/2014	15	15
			242	242
			Caltagirone Editore SpA	30
			SUBSIDIARIES	212
				242

(*) The amount does not include the Consob contribution.

33) Hierarchy of Fair Value according to IFRS 13

In relation to financial instruments recorded at Fair Value, IFRS 13 requires that these values are classified based on a hierarchy of levels which reflects the sources of the input utilised in the determination of the Fair Value. Therefore the following hierarchy levels are established:

- Level 1: determination of fair value based on prices listed in active markets by class of asset or liability subject to valuation;

- Level 2: determination of Fair Value based on input other than the listed prices included at Level 1 but which are directly observable (prices) and indirectly (derivatives from prices) on the market; instruments not characterised by sufficient level of liquidity or which do not express in a continuous manner a “binding” market listing are included in this category;

- Level 3: determination of the Fair Value based on valuation models whose input is not based on observable market data.

The following table shows the hierarchy level for the assets and liabilities which are valued at Fair Value:

(Euro ‘000)	Dec 31st 14	Note	Level 1	Level 2	Level 3	Total

	Note	Level 1	Level 2	Level 3	Total
Newspaper titles	2			250,903	**250,903**
AFS Financial assets valued at fair value	7	134,868			**134,868**
Total Assets		**134,868**	**-**	**250,903**	**385,771**

(Euro '000) **Dec 31st 13**	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
AFS Financial assets valued at fair value	7	135,130			**135,130**
Total Assets		**135,130**	**-**	**-**	**135,130**

In 2014 there were no transfers between the various levels. For the level 3 fair value of the Newspaper Titles, reference should be made to note 2.

34) Acquisitions and disposals

At December 31st 2014, the subsidiary Il Gazzettino SpA no longer possessed a holding in Telefriuli SpA. The Extraordinary Shareholders' Meeting, with motion of July 24th 2014, approved the carrying forward of the cumulative losses to March 31st 2014 through the full use of the share capital and its consequent increase through the issue of new shares to be reserved as options to shareholders, who may also exercise the right to undertake any un-opted remaining shares. Il Gazzettino SpA did not exercise its option to undertake the new shares, while the other shareholders exercised their options and the rights on shares not undertaken by Il Gazzettino SpA. The share capital increase concluded on September 26th 2014, the date on which the shareholder structure of Telefriuli SpA altered with the full exit of the now former shareholder Il Gazzettino SpA.

The breakdown of the net assets disposed of is reported below:

Assets	
Intangible assets with definite life	775
Property, plant and equipment	194
Other non-current assets	307
Deferred tax assets	7
Total non-current assets	**1,283**
Trade receivables	392
Tax receivables	18
Other current assets	323
Cash and cash equivalents	42
Total current assets	**775**
Total Assets	**2,058**

Liabilities	
Employee provisions	374
Deferred tax liabilities	244
Total non-current liabilities	**618**
Trade payables	636
Current financial liabilities	69
Other current liabilities	188
Total current liabilities	**893**
TOTAL LIABILITIES	**1,511**
Total Shareholders' Equity	**547**

The result is a loss recorded In the income statement (Euro 547 thousand).

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DECLARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

CALTAGIRONE EDITORE

Società per Azioni - Cap.Soc. Euro 125.000.000

Declaration of the Consolidated Financial Statements as per art. 81 - ter of Consob Regulation No. 11971 of May 14th 1999 and subsequent modifications and integrations

1. The undersigned Francesco Gaetano Caltagirone, as Chairman of the Board of Directors, and Roberto Di Muzio, executive responsible for the preparation of the corporate accounting documents of Caltagirone Editore S.p.A., affirm, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24th 1998:

   - the accuracy of the information on company operations and
   - the effective application,

   of the administrative and accounting procedures for the compilation of the consolidated financial statements for 2014.

2. The activity was undertaken evaluating the organisational structure and the execution, control and monitoring processes of the business activities necessary for the preparation of the consolidated financial statements.
   In relation to this, no important matters arose.

3. It is also declared that:

3.1 the Consolidated Financial Statements:

a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19th 2002;

b) correspond to the underlying accounting documents and records;

c) provide a true and correct representation of the economic, balance sheet and financial situation of the issuer and of the companies included in the consolidation.

3.2 The Directors' Report, prepared using a standard format for both the individual and consolidated financial statements, includes a reliable analysis on the performance and operating result as well as the 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.

Rome, March 10th 2015

The Chairman	**The Executive Responsible**
Mr. Francesco Gaetano Caltagirone	Mr. Roberto Di Muzio

Sede in Roma - 00195 Via Barberini, 28 - tel.06/45412200 – Telefax 06/45412299
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FINANCIAL STATEMENTS

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Balance Sheet

Assets

(in Euro)	note	*31.12.2014*	*31.12.2013*
Non-current assets			
Property, plant and equipment	1	4,887	6,748
Equity investments valued at cost	2		
subsidiary companies		*267,270,360*	*327,466,813*
associated companies		*3,000*	*-*
other companies		*33,676*	*3,051,233*
Equity investments and non-current securities	3	56,950,000	57,285,000
Deferred tax assets	4	34,097,171	30,226,217
TOTAL NON-CURRENT ASSETS		**358,359,094**	**418,036,011**
Current assets			
Trade receivables	5	3,840	868,037
of which related parties		*-*	*868,037*
Current financial assets	6	55,388,934	34,038,934
of which related parties		*55,388,934*	*34,038,934*
Tax receivables	4	1,015,692	1,915,379
Other current assets	7	2,658,229	2,787,661
of which related parties		*2,639,034*	*2,768,446*
Cash and cash equivalents	8	149,719,334	181,130,506
of which related parties		*185,517*	*657,810*
TOTAL CURRENT ASSETS		**208,786,029**	**220,740,517**
TOTAL ASSETS		**567,145,123**	**638,776,528**

Balance Sheet

Shareholders' Equity & Liabilities

(in Euro)	note	*31.12.2014*	*31.12.2013*
Shareholders' Equity			
Share capital		125,000,000	125,000,000
Share capital issue costs		(18,864,965)	(18,864,965)
Other reserves		458,498,174	512,856,219
Loss for the year		(40,649,827)	(53,523,894)
TOTAL SHAREHOLDERS' EQUITY	**9**	**523,983,382**	**565,467,360**
Liabilities			
Non-current liabilities			
Employee provisions	10	95,522	79,549
Deferred tax liabilities	4	144,707	151,079
TOTAL NON-CURRENT LIABILITIES		**240,229**	**230,628**
Current liabilities			
Current provisions	11	-	17,799
Trade payables	12	833,734	2,709,278
of which related parties		*698,133*	*2,623,973*
Current financial liabilities	13	6,864,552	37,909,340
of which related parties		*6,864,552*	*37,909,267*
Current income tax payables	4	12,681	97,293
Other current liabilities	14	35,210,545	32,344,830
of which related parties		*29,281,230*	*25,706,191*
TOTAL CURRENT LIABILITIES		**42,921,512**	**73,078,540**
TOTAL LIABILITIES		**43,161,741**	**73,309,168**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**567,145,123**	**638,776,528**

Income Statement

(in Euro)	note	*2014*	*2013*
Other operating revenues	15	797,704	710,143
of which related parties		*701,357*	*701,306*
TOTAL OPERATING REVENUES		**797,704**	**710,143**
Labour costs	10	476,355	518,682
Other operating charges	16	2,469,532	2,420,161
of which related parties		*1,404,854*	*1,433,357*
TOTAL OPERATING COSTS		**2,945,887**	**2,938,843**
EBITDA		**(2,148,183)**	**(2,228,700)**
Amortisation, depreciation, provisions & write-downs	17	1,860	2,329
EBIT		**(2,150,043)**	**(2,231,029)**
Financial income		26,639,345	24,485,379
of which related parties		*22,474,987*	*1,433,083*
Financial charges		64,585,950	75,419,221
of which related parties		*427,709*	*1,710,050*
Net financial income/(charges)	18	**(37,946,605)**	**(50,933,842)**
LOSS BEFORE TAXES		**(40,096,648)**	**(53,164,871)**
Income taxes	4	553,179	359,023
LOSS FROM CONTINUING OPERATIONS		**(40,649,827)**	**(53,523,894)**
NET LOSS FOR THE YEAR		**(40,649,827)**	**(53,523,894)**

Comprehensive Income Statement

in Euro	Note	31.12.2014	31.12.2013
Net loss for the year		**(40,649,827)**	**(53,523,894)**
Items which may not be subsequently reclassified to the profit (loss) for the year			
Effect of actuarial gains/losses, net of tax effect	10	(2,726)	3,317
Items which may be reclassified subsequently to the profit (loss) for the year			
Profit/(loss) from recalculation of AFS assets, net of fiscal effect	11	(330,394)	11,107,142
Total other items of the Comprehensive Income Statement		**(333,120)**	**11,110,459**
Total comprehensive profit/(loss) for the year		**(40,982,947)**	**(42,413,435)**

Statement of changes in Shareholders' Equity

(in Euro)	Share capital	Listing charges	Treasury shares	Fair Value reserve	Other reserves	Net Profit/(loss)	Total Net Equity
Balance at January 1st 2013	**125,000,000**	**(18,864,965)**	**(440,382)**	**(429,974)**	**528,965,878**	**(26,713,206)**	**607,517,351**
Previous year results carried forward					(26,713,206)	26,713,206	**-**
Treasury shares in portfolio			(392,540)				**(392,540)**
Other changes					755,983		**755,983**
Total operations with shareholders	**125,000,000**	**(18,864,965)**	**(832,922)**	**(429,974)**	**503,008,655**	**-**	**607,880,794**
Change in fair value reserve				11,107,142			**11,107,142**
Change in employment termination reserve					3,317		**3,317**
Net Result						(53,523,894)	**(53,523,894)**
Total comprehensive profit/(loss) for the year	**-**	**-**	**-**	**11,107,142**	**3,317**	**(53,523,894)**	**(42,413,435)**
Other changes					1		**1**
Balance at December 31st 2013	**125,000,000**	**(18,864,965)**	**(832,922)**	**10,677,168**	**503,011,973**	**(53,523,894)**	**565,467,360**
Balance at January 1st 2014	**125,000,000**	**(18,864,965)**	**(832,922)**	**10,677,168**	**503,011,973**	**(53,523,894)**	**565,467,360**
Previous year results carried forward					(53,523,894)	53,523,894	**-**
Treasury shares in portfolio			(501,031)				**(501,031)**
Total operations with shareholders	**125,000,000**	**(18,864,965)**	**(1,333,953)**	**10,677,168**	**449,488,079**	**-**	**564,966,329**
Change in fair value reserve				(330,394)			**(330,394)**
Change in employment termination reserve					(2,726)		**(2,726)**
Net Result						(40,649,827)	**(40,649,827)**
Total comprehensive profit/(loss) for the year	**-**	**-**	**-**	**(330,394)**	**(2,726)**	**(40,649,827)**	**(40,982,947)**
Balance at December 31st 2014	**125,000,000**	**(18,864,965)**	**(1,333,953)**	**10,346,774**	**449,485,353**	**(40,649,827)**	**523,983,382**

Cash Flow Statement

in Euro	Not e	31.12.2014	31.12.2013

CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	**10**	**181,130,506**	**183,559,478**
Net loss for the year		(40,649,827)	(53,523,894)
Amortisation & Depreciation		1,860	2,328
(Revaluations) and write-downs		63,192,607	54,918,401
Net financial income/(charges)		(25,247,066)	(3,984,557)
of which related parties		*1,228,645*	*946,967*
(Gains)/losses on disposals		1,064	-
Income taxes		553,179	359,022
Changes in employee provisions		12,215	9,221
Changes in current and non-current provisions		(20,799)	(1,697,950)
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**(2,156,767)**	**(3,917,429)**
(Increase) Decrease in Trade receivables		864,198	(579,963)
Increase (Decrease) in Trade payables		(1,875,543)	127,887
Change in other current and non-current liabilities		2,995,149	4,405,624
Change in deferred and current income taxes		(3,353,111)	(3,881,791)
OPERATING CASH FLOW		**(3,526,074)**	**(3,845,672)**
Dividends received		1,644,852	670,000
of which related parties		*1,644,852*	*670,000*
Interest received		3,208,497	5,030,604
of which related parties		*11,502*	*93,083*
Interest paid		(229,686)	(886,182)
of which related parties		*(427,709)*	*(882,539)*
Income taxes paid		(256,680)	(75,595)
A) CASH FLOW FROM OPERATING ACTIVITIES		**840,909**	**893,155**
Investments in tangible fixed assets		-	-
Non-current investments and securities		-	(3,161,377)
Sale of intangible and tangible assets		-	-
Sale of equity investments and non-current securities		20,337	500
(Increase) Decrease in equity investments and current securities		-	-
Change in current financial assets		(521,387)	140,430
Other changes in investments		-	34,877
B) CASH FLOW FROM INVESTING ACTIVITIES		**(501,050)**	**(2,985,570)**
Change in current financial liabilities		(31,249,999)	(700,000)
Dividends Distributed		-	-
Other changes		(501,032)	363,443
C) CASH FLOW FROM FINANCING ACTIVITIES		**(31,751,031)**	**(336,557)**
D) Effect exchange differences on cash & cash equivalents		-	-
Change in net liquidity		**(31,411,172)**	**(2,428,972)**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**10**	**149,719,334**	**181,130,50**

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NOTES TO THE FINANCIAL STATEMENTS

December 31st 2014

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Introduction

Caltagirone Editore SpA (Parent Company) is a limited liability company with its registered office at Rome (Italy), Via Barberini, No. 28.

At the date of the present report, the shareholders with holdings above 2% of the share capital, as per the shareholders' register, the communications received in accordance with article 120 of Legislative Decree No. 58 of February 24th 1998, and other information available are:

- Francesco Gaetano Caltagirone: 75,955,300 shares (60.76%).

  This investment is held:

  - Directly for 2,700,000 shares (2.160%)
  - Indirectly through the Companies:

    Parted 1982 SpA 44,454,500 shares (35.56%)

    Gamma Srl 9,000,750 shares (7.20%)

    FGC Finanziaria Srl 19,800,000 shares (15.84%)
- Gaetano Caltagirone 3,000,000 shares (2.40%)
- Edizione Srl 2,799,000 shares (2.24%)

The present financial statements were authorised for publication by the Directors on March 10th 2015.

At the date of the preparation of the present accounts, the ultimate holding company is FGC SpA, with registered office at Via Barberini 28 Rome, due to the shares held through subsidiary companies.

Compliance with international accounting standards approved by the European Commission

The financial statements at December 31st 2014 were prepared on the going concern basis and in accordance with Article 2 of Legislative Decree 38/2005 and International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), approved by the European Commission and in force at the balance sheet date, in addition to the preceding International Accounting Standards (IAS). For simplicity, all the standards and interpretations are hereafter stated simply as "IFRS". In the preparation of the present document, account was taken of Article 9 of Legislative Decree No. 38 of February 28th 2005, of the provisions of the civil code, of CONSOB Resolution No. 15519 ("Regulations relating to financial statements to be issued in accordance with Article 9, paragraph 3 of

Legs. Decree No. 38/2005") and No. 15520 ("Modifications and amendments to the implementation rules of Legs. Decree No. 58/1998"), both of July 27th 2006, as well as CONSOB communication No. DEM/6064293 of July 28th 2006 ("Disclosure of issuers of shares and financial instruments in accordance with article 116 of the CFA").

Basis of presentation

The Financial Statements at December 31st 2014 are presented in Euro and all the amounts refer to units of the currency, except where indicated otherwise. They consist of the Balance Sheet, the Income Statement, the Comprehensive Income Statement, the Cash Flow Statement, the Statement of changes in Shareholders' Equity and the Explanatory Notes. In relation to the presentation of the financial statements, the Company has chosen the following options:

- the current and non-current assets and current and non-current liabilities are presented as separate classifications in the Balance Sheet;
- the Income Statement and the Comprehensive Income Statement are classified on the basis of the nature of the costs;
- the Comprehensive income statement, beginning with the net result, highlights the effect of profits and losses recorded directly to net equity;
- the statement of changes in shareholders' equity is based on changes in equity;
- the cash flow statement is presented using the indirect method.

The historic cost is the general criteria adopted, with the exception of the financial statement accounts measured at Fair value according to the individual IFRS, as described in the measurement criteria below.

The IFRS were applied in accordance with the "Framework for the preparation and presentation of financial statements" and no matters arose which required recourse to the exceptions permitted by IAS 1, paragraph 19.

It is recalled that CONSOB. resolution No. 15519 of July 27th 2006 requires that the above financial statements report, where the amounts are significant, additional sub-accounts to those already specifically required by IAS 1 and other international accounting standards in order to show the balances and transactions with related parties as well as the relative income statement accounts relating to non-recurring or unusual operations.

The assets and liabilities are shown separately and without any offsetting.

The accounting principles and criteria applied in the present financial statements are in line with those adopted in the financial statements for the year ended December 31st 2013.

New accounting standards and interpretations

New accounting standards applicable to financial statements at December 31st 2014

IFRS 11 – Joint Arrangements. IFRS 11 introduced a number of changes in the definitions of jointly-controlled operations and their measurement. Under IFRS 11, joint control concerns the sharing, on the basis of a contract, of control, which exists only where the decisions regarding significant activities requires unanimity by all parties sharing control. Within joint arrangements, the standard identifies two types of agreements: joint operations, in which the parties who share joint control (i.e.: joint operators) have rights to the assets and obligations upon the liabilities of the agreement and joint ventures, in which the parties (i.e.: joint venturers) have the right to the net assets of the agreement. The assessment undertaken to attain a correct classification is fundamental, as on this basis the accounting treatment is established; however this assessment may be particularly complex and subject to professional opinion. For this purpose, the standard requires Directors, in the case in which the agreement is structured through a separate vehicle, to closely assess the rights and obligations deriving from these agreements, considering (i) the structure and legal form of the agreement, (ii) the terms agreed between the parties under the agreements and (iii) if significant, other facts and circumstances.

In relation to the method for measuring joint operations, the joint operator will consider the joint operation as if it were their own operation and therefore recognise their share of assets, liabilities, revenues and costs. The only applicable accounting treatment in the case of joint ventures requires the valuation of the investment according to the equity method.

IFRS 12 Disclosures of interests in other entities. IFRS 12 requires the disclosure of all information necessary for the reader of financial statements to evaluate the nature, the risks and the financial effects related to investments in subsidiaries, associates, joint ventures and non-consolidated structured entities. In order to achieve this objective, the standard requires disclosure concerning:

- the *significant evaluations and assumptions adopted* (including changes to these evaluations and assumptions), to establish if an investor holds control of an entity or joint control, or exercises significant influence. The standard requires the identification of the type of joint arrangement (i.e.: joint operation or joint venture) where the agreement is structured through a separate vehicle;
- *investments in subsidiaries*. Composition of the group, minority shareholdings, any restrictions on the use of assets and obligations concerning liabilities, changes to controlling investments (acquisitions of holdings, loss of control, gains and losses deriving from these changes), consolidated investments with differing year-ends;

- *interests in joint ventures and associates.* Economic-financial nature and effects of interests in joint control agreements and in associates. The disclosure regards also the nature and the changes to the risks associated with their interests, summary information on the financial statements of the entity subject to investment, the share of any unrecognised losses, the commitments and potential liabilities. The standard requires also the indication of the fair value of investments in joint ventures or associates valued through the equity method if a listed price of the investment exists;

7. *structured entities not consolidated* The evaluations and the assumptions which the investor considered in determining the nature of their interest in another entity must be outlined. In addition, disclosure must be provided which allows the reader of the financial statements to understand the nature and the extent of the interests in non-consolidated structured entities and to evaluate the nature, and the changes, to risks associated with interests held in these entities.

Amendment to IFRS 10, 11 and 12 Transition guidance. This document clarifies that the date of first application of the three new documents (IFRS 10, 11, 12) is the first day of the administrative period in which IFRS 10 is adopted for the first time (for example January 1, 2014 for companies reporting at December 31, 2014). Entities which adopt IFRS 10 must evaluate control at the date of first application. The treatment of the comparative data depends on this evaluation and in particular:

- if, compared to the application of the previous IAS27/SIC 12, the consolidation scope changes, the comparative data of the previous period (financial year 2013) must be "restated" in line with 2014, where such is possible.
- any difference between the book value according to IFRS 10 and the previous book value at the beginning of the previous year is recognised to net equity;
- adjustments to the preceding book values are not required for investments no longer consolidated;
- the disclosure required by IFRS 12 concerns only the current and previous year and not all other years presented. This latter simplification is applied both to subsidiaries (IFRS 10) and joint arrangements (IFRS 11).

Amendments to IFRS 10, 11 and 12 Exception from consolidation for investment entities. The amendment applies to "investment entities" and therefore entities which "obtain funds from one or more investors for the provision of investment management services" and which "commit to pursue the commercial objectives of investors of investing funds exclusively to obtain capital appreciation, investment income or both". In addition the investment entity calculates and values the yields of nearly all investments held based on the fair value.

The amendment introduces an exception, for the investment entity, to the obligation to consolidate subsidiary companies, where concerning subsidiaries which provide investment related services. The non-consolidated subsidiaries of an investment entity must be measured at fair value with recognition to the income statement. The exemption does not apply to subsidiaries of investment entities, which must however consolidate these investments.

IFRIC 21 Levies. For entities based in EU countries, the interpretation must be applied "at the latest" from periods beginning June 17th 2014 (for periods coinciding with the calendar year, therefore from January 1st 2015).

The interpretation contains the provisions for the calculation of an obligation to pay a levy other than income taxes. In consideration of the fact that in a number of countries the laws and regulations require an entity to pay a levy with regard to revenues, assets or liabilities (considering, on occasion, the book values preceding the date upon which the obligation arises), IFRIC 21 addresses the measurement of liabilities concerning the payment of levies in accordance with IAS 37 and excludes these taxes from the application of IAS 12. The interpretation however does not consider the issue of whether the liability concerning a payment of a levy gives rise to an asset or a cost.

For Italian entities, this interpretation produced a number of effects from the 2014 Half-Year Financial Statements. In particular these effects concern the accounting treatment of taxes concerning property ownership, such as for example IMU.

Improvement to IAS 32 Financial Instruments: Presentation. The amendments provides clarifications on the offsetting of financial assets and liabilities in the balance sheet, without amending the current provisions of IAS 32 which provides for offsetting

only where an entity contemporaneously has a legal right to offset the amounts recognised and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The amendment clarifies a legal right to offset where both the following conditions are satisfied:

- the right to offset must be correctly exercisable and therefore must not depend on a future event;
- the right to offset must be legally exercised by all counterparties both in ordinary business activity and in the case of the insolvency of one of the counterparties.

Amendment to IAS 36 Impairment of assets. The amendment introduced limited changes to the disclosure required by IAS 36 where the recoverable value is calculated using the fair value net of disposal costs. Simultaneous to the issue of IAS 13 "Fair value", the IASB made a number of amendments also to IAS 36. One of the amendments introduced however had a greater impact than originally intended by the IASB, with this amendment, in addition to correcting this aspect, introducing a number of additional disclosures in relation to the fair value in the case of an impairment or a write-back. In particular, the amendment:

- removes the obligation to indicate the book value of goodwill and of intangible assets with indefinite useful lives where a CGU contains goodwill or an intangible asset with indefinite useful life, in the cases in which significant write-downs have not been made;
- requires the disclosure of the recoverable value of an asset or a CGU where an impairment or a write-back has been recognised;
- requires detailed disclosure on how the fair value net of disposal costs is measured, where an impairment or a write-back has been recognised.

The new issues introduced by the new amendment will have an impact for entities which will calculate an impairment or a write-back of an impairment to a non-financial asset.

Amendment to IAS 39 Novation of derivatives and continuation of hedge accounting.

The amendment introduced an exception to the requirements to discontinue hedge accounting in the cases of the novation of OTC derivatives with a central counterparty. In particular, the amendment establishes that it is not necessary to interrupt hedge accounting of a "renewed or amended" derivative which was designated as a hedging instrument, if the following conditions may be satisfied:

- if, in accordance with law or regulations, the parties of a hedging instrument agree that a central counterparty is the new counterparty of the OTC;
- if, in accordance with law and regulations, one (or more) counterparties replace the original counterparty to become their new counterparty;
- if any other changes of the hedging instrument are limited to those necessary to replace this counterparty.

The changes introduced by the amendment clarify therefore that "renewed" derivative hedges may continue to be measured where the replacement or the renewal of the derivative with a different hedging instrument is not the conclusion or a discontinuation of the previous instrument. The clarification defines stringent criteria to establish if this replacement or renewal is a discontinuation, an interruption, or a continuation of the contractual effects of the original derivative.

New accounting standards and interpretations issued but not yet in force

The new standards and interpretations issued, but not yet in force or not yet approved by the European Union and therefore not applicable for the financial statements at December 31st 2014 are listed and briefly illustrated below.

Amendment IAS 19, Employee contributions. In a number of Countries, pension plans require employees or third parties to contribute to the pension plan and these contributions reduce the cost incurred by the employer. These comprise non-discretional contributions which the current version of IAS 19R requires consideration of for the measurement of defined benefit plans, including them in the measurement of liabilities and attributing to them "work periods" according to paragraph 70 of the standard. The objective of the amendment was to simplify the measurement of these contributions when, although related to the service provided by employees, they do not depend on the number of years of service. In this case the amendment introduces a simplification based on whether the contributions of employees (or third parties) may be recognised as a reduction in the cost of labour in the period in which the relative service was provided rather than attributed to the entire "work period".

The accounting treatment of voluntary contributions has not changed compared to the current version of IAS19R (they are recognised as a reduction in the cost of labour at the time of payment).

Annual improvements 2010-2012. The amendments in the 2010-2012 improvement cycle were as follows:

- IFRS 2: the definition of "maturation conditions" is clarified and definitions of "service conditions" and "result conditions" are introduced;
- IFRS 3: the standard was amended to clarify that the obligation to pay a potential sum falls within the definition of financial instruments and must be classified as a financial liability or a net equity item on the basis of the indications contained in IAS 32. In addition, it was clarified that the obligations to settle a potential payment, other than those defined as a net equity instrument, are measured at each balance sheet date, with changes recognised to the income statement;
- IFRS 8: the amendment introduced requires disclosure on assessments made by management in operating segment combinations, describing the segments aggregated and the economic indicators evaluated to determine that the aggregated segments have similar economic features. In addition, the standard was amended to require that in the notes to the financial statements a reconciliation between the assets of the operating segments and the total assets from the balance sheet is

provided (this information must be provided only if disclosure is provided on the operating segment assets);

- IAS 16 and IAS 38: both standards were amended to clarify the accounting treatment of the historic cost and accumulated depreciation of a fixed asset when the entity applies the revalued cost model. It has been clarified that the adjustments to the book value to the revalued amount may take place in two ways: a) if the gross value of the asset is revalued and if it is itself revalued. Even proportionally, the value of the depreciation provision; b) accumulated depreciation is eliminated against the gross value of the asset.
- IAS 24: the amendment establishes the disclosure required when a third party entity provides services for the management of the senior executives of the entity which prepares the financial statements.

Annual improvements 2011-2013. The amendments in the 2011-2013 improvement cycle were as follows:

- IFRS 3: the amendment clarifies that IFRS 3 is not applicable to recognise the accounting effects from the formation of a joint venture or joint operation (as established by IFRS 11) in the financial statements of joint ventures or joint operations;
- IFRS 13: it has been clarified that the provision contained in IFRS 13 upon which it is possible to measure the fair value of a group of financial assets and liabilities on a net basis, is applied to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9;
- IAS 40: the amendment introduced clarifies that to establish where the acquisition of a property investment constitutes a business combination, reference should be made to IFRS 3.

IFRS with entry into force from periods beginning January 1, 2016 (IASB effective date)

IFRS 14 Regulatory Deferral Accounts. IFRS 14 permits only those adopting IFRS for the first time to continue to recognise amounts concerning "Rate Regulation" Activities according to the previous accounting standards adopted. In order to improve comparability with entities which already apply IFRS and who do not recognise these amounts, the standard requires that the effect of the rate regulation be presented separately from the other accounts.

Amendment to IAS 1 Disclosure initiative: the amendment includes a series of definitions on the concepts of significance and combinations, on the manner for presenting partial results further than that established by IAS 1, on the structure of the notes and on the disclosure of significant accounting policies.

Amendments to IAS 27 Equity Method in Separate Financial Statements. the amendment allows entities to utilise, in their separate financial statements, the equity method to measure investments in subsidiaries, joint ventures and associates.

Amendments to IFRS 11, Joint arrangements on acquisition of an interest in a joint operation. The amendment establishes that an entity should adopt IFRS 3 to recognise the accounting effects from the acquisition of an interest in a joint operation which comprises a "business". This principle applies also for the acquisition of an initial interest and for subsequent acquisitions. However, an investment previously held is not revalued where the acquisition of a further share results in the joint control remaining unaltered (i.e. the further acquisition does not result in obtaining control of the investment).

Amendments to IAS 16, Property, plant and equipment, and IAS 41, Agriculture, regarding bearer plants. The amendment changes the financial statement recognition of fruit bearing plants, such as vines, rubber trees and palm oil trees. The IASB decided that fruit bearing plants must be measured according to IAS 16, as their function is similar to property, plant and machinery used for production activity.

Amendment to IAS 16, Property, plant and equipment and IAS 38,'Intangible assets', on depreciation and amortization. The amendments to both standards establishes that an asset should not be depreciated based on the revenues to be generated over a set period. The IASB clarifies that revenues generated from an activity which includes the use of an asset generally reflect factors other than the consumption of economic benefit of the asset.

Amendments to IFRS 10 Consolidated financial statements and IAS 28, Investments in associates and joint ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments seeks to resolve a conflict between the provisions of IFRS 10 and IAS 28 in the case in which an investor sells or contributes a business to an associate or joint venture.

According to IFRS 10 in the case of the loss of control of an investment, an investor must recognise to the income statement the difference between the fair values of the amount received and the book value of the assets and liabilities eliminated.

According to paragraph 28 of IAS 28 the effect of the operations between an investor and an associate or joint venture is recorded in the financial statements of the entity, only to the extent of the third party holding in the associate or joint venture.

The amendment to the two standards establishes that in the case of the sale or contribution of a business to an associate or joint venture, the investor applies IFRS 10 and recognises to their financial statements the entire gain or loss resulting from loss of control. The amendment does not apply where the asset sold or contributed to the associate or joint venture does not constitute a business in accordance with IFRS 3. In this latter case, the gain or loss will be recognised according to paragraph 28 of IAS 28.

Annual improvements 2012-2014. The amendments in the 2012-2014 improvement cycle were as follows:

- IFRS 5: the amendment clarifies that where a non-current asset (or disposal group) is reclassified as “held for sale” (IFRS 5 paragraphs 7-9) to “held for distribution” (IFRS 5 paragraph 12A) or vice versa, this reclassification does not constitute an amendment to a sales or distribution plan. In addition, it has been clarified that the principles of IFRS 5 on changes to a sales plan apply to an asset (or a disposal group) which is no longer held for distribution but is not reclassified as “held for sale”;
- IFRS 7, “Service contracts”: if an entity transfers a financial asset to third parties and the conditions of IAS 39 are complied with for the elimination of the asset, the amendment to IFRS 7 requires that disclosure of any residual involvement which the entity may still have in relation to the transferred asset is reported. In particular, the amendment provides indications on the meaning of “residual involvement” and provides a specific guide to aid management in determining if the terms of an agreement for the provision of a service which concerns the asset transferred concerns a residual involvement;
- IFRS 7, “Interim financial statements”: clarifies that the disclosure required on the previous amendment to IFRS 7 “Disclosure - Offsetting financial assets and financial liabilities” does not need to be reported in the interim financial statements if not expressly required by IAS 34;
- IAS 19: the standard requires that the discount rate used for post-employment benefit obligations must be calculated on the basis of the market yields of leading corporate bonds and in Countries in which there is no “central market” for such bonds, the market yields of government securities must be used. The amendment introduced with the 2012-2014 improvement cycle establishes that in evaluating the existence of a “central market” of leading company bonds, the market must be considered at currency level and not at individual Country level;
- IAS 34: paragraph 16 A lists the information which must be reported in the interim financial statements if not stated elsewhere in the interim financial statements. The amendments clarifies the meaning of “disclosure elsewhere in the interim financial statements”, explaining that such refers to other documents which must be made

available to users together with the interim financial statements (for example the Directors' Report).

IFRS with entry into force from periods beginning January 1, 2017 (IASB effective date)

IFRS 15, Revenue from Contracts with Customers. The standard replaces IAS 18, IAS 11 and the following interpretations: IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. It is applied to contracts with customers, with the exception of agreements within the scope of IAS 17, IFRS 4 or IFS 39/IFRS 9. The paragraphs of IFRS 15 concerning the recognition and measurement of revenues introduced a 5 step model:

1) identification of the contract with the customer, 2) identification of the "performance obligations" i.e. the separable elements which make up a single contract but for accounting purposes must be separated, 3) the establishment of the sales price, 4) the allocation of the price to the various "performance obligations", 5) the recognition of revenues when the "performance obligations" are satisfied. IFRS 15 supplements the financial statement disclosure to be provided in relation to the nature, amount, timing and uncertainty of revenues and the relative cash flows.

IFRS with entry into force from periods beginning January 1, 2018 (IASB effective date)

IFRS 9, Financial instruments. The standard replaces IAS 39 and contains a model for the measurement of financial instruments based on three categories: amortised cost, fair value and fair value with changes to the OCI. The standard establishes a new impairment model which differs from that currently established by IAS 39 and is based principally on expected losses. In addition, amendments were made to the hedge accounting provisions.

Any effects that the newly applied accounting standards, amendments and interpretations may have on the Company financial disclosure are currently being evaluated.

Foreign currency transactions

All transactions in currencies other than the Euro are recognised at the exchange rate at the date of the transaction. The assets and liabilities denominated in foreign currencies other than the operational currencies are subsequently adjusted to the exchange rate at the end of the reporting period. The positive or negative differences between the values translated at the period end exchange rate and the original exchange rate are recognised in the income statement.

The non-monetary assets and liabilities denominated in foreign currencies and recorded at historical cost are translated utilising the exchange rate at the initial date of recording of the operation.
The non-monetary assets and liabilities recognised at fair value are translated using the exchange rate at the transaction date.

Accounting policies

Property, plant and equipment

Property, plant and equipment is recorded at cost, including directly allocated accessory costs and those necessary for the asset being in the condition for which it was acquired, and increased, in the presence of obligations, by the present value of the estimated cost for the disposal of the asset.
The financial charges directly attributable to the acquisition, construction or production of an asset are capitalised as part of the cost of the asset itself until the moment in which the asset is ready for expected use or sale.
The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement in the year in which they are incurred. The capitalisation of the costs relating to the expansion, modernisation or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset in accordance with the component approach.
Property, plant and equipment is recorded net of the relative accumulated depreciation and any loss in value determined in accordance with the procedures described below.
Depreciation is calculated on a straight-line basis according to the estimated useful life of the asset; useful life is reviewed annually and any changes, where necessary, are made on the basis of the new estimate.
The estimated useful lives of property, plant and equipment are as follows:

	Useful life	Economic/technical rate
Various equipment	4 years	25%
Office furniture and equipment	8 years	12.50%

Land, both constructible and relating to civil and industrial buildings, is not depreciated as it has an unlimited useful life.

When the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is made separately for each part of the asset, with the application of the "component approach" principle.

At the moment of the sale or when no expected future economic benefits exist from the use of a tangible asset, it is eliminated from the financial statements and any gain or loss (calculated as the difference between the sales value and the book value) is recorded in the income statement in the year of the above-mentioned elimination.

Investments in subsidiaries and associates

All the companies in which Caltagirone Editore SpA has the power to determine, directly or indirectly, the financial and operating policies of the entity, so as to obtain benefits from its activities are considered as subsidiary companies.

Investments in associated companies refer to those in which Caltagirone Editore SpA has a significant influence.

In the evaluation of control and significant influence, consideration is also taken of the potential voting rights that are effectively exercisable or convertible.

The above-mentioned equity investments are recognised at cost adjusted for any loss in value under impairment tests.

Losses in value are recognised in the income statement and can be restated where the reasons for their write-down no longer exist. Where the loss pertaining to the Company exceeds the book value of the investment, and where the holding is committed to comply with legal or implicit obligations of the company or in any case to cover the losses, the book value is written down and any excess is recorded in a specific risk provision.

Financial assets

The financial assets are classified, on initial recognition, in one of the following categories and measured as follows:

- *available-for-sale financial assets:* the available-for-sale assets are non-derivative financial instruments explicitly designated in this category and are classified under non-current assets unless management has the intention to sell them within 12 months from the balance sheet date. These financial assets are valued at fair value and the valuation gains or losses are allocated to net equity and the Comprehensive Income Statement. They are recognised in the income statement only when the financial asset is sold, or, in the case of negative cumulative changes, when it is considered that the reduction in value already recorded under equity can not be recovered and when a long-term loss in value is established.

The Company, taking account of the types of shares held, established that the quantitative limits utilised to identify the necessity for an impairment procedure are for a decrease in the fair value at the balance sheet date of above 50% compared to the original book value or a decrease in the fair value below the initial recording for 60 consecutive months.

Financial assets available-for-sale are derecognised from the balance sheet when the right to receive the cash flows from the instrument ceases and the Company has transferred all the risks and rewards relating to the instrument and the relative control. When the fair value cannot be determined reliably, the cost value is maintained, adjusted for any losses in value. These losses for reduction in value may not be restated;

- *loans and receivables:* they are financial instruments, principally relating to loans and trade receivables, non-derivative, not listed on an active market, from which fixed or determinable payments are expected. They are stated as current assets except for amounts due beyond 12 months from the balance sheet date, which are classified as non-current. These assets are measured at amortised cost, on the basis of the effective interest rate (identified as their nominal value). When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. The losses in value are recorded in the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost where no write-down had been applied.

  Financial assets are eliminated from the balance sheet when the right to receive the cash flows from the instrument ceases and the Company has transferred all the risks and rewards relating to the instrument and the relative control.

Financial liabilities

Financial liabilities are those concerning loans, trade payables and other obligations. On initial recognition, they are recorded at fair value, net of directly attributable accessory transaction costs. Thereafter, they are measured at amortised cost, using the effective interest rate. When there is a change in the expected cash flows and it is possible to estimate them reliably, the values of liabilities are recalculated to reflect this change based on the new current value of the expected cash flows and of the internal yield initially determined.

The financial liabilities are classified under current liabilities, except when the Company has an unconditional right to defer their payment for at least 12 months after the balance sheet date.

Financial liabilities are eliminated from the balance sheet when they expire and the Company has transferred all the risks and rewards relating to the instrument.

Cash and cash equivalents

Cash and cash equivalents are accounted at fair value and include bank deposits and cash in hand, or rather those values that are available on demand at short notice, certain in nature and with no payment expenses.

Shareholders' Equity

Treasury shares

The costs incurred for the purchase of treasury shares are recorded as a reduction of shareholders' equity. The gains or losses deriving from a subsequent sale are recorded as net equity movements.

Costs for share capital increases

The costs incurred for the stock exchange listing, net of the relative tax effect, are recorded as a reduction of the shareholders' equity in a separate negative reserve.

Employee benefits

The liabilities relating to the benefits recognised to employees and paid on or after the employment period and relating to defined benefit plans (Employee Leaving Indemnity), net of any assets serving the plan, are determined on the basis of actuarial assumptions estimating the amount of the future benefits that the employees have matured at the balance sheet date. The liability is recognised on an accruals basis over the maturity period of the right.

The determination of the current value of the Company commitments is made by an independent expert using the projected unit credit method. Under this method, a future projection is made of the liability to determine the probable amount to be paid on the termination of employment and then discounted, to take into account the period of time which will pass before the actual payment. The calculation takes into account the employee leaving indemnity matured and is based on actuarial assumptions which principally relate to the interest rate, which reflects the market return of primary securities with maturities similar to those for bonds and the turnover of employees.

The actuarial gains and losses, defined as the differences between the carrying value of the liabilities and the current value of the Company commitments at the end of the period, due to changes in the actuarial parameters described above, are directly recorded to the Comprehensive Income Statement. The financial component is however recorded in the Income Statement, in the account financial charges.

Provisions for risks and charges

Provisions for risks and charges are recognised in respect of certain or probable losses or liabilities, the amount or due date of which could not be determined at year-end.

The Provisions for risks and charges are recorded when a legal or implicit obligation exists towards a third party that derives from a past event, and a payment of resources is probable in order to satisfy the obligation and this amount can be reliably estimated. When the financial effect of the time value of money is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted using the estimated future cash flows at a pre-tax rate that reflects the current market assessment of the cost of money and, if appropriate, the specific risks of the obligation; the increase of the liability due to the passing of time is recorded as a financial charge.

In particular, the provisions for risks and charges relating to employee restructuring plans are recognised when at the balance sheet date the event which gives rise to the obligation is 'binding' as the Company, through the drawing up of a formal restructuring programme, has generated within interested third parties the valid expectations that the entity will implement the afore-mentioned programme.

Revenues

Revenues are recognised in accordance with the probability that the company will receive economic benefits and the amount can be determined reliably. The revenues are recognised at the fair value of the amount received less returns, premiums and discounts. The revenues from the sale of goods are recognised when the significant risks and benefits of the ownership of the assets are transferred to the purchaser. In particular, the circulation revenues are recognised in relation to the number of copies issued by the balance sheet date, appropriately adjusted at the year-end to take into account returns based on historical data.

Revenues for services are recognised when the services are provided, with reference to the progress of completion of the activities. The advertising revenues are recognised based on the completion of the advertisement by the end of the year.

Financial income and charges

Financial income and charges are recognised in accordance with the accruals concept on the basis of the interest matured on the net value of the relative financial assets and liabilities utilising the effective interest rate, therefore utilising the rate which is financially equivalent to all the cash inflows and outflows which comprise an operation.

Dividends

The dividends are recorded when the right of the shareholders to receive the payment arises. The dividends and dividend payments on account payable to third parties are recorded as changes in shareholders' equity at the date in which the Shareholders' Meetings approves them.

Income taxes

Current Income taxes for the period are determined on the basis of the taxable assessable income and in accordance with current legislation; consideration is also taken of the effects deriving from the national fiscal consolidation, in accordance with Article 117/129 of the Income Tax Act, in which the Group is the consolidating company of the following subsidiaries: Il Messaggero SpA, Il Mattino SpA, Finced Srl, Piemme SpA, Corriere Adriatico SpA, Quotidiano di Puglia SpA, Il Gazzettino SpA, Imprese Tipografiche Venete SpA , Leggo SpA, Ced Digital Servizi Srl, Centro Stampa Veneto SpA and Pim SpA.

Caltagirone Editore SpA acts therefore as the consolidating company and calculates a single assessable base for the group of companies adhering to the national tax consolidation and therefore benefits from the possibility of offsetting assessable income with assessable losses in a single tax declaration. The assessable amount and the losses for the period were transferred and recorded by the subsidiaries to the consolidating company in the year in which they matured; any future fiscal benefits (deferred tax assets) are therefore recorded directly by the consolidating company.

Deferred tax assets and liabilities are calculated on temporary differences between the balance sheet values and the corresponding values recognised for tax purposes, applying the expected tax when the differences are reversed, determined on the basis of the current tax rates in force or to be applied in the near future.

The recognition of deferred tax assets is made when their recovery is probable - that is when it is expected that there will be future assessable fiscal income sufficient to recover the asset, also in consideration of the tax consolidation described above.
The recovery of the deferred tax asset is reviewed at each balance sheet date.

RISK MANAGEMENT

The Company is exposed to various market risks and in particular to liquidity risk, risk of change in the prices of listed financial investments and foreign exchange risk.

Price risk of the equity shareholdings

In relation to the risk of changes in the fair value of the equity shareholdings held as available for sale, the Company monitors the changes of share prices and for this reason constantly records the movements in the listed shares in portfolio. Based on this data, the investment and divestment policies of the Group are defined with the objective to optimise medium and long-term cash flows, also considering the distribution of dividends from the shares in portfolio. The investment and divestment strategies of the equity investments are also considered in relation to the diversification of risk.

Currency risk

The Company at the reporting date was not exposed to exchange rate risk as operations and revenues exclusively relate to Italy, in addition to costs.

Liquidity risk

Liquidity risk is linked to the difficulty in obtaining funds to cover commitments at a given moment. Caltagirone Editore has access to its own liquidity which is in the form of short-term deposits and therefore easily accessible and highly liquid. It is therefore considered that this risk is not significant.

Use of estimates

The preparation of the financial statements require the Directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts. The final outcome of the accounts in the financial statements, which use the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and conditions upon which the estimates are based.

The accounting standards and accounts in the financial statements which require greater subjectivity in the preparation of the estimates and for which a change in the underlying conditions of the assumptions used may have a significant impact on the financial statements of the Company are as follows:

- Write-down of fixed assets
- Deferred tax assets & liabilities
- Provisions for risks and charges
- Other write-down provisions

The estimates and assumptions are reviewed periodically and the effects of all variations recorded in the Income Statement, when they relate only to that year. When the revision relates to both current and future periods (for example the revision of the useful life of fixed assets), the changes are recorded in the period in which the revision is made and in the relative future periods.

Change of accounting principles, errors and change of estimates

The accounting principles adopted are amended from one period to another only if the change is required by a standard and if this contributes to providing more reliable information on the effects of the operations on the balance sheet, income statement and cash flows of the enterprise.

The changes to the accounting standards are recorded retrospectively with the recording of the effect to net equity for the more remote periods reported. The other comparative amounts indicated for each period are adjusted as if the new standard had always been applied. The prospective approach is made only when it is impractical to reconstruct the comparative information.

The application of a new or amended accounting standard is accounted for in accordance with the requirements of the standard. If the standard does not permit a transition period, the change is accounted in accordance with the retrospective method, or if impractical, with the prospective method.

In the case of significant errors, the same method that is used for changes in accounting standards illustrated previously is applied.In the case of non-significant errors, these are accounted for in the income statement in the period in which they are noted.
Changes in estimates are accounted in accordance with the prospective method in the Income Statement in the period in which the change occurs only if impacting upon this latter or in the period in which the change occurs, and subsequent periods if the change also impacts upon future periods.

Value of the Company

The Stock Market capitalisation of Caltagirone Editore is currently lower than the net equity of the Group (Stock Market capitalisation at December 31, 2014 of Euro 103.8 million compared to a Group net equity of Euro 586.4 million). The share price was affected by the generally weak and highly volatile financial market conditions, which significantly differed from an assessment based on the Company's underlying fundamentals expressed by the value in use. While considering the complex economic environment, reflected also in the cash flow estimate and discounting rate estimate, the impairment test should consider the capacity to generate cash flows, rather than stock market values which also reflect developments not strictly related to the Group, with a particular short-term focus.
It should however be considered that at consolidated level the total value of cash and cash equivalents, of available-for-sale financial assets and the Newspaper Titles account for 92% of the Consolidated Net Equity. On measuring the Newspaper Titles at fair value, further gains emerged which approximate the value of Net Equity.

ASSETS

1. Property, plant and equipment

Historical cost	Equipment	Other assets	Total
01/01/2013	29,957	213,333	**243,290**
Increases			**-**
Decreases			**-**
Reclassifications			**-**
31/12/2013	**29,957**	**213,333**	**243,290**
01/01/2014	29,957	213,333	**243,290**
Increases			**-**
Decreases			-
Reclassifications	(1)	-	1
31/12/2014	**29,956**	**213,333**	**243,289**
Depreciation and loss in value	**Equipment**	**Other assets**	**Total**
01/01/2013	20,881	213,333	**234,214**
Increases	2,329		**2,329**
Decreases			**-**
Reclassifications	(1)		**(1)**
31/12/2013	**23,209**	**213,333**	**236,542**
01/01/2014	23,209	213,333	**236,542**
Increases	1,860		**1,860**
Decreases			-
Reclassifications			**-**
31/12/2014	**25,069**	**213,333**	**238,402**
Net value			
01/01/2013	**9,076**	**-**	**9,076**
31/12/2013	**6,748**	**-**	**6,748**
31/12/2014	**4,887**	**-**	**4,887**

2. Investments valued at cost

The movements in the account are as follows:

Investments in subsidiaries	Registered office	Share capital	%	Book value 01/01/2013	Increases (Decreases)	Revaluations (Write-downs)	Book value 31/12/2013	Share of Net equity at 31/12/2013	Difference compared to book value at 31/12/2013
Il Mattino S.p.A.	Rome	500,000	99.99	23,590,822			23,590,822	4,687,657	18,903,165
Leggo S.p.A.	Rome	1,000,000	99.95	-	2,307,722	(1,439,854)	867,868	867,868	0
Finced S.r.l.	Rome	10,000	99.99	70,964,208		18,784,777	89,748,985	69,562,752	20,186,233
Corriere Adriatico S.p.A.	Ancona	890,000	99.99	15,413,000	1,038,722	(1,263,722)	15,188,000	597,570	14,590,430
Quotidiano di Puglia S.p.A.	Rome	1,020,000	99.95	24,799,000		(6,725,000)	18,074,000	1,858,747	16,215,253
Il Gazzettino S.p.A.	Rome	2,000,000	99.99	136,850,664		(64,244,000)	72,606,664	323,114	72,283,550
Il Messaggero S.p.A.	Rome	1,265,385	99.99	21,378,369	13,939,267		35,317,636	42,888,977	(7,571,341)
Ced digital & servizi srl	Rome	100,000	99.99	99,990			99,990	212,783	(112,793)
Piemme S.p.A.	Rome	2,643,139	99.99	-	71,972,848		71,972,848	34,511,423	37,461,425
Messaggero Partecipazioni SpA	Rome	40,914,115	94.61	147,411,197	(147,411,197)		-	-	-

				Book value 01/01/2014	Increases (Decreases)	Revaluations (Write-downs)	Book value 31/12/2014		
Total				**440,507,250**	**(58,152,638)**	**(54,887,799)**	**327,466,813**		

	Registered office	Share capital	%	Book value 01/01/2014	Increases (Decreases)	Revaluations (Write-downs)	Book value 31/12/2014	Share of Net equity at 31/12/2014	Difference compared to book value at 31/12/2014
Il Mattino S.p.A.	Rome	500,000	99.95	23,590,822	(725)		23,590,097	331,952	23,258,145
Leggo S.p.A.	Rome	1,000,000	99.95	867,868		(812,433)	55,435	55,435	-
Finced S.r.l.	Rome	10,000	99.99	89,748,985		957,383	90,706,368	70,830,435	19,875,933
Corriere Adriatico S.p.A.	Ancona	890,000	99.95	15,188,000		(4,016,000)	11,172,000	(246,309)	11,418,309
Quotidiano di Puglia S.p.A.	Rome	1,020,000	99.95	18,074,000	(597)	(251,000)	17,822,403	1,366,697	16,455,706
Il Gazzettino S.p.A.	Rome	2,000,000	99.95	72,606,664			72,606,664	(323,472)	72,930,136
Il Messaggero S.p.A.	Rome	1,265,385	99.95	35,317,636	(20,081)		35,297,555	37,807,488	(2,509,933)
Ced digital & servizi srl	Rome	100,000	99.99	99,990			99,990	368,210	(268,220)
Piemme S.p.A.	Rome	2,643,139	99.99	71,972,848		(56,053,000)	15,919,848	10,877,674	5,042,174
Total				**327,466,813**	**(21,403)**	**(60,175,050)**	**267,270,360**		

During the year, shares of Il Mattino SpA, Il Quotidiano di Puglia SpA and il Messaggero SpA were sold to the subsidiary Finced Srl, which reached 0.05% of the share capital of the above-stated companies.

The write-back of the investment in Finced S.r.l. was carried out in consideration of the fact that the reasons for the impairment of the investment in previous years (particularly in the years 2005-2012 for a total value of Euro 19,742,160, net of the revaluation in 2013 of Euro 18,784,777) are substantially no longer applicable. In fact, the fair value at December 31st 2014 of the investment was greater than the book value and therefore a partial write-back of the original value of the investment was justified. In particular, Finced S.r.l. is a holding company whose assets comprise principally the investments held in Assicurazioni Generali S.p.A. and in Unicredit S.p.A., in addition to minor shareholdings in the publishing companies of the Caltagirone Editore Group.

The write-downs of investments relating to the subsidiaries Leggo SpA (Euro 812,433), Corriere Adriatico SpA (Euro 4,016,000), Quotidiano di Puglia SpA (Euro 251,000) and Piemme SpA (Euro 56,053,000) follow the execution of impairment tests, in which the recoverable value was approximated to the adjusted Net Equity of any gains emerging (for greater details concerning the methodology and the underlying assumptions of the impairment tests, reference should be made to note 2 of the Explanatory Notes to the Group Consolidated Financial Statements). In relation to the investments in the subsidiaries Piemme SpA and Quotidiano di Puglia SpA, it is however noted that in 2014 they distributed to the Parent Company dividends respectively of Euro 20,331,836 and Euro 634,129, in the absence of which lesser write-downs of the respective investments would have been required.

The subsidiaries indirectly held through Il Gazzettino SpA are as follows:

Equity investments in indirect subsidiaries	Registered office	Share capital	% of control of the Group	Shareholders' Equity	Result for the year
Centro Stampa Veneto S.p.A.	Rome	567,000	100.00	977,424	306,850
Imprese Tipografiche Venete S.p.A.	Rome	936,000	100.00	2,385,368	215,223
P.I.M. Pubblicità Italiana Multimedia S.r.l.	Rome	1,044,000	100.00	6,122,669	399,483

The investments in associated companies directly held by Caltagirone Editore SpA are as follows:

Investments in associated companies			01/01/2013	Increases (Decreases)	Revaluations (Write-downs)	31/12/2013
Rofin 2008 S.r.l.	Rome	30.00	-	12,803	(12,803)	-
Total			**-**	**12,803**	**(12,803)**	**-**

Investments in associated companies			01/01/2014	Increases (Decreases)	Revaluations (Write-downs)	31/12/2014
Rofin 2008 S.r.l.	Rome	30.00	-	3,000	-	3,000
Total			**-**	**3,000**	**-**	**3,000**

The value of the investment in Rofin 2008 Srl increased with the share capital increase following the loss recorded in 2013.

The key figures relating to the associated companies is reported below:

Investments in associated companies	Registered office	Share capital	% control of the Company	Shareholders' Equity	Result for the year
Rofin 2008 S.r.l.	Rome	10,000	30.00	8,418	(1,582)

The investments in other companies consist of:

Investments in other companies	01/01/2013	Increases (Decreases)	Revaluations (Write-downs)	31/12/2013
E-Care	3,044,983		-	3,044,983
Banca Popolare di Vicenza		6,250		6,250
Total	**3,044,983**	**6,250**	**-**	**3,051,233**

Investments in other companies	01/01/2014	Increases (Decreases)	Revaluations (Write-downs)	31/12/2014

E-Care	3,044,983		(3,017,557)	27,426
Banca Popolare di Vicenza	6,250			6,250
Total	**3,051,233**	**-**	**(3,017,557)**	**33,676**

The write-down of Euro 3,017,557 of the investment in E- Care SpA is due to the substantial divestment from the company following the non-exercise of the share capital increase option right; therefore, the Company share reduced from 14.5% to 0.59%.

3. Equity investments and non-current securities

The breakdown is as follows:

AFS Investments	01/01/2013	Increases (Decreases)	Fair value change	31/12/2013
Assicurazioni Generali SpA	46,029,000		11,256,000	57,285,000
Total	**46,029,000**	**-**	**11,256,000**	**57,285,000**
	01/01/2014	**Increases (Decreases)**	**Fair value change**	**31/12/2014**
Assicurazioni Generali SpA	57,285,000		(335,000)	56,950,000
Total	**57,285,000**	**-**	**(335,000)**	**56,950,000**

Number

	01/01/2014	Increases	Decreases	31/12/2014
Assicurazioni Generali SpA	3,350,000			3,350,000

The changes in the fair value reserve are reported below:

Fair Value reserve	01/01/2014	Increases	Decreases	31/12/2014
Fair Value reserve	10,826,026		(335,000)	10,491,026
Tax effect	(148,858)	4,606		(144,252)
Fair value reserve, net of tax effect	**10,677,168**	**4,606**	**(335,000)**	**10,346,774**
Changes in the year				**(330,394)**

In relation to the disclosure required by IFRS 13, concerning the so-called "hierarchy of fair value", the shares available for sale belong to level one, as defined by paragraph 27 A (IFRS 13), as concerning financial instruments listed on an active market.

4. Deferred and current taxes

The deferred tax assets refer to losses carried forward and temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes.

The movements are shown below of the deferred tax assets and liabilities:

	01/01/2013	Provisions	Utilisations	Reclassifications	Other changes	31/12/2013
Deferred tax assets						
Tax losses carried forward	27,252,092	8,351	(293,486)		3,210,380	30,177,337
Write-down of investments	503					503
Others	56,901	14,300	(22,825)			48,376
Total	**27,309,496**	**22,651**	**(316,311)**		**3,210,380**	**30,226,216**
Deferred tax liabilities						
Others	2,221		-		148,858	151,079
Total	**2,221**	**-**	**-**		**148,858**	**151,079**
Net deferred tax assets	**27,307,275**	**22,651**	**(316,311)**		**3,061,522**	**30,075,137**
	01/01/2014	**Provisions**	**Utilisations**	**Reclassifications**	**Other changes**	**31/12/2014**
Deferred tax assets						
Tax losses carried forward	30,177,337		(477,525)	(1,104)	4,341,604	34,040,312
Others	48,879	13,200	(6,325)	1,104		56,858
Total	**30,226,216**	**13,200**	**(483,850)**	**-**	**4,341,604**	**34,097,170**
Deferred tax liabilities						
Others	151,079		(732)		(5,640)	144,707
Total	**151,079**	**-**	**(732)**	**-**	**(5,640)**	**144,707**
Net deferred tax assets	**30,075,137**	**13,200.00**	**(483,118)**	**-**	**4,347,244**	**33,952,463**

The other changes in deferred tax assets and liabilities include the deferred tax assets recorded due to the losses incurred by the subsidiaries within the tax consolidation.

Based on the 2015-2019 forecasts, sufficient assessable income will be realised to recover the deferred tax assets recorded in the financial statements at December 31st 2014, also under the tax consolidation in force.

The balance sheet includes receivables for current taxes of Euro 770,098, tax credits of Euro 13,739, withholding taxes on interest income for Euro 717,489 and the IRAP receivable of Euro 38,870.

The income taxes for the year consist of:

	2014	2013
IRAP current taxes	82,141	114,526
Income taxes of prior years	1,120	(49,164)
Current taxes	**83,261**	**65,362**
Utilisation of deferred tax liabilities	(732)	-
Deferred tax charge	**(732)**	**-**
Recording of deferred tax assets	(13,200)	(22,651)
Utilisation of deferred tax assets	483,850	316,312
Deferred tax income	**470,650**	**293,661**
Total income taxes	**553,179**	**359,023**

The breakdown of income taxes is as follows:

	2014	2013
Prior year IRES	1,120	(49,164)
Current and deferred IRES tax	469,918	293,661
Current and deferred IRAP tax	82,141	114,526
Total	**553,179**	**359,023**

The analysis of the difference between the theoretical and actual tax rates in relation to IRES are as follows:

IRES income taxes

	2014		2013	
	Amount	**Amount 27.50%**	**Amount**	**Amount 27.50%**
Result before taxes	**- 40,096,648**		**- 53,164,871**	
Theoretical tax charge		**- 11,026,578**		**- 14,620,340**
Permanent differences increase (decrease):				
Dividends	21,349,792		-636,500	
Write-down of equity investments	64,149,990		73,703,178	
Revaluations of investments	-957,383		18,784,777	
Loss on sale of investments	1,064		-	
Others	-38,438		-49,171	
Total assessable IRES tax	**1,708,793**		**1,067,859**	
Current and deferred IRES tax	**469,918**		**293,661**	

5. *Trade receivables*

The breakdown is as follows:

	31/12/2014	31/12/2013
Receivables from third parties	3,840	-
Receivables from related parties	-	10,710
Receivables from subsidiaries	-	857,327
Total trade receivables	**3,840**	**868,037**

There are no receivables due over 12 months. The value of the receivables reported above approximates their fair value.

6. Current financial assets

The breakdown is as follows:

	31/12/2014	31/12/2013
Financial assets from subsidiaries	55,388,934	34,038,934
Total current financial assets	**55,388,934**	**34,038,934**

The balance of Euro 55,388,934 represents interest bearing loans due within one year renewable on request, granted respectively to Il Mattino SpA (Euro 30,859,986), Piemme SpA (Euro 11,800,000), Il Gazzettino SpA (Euro 8,115,580), Leggo SpA (Euro 2,813,368) and Corriere Adriatico SpA (Euro 1,800,000).

The value of current financial assets approximates their fair value.

7. Other current assets

The breakdown is as follows:

	31/12/2014	31/12/2013
Receivables from subsidiaries	2,639,034	2,768,446
Receivables from third parties	19,195	19,215
Total current assets	**2,658,229**	**2,787,661**

The receivables from subsidiaries due within one year relate to the companies within the national tax consolidation, of which Euro 264,886 from Imprese Tipografiche Venete SpA, Euro 68,305 from Ced Digital & Servizi Srl and Euro 2,382 from PIM Srl.

The account also includes the VAT receivable of Euro 492,933 transferred from the subsidiary companies within the VAT consolidation. Specifically, it concerns for Euro 134,513 Il Messaggero SpA, for Euro 17,988 Il Mattino SpA, for Euro 15,191 Leggo SpA, for 17,587 Euro Quotidiano di Puglia SpA, for Euro 31,138 Corriere Adriatico SpA, for Euro 56,350 PIM Srl and for Euro 220,166 Il Gazzettino SpA.

In addition, the balance includes Euro 509,314 from Finced Srl and Euro 1,301,214 from Il Mattino SpA concerning payments made by Caltagirone Editore SpA as the tax consolidating company, in relation to the tax disputes of the subsidiaries, settled during the year.

The receivables from third parties include receivables from social security institutions and VAT. The value of other current assets approximates their fair value.

8. Cash and cash equivalents

The breakdown is as follows:

	31/12/2014	31/12/2013
Bank and post office deposits	149,718,168	181,129,937
Cash in hand and similar	1,166	569
Total cash and cash equivalents	**149,719,334**	**181,130,506**
of which related parties	185,517	657,810

Euro 185,517 concerns the bank deposits at related companies concerning for Euro 146,769 Unicredit SpA and for Euro 38,748 Banca Finnat Euramerica SpA.

In relation to the variable rate of liquidity, an annual interest rate increase of 1%, at like-for-like terms, would have a positive impact on the net profit of approx. Euro 1.5 million. A decrease in interest rates of the same level would have a corresponding negative impact.

The average rate for funds in the year was 1.85%.

LIABILITIES AND SHAREHOLDERS' EQUITY

9. Shareholders' Equity

	31.12.2014	31.12.2013
Share Capital	125,000,000	125,000,000
Listing charges	(18,864,965)	(18,864,965)
Treasury shares	(1,333,953)	(832,922)
Net Fair Value reserve	10,346,774	10,677,168
Other reserves	449,485,353	503,011,973
Net Loss	(40,649,827)	(53,523,894)
Total net equity	**523,983,382**	**565,467,360**

The share capital amounts to Euro 125 million, consisting of 125 million ordinary shares at a nominal value of Euro 1 each. The number of ordinary shares outstanding did not change during the period.

All of the ordinary shares issued are fully paid-in. There are no shares subject to guarantees or restrictions on the distribution of dividends.

At December 31st 2014 Caltagirone Editore SpA had 1,313,286 treasury shares in portfolio, comprising 1.05% of the share capital for a value of Euro 1,333,953.

The Other Reserves consist of:

(in Euro)	31.12.2014	31.12.2013
Legal reserve	25,000,000	25,000,000
Share premium reserve	481,432,612	481,933,643
Reserve for treasury shares	1,333,953	832,922
Cedfin merger reserve	423,291	423,291
Messaggero Partecipazioni merger reserve	755,983	755,983
IAS leaving indemnity reserve	-1,855	871
Treasury shares sales gains reserves	33,704	33,704
IAS non recognised asset reversal reserve	16,876,107	16,876,107
Retained earnings/(accum. losses)	-76,368,442	-22,844,548
Total	**449,485,353**	**503,011,973**

The Shareholders' Equity disclosure document with breakdown by individual accounts concerning the availability and usage in previous years is reported below.

Nature/description	Amount 31.12.13 Euro/000	Amount 31.12.14 Euro/000	Possibility of Utilisation	Quota available		Summary of utilisations made in the previous three years: For coverage	For other reasons	
Share Capital	125,000	125,000						
Share capital issue costs	-18,865	-18,865						
Share premium reserve	481,934	481,433	A B C	481,433		29,623	5,008	**(1)**
Legal Reserve	25,000	25,000	B					
IAS Reserve	26,755	25,920						
Merger reserves (Other reserves)	1,179	1,179	A B C	1,179				
Retained earnings	-22,845	-76,368				76,373		
Treasury share reserve	833	1,334						
	618,991	**564,633**						
Total available				**482,612**			**5,008**	
Non-distributable quota				**-18,865**	**(2)**			
Non-distributable quota								
Residual distributable quota				**463,747**				

Key:
A: Share capital increase
B: Coverage of losses
C: Distribution to shareholders

(1) Utilisations for dividends and constitution of treasury shares buy-back reserve
(2) Art.2433 Civil Code

LIABILITIES

10. Personnel

Post-employment benefits and employee provisions

Post-employment benefits represent a liability relating to the benefits recognised to employees and paid either on termination or after employment service. This liability is a defined benefit plan and therefore is determined applying the actuarial method under the applicable accounting standards.

The assumptions relating to the determination of the plan are summarised in the table below:

Values in %	**31/12/2014**	**31/12/2013**
Annual technical discounting rate	1.60%	3.10%
Annual inflation rate	1.50%	2.20%
Annual increase in employee leaving indemnity	2.62%	3.15%
Annual increase in salaries	3.00%	3.00%

The movements in the year are as follows:

	31/12/2014	31/12/2013
Net liability at January 1st	**79,549**	**71,293**
Current cost for the year	9,748	9,220
Interest charge (income), net	2,466	2,353
Actuarial gain (loss)	3,759	(3,317)
Net liability at December 31st	**95,522**	**79,549**

The change in the actuarial gain/loss relates to the choice and application of a discount rate considered more in line with the Company situation, which takes account of the changes in the market rates compared to 2013.

The comparison with the liability in accordance with Italian regulations is as follows:

	01/01/2013	31/12/2013	31/12/2014
Nominal value of the provision	**73,546**	**83,177**	**92,730**
Actuarial adjustment	**(2,253)**	**(3,628)**	**2,792**
Total post-employment benefits	**71,293**	**79,549**	**95,522**

As illustrated in the movement, the change between the liability determined in accordance with Italian regulations and IFRS is essentially due to the change in the discount rate utilised, as described previously.

Employee numbers and cost

	2014	2013
Wages and salaries	123,667	125,540
Social security charges	37,330	37,423
Post-employment benefit prov.	9,748	9,220
Other costs	305,610	346,499
Total labour Costs	**476,355**	**518,682**

The following table shows the average number of employees and consultants by category:

	31.12.2014	31.12.2013	Average 2014	Average 2013
Managers & white collar	3	3	3	3
Journalists	3	3	3	4
Total	**6**	**6**	**6**	**7**

11. Current provisions

The decrease in the provision compared to December 31st 2013 is due to the coverage of the loss of the subsidiary Rofin 2008 Srl.

12. Trade payables

	31/12/2014	31/12/2013
Supplier payables	135,601	85,305
Payables to subsidiaries	76,199	1,791,100
Payables to holding companies	610,000	820,000
Payables to other Group companies	11,934	12,873
	833,734	**2,709,278**
of which related parties	*698,133*	*2,623,973*

At December 31st 2014, supplier payables amounted to Euro 135,601 (Euro 85,305 at December 31st 2013) fully payable within one year, of which Euro 69,680 are for invoices to be received.

The payables to subsidiaries relate to invoices received from Piemme SpA (Euro 3,355) for services provided, from Quotidiano di Puglia SpA (Euro 18,342) and from Il Messaggero SpA (Euro 54,502) for interest on loans received at normal market conditions.

The payable to parent companies concerns the invoices received by Caltagirone SpA for services provided during the year.

Payables to other Group companies concern the companies under common control for services provided.

There are no payables due over 12 months.

The value of payables at December 31st 2014 approximates their fair value.

13. Current financial liabilities

	31/12/2014	31/12/2013
Current financial payables		
Payable to subsidiaries	6,864,552	37,909,267
Bank payables	-	73
	6,864,552	**37,909,340**

The balance of Euro 6,864,552 concerns the payables relating to loans at market rates granted by Il Messaggero SpA (Euro 4,714,552) and Quotidiano di Puglia SpA (Euro 2,150,000).

The interest rates at the balance sheet date on the current liabilities are as follows:

Values in %	2014	2013
Current financial liabilities		
Payable to subsidiaries	1.50	2.50

14. Other current liabilities

Other current payables	31/12/2014	31/12/2013
Social security payables	9,734	9,606
Employee payables	21,110	18,251
Payables to subsidiaries	29,281,230	25,706,191
Other payables	5,898,471	6,610,782
	35,210,545	**32,344,830**

The other payables to subsidiaries refer to transactions with the companies in the fiscal consolidation and the VAT consolidation. The breakdown is presented in the table below:

	31/12/2014	31/12/2013
Centro Stampa Veneto Spa	222,782	91,595
Il Messaggero Spa	6,265,263	5,356,211
Il Mattino Spa	4,871,231	3,968,193
Leggo Spa	4,591,066	4,305,929
Il Gazzettino Spa	5,051,834	4,198,905
Piemme Spa	1,795,325	817,289
Finced Srl	3,366,826	3,402,260
Corriere Adriatico Spa	2,709,672	2,816,347
Quotidiano Di Puglia Spa	387,820	457,549
Telefriuli Spa	0	277,354
Ced Digital	18,525	11,590
Imprese Tipografiche Venete	886	-
P.I.M. Srl	-	2,969
	29,281,230	**25,706,191**

The account "Other payables" of Euro 5,898,471 includes Euro 4,873,306 as amounts available to the Board of Directors in accordance with Article 25 of the Company By-Laws, which provides for the allocation of 2% of the net profits to this account.

The other amounts concern emoluments due to Directors and Statutory Auditors and personnel withholding tax payables.

15. Other operating revenues

	2014	2013
Other operating revenues	96,347	8,837
Other revenues and income from related parties	701,357	701,306
Total revenues from sales and services	**797,704**	**710,143**

The other operating revenues concern administrative, financial and tax assistance services provided to Group companies.

16. Other operating costs

	2014	2013
Rent, leases and similar costs	367,296	364,408
Services	2,028,581	2,017,280
Other operating charges	73,655	38,473
Total other operating costs	**2,469,532**	**2,420,161**
of which related parties	1,404,854	1,433,357

The costs "Rent, leases and similar" refer entirely to the headquarters of the Company, provided by a company under common control at market rents.

The account "services" includes the remuneration of the Board of Statutory Auditors for Euro 41,040, the Board of Directors for Euro 298,000 and the audit firm for Euro 30,357 (without the Co.n.so.b. contribution). The account also includes the fee to Caltagirone S.p.A. for administrative, financial and tax assistance services (Euro 1,000,000).

17. Amortisation, depreciation, provisions & write-downs

	2014	2013
Depreciation of property, plant & equipment	1,860	2,329
Total amortisation, depreciation, provisions & write-downs	**1,860**	**2,329**

18. Net financial income/(charges)

Financial income	2014	2013
Dividends from subsidiaries	20,965,965	-
Dividends from other companies	1,507,500	670,000
Bank deposit interest	3,208,497	4,983,658
Interest income from subsidiaries and associated companies	-	46,944
Fair value equity investments	957,383	18,784,777
Total financial income	**26,639,345**	**24,485,379**
of which related parties	22,474,987	1,433,038

Dividends from subsidiaries concern the investments in Piemme SpA (Euro 20,331,836) and Quotidiano di Puglia SpA (Euro 634,129).

Dividends from other companies refer to the related company Assicurazioni Generali SpA (Euro 1,507,500).

Interest income on bank deposits of Euro 3,208,497 concerns the return on invested liquidity, of which Euro 1,477 from the related company Unicredit SpA and Euro 45 from the related company Banca Finnat Euramerica SpA.

The revaluation of the investment entirely relates to Finced Srl, as previously described in detail in note 2.

	2014	2013
Loss on disposal of investments	1,064	-
Write-down of equity investments and securities	64,149,990	73,703,178
Interest on bank accounts	2,121	488
Banking commissions and charges	43,798	30,886
Interest expense from subsidiaries	386,511	1,682,194
Financial charges from discounting	2,466	2,353
Others	-	122
Total financial charges	**64,585,950**	**75,419,221**
of which related parties	*427,709*	*1,710,050*

The write-downs of investments concern the subsidiaries Corriere Adriatico SpA (Euro 4,016,000), Leggo SpA (Euro 812,433), Quotidiano di Puglia SpA (Euro 251,000), Piemme SpA (Euro 56,053,000) and the investment in E-Care SpA (3,017,557). For further details, reference should be made to note 2.

The interest charges from subsidiaries concerns the loans received at market rates, of which Euro 204,108 from Il Messaggero SpA, Euro 48,840 from Quotidiano di Puglia SpA, Euro 4,719 from Corriere Adriatico SpA and Euro 128,844 from Piemme SpA.

19. Transactions with related parties

The transactions of the company with related parties, including inter-group operations, generally relate to normal operations and are regulated at market conditions and principally relate to the exchange of goods, the provision of services, the provision and use of financial resources of associated companies and subsidiaries as well as with other companies belonging to the Caltagirone Group or under common control.

There are no atypical or unusual transactions which are not within the normal business operations. Where such operations exist, detailed information is provided in the present paragraph.

31.12.2013	Parent Company	Subsidiaries	Associated companies	Companies under common control	Other related parties	Total related parties	Total account item	% on total account items
Balance sheet transactions								
Trade receivables		857,326		10,711		**868,037**	**868,037**	**100.00%**
Current financial assets		34,038,934				**34,038,934**	**34,038,934**	**100.00%**
Other current assets		2,768,446				**2,768,446**	**2,787,661**	**99.31%**
Cash and cash equivalents					657,810	**657,810**	**181,130,506**	**0.36%**
Trade payables	820,000	1,791,100		12,873		**2,623,973**	**2,709,278**	**96.85%**
Current financial liabilities		37,909,267				**37,909,267**	**37,909,340**	**100.00%**
Other current liabilities		25,706,191				**25,706,191**	**32,344,830**	**79.48%**
Income statement transactions								
Other operating revenues		690,000		11,306		**701,306**	**710,143**	**98.76%**
Other operating costs	1,000,000	22,550		410,807		**1,433,357**	**2,420,161**	**59.23%**
Financial income		46,944			1,386,139	**1,433,083**	**24,485,379**	**5.85%**
Financial charges		1,682,194			27,856	**1,710,050**	**75,419,221**	**2.27%**

31.12.2014	Parent Company	Subsidiaries	Associated companies	Companies under common control	Other related parties	Total related parties	Total account item	% on total account items
Balance sheet transactions								
Current financial assets		55,388,934				**55,388,934**	**55,388,934**	**100.00%**
Other current assets		2,639,034				**2,639,034**	**2,658,229**	**99.28%**
Cash and cash equivalents					185,517	**185,517**	**149,719,334**	**0.12%**
Trade payables	610,000	76,199		11,934		**698,133**	**833,734**	**83.74%**
Current financial liabilities		6,864,552				**6,864,552**	**6,864,552**	**100.00%**
Other current liabilities		29,281,230				**29,281,230**	**35,210,545**	**83.16%**
Income statement transactions								
Other operating revenues		690,000		11,357		**701,357**	**797,704**	**87.92%**
Other operating costs	1,000,000	19,250		20,400	365,204	**1,404,854**	**2,469,352**	**56.89%**
Financial income		20,965,965			1,509,022	**22,474,987**	**26,639,345**	**84.37%**

Financial charges	386,511	41,198	**427,709**	**3,453,517**	**12.38%**

For further information on the breakdown of the individual accounts reported above, reference should be made to the comments concerning each area of the financial statements.

20. Net Cash Position

(in Euro)	**31.12.2014**	**31.12.2013**
A. Cash	1,166	569
B. Bank deposits	149,718,168	181,129,937
D. Liquidity (A)+(B)	**149,719,334**	**181,130,506**
E. Current financial receivables	**55,388,934**	**34,038,934**
F. Bank payables – current portion		
G. Current portion of long-term loans		
H. Current payables to other lenders	6,864,552	37,909,340
I. Current debt (F)+(G)+(H)	**6,864,552**	**37,909,340**
J. Net current cash position (I)-(E)-(D)	**(198,243,716)**	**(177,260,100)**
K. Non-current bank payables	-	-
L. Non-current payables to other lenders	-	-
M. Non-current financial debt (K)+(L)	**-**	**-**
N. Net Cash Position (J)+(M)	**(198,243,716)**	**(177,260,100)**

21. Other information

Assignments conferred to the audit firm and related remuneration

The table below shows the payments made to the audit firm PricewaterhouseCoopers SpA in accordance with Article 149 of Consob Resolution No. 11971/99 in 2014.

Company	**Independent Audit Firm**	**Period**	**Audit service charges (*)**
Caltagirone Editore SpA	PricewaterhouseCoopers SpA	2012/2020	30,357

(*) The amount does not include the Co.n.so.b.contribution.

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DECLARATION OF THE FINANCIAL STATEMENTS

CALTAGIRONE EDITORE

Società per Azioni - Cap.Soc. Euro 125.000.000

Declaration of the Financial Statements as per Art. 81 - ter of Consob Regulation No. 11971 of May 14th 1999 and subsequent modifications and integrations

1. The undersigned Francesco Gaetano Caltagirone, as Chairman of the Board of Directors, and Roberto Di Muzio, executive responsible for the preparation of the corporate accounting documents of Caltagirone Editore S.p.A., affirm, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24th 1998:

   - the accuracy of the information on company operations and
   - the effective application,

   of the administrative and accounting procedures for the compilation of the financial statements for 2014.

2. The activity was undertaken evaluating the organisational structure and the execution, control and monitoring processes of the business activities necessary for the preparation of the financial statements.
   In relation to this, no important matters arose.

3. It is also declared that:

3.1 the financial statements:

   a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19th 2002;

   b) correspond to the underlying accounting documents and records;

   c) provide a true and correct representation of the balance sheet, financial situation and result for the year of the issuer.

3.2 The Directors' Report, prepared using a standard format for both the individual and consolidated financial statements, includes a reliable analysis on the performance and operating result as well as the situation of the issuer, together with a description of the principal risks and uncertainties to which they are exposed.

Rome, March 10th 2015

The Chairman	**The Executive Responsible**
Mr. Francesco Gaetano Caltagirone	Mr. Roberto Di Muzio

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