REPORT ON THE STATEMENT OF FINANCIAL POSITION UNDER ARTICLE 2446 OF THE ITALIAN CIVIL CODE

This document contains a true translation into English of the original report in Italian *Relazione sulla situazione patrimoniale ai sensi dell'Art.* 2446 del Codice Civile.
However, for information about Fiera Milano Group reference should be made exclusively to the original report in Italian.
The Italian version of the *Relazione sulla situazione patrimoniale ai sensi dell'Art.* 2446 del Codice Civile shall prevail upon the English version.

Fiera Milano SpA
Registered office: Piazzale Carlo Magno, 1 - 20149 Milan
Operational and administrative office: SS del Sempione, 28 - 20017 Rho (Milan)
Share Capital: Euro 42,147,437.00 fully paid up.
Companies Register, Tax Reference and VAT no. 13194800150
Economic Administrative Register 1623812

Rho (Milan), 30 March 2015

Fiera Milano SpA

Report of the Board of Directors of Fiera Milano SpA under Article 2446 of the Italian Civil Code and Article 74, first paragraph, of Consob Resolution no. 11971 of 14 May 1999 and subsequent amendments and additions

The Shareholders' Meeting convened on a single call on 29 April 2015

Dear shareholders,

The Shareholders' Meeting has been convened on a single call on 29 April 2015 at 14.30 at the operational offices of the Company in Rho (Milan) Strada Statale del Sempione 33, no.28, to discuss and deliberate, amongst other matters, the following

AGENDA

1. The Financial Statements at 31 December 2014, the Board of Directors' Management Report, and the Report of the Board of Statutory Auditors; resolutions pertaining thereto and resulting therefrom including the provisions of Article 2446 of the Italian Civil Code.

The present report (the "Report") has been prepared in compliance with Article 2446 of the Italian Civil Code and with Article 74, first paragraph, approved by Consob with Resolution no. 11971 of 14 May 1999 and subsequent amendments and additions (the "Listing Rules"), in accordance with Attachment 3/A, draft no. 5 of the aforementioned Listing Rules, to illustrate the financial and economic situation of Fiera Milano SpA (the "Company" or "Fiera Milano") at 31 December 2014 (the "Statement of Financial Position") shown in the draft financial statements that are part of the Annual Report for the financial year to 31 December 2014 submitted for examination and approval by the Shareholders' Meeting.

The Report, together with the remarks of the Board of Statutory Auditors in compliance with Article 2446 of the Italian Civil Code (the "Remarks"), will be made publicly available at the registered office of the Company, at Borsa Italiana SpA and on the website www.fieramilano.it within the terms required by law.

Dear shareholders,

The Board of Directors of the Company has convened the Shareholders' Meeting to deliberate the provisions of Article 2446 of the Italian Civil Code and, with regard to that matter, we wish to report as follows.

1. Preliminary considerations

The Statement of Financial Position at 31 December 2014 attached to the present Report is shown in the Preliminary Financial Statements at 31 December 2014 approved by the Board of Directors on 20 March 2015 and submitted for examination and approval of the Shareholders' Meeting convened on a single call on 29 April 2015.

The Financial Statements at 31 December 2014 show a net loss of Euro 30.674 million, compared to a net loss of Euro 12.664 million in the previous financial year. Affected by the weak Italian economic scenario, this result was also negatively impacted by an unfavourable exhibition calendar with the absence of some of the proprietary exhibitions, like HOST and TUTTOFOOD, that normally generate significantly higher margins.
The result was also penalised by impairment charges of Euro 14.942 million, of which Euro 11.135 million for the investment in Fiera Milano Media SpA and Euro 3.807 million for the investment in Eurofairs International Consultoria e Participaçoes Ltda.

The effects of the aforementioned factors on the Equity of the Company

The Statement of Financial Position at 31 December 2014 showed that the share capital had fallen by over one-third and, specifically, that:

- total losses at 31 December 2014 were Euro 30,674,121.31;
- the share capital, net of treasury shares, at 31 December 2014 was Euro 41,520,679.00;
- the Equity at 31 December 2014 was Euro 21,735,592.60.

Therefore, the Board of Directors immediately decided to convene the Shareholders' Meeting as required under Article 2446 of the Italian Civil Code.

2. The Company Statement of Financial Position, Income Statement and the relevant Explanatory Notes at 31 December 2014

Please see the Statement of Financial Position, the Income Statement and the relevant Explanatory Notes at 31 December 2014 attached to the present Report.

3. Net financial position of the Company at 31 December 2014

A summary of the net financial position of the Company at 31 December 2014 with a breakdown between current and non-current financial items is given in the following table.

(€'000)

	31/12/14	31/12/13	31/12/12
Current financial debt	79,729	54,450	70,704
Current financial debt to the controlling shareholder	21,683	20,410	161
Non current financial debt	27,118	34,339	26,871
Cash and cash equivalent	(3,564)	(5,921)	(3,214)
Current financial receivables	(2,725)	(2,145)	(1,210)
Net financial debt	**122,241**	**101,133**	**93,312**

A more detailed analysis of the entries at 31 December 2014 shows that:

Current financial debt included Euro 59.524 million of current bank loans to meet cash management requirements, Euro 19.531 million for the current portion of bank borrowings, Euro 0.507 million in bank overdrafts and Euro 0.167 million for the current portion of a financial lease.
The increase in debt mainly reflected the trend in cash flow from operations due to the decline in net working capital and lower cash flows generated by the normal activities of the Company.

Current financial debt to the controlling shareholder referred to the balance of the current account held with Fondazione Fiera Milano, which was the payment for the rent for the second semester of the financial period under review.

Non-current financial debt included Euro 26.898 million of non-current bank borrowings and Euro 0.220 million for the non-current portion of a financial lease.

The year-on-year change reflected the gradual repayment of non-current loans agreed in the past partly offset by new financing agreements.

Cash and cash equivalents mainly referred to cash held in bank accounts.

Financial receivables were financial assets payable by some subsidiaries.

4. Resolutions regarding the measures to be taken to cover the losses

The Company made a loss for the year at 31 December 2014 of Euro 30,674,121.31 that, including the pre-existing reserves and the prior years' losses, reduced the share capital to Euro 21,735,592.60, which represents a decrease of than one-third of the same, thereby placing the Company in the situation provided for under Article 2446 of the Italian Civil Code.

Given that the losses made in 2014 were linked to the less favourable exhibition calendar that year and to the impairment charges taken on investments following the impairment tests carried out and considering that the forecasts for 2015, barring any currently unforeseeable events or circumstances, are for an increase in revenues and a return to net profit, the Board of Directors will submit a resolution to the Shareholders' Meeting to postpone adopting the provisions under Article 2446, paragraph 2, of the Italian Civil Code until the Shareholders' Meeting held to approve the 2015 Financial Statements.

5. Proposals to stabilise operations and to continue operating as a going concern

On 27 February 2015, the Board of Directors of Fiera Milano SpA approved the 2015-2018 Industrial and Financial Plan (hereinafter also the "Plan"), which includes forecast revenues in excess of Euro 330 million and a gross operating margin of 10% for the 2015 financial year due to a particularly favourable exhibition calendar with the presence of important multi-annual exhibitions and directly organised exhibitions and also Expo 2015.

The Plan incorporates strategic actions to bring about a recovery in profitability and in the financial situation of Fiera Milano SpA.

The first strategic aim of the Plan is to strengthen the proprietary exhibitions that are market leaders. The economic crisis has caused the Italian exhibition sector to shrink and has led exhibitors and visitors alike to reduce their investments and concentrate on fewer events. Therefore, Fiera Milano will develop and protect those exhibitions that can become one-stop go-to shows or events for operators the world over. In the Plan the focus is on HOST, the international professional hospitality exhibition, TUTTOFOOD (food) and HOMI (lifestyle and interior design), all of which, starting in 2015, will increase penetration of sectors where they are already present and develop the international profile of their exhibitors and buyers.

The second aim of the Plan is to grow the international presence of the Company. Under the Plan, agreements will be reached with leading local partners to develop HOMI in Russia and in the United States and HOST and TUTTOFOOD in China and Turkey. TheMicam (covering the medium-high shoe sector) is expected to grow further in China as the shoe accessory sector combines with clothing. Furthermore, foreign exhibitions already owned by the Group that show strong growth potential will be the focus of further expansion.

The third strategic aim covers the operating businesses, managed by the subsidiaries, which are ancillary to the exhibition activity. The Plan provides for stand-fitting services to increase their penetration of the exhibition sector and also of congresses through careful product innovation; digital services, including the matchmaking platform and the existing editorial portals, will be developed to support exhibitions; the congress business will grow by increasing its market share of large-scale congresses and by offering destination management services together with a recognised partner.

The forecast figures of the Plan for the 2015 financial year reflect the exhibition calendar and the strategic aims described above and indicate that the Company can restore the share capital to above the required level of two-thirds although events or circumstances that are not currently foreseeable could undermine the Company's ability fully to achieve this expectation.

The Company and the Group are continuing to meet their ordinary working capital requirements through current and non-current bank financing. With regard to the current cash requirement forecasts, an analysis is being made of ways to meet the peak period for cash requirement, which is likely to be in the summer months when no exhibitions are held. However, no circumstances are likely to materialise that require extraordinary actions over and above the normal current and non-

current financial management. In accordance with the financial Plan, on 12 January 2015 the Company obtained a new short-term credit line for Euro 15.000 million, which is governed by financial covenants that will be assessed on a six-monthly and on an annual basis.
Contacts have been made in the banking world to attain the primary aim of improving the balance of non-current debt as it is estimated that net debt will again be high in the 2015 financial year also given the expected investments. It is reasonable to assume that this initiative, consistent with the aims of previous financial periods, could lead to a further request to renegotiate the financial covenants expected at the end of the financial year.

The forecasts in the Industrial Plan predict a cyclical trend in the medium/long-term. This will reflect the seasonality of the business giving lower results in 2016 due to the unfavourable exhibition calendar but a stable gross operating margin in coming years as the strategies described above are implemented. It should be noted that these forecasts also include the results of the negotiation of a new lease agreement from July 2014 which will provide significant benefits to the economic and financial situation of the Company.
On the basis of the information above regarding the budget financial forecasts and those of the Plan and, given the estimates for the trend in working capital and the financial situation, the Financial Statements and the Consolidated Financial Statements have been prepared on a going concern basis and any relative estimates and uncertainties have been described in the sections on "Liquidity risk" and the "Use of estimates" in the explanatory notes attached to the present report.

6. Remarks of the Board of Statutory Auditors

The remarks of the Board of Statutory Auditors are attached to the present report.

7. Proposed resolution

Dear Shareholders,

Given the above, the Board of Directors submits for your approval the following resolution:

"The Shareholder' Meeting of Fiera Milano SpA,

- having acknowledged the Statement of Financial Position in the Financial Statements of Fiera Milano SpA at 31 December 2014, approved by the Shareholders' Meeting held today;
- having acknowledged that the losses for the financial year, net of existing reserves, gives equity of Euro 21,735,592.60 and, therefore, a reduction in the share capital that exceeds one-third;
- having acknowledged that the Shareholders' Meeting held today has approved the proposal to cover the net loss for the financial year of Euro 30,674,121.31 by using the reserves for Euro 11,068,097.46 and to carry forward the remaining loss of Euro 19,606,023.85;
- having acknowledged the Report prepared under Article 2446 of the Italian Civil Code and Article 74, first paragraph, of the Rule approved by Consob with Resolution no. 11971 of 14 May 1999 and subsequent amendments and additions;
- having acknowledged the comments of the Board of Directors made in the aforementioned Report;
- having acknowledged the remarks of the Board of Statutory Auditors;

approves

the postponement until the Shareholders' Meeting to approve the Financial Statements at 31 December 2015 of any eventual adoption, if the necessary conditions are met, of the provisions under Article 2446, paragraph 2 of the Italian Civil Code."

Rho (Milan), 30 March 2015

For the Board of Directors
The Chairman
Michele Perini

Fiera Milano SpA Financial Statements to 31 December 2014

- **Financial Statements**
- **Explanatory and supplementary notes to the Financial Statements**

notes	Fiera Milano SpA Statement of Financial Position		31/12/14	31/12/13
				(Euro)
	ASSETS			
	Non-current assets			
2-42	Property, plant and equipment		4,818,631	6,894,360
	Leased property, plant and equipment		-	-
	Investments in non-core property		-	-
3	Goodwill and intangible assets with an indefinite useful life		70,144,099	70,144,099
4-42	Intangible assets with a finite useful life		18,266,780	21,306,730
5	Investments		81,066,973	94,887,199
	Other financial assets		-	-
6	Trade and other receivables		13,270,692	13,857,107
42	*of which from related parties*		*12,388,585*	*12,783,813*
7	Deferred tax assets		6,338,217	2,172,434
		Total	**193,905,392**	**209,261,929**
	Current assets			
8	Trade and other receivables		38,754,134	40,429,806
42	*of which from related parties*		*9,164,681*	*6,451,987*
9-42	Inventories		4,466,326	2,754,441
	Contracts in progress		-	-
10	Current financial assets		2,724,827	2,144,518
42	*of which from related parties*		*2,724,827*	*2,144,518*
11	Cash and cash equivalents		3,563,919	5,920,621
		Total	**49,509,206**	**51,249,386**
	Assets held for sale			
	Assets held for sale		-	-
		Total	-	-
	Total assets		**243,414,598**	**260,511,315**
	EQUITY AND LIABILITIES			
12	**Equity**			
	Share capital		41,520,679	41,520,679
	Share premium reserve		1,783,076	14,446,759
	Revaluation reserve		-	-
	Other reserves		9,285,020	9,285,020
	Retained earnings		(179,063)	(12,053)
	Profit/(loss) for the year		(30,674,121)	(12,663,683)
		Total	**21,735,591**	**52,576,722**
	Non-current liabilities			
	Bonds in issue		-	-
13	Bank borrowings		26,898,253	33,954,335
14	Other financial liabilities		220,113	384,920
15	Provision for risks and charges		1,422,479	2,286,339
16	Employee benefit provisions		6,208,936	5,835,716
	Deferred tax liabilities		-	-
17	Other non-current liabilities		-	924,556
		Total	**34,749,781**	**43,385,866**
	Current liabilities			
	Bonds in issue		-	-
18	Bank borrowings		79,561,530	54,288,042
19	Trade-payables		22,016,420	26,064,601
20-42	Pre-payments		34,843,342	31,371,666
21	Other financial liabilities		21,850,045	20,572,354
42	*of which to related parties*		*21,683,296*	*20,409,675*
22	Current provision for risks and charges		968,006	1,734,917
23	Current tax liabilities		1,178,050	1,180,260
24	Other current liabilities		26,511,833	29,336,887
42	*of which to related parties*		*13,049,709*	*12,660,369*
		Total	**186,929,226**	**164,548,727**
	Liabilities held for sale			
	Liabilities held for sale		-	-
		Total	**-**	**-**
	Total liabilities		**243,414,598**	**260,511,315**

notes	Fiera Milano SpA Statement of Comprehensive Income	2014	2013
			(Euro)
28	**Revenues from sales and services**	181,098,308	194,522,546
42	*of which with related parties*	*4,918,877*	*4,757,820*
	Total revenues	**181,098,308**	**194,522,546**
29-42	Cost of materials	818,002	1,005,390
30	Cost of services	107,928,578	107,032,076
42	*of which with related parties*	*33,562,873*	*29,853,280*
31	Cost of use of third-party assets	51,897,839	58,809,232
42	*of which with related parties*	*49,319,642*	*55,755,710*
32	Personnel expenses	34,990,305	34,180,257
42	*of which with related parties*	*1,007,595*	*934,283*
33	Other operating expenses	4,756,578	5,811,622
42	*of which with related parties*	*1,309,715*	*1,373,392*
	Total operating expenses	**200,391,302**	**206,838,577**
34	Other income	6,405,941	7,327,206
42	*of which with related parties*	*3,857,967*	*4,794,088*
	Gross operating result	**(12,887,053)**	**(4,988,825)**
35	Depreciation of property, plant and equipment	2,665,230	3,889,683
	Depreciation of property investments	-	-
35	Amortisation of intangible assets	4,674,891	4,329,410
	Adjustments to asset values	-	-
36	Write down of doubtful receivables and other provisions	(1,911,822)	(1,531,690)
	Net operating profit (EBIT)	**(18,315,352)**	**(11,676,228)**
37	Financial income and similar	2,095,880	2,837,061
42	*of which with related parties*	*2,018,511*	*2,448,013*
38	Financial expenses and similar	4,739,379	4,235,303
42	*of which with related parties*	*1,183,180*	*979,835*
39	Valuation of financial assets	(14,942,000)	(2,201,000)
	Profit / (loss) before tax	**(35,900,851)**	**(15,275,470)**
40	Income tax	(5,226,730)	(2,611,787)
42	*of which with related parties*	*(1,167,540)*	*(206,622)*
	Profit / (loss) from continuing operations	**(30,674,121)**	**(12,663,683)**
	Profit / (loss) from assets held for sale	**-**	**-**
41	**Profit / (loss) for the year**	**(30,674,121)**	**(12,663,683)**
	Other comprehensive income / (loss) that will not be reclassified subsequently to profit or loss		
	Revaluation of defined benefit schemes	(230,358)	(16,625)
	Tax effects	(63,348)	(4,572)
	Other comprehensive income / (loss) net of related tax effects	**(167,010)**	**(12,053)**
	Total comprehensive income / (loss) for the year	**(30,841,131)**	**(12,675,736)**

(Euro)

notes	Fiera Milano SpA Statement of Cash Flows	2014	2013
	Net cash at beginning of year	**5,920,621**	**3,214,001**
	Cash flow from operating activities		
11	Net cash from operating activities	(13,162,842)	8,295,528
42	*of which with related parties*	*(76,167,616)*	*(68,407,697)*
	Interest paid	(4,344,314)	(3,993,096)
	Interest received	659,277	403,353
	Income taxes paid	-	(218,320)
	Total	**(16,847,879)**	**4,487,465**
	Cash flow from investing activities		
2	Investments in tangible assets	(595,000)	(732,636)
2	Write-downs of tangible assets	5,008	148
4	Investments in intangible assets	(1,634,942)	(4,226,987)
5	Investments in subsidiaries	(1,953,634)	(468,847)
5	Subsidiary company share capital transactions	(1,121,774)	(8,677,058)
5	Joint venture share capital transactions	-	(100,000)
37	Dividends received	1,797,288	2,067,298
	Total	**(3,503,054)**	**(12,138,082)**
	Cash flow from financing activities		
12	Equity	-	(296,436)
13-14	Non-current financial assets/liabilities	(7,220,889)	7,467,947
10-18-21	Current financial assets/liabilities	25,215,120	3,185,726
42	*of which with related parties*	*693,312*	*19,314,287*
	Total	**17,994,231**	**10,357,237**
	Cash flow for the period	**(2,356,702)**	**2,706,620**
	Net cash from assets held for sale	-	-
	Net cash at the end of year	**3,563,919**	**5,920,621**

(Euro)

Cash generated from operating activities	2014	2013
Result including non-operating activities	(30,674,121)	(12,663,683)
Adjustments for:		
Depreciation and Amortisation	7,340,121	8,219,093
Provisions, write-downs and impairment	(1,911,822)	(1,531,690)
Valuation of financial activities	14,942,000	2,201,000
Capital gains and losses	491	11,089
Net financial income/expenses	2,643,499	1,398,242
Net change in employee provisions	206,210	57,184
Changes in deferred taxes	(4,165,783)	(2,890,780)
Inventories	(1,711,885)	522,383
Trade and other receivables	2,543,139	(2,236,764)
Trade payables	(4,048,181)	730,333
Pre-payments	3,471,676	3,837,607
Tax payables	(2,210)	131,384
Provisions for risks and charges and other liabilities (excluding payables to Organisers)	(253,253)	7,962,358
Payables to Organisers	(1,542,723)	2,547,772
Total	**(13,162,842)**	**8,295,528**

Fiera Milano SpA Statement of Changes in Equity							(Euro)
Note 12	**Share capital**	**Share premium reserve**	**Legal reserve**	**Other reserves**	**Retained earnings**	**Profit / (loss) for the financial year**	**Total**
Balance at 31 December 2012	**41,592,662**	**14,671,212**	**7,865,332**	**1,437,819**	**1,803,788**	**(1,821,919)**	**65,548,894**
Effect of retroactive application of IAS 19 Revised	-	-	-	-	(431,380)	431,380	-
Restated balance at 1 January 2013	**41,592,662**	**14,671,212**	**7,865,332**	**1,437,819**	**1,372,408**	**(1,390,539)**	**65,548,894**
Loss for the year covered by:							
- Retained earnings	-	-	-	-	(1,372,408)	1,372,408	-
- Other reserves	-	-	-	(18,131)	-	18,131	-
Purchase of treasury shares	(71,983)	(224,453)	-	-	-	-	(296,436)
Remeasurement of defined benefit plans	-	-	-	-	(12,053)	-	(12,053)
Total comprehensive income/(loss) for the financial year at 31.12.13	-	-	-	-	-	(12,663,683)	(12,663,683)
Balance at 31 December 2013	**41,520,679**	**14,446,759**	**7,865,332**	**1,419,688**	**(12,053)**	**(12,663,683)**	**52,576,722**
Loss for the year covered by:							
- Share premium reserve	-	(12,663,683)	-	-	-	12,663,683	-
Remeasurement of defined benefit plans	-	-	-	-	(167,010)	-	(167,010)
Total comprehensive income/(loss) for the financial year at 31.12.14	-	-	-	-	-	(30,674,121)	(30,674,121)
Balance at 31 December 2014	**41,520,679**	**1,783,076**	**7,865,332**	**1,419,688**	**(179,063)**	**(30,674,121)**	**21,735,591**

Explanatory and supplementary notes to the Financial Statements

On 20 March 2015, the Board of Directors approved the Fiera Milano SpA Financial Statements at 31 December 2014 and authorised their publication.

Fiera Milano SpA, as Parent Company of the Group, has also prepared the Consolidated Financial Statements as at 31 December 2014.

Fiera Milano SpA and its subsidiaries are active in all the characteristic areas of the exhibition and congress industry and the Company is one of the largest integrated companies in this sector worldwide.

The Company business consists of hosting exhibitions, fairs and other events, promoting and making available equipped exhibition spaces, as well as offering support for projects and related services. This includes the business of staging exhibitions (and providing final services to exhibitors and visitors).

The business of the Company has dual seasonality: (i) a higher concentration of exhibitions in the six months from January to June; (ii) exhibitions that have a multiannual frequency.

1) Accounting standards and consolidation criteria

1.1 STANDARDS USED TO PREPARE THE FINANCIAL STATEMENTS

These Financial Statements were prepared in accordance with IAS and IFRS accounting standards in force at 31 December 2014, issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and the relative interpretative documents and provisions of Article 9 of Legislative Decree no. 38/2005.

The accounting standards used to prepare the present Financial Statements are the same as those used to prepare the Financial Statements at 31 December 2013, except for those applicable from 1 January 2014 which are given below.

The Financial Statements are prepared in Euro and all figures are rounded to the nearest thousand of Euro unless indicated otherwise. The Financial Statements give comparative data for the previous financial year; it should be noted that some numbers from the previous financial year have been restated to make the numbers more comparable.

In the 2014 financial year no atypical and/or unusual transactions took place.

The present Financial Statements have been prepared on the principle of going concern as fully described in the section on Business outlook and assessment of the Company as a going concern.

The risks and uncertainties affecting the business and the Company are described in the Board of Directors' Management Report in the section on "Risk factors affecting Fiera Milano Group" in Note 26 and in the paragraph "Use of Estimates".

The present Financial Statements are audited by the audit firm Reconta Ernst & Young SpA.

1.2 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED

The Company has adopted for the first time some accounting standards and amendments that are applicable to financial periods beginning on or after 1 January 2014.

The content and impact of each new accounting standard and amendment is given below:

- IFRS 12 - *Disclosure of Interests in Other Entities*

IFRS 12 gives the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities. The relevant information has been grouped together and is given in Note 5.

- *Transition guidance* - Amendments to IFRS 10, IFRS 11 and IFRS 12

The amendments provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12 by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.

- *Offsetting Financial Assets and Financial Liabilities* – Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarifies the offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous. The amendments had no impact on the financial statements of the Company.

- *Novation of Derivatives and Continuation of Hedge Accounting* – Amendments to IAS 39

Under the amendments there is no need to discontinue hedge accounting if a hedging derivative was novated provided certain criteria are met. The amendments had no impact on the financial statements of the Company since it holds no derivatives.

- *Recoverable Amount Disclosures for Non-financial Assets* – Amendments to IAS 36

These amendments remove the unintended consequence introduced with IFRS 13 to the disclosure requirements of IAS 36. The amendments restrict the requirement to disclose the recoverable amount of an asset or cash-generating unit to periods in which an impairment loss has been recognised or reversed. These amendments had no significant impact on the financial statements of the Company.

The accounting standards endorsed by the European Union during 2014 but not yet applicable and not adopted early by the Company are given below:

- IFRIC Interpretation 21 – *Levies*

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. When an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. Retrospective application is required for IFRIC 21. IFRIC 21 is effective for annual periods beginning on or after 17 June 2014.

- Amendment to IAS 19 – *Employee Benefits*

The amendment relates to the accounting for employee or third-party contributions to a defined benefit plan.

- Annual improvements cycle 2010-2012: Amendments to IFRS 13 – Short-term receivables and payables.
- Annual improvements cycle 2011-2013: Amendments to IFRS 1 – clarification of the meaning of "each IFRS effective at the end of an entity's first IFRS reporting period".

The following accounting standards have been issued by the IASB but have not yet been endorsed by the European Union:

- IFRS 15 - *Revenue from Contracts with Customers*

IFRS 15 replaces IAS 18 – *Revenue*, IAS 11 - *Construction contracts*, interpretations SIC 31, IFRIC 13 and IFRIC 15. Application of IFRS 15 is mandatory for annual reporting periods beginning on or after 1 January 2017; early application is permitted. The time lapse between the publication of this accounting standard and its mandatory application, slightly more than two and a half years, is to give entities the necessary time to make the changes required to accounting systems for application of the new international accounting standard as it changes the model for the recognition and measurement of revenues.

- IFRS 14 - *Regulatory Deferral Accounts*
- IFRS 9 - *Financial Instruments*

1.3 FORM AND CONTENT OF THE FINANCIAL STATEMENTS

With regard to the format and content of the Financial Statements, Fiera Milano SpA has made the following choices:

- the Statement of Financial Position is presented with separate sections for Assets, Liabilities, and Equity. Assets and liabilities are also classified as current, non-current, and held for sale;
- the Statement of Comprehensive Income is shown as a single statement in a continuous format and items are analysed by nature since this approach provides reliable information that is more relevant than classification by function;
- the Statement of Cash Flows is presented using the indirect method;
- the Statement of Changes in Equity is presented with separate entries for comprehensive income and transactions with shareholders.

1.4 SUMMARY OF ACCOUNTING STANDARDS, AND VALUATION

Business combinations

Business combinations are accounted for by applying the purchase method in compliance with IFRS 3 revised in 2008. Under this method the transaction cost of a business combination is valued at fair value, determined as the aggregate of the fair value of the assets transferred and the liabilities assumed by the Company at the acquisition date and equity instruments issued for control of the acquired entity. All other costs associated with the transaction are expensed in the Statement of Comprehensive Income at their acquisition date value.

Contingent considerations, considered part of the acquisition consideration, must be measured at fair value at the time of the acquisition. Subsequent changes to the fair value are recognised in the Statement of Comprehensive Income.

The identifiable assets acquired and the liabilities assumed are measured at fair value at the acquisition date.

Goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred for the business combination, the amount of any non-controlling interest, the acquisition date fair value of any previously held equity interest in the acquire, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference between the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the consideration transferred for the business combination, the amount of any non-controlling interest and the acquisition-date fair value of any previously held equity interest in the acquiree, the excess sum is immediately recognised in the Statement of Comprehensive Income as income from the transaction.

In measuring the fair value of business combinations, Fiera Milano SpA uses available information and, for more material business combinations, also uses the support of external valuations.

Business combinations achieved in stages

When a business combination is achieved in stages (step acquisition), the previously held share of the entity's assets and liabilities are measured at fair value at the date that control is obtained and any resulting adjustments are recognised in profit or loss. Previously held investments are therefore recognised as though they had been sold and reacquired at the date that control is obtained.

Business combinations under common control

IFRS 3 for the accounting of business combinations does not apply to business combinations under common control. In the absence of a standard that deals specifically with this type of transaction, the application of the most suitable treatment must be guided by the general scope of IAS 8, i.e. to provide information on the transaction that is relevant and reliable and gives priority to the economic *substance* and financial reality of the transaction and not merely its legal form.
Under OPI 1 (Assirevi Preliminary Opinions on IFRS) on the "Accounting treatment of business combinations under common control in the separate and in the consolidated financial statements" the economic substance must refer to the generation of value added which results in a significant change in cash inflows from the net assets transferred before and after the transaction. Should it be impossible to estimate a significant increase in future cash inflows from the assets transferred, the choice of how the transaction is accounted should be governed by prudence, which results in the application of the accounting principle of continuity. This principle entails the recognition in the financial statements of values equal to those that would have existed if the assets that are the object of the combination had always been combined. The net assets must be recognised at their carrying values in the relevant accounts prior to the transaction or, if available, at the values in the Consolidated Financial Statements of the parent company Fiera Milano SpA. Where the transfer values are higher than the historic values, the excess must be eliminated against the equity of the acquirer through the appropriate reduction of a reserve.

Tangible Assets

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, including contingent costs and costs incurred, and adjusted for accumulated depreciation.

Tangible assets are depreciated in each accounting period on a straight-line basis, using economic/technical rates determined by the residual life of the assets.

Routine maintenance costs are charged to the Income Statement when they are incurred.

The replacement costs of identifiable components of complex assets are allocated to the assets and depreciated over their useful lives. The residual carrying amount of the component being replaced is charged to the Income Statement.

Leasehold improvements are classified in property, plant and equipment based on the nature of the cost incurred; the depreciation period corresponds to the lesser of the residual useful life of the tangible asset and the residual period of the rental contract.

The depreciation rates applied are listed below:

- Office furniture and machinery	12%
- Exhibition furniture and equipment	27%
- Catering equipment	25%
- Sundry machinery and equipment	15%
- Site motor vehicles	20%
- Electronic equipment	20%
- Plant and machinery	10%
- Telecommunication systems	20%
- Alarm systems	30%
- Furnishings	12%

If there is any indication of impairment, the tangible assets are subjected to an impairment test as described in the section on impairment of assets.

Intangible fixed assets

An intangible asset is recognised only if it is identifiable, is controlled by the entity, is expected to generate future economic benefits, and if its cost can be reliably measured.

Goodwill and intangible assets with an indefinite useful life

Goodwill arising from business combinations is initially recognised at the cost on the acquisition date, as indicated in the paragraph above on Business Combinations, and, for purposes of the impairment test, allocated to a cash-generating unit or group of cash-generating units that benefit from the synergies generated by the acquisition which gave rise to the goodwill. After initial recognition in accounts, goodwill is measured at cost less any impairment stemming from the impairment tests (see the paragraph Impairment of Assets). An intangible asset is considered to have an indefinite useful life when no limit can be foreseen to the period during which the asset can generate financial inflows for the Group. Intangible assets with an indefinite useful life, such as goodwill, are not subject to amortisation.

Intangible assets with a finite useful life

Intangible assets with a finite life are measured at purchase or production cost, including any contingent costs, and systematically amortised on a straight-line basis over their estimated useful life. If there is any indication of impairment, the intangible assets are subjected to an impairment test as described in the section on the impairment of assets.

Industrial patents and rights for the use of intellectual property, licenses, and concessions are amortised over a period of three years from the year in which the cost is incurred.

Amortisation of the trademarks of exhibitions is based on a useful life of between ten and twenty years, estimated on the basis of the competitive dynamics of the industry and of a comparison with the methodology used by the leading Italian and foreign competitors.

Research costs are recognised at the time they are incurred. In compliance with IAS 38, development costs relating to specific projects, including the launch of new exhibitions, are capitalised when it is probable that the project will be completed and generate future economic benefits and when such costs can be reliably measured.

The cost is amortised on a straight line basis over the period of the estimated future benefits of the project. The carrying value of costs is reviewed annually at the end of the reporting period or more often if there are any particular reasons for doing so, to analyse the fair value and ascertain any indication of impairment.

Impairment of assets

Goodwill and other intangible assets with an indefinite life are tested for impairment at least annually at the end of the reporting period or more often if there are any indications that an asset has been impaired.

Tangible and intangible assets with a definite useful life that are depreciated or amortised are tested for impairment only when there is an indication of impairment.
The recoverable amount of the asset is assessed by comparing the carrying value with the higher of the net selling price of the asset and its value in use. The net selling price is the amount obtainable from sale of an asset in a transaction between independent, informed, and willing parties, less the costs of disposal. In the absence of binding agreements, it is necessary to use the prices expressed by an active market or the best information available taking into account factors such as recent transactions for similar assets completed in the same business segment. The value in use is the present value, discounted at the weighted average cost of capital, of an entity with a similar risk profile and level of indebtedness, of the cash flows expected to arise from the asset (or from a group of assets – a cash generating unit) and from its sale at the end of its useful life.
If subsequently there is an indication that an impairment loss, other than goodwill, may have decreased or no longer exists, the carrying value of the asset is adjusted to the new estimate of the realisable value although this value may not exceed the value which would have been measured had there been no impairment. Reversal of impairment is recognised in profit or loss.

Leased assets

There are two types of leases: finance leases and operating leases.
A lease is considered a finance lease when it transfers a significant and substantial part of the risks and rewards associated with the ownership of the asset to the lessee.
Given this, as determined by IAS 17 – *Leases*, a leasing contract is considered a finance lease when the following factors are individually or jointly present:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain the option will be exercised;
- the lease term covers most of the economic life of the asset even if title is not transferred;
- at the inception of the lease, the present value of minimum lease payments amounts substantially to the fair value of the leased asset;
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made.

Assets available to Fiera Milano SpA under leasing contracts that can be considered finance leases are recognised as tangible or intangible assets at the lower of their acquisition value or the net current value of the minimum charges under the contract amortised over their estimated useful life; the corresponding liability to the lessor is recognised in equity as a current or non-current financial liability depending on whether the contract expires within or beyond twelve months.

Lease payments are subdivided into principal, which is taken against financial liabilities, and interest, which is recognised in profit or loss under financial expenses.

Charges for operating leases are recognised in profit or loss *pro-rata temporis* for the duration of the contract.

Financial assets

In compliance with the requirements of IAS 39 and 32, financial assets are classified under the following four categories:

1. Financial assets at fair value through profit or loss;
2. Held-to-maturity (HTM) investments;
3. Loans and receivables;
4. Available-for-sale (AFS) financial assets.

Classification depends on the purpose for which assets are purchased and held. Management decides on their initial classification at the time of their initial recognition in the accounts, subsequently checking this classification at the end of each reporting period.

Financial assets are initially recognised at cost, which is equal to fair value plus contingent transaction costs. Subsequent measurement depends on the type of instrument concerned.

Financial assets at fair value shown in the Income Statement, which include held-for-trading (HFT) financial assets and financial assets designated as such at the time of initial recognition, are classified among current financial assets and measured at fair value, with the gains or losses stemming from this valuation recognised in profit or loss. Gains and losses from any changes in the fair value are recognised in profit or loss.

Held-to-maturity investments are classified under current financial assets if they mature in less than 12 months and among non-current financial assets if maturity exceeds that period, and are subsequently valued at amortised cost. The latter is calculated using the effective interest rate method, taking into account any purchase discounts or premiums and spreading them over the entire period up to maturity, less any impairment.

Loans and receivables are valued at amortised cost using the effective interest method. At the end of each reporting period, the Company measures the realisable value of these receivables taking account of estimated future cash payments or receipts through their expected life.

Available-for-sale financial assets are recognised as non-current assets, unless they are to be divested within twelve months of the end of the reporting period, and are measured at fair value. Losses or gains on available-for-sale financial assets are recognised in other comprehensive income and aggregated in a specific equity reserve until they are sold, recovered or otherwise derecognised. When there is an indication of impairment in an available-for-sale financial asset and there is objective evidence of this, the cumulative gain or loss that was recognised in other comprehensive income is reclassified from equity to profit or loss for the period as a reclassification adjustment even if the financial asset has not been eliminated.

Investments

After initial recognition in accounts, equity investments in subsidiaries and associate companies are valued at cost less any loss of value stemming from impairment testing.

In compliance with the requirements of IAS 32 and IAS 39, investments in companies other than subsidiaries and associates are classified as available-for-sale and are measured at fair value except when fair value cannot be determined; in such cases, the cost method is used. Gains and losses stemming from adjustments of value are recognised in other comprehensive income, aggregated in a specific equity reserve. When there is an indication of impairment in an available-for-sale financial asset and there is objective evidence of this, the cumulative loss that was recognised in other comprehensive income is reclassified from equity to profit or loss for the period as a reclassification adjustment even if the financial asset has not been eliminated.

Inventories

Inventories are valued at the lower of purchase or production cost, including contingent costs, calculated using the FIFO method, and the presumable net realisable value based on market trends. Inventory consists mainly of outstanding costs relating to activities in future financial periods.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank demand deposits and cash investments with an original maturity of not more than three months. The definition of cash and cash equivalents in the Statement of Cash Flows is the same as that of the Statement of Financial Position.

Assets and liabilities held for sale

This category includes assets and liabilities (or assets and liabilities in a disposal group/discontinued operations) where the carrying value will be recovered primarily through a sale rather than through continued utilisation.
For this to happen, the following conditions must be met:

- the assets (or disposal groups) must be available for immediate sale in their present condition;
- the sale must be highly probable, i.e. the company must be committed to a programme for their disposal; activities to identify a buyer must have been initiated; and completion of the sale must be scheduled to take place within one year of the date of classification in this category.

Assets held for sale are measured at the lower of their net carrying value and their fair value less costs to sell.
If an asset that is depreciated or amortised is reclassified to this category, the depreciation or amortisation process is discontinued at the time of reclassification.
In compliance with IFRS 5, data relating to discontinued operations are presented as follows:

- in two specific statement of financial position entries: held-for-sale assets and held-for-sale liabilities;
- in a specific income statement entry: Profit/(loss) for period from asset held for sale.

Equity

Treasury shares

The par value of treasury shares is deducted from share capital and any amount in excess of par value is deducted from the share premium reserve.

Under IAS/IFRS regarding the acquisition of treasury shares, the nominal value of the shares is deducted from share capital while the difference between the nominal value and the acquisition value is taken against the share premium reserve. On the sale of treasury shares, the share capital and the share premium reserve are reconstituted by the same amounts that they were reduced when the shares were acquired while any profit/loss from the sale is recognised in equity with no impact on profit or loss. The shares taken as the reference for the calculation of profit/loss on disposal are selected using the FIFO method.

Costs for capital transactions

Costs directly attributable to capital transactions are recognised as a direct reduction in equity.

Trade payables, tax liabilities, pre-payments, and other liabilities

Payables, pre-payments and other liabilities are initially recognised at fair value. After that, they are measured at amortised cost. Payables are derecognised when underlying financial obligations have been discharged.
Liabilities with a due date exceeding of twelve months discounted to present value using an interest rate reflecting market assessments of the time value of money and specific risks connected with the liability concerned. Discounted interest is classified in financial expenses.

Derivative instruments

A derivative or any other contract with the following characteristics is classified as a financial instrument and consequently fair-valued at the end of each accounting period: *(i)* its value changes in response to the change in an interest rate, the price of a financial instrument, a commodity price, a foreign-exchange rate, a price or rates index, creditworthiness, or another pre-established underlying variable; *(ii)* it requires no net initial investment or, if initial investment is required, one that is smaller than would be required for a contract from which a similar response to changes in market factors would be expected; *(iii)* it is settled at a future date. The effects of fair-value measurement are recognised in profit or loss as financial income/expense.

Provisions for risks and charges

Provision is made for risks and charges when the Company must meet a present obligation (legal or constructive) stemming from a past event, the amount of which can be reliably estimated and for settlement of which an outflow of resources is probable. If expectations of resource outflow go beyond the next financial year, the obligation is recognised at its present value through discounting of future cash flows at a rate that also considers the time value of money and the liability’s risk.

Risks for which occurrence of a liability is only possible, not probable, are shown in the paragraph, disclosure on guarantees given, undertakings and other contingent liabilities, and no provisions are made for these.

Bank borrowings and other financial liabilities

Financial liabilities are initially recognised at cost as represented by the fair value of the funds received net of related costs incurred to receive the loan. After initial recognition, borrowings are measured according to amortised cost calculated using the effective interest rate. Amortised cost is calculated taking into account issuance costs and any discount or premium envisaged at the time of settlement.

Employee benefits

Employee benefits paid out upon or after cessation of the employment relationship consist mainly of employee severance indemnities [*trattamento di fine rapporto* or TFR], which are governed by Article 2120 of the Italian Civil Code.
In compliance with IAS 19, employee severance indemnities are considered a defined benefit plan, i.e. a plan consisting of benefits provided after cessation of employment, which constitutes a future obligation for which the Company assumes actuarial risks and related investments. As required by IAS 19 *Revised*, the Company uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service costs. This calculation requires the application of objective and mutually compatible actuarial assumptions concerning demographic variables (mortality rate, employee turnover) and financial variables (discount rate, future increases in salary levels). Fiera Milano SpA recognises changes in actuarial gains/losses in other items of comprehensive income.
From 1 January 2007, following social security reform, cumulative employee severance indemnities had to be allocated to pension funds or to the INPS treasury fund. Employees were given the option until 30 June 2007 to choose the destination of their severance indemnities.
In that regard, the allocation of accumulating employee severance indemnities to pension funds or to INPS means that a portion of these indemnities will be classified as a defined contribution plan in that the company's obligation is solely the payment of contributions either to the pension fund or to INPS. The liability related to past severance indemnities continues to be a defined benefit plan to be measured using actuarial assumptions.
Termination benefits not included in the employee severance indemnities (TFR) are recognised as liabilities and employee expenses when the enterprise is demonstrably committed to terminate the employment of an employee or group of employees before the normal retirement date or provides termination benefits as a result of an offer made in order to encourage voluntary redundancy. The benefits owed to employees for termination of their employment do not give any future economic benefits to the enterprise and are therefore recognised immediately as a cost.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the sale of goods or rendering of services will flow to the Company and the relevant amount can be reliably measured. Revenues are recognised at the fair value of the consideration received or receivable, taking into account any trade discounts and quantity-based reductions granted.
Revenue from the sale of goods is recognised when the entity has transferred a significant and substantial part of the risks and rewards associated with the ownership of the asset.
Revenues from the sale of services are recognised when the service is supplied. In compliance with the requirements of IAS 18 paragraph 25, revenues for the supply of services relating to exhibitions and congresses are recognised when the exhibitions and congresses actually take place, because it is during the actual exhibition/congress that most of the related costs are borne. When it is probable that the total costs of an exhibition will exceed its total revenues, the expected loss is recognised as a cost in a specific provision.

Operating costs

Costs are recognised when they relate to goods and services sold or used in the financial year or on an accrual accounting basis when their future usefulness cannot be precisely identified.

Personnel expenses include both the fixed and variable remuneration of Directors.

Costs that are not eligible to be recognised in assets are recognised in profit or loss in the period in which they are incurred.

Other income

This item has a residual nature and includes grants and subsidies. It should be noted that the recovery of costs incurred by the controlling shareholder Fondazione Fiera Milano for development initiatives and projects and for the anti-crisis measures taken by the Group fall into this category.
This other income for the development and support of the exhibition business managed by Fiera Milano SpA and aimed at supplying, through Fiera Milano SpA itself, direct support to those involved in the sector is neither a capital facility or a payment made by Fondazione Fiera Milano as a shareholder; therefore, in accordance with international accounting standards it has been recognised in income in the financial year it was received.

Financial income and expenses

Financial income and expenses are recognised in the accounts based on timing that considers the effective yield/expense of the asset/liability concerned.

Income Tax

Income taxes are recognised according to estimated taxable income in compliance with current tax rates and regulations. Income taxes are recognised in profit or loss, except for those relating to items recognised outside profit or loss, in which case the tax effect is recognised in equity.

Deferred taxes are measured according to the taxable temporary differences existing between the carrying amounts of assets and liabilities and their tax base and are classified among non-current assets and liabilities.
Deferred tax assets are recognised to the extent that there is likely to be sufficient future taxable income against which the positive balance can be utilised. The carrying amount of deferred tax assets is subject to review at the end of each reporting period.
Deferred tax assets and liabilities are measured according to the tax rates that are expected to be applied in the period when the deferrals materialise, considering the tax rates in force or those that are scheduled to come into force subsequently.
Current and deferred tax assets and liabilities are offset only when they are levied by the same taxing authority and when there is a legal right to settle on a net basis.
Further information on the tax consolidation may be found in Note 40.

Transactions in foreign currencies

Transactions in foreign currencies are recorded at the current exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in force at the end of the reporting period. Foreign exchange differences generated by the extinction of monetary items or their translation at different exchange rates from those at which they were translated at the time of initial recognition in the period or in previous periods are recognised in profit or loss. Exchange rate differences are recognised in financial expenses and income.

Dividends

Dividend income is recognised when the shareholders' right to receive payment has been established. This is normally the date of the Annual General Meeting that approves the dividend distribution.

1.5 USE OF ESTIMATES

Preparation of financial statements and related notes using IFRS requires estimates and assumptions to be made that affect the amounts of assets and liabilities in the Statement of Financial Position and disclosures concerning potential assets and liabilities at the end of the reporting period. Actual results may differ from these estimates. Estimates are used to recognise provisions for doubtful accounts, depreciation and amortisation, employee benefits, taxes, and other provisions and reserves, as well as any adjustments to asset value. Estimates and assumptions are reviewed regularly and the effects of any change are immediately recognised in profit or loss.

The most important estimates used in preparing the Financial Statements are given below as these involve a significant level of subjective opinion, assumptions and estimates:

- *Goodwill and of intangible assets with an indefinite useful life* are tested for impairment at least annually at the end of each reporting period; this test requires an estimate of the value in use of the cash generating unit to which the goodwill and intangible assets with an indefinite useful life have been allocated which itself is based on an estimate of the cash flows the cash generating unit is expected to generate and discounting them to their net present value at an identified discount rate.
- *Intangible assets with a finite useful life* are tested for impairment when there are internal or external indications that an asset is impaired; this test requires an estimate of the value in use of the cash generating unit to which the asset belongs which itself is based on an estimate of the cash flows the cash generating unit is expected to generate and discounting them to their net present value using an appropriate discount rate.
- *Deferred tax assets* are carried against tax losses carried forward and other taxable temporary differences to the extent that it is probable there will be sufficient future taxable profits available to utilise the tax losses and other taxable temporary differences. Management must use its judgement in estimating the amount of deferred tax assets to be recognised. The Industrial Plan of the Company was used when determing the amount of deferred tax assets considered recoverable.
- *Provisions for risks and costs* were estimated using the best available information at the date of the Financial Statements under review and include estimates based on historic and future data regarding the likely outcome of legal disputes or events where the judgement of the risk profile and the calculation of the likely financial impact are uncertain and complex and could result in an adjustment to estimates.

Concerning the use of estimates of financial risk, reference should be made to the specific paragraph in the notes to the Financial Statements, whilst it should be noted that the valuation of the provision for risks refers to the best information available at the end of the reporting period.

The industrial plans used to carry out the impairment tests are based on certain expectations and assumptions for future performance that by their very nature are subject to uncertainties. Therefore, given the current macroeconomic scenario, the state of the exhibition sector and the outcome of the initiatives taken by the Group to stabilise the financial and net worth, the results could differ from the forecasts.

The Plan will be continually assessed by the Directors regarding the effective realisation of the initiatives and forecasts and the effects on the financial and economic performance of the Company.

Notes to the Financial Statements

STATEMENT OF FINANCIAL POSITION

ASSETS

NON-CURRENT ASSETS

2) Property, plant and equipment

The breakdown and changes in the last two financial years were as follows:

Property, plant and equipment (€'000)

	Balance at 31/12/12	Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	Balance at 31/12/13
Plant and machinery								
. historic cost	14,566	250	54	-	-	-	-	14,762
. depreciation	9,577	-	43	1,385	-	-	-	10,919
Net	4,989	250	11	1,385	-	-	-	3,843
Industrial and commercial equipment								
. historic cost	11,745	121	-	-	-	-	-	11,866
. depreciation	11,419	-	-	128	-	-	-	11,547
Net	326	121	-	128	-	-	-	319
Other assets								
. historic cost	26,032	362	2	-	-	-	-	26,392
. depreciation	21,284	-	1	2,377	-	-	-	23,660
Net	4,748	362	1	2,377	-	-	-	2,732
Total property, plant and equipment								
. historic cost	52,343	733	56	-	-	-	-	53,020
. depreciation	42,280	-	44	3,890	-	-	-	46,126
Net	**10,063**	**733**	**12**	**3,890**	**-**	**-**	**-**	**6,894**

Property, plant and equipment (€'000)

	Balance at 31/12/13	Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	Balance at 31/12/14
Plant and machinery								
. historic cost	14,762	317	-	-	-	-	-	15,079
. depreciation	10,919	-	-	1,403	-	-	-	12,322
Net	3,843	317	-	1,403	-	-	-	2,757
Industrial and commercial equipment								
. historic cost	11,866	72	16	-	-	-	-	11,922
. depreciation	11,547	-	11	128	-	-	-	11,664
Net	319	72	5	128	-	-	-	258
Other assets								
. historic cost	26,392	206	7	-	-	-	-	26,591
. depreciation	23,660	-	7	1,134	-	-	-	24,787
Net	2,732	206	-	1,134	-	-	-	1,804
Total property, plant and equipment								
. historic cost	53,020	595	23	-	-	-	-	53,592
. depreciation	46,126	-	18	2,665	-	-	-	48,773
Net	**6,894**	**595**	**5**	**2,665**	**-**	**-**	**-**	**4,819**

The breakdown and changes in the last two financial years were as follows:

Plant and machinery

This entry was Euro 2.757 million, net of depreciation for the year of Euro 1.403 million, and was for electric and thermal plant and security and audiovisual systems.
The total increase of Euro 0.317 million was mainly for plant in the Rho exhibition site.

Industrial and commercial equipment

This entry was Euro 0.258 million, net of depreciation for the year of Euro 0.128 million, and was mainly for equipment and furnishings related to the exhibition business.
The total increase of Euro 0.072 million was for the purchase of furniture and equipment related to exhibition activities in the Rho exhibition site.

Other assets

This entry was Euro 1.804 million net of depreciation for the year of Euro 1.134 million and was for electronic equipment, furnishing, equipment, and transport vehicles.
The total increase of Euro 0.206 million was made up of Euro 0.184 million for electronic equipment and furnishing accessories and of Euro 0.022 million for improvements made to assets belonging to Fondazione Fiera Milano, which were the responsibility of the Company under existing lease agreements.

The depreciation of costs for improvements to third-party assets is calculated on the basis of the residual duration of the lease agreements for fixed assets.

On 31 March 2014 new lease agreements were signed for the Rho and Milan exhibition sites that expire on 30 June 2023. Therefore, the length of the useful life on which depreciation is calculated has changed giving rise to an estimate of depreciation that was Euro 0.972 million lower for the financial year.

The entry for fixed assets, plant and equipment includes no related-party transactions (Euro 0.001 million at 31 December 2013).

3) Goodwill and intangible assets with an indefinite useful life

Details of the amounts and changes in the last two financial years were as follows:

Goodwill and intangible assets with an indefinite useful life (€'000)

		Balance at 31/12/12	Incr.	Decr.	Impairment	Reclassification	Other changes	Balance at 31/12/13
Goodwill								
. historic cost		82,933	-	-	-	-	-	82,933
. depreciation		12,789	-	-	-	-	-	12,789
	Net	70,144	-	-	-	-	-	70,144
Total								
. historic cost		82,933	-	-	-	-	-	82,933
. depreciation		12,789	-	-	-	-	-	12,789
	Net	**70,144**	**-**	**-**	**-**	**-**	**-**	**70,144**

Goodwill and intangible assets with an indefinite useful life								(€'000)
		Balance at 31/12/13	Incr.	Decr.	Impairment	Reclassification	Other changes	Balance at 31/12/14
Goodwill								
. historic cost		82,933	-	-	-	-	-	82,933
. depreciation		12,789	-	-	-	-	-	12,789
	Net	70,144	-	-	-	-	-	70,144
Total								
. historic cost		82,933	-	-	-	-	-	82,933
. depreciation		12,789	-	-	-	-	-	12,789
	Net	**70,144**	**-**	**-**	**-**	**-**	**-**	**70,144**

The amounts and changes in the different items in the last financial year were as follows:

Goodwill

Goodwill totalled Euro 70.144 million.

Goodwill of Euro 29.841 million was initially recognised in the Statement of Financial Position following the contribution by Fondazione Fiera Milano of the exhibition entity on 17 December 2001. In the 2011 financial year, it increased by Euro 40.350 million due to the merger by incorporation of the 100% controlled company Rassegne SpA into its parent company Fiera Milano SpA and by a further Euro 0.080 million following the acquisition of the business division, Information Communication Technology, from the subsidiary Expopage SpA.
During the 2012 financial year it increased by Euro 0.021 million as a result of the merger by incorporation of the 100% owned company, TL.TI Expo SpA, into the Parent Company Fiera Milano SpA and decreased by Euro 0.148 million for the acquisition of the business division F&M Fiere & Mostre Srl in 2009 and by the adjustment to the final transaction consideration made as a result of the failure to reach the targets for the 2012 edition of the exhibition.

As stated in Note 1 on the valuation criteria used to prepare the Financial Statements, goodwill is not amortised but is tested for impairment at the end of each reporting period or more often if there are any indications of impairment. The methods used for the impairment tests in the 2014 financial period are described in the section on the use of estimates.

The realisable value of the cash generating units (CGUs) to which individual goodwill was attributed is verified by determining their value in use.

For Fiera Milano SpA, each individual exhibition is a cash-generating unit.

In order to avoid using arbitrary allocation criteria for the impairment tests, goodwill was allocated on the basis of appropriate groupings that reflect the strategic vision of the company as well as how the goodwill was generated.

The goodwill allocations are as follows:

- the Directly Organised Exhibition cash generating unit: this comprises the cash generating units of the exhibitions directly organised by Fiera Milano SpA. The goodwill allocated to this group was Euro 40.223 million and was the goodwill generated on the acquisition of companies that organise exhibitions that were subsequently merged with Fiera Milano SpA through various merger transactions;

- the Exhibition cash generating unit group: this comprises the cash generating units of all the exhibitions of Fiera Milano SpA. The goodwill allocated to this group was Euro 29.921 million of which Euro 29.841 million was the goodwill arising from the contribution of the exhibition entity by Fondazione Fiera Milano to Fiera Milano SpA on 17 December 2001; Euro 0.080 million was goodwill deriving from the acquisition by the Company of the Information Communication Technology business division of its subsidiary Expopage SpA.

The method used is that of discounted cash flow based on the 2015-2018 Industrial Plan approved by the Board of Directors.

Cash flow projections beyond the time horizons of the respective business plans are generally made using the average gross operating profit of the last two years of the plan and reconstructing a normalised cash flow without considering changes in working capital but including maintenance and replacement costs.

The *pro quota* profit of exhibitions in the last two years of the industrial plan that are held less often than biennially were excluded from the cash flows used to calculate the terminal value.

As described above, the terminal value was calculated as a perpetuity obtained by determining the net present value of the average net cash flows and discounting it using a WACC (Weighted Average Cost of Capital) of 7.26% whilst assuming a growth rate of 1.5% in line with the medium/long-term inflation estimates.

The WACC incorporates a cost of risk capital of 8.84%, a cost of debt of 3.49% with debt equal to 25% of invested capital (the average of peer companies). The single elements were arrived at using as far as possible publicly available sources. A rate net of taxes was used for cash flows net of taxes.

The cost of risk capital incorporates a risk-free rate of 2.88%, a market risk premium of 5.5% and a levered beta of 0.96, in line with the average for the sector. It also incorporates a specific risk coefficient to cover the execution risk of the forecast cash flows.

Sensitivity analyses were carried out by varying the WACC (+0.5%) and the forecast operating cash flows (-10%) with a positive result for both CGUs.

4) Intangible assets with a finite useful life

The breakdown and changes in the last two financial years were as follows:

Intangible assets with a finite useful life								(€'000)
	Balance at 31/12/12	Incr.	Decr.	Amort.	Impairment	Reclassification	Other changes	Balance at 31/12/13
Industrial patents and intellectual property rights								
. historic cost	31,145	2,915	-	-	-	-	-	34,060
. amortisation	27,291	-	-	2,342	-	-	-	29,633
Net	3,854	2,915	-	2,342	-	-	-	4,427
Concessions, licenses and similar								
. historic cost	2,620	3,312	-	-	-	-	-	5,932
. amortisation	2,432	-	-	948	-	-	-	3,380
Net	188	3,312	-	948	-	-	-	2,552
Trademarks								
. historic cost	22,533	-	-	-	-	-	-	22,533
. amortisation	7,166	-	-	1,039	-	-	-	8,205
Net	15,367	-	-	1,039	-	-	-	14,328
Total intangible assets with a finite useful life								
. historic cost	56,298	6,227	-	-	-	-	-	62,525
. amortisation	36,889	-	-	4,329	-	-	-	41,218
Net	**19,409**	**6,227**	**-**	**4,329**	**-**	**-**	**-**	**21,307**

Intangible assets with a finite useful life								(€'000)
	Balance at 31/12/13	Incr.	Decr.	Amort.	Impairment	Reclassification	Other changes	Balance at 31/12/14
Industrial patents and intellectual property rights								
. historic cost	34,060	1,293	-	-	-	-	-	35,353
. amortisation	29,633	-	-	2,328	-	-	-	31,961
Net	4,427	1,293	-	2,328	-	-	-	3,392
Concessions, licenses and similar rights								
. historic cost	5,932	342	-	-	-	-	-	6,274
. amortisation	3,380	-	-	1,310	-	-	-	4,690
Net	2,552	342	-	1,310	-	-	-	1,584
Trademarks								
. historic cost	22,533	-	-	-	-	-	-	22,533
. amortisation	8,205	-	-	1,037	-	-	-	9,242
Net	14,328	-	-	1,037	-	-	-	13,291
Total intangible assets with a finite useful life								
. historic cost	62,525	1,635	-	-	-	-	-	64,160
. amortisation	41,218	-	-	4,675	-	-	-	45,893
Net	**21,307**	**1,635**	**-**	**4,675**	**-**	**-**	**-**	**18,267**

The breakdown and changes in the last two financial years were as follows:

Industrial patents and intellectual property rights

These totalled Euro 3.392 million net of amortisation for the year of Euro 2.328 million. The total increase of Euro 1.293 million includes Euro 0.280 million of capitalised costs for functional upgrades to the information management system and Euro 1.013 million for the implementation of other digital projects and the purchase of software.

Amortisation is calculated on the estimated useful life of the asset, which is three years for the information system, the management reporting system, and the other projects and software.

Concessions, licences and similar rights

This entry was Euro 1.584 million net of amortisation for the year of Euro 1.310 million; the Euro 0.342 million increase was mainly for the purchase of software licences with rights of use for a limited period.

Time-limited software licences are amortised over a period of three years.

Trademarks

This entry totalled Euro 13.291 million net of amortisation for the year of Euro 1.037 million and the breakdown was as follows:

- Bit	Euro 3.484 million;
- Transpotec & Logitec	Euro 2.599 million;
- HOST	Euro 2.303 million;
- Mipap Milano Prêt-à-Porter	Euro 2.165 million;
- Fluidtrans Compomac	Euro 0.965 million;
- Bias	Euro 0.822 million;
- Festivity	Euro 0.539 million;
- Miart	Euro 0.161 million;
- La Campionaria	Euro 0.137 million;
- BtoBio Expo	Euro 0.101 million;
- TUTTOFOOD	Euro 0.014 million;
- Other	Euro 0.001 million.

The exhibition trademarks are amortised over a useful life of between ten and twenty years. The calculation of the useful life of each trademark is made by determining its continuous presence on a given reference market, its competitive position and its operating profitability.

For the trademarks and publications to which Fiera Milano SpA has attributed a finite useful life, the internal and external sources of information indicated in paragraphs 12-14 of IAS 36 were used to assess if there were any indications of impairment.

The entry for intangible fixed assets with a finite useful life included no related-party transactions (Euro 0.050 million at 31 December 2013).

5) Investments

The breakdown and changes in this entry were as follows:

EQUITY INVESTMENTS								
(€'000)	% held	Book value	Changes during the financial year					Book value
	31/12/14	31/12/13	Incr.	Decr.	Reclassification	Revaluations	Write-downs	31/12/14
Equity investments in subsidiaries companies								
Fiera Milano Congressi SpA	100%	12,200	-	-	-	-	-	12,200
Fiera Milano Media SpA	100%	29,305	-	-	-	-	11,135	18,170
Nolostand SpA	100%	13,390	-	-	-	-	-	13,390
Fiera Milano Exhibitions Africa Pty Ltd	85%	5,071	496	-	-	-	-	5,567
Eurofairs International Consultoria e Participações Ltda	99.98%	13,756	-	-	-	-	3,807	9,949
Fiera Milano India Pvt Ltd	99.99%	125	-	-	-	-	-	125
Fiera Milano Interteks Uluslararasi Fuarcilik A.S.	60%	2,341	219	-	-	-	-	2,560
Limited Liability Company Fiera Milano	100%	261	-	-	-	-	-	261
Worldex (China) Exhibition & Promotion Ltd	75%	7,419	407	-	-	-	-	7,826
total		**83,868**	**1,122**	**-**	**-**	**-**	**14,942**	**70,048**
Equity investments in joint-ventures								
Hannover Milano Global Germany GmbH	49%	10,990	-	-	-	-	-	10,990
Milan International Exhibitions Srl under liquidation	20%	29	-	-	-	-	-	29
total		**11,019**	**-**	**-**	**-**	**-**	**-**	**11,019**
Total equity investments		**94,887**	**1,122**	**-**	**-**	**-**	**14,942**	**81,067**

The values of investments are shown net of any impairment provisions.

The amount and changes in investments are described below.

- On 10 January 2014, Fiera Milano SpA paid Euro 0.407 million, 3.750 million Chinese renminbi, as the first *tranche* of a share capital increase in Worldex (China) Exhibition & Promotion Ltd. This followed the decision of the Board of Directors of 26 July 2013 to approve a share capital increase of up to 8.000 million Chinese renminbi of which 75% from Fiera Milano SpA. On 5 March 2014, a payment of Euro 1.800 million was made as the deferred payment for the acquisition agreed on 15 May 2013 of 75% of the share capital of the exhibition company Worldex (China) Exhibition & Promotion Ltd.
- On 14 February 2014, the Board of Directors approved the liquidation of Milan International Exhibitions Srl. On 3 March 2014 the extraordinary shareholders' meeting of Milan International Exhibitions Srl approved the process of voluntary liquidation for the company.
- On 18 February 2014, Fiera Milano SpA paid Euro 0.219 million as part of the share capital increase in Fiera Milano Interteks Uluslararasi Fuarcilik A.S. following the decision of the Board of Directions taken on 11 November 2013.
- On 5 June 2014 the second and last tranche of the payment of 2.211 million South African rand (Euro 0.154 million[1]) agreed at the time of the acquisition of the shareholding in Fiera Milano Exhibitions Africa Pty Ltd. The agreed transaction price included two deferred *tranches* that were dependent on the achievement of profitability targets for the 2012 and 2013 financial years by the Good Food & Wine Show; these were to be reduced proportionally if the forecast targets for each year failed to be achieved.

[1] Figures in Euro are given using the exchange rate of 5 June 2014 (EUR/ZAR = 14.357)

On 28 August 2014, Fiera Milano SpA acquired 10% of Fiera Milano Exhibitions Africa Pty Ltd for Euro 0.496 million. Following this transaction its shareholding moved from 75% to 85%.

At the end of the financial year under review, impairment tests were carried out on the investments and an impairment charge of Euro 11.135 million was taken for the investment in Fiera Milano Media SpA and of Euro 3.807 million for the investment in Eurofairs International Consultoria e Participaçoes Ltda.

The methodology used was that of discounted cash flow based on the industrial plans approved by the management of the companies. The reference time horizon is five financial periods for Fiera Milano Media SpA and four years for the other subsidiaries given the biennial timing of some of the important exhibitions. The estimated cash flows beyond the time period of the business plans were calculated by taking the average gross operating margin of the last two years of the plans and estimating a normalised cash flow with no changes in working capital but including maintenance or replacement expenditure.

It should be noted that the terminal value was calculated as a perpetuity obtained by calculating the net present value of the average net cash flows, as described above, at a discount rate that differs for the different reference countries of the various investments. Zero growth in real terms was assumed but an estimate of the medium/long-term inflation rates in the specific geographic areas was used.

The WACC (Weighted Average Cost of Capital) used was different for each investment depending on the: *(i)* different risk-free rate (the yield on a 10-year government bond in the jurisdiction of the investment); *(ii)* the specific risk coefficient to cover the execution risk of the forecast cash flows. The risk factors reflect the differences between historical data and estimated figures as well as future valuations of the business strategies; *(iii)* the different cost of debt due to the estimated rate of inflation in the jurisdiction of each investment.

A summary of the results is given below:

- Fiera Milano SpA	7.26%
- Fiera Milano Congressi SpA	6.74%
- Fiera Milano Media SpA	8.99%
- Nolostand SpA	7.34%
- Fiera Milano Exhibitions Africa Pty Ltd	11.94%
- Eurofairs International Consultoria e Participaçoes Ltda	16.42%
- Fiera Milano Interteks Uluslararasi Fuarcilick A.S.	12.95%
- Limited Liability Company Fiera Milano	13.27%
- Worldex (China) Exhibition & Promotion Ltd	8.17%
- Hannover Milano Global Germany GmbH	8.01%

Sensitivity analyses were carried out by varying the WACC (+0.5%) and the forecast operating cash flows (-10%) with a positive outcome for all the investments not found to be impaired.

Sensitivity analyses on the investments found to be impaired gave the following results:

- Fiera Milano SpA: a 0.5% increase in the WACC reduced the recoverable value by Euro 1.200 million and a 0.5% decrease in the WACC increased the recoverable value by Euro 1.600 million;

- Eurofairs International Consultoria e Participaçoes Ltda: a 0.5% increase in the WACC reduced the recoverable value by Euro 0.456 million and a 0.5% decrease in the WACC increased the recoverable value by Euro 0.496 million.

6) Trade and other receivables

These totalled Euro 13.271 million (Euro 13.857 million at 31 December 2013) of which Euro 11.416 million due beyond five years. The breakdown was as follows:

Trade and other receivables			(€'000)
	31/12/14	**31/12/13**	**Change**
Other receivables from the controlling shareholder	12,389	12,784	(395)
Guarantee deposits	583	600	(17)
Other	299	473	(174)
Total	**13,271**	**13,857**	**(586)**

The entry included:

- other receivables of Euro 12.389 million (Euro 12.784 million at 31 December 2013) from the controlling shareholder. Euro 10.412 million was for the guarantee deposit on the lease agreements for the two exhibitions sites of Rho and Milan. This sum is equivalent to the combined quarterly rent on the two exhibition sites; the residual amount of Euro 1.977 million is the non-current part of the receivable arising from the right to repayment from Fondazione Fiera Milano of the guarantee deposit paid on the two previous lease agreements offset by the payable by Fiera Milano of the guarantee deposits for the new lease agreements. This receivable will be paid over the length of the contracts through a reduction on the amount payable by Fiera Milano SpA to Fondazione Fiera Milano for each six-monthly rental payment;
- other guarantee deposits totalling Euro 0.583 million (Euro 0.600 million at 31 December 2013). These referred almost totally to the guarantee deposit under the property lease agreement for the Palazzo Italia project in Berlin. The sum of Euro 0.498 million equates to the quarterly rent under the agreement;
- other receivables of Euro 0.299 million (Euro 0.473 million at 31 December 2013). These were receivables from the sale of the Richmac trademark to be paid in two biennial *tranches* in December 2017 to December 2019.

Trade and other receivables included Euro 12.389 million (Euro 12.784 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

7) Deferred tax assets

These were Euro 6.338 million (Euro 2.172 million at 31 December 2013) and were the net of deferred tax assets and deferred tax liabilities.

The change compared to the previous financial year was mainly due to deferred tax assets on tax

losses during the financial year that were recognised in the financial period under review against a valuation of the recoverability of these in the approved plans.
An analysis of the changes in deferred taxes is given in Note 40 to the Income Statement.

CURRENT ASSETS

8) Trade and other receivables

Trade and other receivables			(€'000)
	31/12/14	31/12/13	Change
Receivables from clients	26,692	30,461	(3,769)
Trade receivables from subsidiaries	2,591	4,528	(1,937)
Trade receivables from associates	45	56	(11)
Receivables from subsidiaries for tax consolidation	1,144	188	956
Other receivables	2,339	3,123	(784)
Other receivables from the controlling shareholder	540	1,656	(1,116)
Prepaid expenses	558	394	164
Prepaid expenses from the controlling shareholder	4,828	-	4,828
Prepaid expenses from subsidiaries	17	24	(7)
Total	**38,754**	**40,430**	**(1,676)**

These were Euro 38.754 million (Euro 40.430 million at 31 December 2013) and included the following items:

- trade receivables from clients of Euro 26.692 million (Euro 30.461 million at 31 December 2013) net of Euro 5.110 million of provisions for doubtful receivables. They comprised receivables from organisers, exhibitors and others for services related to providing exhibition space and services for exhibitions.

- The total for receivables was adjusted for the provision for doubtful receivables in order to bring the nominal value in line with the estimated recoverable value. During the financial year, the provision for doubtful receivables changed as follows:

				(€'000)
	31/12/13	Provisions	Uses	31/12/14
Provisions for doubtful receivables	5,391	758	1,039	5,110

  The provision made was for receivables that were deemed difficult to recover.

  Use of the provision refers to receivables which, in the financial year under review, were found to be unrecoverable.

- Trade receivables from subsidiaries of Euro 2.591 million (Euro 4.528 million at 31 December 2013). These were trade receivables at market conditions.
  The work was carried out and the services supplied as part of the organisation and management of the exhibitions and other events held in the exhibition site.

- Receivables from subsidiaries for the tax consolidation of Euro 1.144 million (Euro 0.188 million at 31 December 2013); this is the balance of payables and receivables included in the tax consolidation.

- Other receivables of Euro 2.339 million (Euro 3.123 million at 31 December 2013). These included receivables for IRES tax of Euro 0.169 million, for IRAP tax of Euro 0.597 million, pre-payments to INAIL of Euro 0.125 million, other tax receivables of Euro 0.046 million, receivables from employees of Euro 0.367 million, receivables for tax credits on employee severance indemnities of Euro 0.283 million, advances to suppliers of Euro 0.102 million, receivables of Euro 0.057 million for contributions from the Fondo Interprofessionale for "For.Te" training, receivables of Euro 0.188 million from the sale of the Richmac trademark and other current receivables of Euro 0.405 million.
- Other receivables from the controlling shareholder of Euro 0.540 million (Euro 1.656 million at 31 December 2013). The change compared to the previous financial year was mainly due to the absence of receivables for the share of Fondazione Fiera Milano in the internationalisation initiatives for the exhibition Host.
- Prepaid expenses of Euro 0.558 million (Euro 0.394 million at 31 December 2013) for insurance premiums and other accruals and for costs incurred in the financial year but pertaining to the following financial year.
- Prepaid expenses from the controlling shareholder of Euro 4.828 million (zero at 31 December 2013) mainly for the rent on the fieramilano exhibition site.

The entry for trade and other receivables included Euro 9.165 million (Euro 6.452 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

9) Inventories

This entry includes suspended costs of Euro 4.466 million (Euro 2.754 million at 31 December 2013) for exhibitions to be held after 31 December 2014.

Inventories			(€'000)
	31/12/14	**31/12/13**	**Change**
Tuttofood	1,671	146	1,525
Bit	887	216	671
HOMI I semester	527	1,406	(879)
Host	496	33	463
HOMI II semester	392	157	235
Miart	205	174	31
Transpotec & Logitec Verona	142	48	94
Expo 2015	19	156	(137)
X Days	-	221	(221)
Expodetergo International	-	106	(106)
Other	127	91	36
Total	**4,466**	**2,754**	**1,712**

The entry for inventories includes Euro 0.192 million (Euro 0.372 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

10) Current financial assets

These were Euro 2.725 million (Euro 2.145 million at 31 December 2013) and the breakdown was as follows:

Current financial assets			(€'000)
	31/12/14	**31/12/13**	**Change**
Current financing to the Group	2,725	2,145	580
Total	**2,725**	**2,145**	**580**

The entry includes loans made to subsidiaries which were done at market conditions. They include the following:

- a Euro 1.219 million loan to the subsidiary Fiera Milano Media SpA. The interest payable is 3-month Euribor plus a spread of 300 bps;
- a Euro 1.187 million loan to the subsidiary Eurofairs International Consultoria e Participaçoes Ltda. The interest rate on this loan is 6%;
- a Euro 0.319 million loan to the subsidiary Limited Liability Company Fiera Milano. The interest rate on this loan is 6%.

This entire entry is a related-party transaction (Euro 2.145 million at 31 December 2013). Further details on related-party transactions are given in Note 42.

11) Cash and cash equivalents

Cash and cash equivalents totalled Euro 3.564 million (Euro 5.921 million at 31 December 2013) and was almost entirely temporary cash held with banks.

Cash and cash equivalents			(€'000)
	31/12/14	**31/12/13**	**Change**
Bank and postal accounts	3,448	5,822	(2,374)
Cheques	113	95	18
Cash and cash equivalents	3	4	(1)
Total	**3,564**	**5,921**	**(2,357)**

The financial flows with comparative data at 31 December 2013 are shown in the Statement of Cash Flows.

EQUITY AND LIABILITIES

12) Equity

The breakdown of equity was as follows:

Equity			(€'000)
	31/12/14	**31/12/13**	**Change**
Share capital	41,521	41,521	-
of which treasury shares	*(627)*	*(627)*	-
Share premium reserve	1,783	14,447	(12,664)
of which treasury shares	*(2,913)*	*(2,913)*	-
Legal reserve	7,865	7,865	-
Other reserves	1,420	1,420	-
Retained profits/(losses)	(179)	(12)	(167)
Profit/(loss) for the period	(30,674)	(12,664)	(18,010)
Equity	**21,736**	**52,577**	**(30,841)**

The amounts and changes compared to 31 December 2013 were as follows:

Share capital

At 31 December 2014, equity was Euro 41.521 million (Euro 41.521 million at 31 December 2013), net of Euro 0.627 million of treasury shares. The fully paid-up share capital was made up of 42,147,437 ordinary shares each of nominal value Euro 1.00 with no restrictions regarding dividend distributions and repayment of share capital, except as provided by law for treasury shares.

The number of shares in circulation was as follows:

	Number of shares at 31 December 2013	**Increase in capital**	**Purchase**	**Sale**	**Number of shares at 31 December 2014**
Ordinary shares in issue	42,147,437	-	-	-	42,147,437
Treasury shares	626,758	-	-	-	626,758
Shares in circulation	41,520,679	-	-	-	41,520,679

Under IAS/IFRS, the nominal value of treasury shares is carried directly to equity whilst the difference between the nominal value and the acquisition price of treasury shares is taken against the share premium reserve.

Share premium reserve

This was Euro 1.783 million (Euro 14.447 million at 31 December 2013) net of the reserve of Euro 2.913 million for treasury shares.

The decrease of Euro 12.664 million follows the decision of the Shareholders' Meeting of 29 April 2014 to cover the losses for the previous financial year by using the share premium reserve.

Legal reserve

The legal reserve was Euro 7.865 million (Euro 7.865 million at 31 December 2013).

Other reserves

These totalled Euro 1.420 million (Euro 1.420 million at 31 December 2013). The breakdown was as follows:

- Euro 1.395 million (Euro 1.395 million at 31 December 2013) from the previous reserve for anticipated depreciation;
- Euro 0.025 million (Euro 0.025 million at 31 December 2013) from the disposal of treasury shares.

Retained earnings

This entry was negative for Euro 0.179 million (negative for Euro 0.012 million at 31 December 2013) and was for the remeasurement of the defined benefit plans net of the related tax effects.

Profit / (loss) for the year

In the financial year to 31 December 2014 the Company made a net loss of Euro 30.674 million. In the previous financial year it made a net loss of Euro 12.664 million. The accumulated losses meant that the share capital fell by more than one-third thereby placing the Company in the situation provided for under Article 2446 of the Italian Civil Code. Details of the actions taken by the Company are given in the section on "Business outlook and assessment of the Company as a going concern" in the Board of Directors' Management Report.

The table below gives a breakdown of equity and shows the possible uses and amounts available for distribution for each component, as well as any use made in previous financial years.

Equity available and equity available for distribution					(€'000)
				Summary of uses	
	Balance	**Possible uses**	**Amount available**	**to cover losses**	**for other reasons**
Share capital	41,521				
of which treasury shares	*(627)*				
Capital reserves:					
Share-premium reserve	1,783	A,B,C	1,783	55,441	
Legal reserve	5,212	B	-		
Other reserves	895	A,B,C	895		
Reserves for earnings:					
Legal reserve	2,653	B	-		
Other reserves	525	A,B,C	525		
Retained earnings	(179)	-	-		
Profit (loss) for period	(30,674)	-	-		
Total	**21,736**		**3,203**	**55,441**	
Amount unavailable for distribution (share-premium reserve)			564		
Remainder available for distribution			**2,639**		

Key
A: for capital increase
B: to cover losses
C: for distribution to shareholders

LIABILITIES

NON-CURRENT LIABILITIES

13) Bank borrowings

These were Euro 26.898 million (Euro 33.954 million at 31 December 2013):

Bank borrowings			(€'000)
	31/12/14	**31/12/13**	**Change**
Bank borrowings	26,898	33,954	(7,056)
Total	**26,898**	**33,954**	**(7,056)**

Non-current payables to banks were:

- Euro 1.988 million (Euro 5.961 million at 31 December 2013) for the non-current portion of the Euro 20.000 million financing granted by a leading bank on 22 June 2011 and repayable in quarterly instalments in arrears from 22 September 2011 until 22 June 2016 with interest at 3-month Euribor plus a spread of 1.60%;
- Euro 8.464 million (Euro 12.437 million at 31 December 2013) for the non-current portion of the Euro 20.000 million financing granted by a leading bank on 21 December 2012 and repayable in quarterly instalments in arrears from 21 March 2013 until 21 December 2017 with interest at 3-month Euribor plus a spread of 4.00%;
- Euro 11.001 million (Euro 15.556 million at 31 December 2013) for the non-current portion of the Euro 20.000 million financing granted by a leading bank on 6 December 2013, and repayable in six-monthly instalments in arrears from 30 June 2014 until 30 June 2018 with interest at 3-month Euribor plus a spread of 3.50%;
- Euro 3.536 million (zero at 31 December 2013) for the non-current portion of the Euro 7.500 million financing granted by a leading bank on 19 March 2014 and repayable in six-monthly instalments in arrears from 31 December 2014 until 30 June 2016 with interest at 3-month Euribor plus a spread of 2.90%;
- Euro 1.909 million (zero at 31 December 2013) for the non-current portion of the Euro 7.000 million financing granted by a leading bank on 6 October 2014 and repayable in six-monthly instalments in arrears from 30 June 2015 until 31 December 2016 with interest at 3-month Euribor plus a spread of 2.90%.

Some of the financial loans described above (those granted on 21 December 2012 and 6 December 2013) include financial covenants which have set a maximum level for the net debt/ equity ratio; the next assessment of this financial indicator will be in the 2015 financial year. Further details are given in Note 25.

The change compared to the previous financial year is due to the gradual repayment of non-current loans taken out in the past offset, in part, by the new loans.

14) Other financial liabilities

These totalled Euro 0.220 million (Euro 0.385 million at 31 December 2013):

Other financial liabilities			(€'000)
	31/12/14	**31/12/13**	**Change**
Finance leases	220	385	(165)
Total	**220**	**385**	**(165)**

The entry for finance leases referred to the non-current part of the finance lease for the concession of the right to use the Festivity trademark. The change compared to the previous financial year reflected the reclassification of the current portion under other current financial liabilities.

15) Provisions for risks and charges

Provisions for risks and charges					(€'000)
	31/12/13	**Provisions**	**Uses**	**Reclassification**	**31/12/14**
Provision for tax consolidation	286	-	-	-	286
"Palazzo Italia" Berlin project	981	-	-	(778)	203
Supplementary indemnity reserve for agents	5	-	-	-	5
Other provisions for risks and charges	1,014	-	86	-	928
Total	**2,286**	**-**	**86**	**(778)**	**1,422**

These totalled Euro 1.422 million (Euro 2.286 million at 31 December 2013) and were as follows:

- Euro 0.286 million (Euro 0.286 million at 31 December 2013) for the provision set up for any eventual repayment to the controlling shareholder, Fondazione Fiera Milano, of the money paid by the latter as part of the tax consolidation that ceased in the financial year to 31 December 2006. The amount was paid by Fondazione Fiera Milano for the amount of the benefit Fiera Milano SpA would have received had the tax consolidation been made in the name of the latter;
- Euro 0.203 million (Euro 0.981 million at 31 December 2013) for the non-current part of the provision for the Palazzo Italia project in Berlin. The reduction compared to the previous financial year is due to the movement of the current portion to current provisions for risks and charges. This amount was Euro 0.915 million. At 31 December 2014 the total provision for this risk was Euro 1.118 million. In the previous financial year the provision had totalled Euro 2.473 million but Euro 1.355 million of the fund was used in the financial year under review. The total amount is the estimate of the actual liability;
- Euro 0.005 million (Euro 0.005 million at 31 December 2013) for provisions for supplementary allowances for agents set up to cover the potential surrender of agency contracts;
- Euro 0.928 million (Euro 1.014 million at 31 December 2013) for other risks for potential payments on the outcome of legal disputes with suppliers.

16) Employee benefit provisions

These were Euro 6.209 million (Euro 5.836 million at 31 December 2013).
They were made up of employee severance indemnities that had accrued at 31 December 2006 and were valued using actuarial methods. The change in the financial year under review is shown in the following table:

Employee benefit provisions				(€'000)
	31/12/13	**Severance indemnities accrued**	**Indemnities and advances paid**	**31/12/14**
Defined benefit plans	5,836	464	91	6,209
Total	**5,836**	**464**	**91**	**6,209**

Accrued severance indemnities	(€'000)
Personnel expenses:	
- Indemnities related to defined benefit plans	53
Financial expenses:	
- Actuarial loss	181
Other comprehensive income:	
- Remeasurement of defined benefit plans	230
Total	**464**

The Company uses a duly certified professional to determine the actuarial amounts.
The main hypotheses/assumptions used in the actuarial calculations for the defined benefit plans were as follows:

Demographic assumptions	
Mortality rate	Based on the ISTAT 2011 mortality tables by gender
Probability of disability	Based on the disability tables used in the INPS 2010 forecast model
Probability of termination of employment	The probable employee turnover rate was derived from the rates of the companies being valued
Retirement probability	Assumption that the basic requirements needed to receive the compulsory general insurance (Assicurazione Generale Obbligatoria) were met
Probability of early retirement	Assumption of 3% per annum and an average amount of 70% of the staff-leaving indemnities of all the companies valued.

Actuarial assumptions used to calculate severance indemnity provisions	**31/12/14**	**31/12/13**
Technical discount rate	1.60%	3.10%
Annual inflation rate	1.50%	2.00%
Annual rate of increase in severance indemnity provisions	2.62%	3.00%

The discount rate was calculated with reference to the Eurozone Iboxx Corporate AA index for a period equal to or greater than ten years.

The following table gives sensitivity analyses for the main assumptions used to calculate the liability for defined benefit plans.

Effect of defined benefit plans on debt (Euro '000)

Economic and financial assumptions	**Range**	**Base figure (excluding severance indemnities)**	**Increase in assumptions**	**Decrease in assumptions**
Discount rate	+/- 0.5%	6,157	6,014	6,307
Average increase in employee costs	+/- 0.5%	6,157	6,157	6,157
Economic and financial assumptions				
Life expectancy	+/- 1 year	6,157	6,195	6,118

Following the adoption of the amendments of IAS 19 *Revised,* actuarial gains and losses since the financial year ended 31 December 2011 have been recognised in equity through other comprehensive income.

17) Other liabilities

This entry was zero (Euro 0.925 million at 31 December 2013).

Non-current payables to suppliers were transferred to trade payables under current liabilities.

CURRENT LIABILITIES

18) Bank borrowings

These totalled Euro 79.562 million (Euro 54.288 million at 31 December 2013) and the breakdown was as follows:

Bank borrowings			(€'000)
	31/12/14	**31/12/13**	**Change**
Overdrafts	59,524	42,032	17,492
Current financing	19,531	12,253	7,278
Current accounts	507	3	504
Total	**79,562**	**54,288**	**25,274**

Bank borrowings were mainly the following:

- Euro 59.524 million (Euro 42.032 million at 31 December 2013) for short-term loans taken out to meet cash management requirements;
- Euro 19.531 million (Euro 12.253 million at 31 December 2013) for the current portion of the financing described in Note 13.

The increase in bank borrowings reflected operational cash flows that were impacted by a decrease in negative net working capital and by lower cash flows generated by the normal business.

Bank borrowings are subject to floating rate interest.

19) Trade payables

These were Euro 22.016 million (Euro 26.065 million at 31 December 2013). Trade payables were mainly to Italian suppliers for the acquisition of services required to mount the exhibitions that is the typical business of the Company. The decrease reflected a lower number of transactions with suppliers due to the lower level of activity caused by the exhibition calendar and a different trend in payments compared to the previous financial year.

20) Pre-payments

Pre-payments totalled Euro 34.843 million (Euro 31.372 million at 31 December 2013) and were pre-payments invoiced to clients for exhibitions to be held after the end of the financial year.
The table on the following page gives a breakdown by exhibition. The change in pre-payments compared to the previous financial year can be explained by the biennial and multi-annual frequency of some exhibitions:

Pre-payments			(€'000)
	31/12/14	31/12/13	Change
HOMI I semester	12,506	12,789	(283)
Tuttofood	4,027	270	3,757
Host	3,483	1,491	1,992
Salone del mobile/Complemento d'arredo	1,921	1,335	586
Lineapelle I semester	1,650	-	1,650
Plast	1,297	-	1,297
Mido	1,268	1,018	250
Milano Unica Primavera	1,053	1,141	(88)
Micam Primavera	1,042	964	78
Ipack-Ima	981	12	969
Mostra Convegno Expocomfort	816	8,718	(7,902)
Made Expo	782	-	782
Bit	579	563	16
Made in Steel	522	-	522
Simac Tanning-Tech	519	-	519
Mifur	478	583	(105)
Euroluce	460	-	460
Promotion trade exibition	269	233	36
Evento Nowadays	140	-	140
Meat Tech	135	-	135
Converflex	116	-	116
Sicurezza	21	107	(86)
Esposizione Internazionale Canina	-	162	(162)
Expodetergo	-	344	(344)
Eurocucina	-	335	(335)
Bimu	-	325	(325)
Salone Internazionale del Bagno	-	166	(166)
Xylexpo	-	122	(122)
The Innovation Cloud	-	100	(100)
Other	778	594	184
Total	**34,843**	**31,372**	**3,471**

This entry included Euro 0.010 million (Euro 0.009 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

21) Other financial liabilities

These totalled Euro 21.850 million (Euro 20.572 million at 31 December 2013) and the breakdown was as follows:

Other financial liabilities			(€'000)
	31/12/14	31/12/13	Change
Financial payables to the controlling shareholder	21,683	20,410	1,273
Finance leases	167	162	5
Total	**21,850**	**20,572**	**1,278**

The entry for financial payables to the controlling shareholder showed the figure in the current account held with Fondazione Fiera Milano that was mainly for the payment of the rent for the second semester of the financial period under review.

Other financial liabilities includes Euro 21.683 million (Euro 20.410 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

22) Current provisions for risks and charges

Current provisions for risks and charges					(€'000)
	31/12/13	Provisions	Uses	Reclassification	31/12/14
"Palazzo Italia" Berlin project	1,492	-	1,355	778	915
Loss on exhibitions	111	-	111	-	-
Other provisions for risks and charges	132	-	79	-	53
Total	**1,735**	**-**	**1,545**	**778**	**968**

These were Euro 0.968 million (Euro 1.735 million at 31 December 2013) and the breakdown was the following:

- Euro 0.915 million (Euro 1.492 million at 31 December 2013) for the current portion of the provision for the Palazzo Italia project in Berlin already described in Note 15;
- Euro 0.053 million (Euro 0.132 million at 31 December 2013) of other risk provisions.

23) Current tax liabilities

These were Euro 1.178 million (Euro 1.180 million at 31 December 2013).

Current tax liabilities			(€'000)
	31/12/14	31/12/13	Change
Income tax (IRPEF) payable for employees	1,055	1,033	22
Income tax (IRPEF) payable for non subordinate and project workers	111	136	(25)
Other tax liabilities	12	11	1
Total	**1,178**	**1,180**	**(2)**

24) Other current liabilities

These were Euro 26.512 million (Euro 29.337 million at 31 December 2013).

Other current liabilities			(€'000)
	31/12/14	**31/12/13**	**Change**
Trade payables to subsidiaries	9,734	10,431	(697)
Trade payables to associates	185	354	(169)
Other payables to the controlling shareholder	1,076	1,096	(20)
Payables to controlling shareholder for tax consolidation	59	59	-
Payables to subsidiaries for tax consolidation	136	135	1
Payables to the controlling shareholder for Group VAT	1,859	585	1,274
Payables to pension and social security entities	1,887	1,873	14
Payables to directors and statutory auditors	52	48	4
Payables to employees	3,160	3,174	(14)
Payables to exhibition organisers and others	8,328	9,498	(1,170)
Earn-out for acquisition of Fiera Milano Exhibitions Africa Pty Ltd	-	266	(266)
Earn-out for acquisition of Worldex (China) Exhibition & promotion Ltd	-	1,785	(1,785)
Deferred income	36	33	3
Total	**26,512**	**29,337**	**(2,825)**

The main changes compared to the previous financial year were the following:

- lower payables of Euro 1.170 million mainly for payments received on behalf of exhibition organisers;
- lower payables of Euro 1.785 million for the payment of the final amount for the acquisition of Worldex (China) Exhibition & Promotion Ltd.

This entry also included Euro 13.050 million (Euro 12.660 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

25) FINANCIAL ASSETS AND LIABILITIES

At 31 December 2014 the Company had net debt of Euro 122.241 million (net debt of Euro 101.133 million at 31 December 2013) as shown in the following table. Where applicable, the part referring to related-party transactions is shown separately for each entry.

Net Financial Position (€'000)	**31/12/14**	**31/12/13**
A. Cash (including bank balances)	3,564	5,921
B. Other cash equivalents	-	-
C. Securities held for trading	-	-
D. Cash and cash equivalents (A+B+C)	**3,564**	**5,921**
E. Current financial assets	**2,725**	**2,145**
- E.1 of which current financial receivables from the controlling shareholder	-	-
- E.2 of which current financial receivables from the subsidiaries	*2,725*	*1,511*
- E.3 of which current financial receivables from joint ventures	-	*634*
F. Current bank borrowings	60,031	42,035
G. Current portion of non-current debt	19,531	12,253
H. Other current financial liabilities	21,850	20,572
- H.1 of which current financial payables to the controlling shareholder	*21,683*	*20,410*
I. Current financial debt (F+G+H)	**101,412**	**74,860**
J. Net current financial debt (cash) (I-E-D)	**95,123**	**66,794**
K. Non-current bank borrowings	26,898	33,954
L. Debt securities in issue	-	-
M. Other non-current liabilities	220	385
N. Non-current net financial debt (K+L+M)	**27,118**	**34,339**
Net financial debt (cash) from continuing operations (J+N)	**122,241**	**101,133**
Net financial debt (cash) from discontinued operations	**-**	**-**
O. Net financial debt (cash)	**122,241**	**101,133**

Net debt increased by Euro 21.108 million and reflected operational cash flows that were impacted by a decrease in negative net working capital and lower cash flows generated by the normal business.

Additional information on the financial instruments of the Company is given below to enable a better assessment of:

a) the importance of financial instruments for the Statement of Financial Position and Income Statement;

b) the significance and type of risks deriving from the financial instruments to which the Company was exposed during the financial year under review and the previous financial year and the relevant risk management procedures.

Classes of financial instruments

The items in the Statement of Financial Position and the types of risk related to financial instruments at 31 December 2013 and 31 December 2014 are shown in the following table:

	Risk class (€'000)	Notes	Balance at 31/12/2013	Balance at 31/12/2014	Liquidity risk	Interest rate risk	Credit risk
	NON-CURRENT ASSETS						
1)	Trade and other receivables	6	13,857	13,271			**X**
	CURRENT ASSETS						
2)	Trade and other receivables	8	40,430	38,754			**X**
3)	Current financial assets	10	2,145	2,725	**X**		
4)	Cash and cash equivalents	11	5,921	3,564	**X**		
	NON-CURRENT LIABILITIES						
5)	Bank borrowings	13	33,954	26,898	**X**	**X**	
6)	Other financial liabilities	14	385	220	**X**	**X**	
7)	Other non-current liabilities	17	925	-	**X**		
	CURRENT LIABILITIES						
8)	Bank borrowings	18	54,288	79,562	**X**	**X**	
9)	Trade payables	19	26,065	22,016	**X**		
10)	Other financial liabilities	21	20,572	21,850	**X**	**X**	
11)	Other current liabilities	24	29,337	26,512	**X**		

Significance of financial instruments

Financial instruments and their relative significance, as regards the Statement of Financial Position and Income Statement at 31 December 2013 and 31 December 2014, are shown in the following tables:

Financial assets and liabilities shown in the accounts (€'000)	Notes	FY 31/12/2013	Assets at fair value (a) through profit and loss	Loans and receivables	Investments held to maturity	Liabilities at amortised cost	Fair value	Effect on Income Statement
NON-CURRENT ASSETS								
1) Trade and other receivables	6	13,857	-	13,857	-	-	13,857	320
CURRENT ASSETS								
2) Trade and other receivables	8	40,430	-	40,430	-	-	40,430	(1,153)
3) Current financial assets	10	2,145	-	2,145	-	-	2,145	61
4) Cash and cash equivalents	11	5,921	-	5,921	-	-	5,921	17
NON-CURRENT LIABILITIES								
5) Bank borrowings	13	33,954	-	-	-	33,954	33,954	(1,059)
6) Other financial liabilities	14	385	-	-	-	385	385	-
7) Other non-current liabilities	17	925	-	-	-	-	925	-
CURRENT LIABILITIES								
8) Bank borrowings	18	54,288	-	-	-	54,288	54,288	(1,923)
9) Trade payables	19	26,065	-	-	-	26,065	26,065	-
10) Other financial liabilities	21	20,572	-	-	-	20,572	20,572	(999)
11) Other current liabilities	24	29,337	-	-	-	27,227	29,337	-
(a) Fair value at the recognition date								

Financial assets and liabilities shown in the accounts (€'000)	Notes	FY 31/12/2014	Assets at fair value (a) through profit and loss	Loans and receivables	Investments held to maturity	Liabilities at amortised cost	Fair value	Effect on Income Statement
NON-CURRENT ASSETS								
1) Trade and other receivables	6	13,271	-	13,271	-	-	13,271	127
CURRENT ASSETS								
2) Trade and other receivables	8	38,754	-	38,754	-	-	38,754	(753)
3) Current financial assets	10	2,725	-	2,725	-	-	2,725	94
4) Cash and cash equivalents	11	3,564	-	3,564	-	-	3,564	17
NON-CURRENT LIABILITIES								
5) Bank borrowings	13	26,898	-	-	-	26,898	26,898	(1,725)
6) Other financial liabilities	14	220	-	-	-	220	220	-
7) Other non-current liabilities	17	-	-	-	-	-	-	-
CURRENT LIABILITIES								
8) Bank borrowings	18	79,562	-	-	-	79,562	79,562	(1,490)
9) Trade payables	19	22,016	-	-	-	22,016	22,016	-
10) Other financial liabilities	21	21,850	-	-	-	21,850	21,850	(1,197)
11) Other current liabilities	24	26,512	-	-	-	26,453	26,512	-
(a) Fair value at the recognition date								

As shown in the above tables, the carrying value of financial assets and liabilities is a reasonable approximation of their fair value; most of the financial instruments are current investments and borrowings and where non-current instruments have been used these have not been subject to significant contingent charges. These are classified in Level 3 of the fair value hierarchy under IFRS 13.

26) FINANCIAL AND MARKET RISK MANAGEMENT

The main financial instruments of the Company are bank borrowings, current accounts and current financial payables from the controlling shareholder Fondazione Fiera Milano.

Fiera Milano SpA has a favourable cash management cycle from the business of renting exhibition space to organisers and offering administrative and cash management services, receiving on behalf of the organisers everything that the exhibitors pay the organiser. After receiving the cash, Fiera Milano SpA, depending on the contractual agreements, retrocedes to the organiser what is its due and keeps the payment for the space rented out in the exhibition venues. The suppliers of goods and services are paid using normal payment conditions. This system allows the Company to receive in advance the sums it is due and thereby generate negative working capital, which, in turn, gives a cash surplus.

The Company is exposed to the following different types of risk.

26.1 Credit risk

Credit risk is represented by the Company's exposure to potential losses from the non-fulfilment of obligations undertaken by counterparties. Credit risk is adequately monitored and also that pertaining to the cash management that characterises the business of the Company. Fiera Milano SpA hosts and organises exhibitions that are leaders in their sector and, therefore, the loyalty of exhibitors is high. For Fiera Milano SpA, the current system means that all receipts from exhibitors flow into the Fiera Milano SpA accounts and it is Fiera Milano SpA that retrocedes to its clients/organisers the amounts due them.
Three different categories of credit risk have been identified: organisers, exhibitors and other receivables.

The first category is the exhibition **organisers**; the receivables included in this category are considered to represent the lowest risk as Fiera Milano SpA, manages the cash flows of all the exhibitions at the two sites. Provisions for doubtful receivables are minimal in comparison to the amounts received and have mainly been made because the current credit environment appears to indicate that their recovery will prove difficult.

The second risk category is the **exhibitors**; the receivables from this category are considered medium risk as exhibitors normally have to make payment before the end of the exhibition.

The third risk category is **other receivables**, which mainly comprises exhibition-related activities (stand-fitting, congresses, promotions, internet services) and activities that are not exhibition-related (sponsorship, advertising, etc.). These receivables are payable under normal payment conditions.

The categories of credit risk at 31 December 2013 and at 31 December 2014 and the breakdown of overdue payments are shown in the following tables:

(€'000) Class	FY 31/12/2013 Receivables	Due	Breakdown of late payments (days) Overdue	0-90	91-180	181-270	More	Provisions
Organisers	6,443	3,028	4,537	3,820	17	53	647	1,122
Exhibitors	18,512	2,373	18,334	13,552	555	698	3,529	2,195
Other	11,746	6,699	7,121	2,957	338	493	3,333	2,074
Total	**36,701**	**12,100**	**29,992**	**20,329**	**910**	**1,244**	**7,509**	**5,391**

(€'000) Class	FY 31/12/2014 Receivables	Due	Overdue	Breakdown of late payments (days) 0-90	91-180	181-270	More	Provisions
Organisers	5,539	2,209	4,685	1,756	426	140	2,363	1,355
Exhibitors	15,735	318	17,340	12,348	844	632	3,516	1,923
Other	8,330	5,975	4,187	762	492	170	2,763	1,832
Total	**29,604**	**8,502**	**26,212**	**14,866**	**1,762**	**942**	**8,642**	**5,110**

The provision for doubtful receivables is based on presumed recoverability, using internal assessments supported by those of external legal consultants.

The category of receivables that exceed 270 days increased due to doubtful receivables which have already been discounted and that, in previous financial years, were in the category of 0-90 days overdue.

Changes in the provision for doubtful receivables at 31 December 2013 and 31 December 2014 with a breakdown by risk category are given in the following table:

(€'000) Class	FY 31/12/2013 Allowances	Provisions	Utilised	FY 31/12/2014 Allowances
Organisers	1,122	233	-	1,355
Exhibitors	2,195	402	674	1,923
Other	2,074	123	365	1,832
Total	**5,391**	**758**	**1,039**	**5,110**

26.2 Liquidity risk

Although the Company has taken measures to ensure that it has adequate levels of working capital and liquidity, a potential drop in the volumes of business also caused by the seasonality and cyclicality that characterise the exhibition business can affect the financial results and its cash flow generation ability.

Financial requirements are normally affected both by seasonality from one financial year to the next and within one financial year caused by the exhibition calendar and by higher cash absorption in the summer months of July and August with a gradual return to more normal levels for the Company in subsequent months. Moreover, the significant losses generated in the 2014 and 2013 financial periods have resulted in a substantial decrease in equity causing an imbalance in the ratios of net debt and the Company now finds itself in the situation under Article 2446 of the Italian Civil Code.

As already described in Note 25, the level of financial debt at 31 December 2014 increased compared to the end of the previous financial year and went from Euro 101.133 million to Euro 122.241 million. This was mainly due to the trend in operating cash flows and the unfavourable exhibition calendar in the financial year under review. The higher level of debt was primarily reflected in the increase in short-term bank borrowing.

The aim of risk management at Fiera Milano SpA is to guarantee an adequate level of liquidity, minimising the opportunity cost and maintaining a balance in terms of the duration and composition of debt. Over the years, the Company, in order to cover the investments made, has taken out a series of loans of two to five years that have decreased current bank borrowings in favour of non-current bank borrowings.

The Company reasonably expects to continue this strategy in the 2015 financial period to cover its financial requirements that, which also stem from the expiry of some bank loans in the current financial year.

As described in Note 13, some of the loans made to the Company are governed by financial covenants that are assessed annually; the next assessment of the financial ratios will take place in 2015 as, during 2014, the financial institutions that provided the loans agreed to redefine the terms of the existing agreements and to postpone the need to meet the required financial ratios.

Moreover, in January 2015, as part of the measures to meet cash requirements, the Parent Company agreed a current loan of Euro 15.000 million governed by financial covenants that involve certain financial ratios being met on both a six-monthly and an annual basis. Loans made by financial institutions, together with the operating cash flow, are considered to provide an adequate level of liquidity to meet financial requirements in the short-term although it cannot be excluded that there will be peaks of cash absorption particularly in the summer months when no exhibitions are held.

Steps have already been taken also to achieve the primary aim of a more balanced level of non-current debt despite the forecast of a high level of current debt also in the 2015 financial year. It is reasonable to expect that this initiative that follows similar ones in previous financial periods could involve a further request for contractual changes in the financial covenants mentioned above.

In the absence of extraordinary transactions, maintaining the financial equilibrium of the Company is linked to attaining the targets of the Industrial Plan, as well as to the performance of the economy, forecasts for which necessitate an assessment of the outcome of future events and circumstances that by their very nature are uncertain.

The tables below give the breakdown of financial liabilities and their duration and the outstanding interest payable to maturity at 31 December 2013 and at 31 December 2014.

Financial liabilities (€' 000)	**FY at 31/12/2013**	**3 mths**	**6 mths**	**12 mths**	**18 mths**	**24 mths**	**3 years**	**5 years**	**>5 years**
Current bank payables	54,288	43,959	4,173	6,156					
Current interest payable		576	397	708					
Other current financial liabilities	20,572	20,493		79					
Current interest payable		94		8					
Non-current bank borrowings	33,954				6,174	6,239	10,583	10,958	
Non-current interest payable					598	501	684	368	
Other non-current financial liabilities	385				84	82	170	49	
Non-current interest payable					5	5	5	1	
Trade payables	26,065	26,065							
Total	**135,264**	**91,187**	**4,570**	**6,951**	**6,861**	**6,827**	**11,442**	**11,376**	**-**

Financial liabilities (€' 000)	FY at 31/12/2014	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Current bank payables	79,562	61,910	7,787	9,865					
Current interest payable		452	468	612					
Other current financial liabilities	21,850	11,084	10,684	82					
Current interest payable		120	66	5					
Non-current bank borrowings	26,898				9,900	6,114	8,722	2,162	
Non-current interest payable					457	309	311	40	
Other non-current financial liabilities	220				86	85	49		
Non-current interest payable					3	2	1		
Trade payables	22,016	22,016							
Total	**150,546**	**95,582**	**19,005**	**10,564**	**10,446**	**6,510**	**9,083**	**2,202**	**-**

26.3 Market risk

The Company reserves the right to use appropriate hedging instruments were the market risks to become significant.

a) Interest rate risk

The Company has access to credit lines at competitive rates and is able to manage interest rate fluctuations. Moreover, the Company constantly monitors market conditions so as to intervene promptly should conditions change.
Reference should be made to Notes 13 and 18 for a breakdown of current and non-current bank borrowings.

The tables below give interest rate sensitivity analyses that show the effect of a +0.5% and a -0.5% change in interest rates on financial income and expenses in equity and the Income Statement for the 2013 and 2014 financial years.

(€'000)	Balance at 31/12/2013	Balance * (debt)	Income (expense)	Rate	0.5%	-0.5%
Current accounts	5,822	6,145	17	0.28%	48	(14)
Current financial receivables from subsidiaries	2,145	1,648	61	3.70%	69	53
Correspondence account	(20,410)	(31,336)	(980)	3.13%	(1,137)	(824)
Current financial liabilities	(42,032)	(55,133)	(1,918)	3.48%	(2,194)	(1,643)
Current and non-current bank borrowings	(46,210)	(32,333)	(1,064)	3.29%	(1,225)	(902)
Other current and non-current financial liabilities	(547)	(622)	(19)	3.05%	(22)	(16)
*average for the financial year						

(€'000)	Balance at 31/12/2014	Balance * (debt)	Income (expense)	Rate	0.5%	-0.5%
Current accounts	3,448	5,693	17	0.30%	46	(11)
Current financial receivables from subsidiaries	2,725	2,128	94	4.42%	105	83
Correspondence account	(21,683)	(39,042)	(1,183)	3.03%	(1,378)	(988)
Current financial liabilities	(59,524)	(47,049)	(1,490)	3.17%	(1,727)	(1,256)
Current and non-current bank borrowings	(46,936)	(49,618)	(1,725)	3.48%	(1,975)	(1,479)
Other current and non-current financial liabilities	(387)	(421)	(14)	3.33%	(16)	(12)
*average for the financial year						

b) Exchange rate risk

This remained relatively insignificant in the financial year to 31 December 2014; the Company's activities were mainly focused on the domestic market and it had no bank borrowings in foreign currencies.

c) Risk of changes in raw material prices

Fiera Milano SpA has limited exposure to the risk of changes in raw material prices. The Group normally has more than one supplier for any material considered critical and in some cases has long-term contracts that ensure lower price volatility.

27) DISCLOSURE ON GUARANTEES GIVEN, UNDERTAKINGS AND OTHER POTENTIAL LIABILITIES

Guarantees given

These totalled Euro 1.474 million (Euro 1.322 million at 31 December 2013) and the breakdown is as follows:

- US$ 1.500 million, equivalent to Euro 1.235 million (US$ 1.500 million, equivalent to Euro 1.149 million, at 31 December 2013) for the guarantee given to Ing Bank Istanbul on behalf of the subsidiary Fiera Milano Interteks to cover bank loans given by the bank;
- Euro 0.156 million (Euro 0.156 million at 31 December 2013) for guarantees given to the Tax Authority for payments made as part of the Group VAT consolidation;
- Euro 0.083 million (Euro 0.017 million at 31 December 2013) for other guarantees.

Potential liabilities

An adverse outcome to the legal procedures in which the Company is currently involved where the result is currently uncertain could, according to the legal advice taken, result in potential costs of approximately Euro 0.500 million.

INCOME STATEMENT

REVENUES

28) Revenues from sales and services

Revenues from sales and services were Euro 181.098 million (Euro 194.523 million at 31 December 2013).

The breakdown of revenues was as follows:

Revenues from sales and services			(€'000)
	2014	**2013**	**Change**
Facility fee for use of exhibition centre	69,706	60,758	8,948
Rent of space to exhibitors	35,675	59,271	(23,596)
Rentals of stands, fittings, and equipment	28,786	26,274	2,512
Catering and canteen services	18,447	18,769	(322)
Miscellaneous fees and royalties	7,738	6,944	794
Exhibition site services	5,744	5,795	(51)
Advertising space and services	4,934	5,264	(330)
Exhibition insurance services	2,171	2,290	(119)
Access surveillance and customer care services	2,165	1,861	304
Supplementary exhibition services	1,867	2,304	(437)
Facility fees for use of conference centre	1,056	850	206
Telephone and internet services	917	763	154
Ticket sales	502	1,561	(1,059)
Administrative services	481	292	189
Services from event organisation	274	-	274
Revenues from publishing products	21	844	(823)
Other	614	683	(69)
Total	**181,098**	**194,523**	**(13,425)**

The decrease in revenues reflects the decline in the square metres of exhibition space occupied caused by the different exhibition calendar: in 2013, this included the biennial exhibitions held in uneven-numbered years TUTTOFOOD, HOST and Made Expo (which became a biennial exhibition starting from 2013); and the drop in demand for exhibition space, which particularly affected the annual directly organised exhibitions HOMI January and Bit. This trend was only partly compensated by the hosted exhibitions held in even-numbered years Mostra Convegno Expocomfort and Xylexpo, by Lineapelle held for the first time in the fieramilano exhibition site, and by increases at some of the annual exhibitions that are hosted, such as the Salone del Mobile and the exhibitions in the fashion sector.
There was an increase in the facility fees for the use of exhibition areas from the hosted biennial exhibitions held in even-numbered years while the absence of the directly organised exhibitions held in uneven-numbered years resulted in a decrease in the rent of space to exhibitors.

Revenues from sales and services includes Euro 4.919 million (Euro 4.758 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

The business is almost exclusively focused on the domestic market.

OPERATING COSTS

29) Costs of materials

These were Euro 0.818 million (Euro 1.005 million at 31 December 2013).

The breakdown was as follows:

Cost of materials			(€'000)
	2014	2013	Change
Printed materials, forms and stationery	604	755	(151)
Subsidiary materials and consumables	214	250	(36)
Total	**818**	**1,005**	**(187)**

This entry includes Euro 0.001 million (Euro 0.023 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

30) Costs for services

These totalled Euro 107.929 million (Euro 107.032 million at 31 December 2013).

The breakdown was as follows:

Cost of services			(€'000)
	2014	2013	Change
Stands and equipment for exhibitions	34,344	31,175	3,169
Catering	12,392	13,166	(774)
Cost of marketing projects for exhibitions	9,490	6,867	2,623
Energy costs	8,453	9,188	(735)
Technical, legal, commercial and administrative services	7,469	6,239	1,230
Maintenance	5,754	6,207	(453)
Security and gate services	4,616	4,754	(138)
IT services	3,982	4,912	(930)
Cleaning and waste disposal	3,840	4,028	(188)
Insurance	2,875	2,948	(73)
Advertising	2,432	2,335	97
Other professional and collaborative services	2,208	3,282	(1,074)
Telephone and internet expenses	1,309	1,298	11
Technical assistance and ancillary services	1,165	1,340	(175)
Transport	667	660	7
Ticketing	381	396	(15)
Remuneration of statutory auditors	88	88	-
Conference and congress services	18	220	(202)
Change in suspended costs for future exhibitions	(1,712)	522	(2,234)
Other	8,158	7,407	751
Total	**107,929**	**107,032**	**897**

The entry for costs of services was mainly composed of costs for managing the exhibition sites during the setting up, running and dismantling of exhibitions and congresses.

The main changes were as follows:

- an increase in Stands and equipment for exhibitions mainly linked to the increase in revenues for stand-fitting services;

- an increase in Cost of marketing projects for exhibitions caused by higher costs for the relaunch and internationalisation initiatives for the exhibition HOMI;
- a decrease in the entry Change in suspended costs for future exhibitions mainly for the suspended costs sustained for the exhibition TUTTOFOOD in the financial period under review.

The entry includes Euro 33.563 million (Euro 29.853 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

31) Cost of use of third-party assets

This totalled Euro 51.898 million (Euro 58.809 million at 31 December 2013) and the breakdown was as follows:

Cost of use of third-party assets			(€'000)
	2014	**2013**	**Change**
Rent and expenses for exhibition sites	49,239	56,072	(6,833)
Other rental expenses	2,115	2,115	-
Vehicle hire	527	582	(55)
Office equipment and photocopy hire	17	40	(23)
Total	**51,898**	**58,809**	**(6,911)**

The item, rent and expenses for exhibition sites, included the Euro 48.919 million rent payable to the controlling shareholder Fondazione Fiera Milano, whilst other rental expenses included Euro 1.924 million under the lease agreement for the Palazzo Italia in Berlin.
The change was mainly due to the decrease in the rent payable for the fieramilano exhibition site under the new lease agreement. The rental payments are recognised on a straight-line basis over the length of the contract. Greater detail is given in Note 42 on related-party transactions.

The entry includes Euro 49.320 million (Euro 55.756 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

32) Personnel expenses

These totalled Euro 34.990 million (Euro 34.180 million at 31 December 2013) and the breakdown was as follows:

Personnel expenses			(€'000)
	2014	**2013**	**Change**
Salaries	22,860	22,108	752
Social Security payments	7,322	6,946	376
Defined contribution plans charges	1,527	1,457	70
Directors' remuneration	1,025	994	31
Seconded employees from subsidiares	1,008	934	74
External and temporary employees	508	554	(46)
Redundancy incentives	101	661	(560)
Defined benefit plans charges	53	49	4
Other expenses	586	477	109
Total	**34,990**	**34,180**	**810**

The entry includes Euro 1.008 million (Euro 0.934 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

A breakdown of employees by category (including those on fixed-term contracts) is given in the following table:

Breakdown of personnel by category

	2014	2013	Change
Managers	32	32	-
Middle managers and white collar workers	415	408	7
Total	**447**	**440**	**7**

Employee benefits

Stock option plan

In the past, Fiera Milano SpA has had option plans aimed at incentivising the managers of the Company and increasing employee loyalty.

At the date of the present Financial Statements, no stock option plan exists.

33) Other operating expenses

These were Euro 4.757 million (Euro 5.812 million at 31 December 2013) and the breakdown was as follows:

Other operating expenses (€'000)

	2014	2013	Change
Other tax expenses	3,098	3,506	(408)
Doubtful receivables covered by provisions	1,039	1,503	(464)
Association fees	323	290	33
Subscriptions	34	25	9
Other expenses	263	488	(225)
Total	**4,757**	**5,812**	**(1,055)**

The main changes were:

- a decrease in Other tax expenses mainly due to lower regional taxes because of the employment levels at the Rho exhibition site;
- a decrease in Other expenses mainly caused by the absence compared to the previous financial period of a legal dispute with exhibitors that was resolved.

The entry includes Euro 1.310 million (Euro 1.373 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

34) Other income

This totalled Euro 6.406 million (Euro 7.327 million at 31 December 2013) and the breakdown was as follows:

Other income			(€'000)
	2014	2013	Change
Other recovered costs	2,019	2,125	(106)
Office rent and expenses	1,783	1,751	32
Recovery of expenses for seconded employees	955	634	321
Insurance indemnities	23	188	(165)
Share of contributions to internationalisation intiativ	-	1,200	(1,200)
Other income	1,626	1,429	197
Total	**6,406**	**7,327**	**(921)**

The decrease in this item was mainly due to a one-off payment from Fondazione Fiera Milano for its share of the internationalisation initiatives for the exhibition HOST in the previous financial year.

The entry includes Euro 3.858 million (Euro 4.794 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

35) Depreciation and amortisation

Depreciation of property, plant and equipment

This was Euro 2.665 million (Euro 3.890 million at 31 December 2013).

Details of depreciation are given in the Explanatory notes to the Financial Statements under the entry for property, plant and machinery.

Amortisation of intangible assets

This was Euro 4.675 million (Euro 4.329 million at 31 December 2013).

Details of amortisation are given in the Explanatory notes to the Financial Statements under the entry for intangible assets with a finite useful life.

36) Write down of doubtful receivables and other provisions

These were negative for Euro 1.912 million (negative for Euro 1.532 million at 31 December 2013) and the breakdown was as follows:

Write down of doubtful receivables and other provisions			(€'000)
	2014	**2013**	**Change**
Write-down of doubtful receivables	(281)	(343)	62
provisions	*758*	*1,160*	*(402)*
utilisation	*(1,039)*	*(1,503)*	*464*
Palazzo Italia project	(1,355)	206	(1,561)
provisions	*-*	*1,864*	*(1,864)*
utilisation	*(1,355)*	*(1,658)*	*303*
Disputes with personnel	-	(250)	250
provisions	*-*	*46*	*(46)*
utilisation	*-*	*(296)*	*296*
Personnel reorganisation	-	(475)	475
provisions	*-*	*-*	*-*
utilisation	*-*	*(475)*	*475*
Losses on future exhibitions	(111)	(627)	516
provisions	*-*	*111*	*(111)*
utilisation	*(111)*	*(738)*	*627*
Other disputes	(165)	(43)	(122)
provisions	*-*	*79*	*(79)*
utilisation	*(165)*	*(122)*	*(43)*
Total	**(1,912)**	**(1,532)**	**(380)**

Further details on the changes in the provision for risks and charges may be found in Notes 15 and 22 to the Statement of Financial Position.

37) Financial income and similar

This totalled Euro 2.096 million (Euro 2.837 million at 31 December 2013) and the breakdown was as follows:

Financial income and similar			(€'000)
	2014	**2013**	**Change**
Dividends	1,797	2,067	(270)
Interest income from cautionary deposits for rent of the exhibition sites from the controlling shareholder	117	320	(203)
Interest income on financing granted to subsidiaries	94	39	55
Interest income on bank accounts	17	17	-
Interest income on receivables to subsidiaries	11	-	11
Exchange rate gains	7	173	(166)
Interest income on financing to joint venture companies	-	22	(22)
Other financial income	53	199	(146)
Total	**2,096**	**2,837**	**(741)**

This entry included Euro 2.019 million (Euro 2.448 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

38) Financial expenses and similar

This was Euro 4.739 million (Euro 4.235 million at 31 December 2013) and the breakdown was as follows:

Financial expenses and similar			(€'000)
	2014	2013	Change
Interest payable on bank accounts	3,242	3,004	238
Interest payable on current account held with the controlling shareholder	1,183	980	203
Expenses from calculation of net present value of defined benefit plans	181	161	20
Exchange rate losses	8	1	7
Other financial expenses	125	89	36
Total	**4,739**	**4,235**	**504**

The change mainly reflected higher financial expenses due to the higher average level of debt.

Other financial expenses mainly included the costs deriving from calculating the net present value of debt.

This entry includes Euro 1.183 million (Euro 0.980 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 42.

39) Valuation of financial assets

Valuation of financial assets			(€'000)
	2014	2013	Change
Fiera Milano Media SpA	(11,135)	-	(11,135)
Eurofairs International Consultoria e Participações Ltda	(3,807)	(1,544)	(2,263)
Fiera Milano India Pvt Ltd	-	(367)	367
Milan International Exhibitions Srl	-	(290)	290
Total	**(14,942)**	**(2,201)**	**(12,741)**

This entry was negative for Euro 14.942 million (negative for Euro 2.201 million at 31 December 2013) and was for the impairment charges already described in Note 5 to the Statement of Financial Position.

40) Income tax

The income tax entry for the year was positive for Euro 5.227 million (positive for Euro 2.612 million at 31 December 2013).

The breakdown was as follows:

Income tax			(€'000)
	2014	2013	Change
Current income tax	(1,124)	274	(1,398)
Deferred income tax	(4,103)	(2,886)	(1,217)
Total	**(5,227)**	**(2,612)**	**(2,615)**

The breakdown of current taxes at 31 December 2014 was as follows:

Current income tax			(€'000)
	2014	**2013**	**Change**
Current income tax - IRAP	12	437	(425)
Current income tax - IRES	32	44	(12)
Income/expenses from tax consolidation	(1,168)	(207)	(961)
Total	**(1,124)**	**274**	**(1,398)**

Since the 2007 financial period, Fiera Milano SpA, acting as the consolidating entity, and all the Italian subsidiaries have opted for the Italian national tax consolidation for payment of IRES.

In the financial period 2004/2005, Fiera Milano SpA and some of its Subsidiaries opted to be part of the tax consolidation of the controlling shareholder Fondazione Fiera Milano but, following the change in the end of the reporting period of Fiera Milano SpA and all its subsidiaries, the requirement for the financial year to agree with that of the consolidating entity meant that participation in this tax consolidation ceased. Nevertheless there still exist contractual obligations with Fondazione Fiera Milano which are referred to the entry Provision for tax consolidation.

The income from the tax consolidation was the result of offsetting the tax of some consolidated companies with the tax losses carried forward of Fiera Milano SpA.

The deferred tax balance in the financial year under review was positive for Euro 4.103 million and was the balance of deferred tax assets (of Euro 4.022 million) and deferred tax liabilities (of Euro 0.081 million).

At 31 December 2014, deferred tax assets were mainly pre-paid taxes on tax losses in the financial year that were recognised against a valuation of their recoverability within the time horizons of the approved plans. There was also an effect from the use of pre-paid taxes taken in earlier financial years to the provision for risks and charges, recognition of which was deferred until they were used. Deferred tax liabilities were mainly for tax amortisation of goodwill.

The breakdown of deferred tax assets and deferred tax liabilities was as follows:

Deferred income taxes				(€'000)
	31/12/13	**Effect of non-recurring transactions**	**Recognised in the Income Statement**	**31/12/14**
Deferred tax assets				
Excess amortisation, depreciation and wr	575	(61)	-	514
Provisions for risks and charges	2,143	(514)	-	1,629
Tax losses carried forward	9,992	4,704	-	14,696
Other temporary differences	590	(107)	-	483
Total	**13,300**	**4,022**	**-**	**17,322**
Deferred tax liabilities				
Goodwill and other amortisation	10,903	33	-	10,936
Other temporary differences	225	(114)	(63)	48
Total	**11,128**	**(81)**	**(63)**	**10,984**
Net deferred taxes	2,172	4,103	63	6,338
of which: Tax assets for deferred taxes	*13,300*			*17,322*
Deferred tax liabilities	*11,128*			*10,984*

The breakdown of total theoretical deferred tax assets relating to tax losses carried forward was:

- pre-paid taxes on losses prior to the tax consolidation of Euro 0.401 million; Euro 0.401 million recognised in the Statement of Financial Position;
- pre-paid taxes on losses in the tax consolidation of Euro 14.295 million; Euro 14.295 million recognised in the Statement of Financial Position.

Reconciliation of theoretical and effective corporation tax charge (IRES)

(€'000)	
Profit/(loss) before income tax	(35,901)
Percentage applicable for corporation income tax (IRES)	27.5%
Theoretical IRES tax charge (corporation income tax)	**(9,873)**
Difference between theoretical and effective tax charges:	
Non-deductible operating expenses	4,964
Shares of dividends not subject to tax	(493)
Uses of tax losses in preceding financial years	1,168
Tax subject to separate treatment	32
Effect of tax consolidation	(1,168)
Effective IRES tax charge	**(5,370)**

Reconciliation of theoretical and effective corporation tax charge (IRAP)

(€'000)	
Net operating result (EBIT)	(18,315)
Personnel expenses	34,990
Taxable base for purposes of IRAP	16,675
Statutory rate applicable for corporation income tax (IRAP)	3.9%
Theoretical IRAP tax charge (corporation income tax)	**650**
Difference between theoretical and effective tax charges:	
Effect of tax wedge	(506)
Other	(1)
Effective IRAP tax charge	**143**

The entry for income taxes included a positive figure of Euro 1.168 million (positive for Euro 0.207 million at 31 December 2013) for related-party transactions. Further details are given in Note 42 on related-party transactions.

41) Profit/(loss) for the year

At 31 December 2014, the Company made a net loss of Euro 30.674 million compared to a net loss of Euro 12.664 million at 31 December 2013.

42) Related-party transactions

As part of its corporate governance, Fiera Milano SpA has adopted *Principles of Conduct regarding Related-party Transactions* as described in the *Report on corporate governance and ownership structure*, which is part of the Board of Directors' Management Report in the Financial Statements.

Transactions between Fiera Milano SpA and related parties were carried out at market conditions.

In the Statement of Financial Position, the Statement of Comprehensive Income and the Statement of Cash Flows, the amounts for related-party positions or transactions, if material, are shown separately. Given the total amount of statement of financial position and income statement items, Fiera Milano SpA has decided that Euro 2.000 million is the material threshold above which separate disclosure must be made in the Statement of Financial Position and Euro 1.000 million is that for separate disclosure in the Income Statement.

Detailed information on related-party transactions is given below and is divided between related-party transactions with the controlling shareholder Fondazione Fiera Milano and related-party transactions with subsidiaries.

Related-party transactions with the controlling shareholder Fondazione Fiera Milano

The following is a summary of recurring transactions.

I. Real estate lease agreements

As described below, on 31 March 2014 new lease agreements were signed for the exhibition sites of Rho and Milan. These contracts were effective from the second semester of 2014.

On 18 January 2003, Fiera Milano SpA signed a lease agreement with Fondazione Fiera Milano for the Rho exhibition site. The same agreement established the terms of the lease for the downtown site, giving an effective date 1 January 2006 in the contracts for both exhibition sites. The lease agreement for both exhibition sites was, therefore, for nine years effective from 1 January 2006 (the date on which Fiera Milano SpA took possession of the Rho exhibition site). Cancellation of the contracts had to be notified eighteen months prior to the expiry of the contracts on 31 December 2014.

On 13 May 2013, the Board of Directors agreed a proposal put forward by the controlling shareholder Fondazione Fiera Milano to change the terms of the rental contracts for the exhibitions sites of Rho and Milan by extending the period for cancelling the lease agreement from 30 June 2013 to 31 October 2013. Subsequently, further proposals to extend the period to 14 March 2014 were approved. On 31 March 2014 new rental agreements for the exhibition sites of Rho and Milan were signed. The new lease agreements are for nine years effective from 1 July 2014 (following the agreed early termination of the existing lease agreements due to expire on 31 December 2014) and may be automatically renewed for a further nine years.

As regards the rental agreement for the Rho exhibition site, compared to the previous agreement that was valid until 30 June 2014, the rent was reduced by Euro 2.000 million in the second semester of 2014 and by Euro 14.000 million for the full-year 2015 and for each subsequent year of the agreement. Therefore, the rent was Euro 24.400 million for the second semester of 2014 and Euro 38.800 million from 2015 and for each subsequent year of the agreement annually adjusted for 100% of the change in the ISTAT consumer price index. Because of EXPO 2015, which is expected to have a positive impact on the exhibition business of Fiera Milano, for 2015 alone Fondazione Fiera Milano will be paid an additional rent based on any revenues generated in 2015 by Fiera Milano SpA that exceed the average annual revenues of the three-year period 2012-2014. Fiera Milano SpA will pay a supplementary rent equal to 15% of the additional revenues generated by Fiera Milano SpA up to a maximum amount of Euro 10.000 million.
For the Milan exhibition site, the parties agreed to maintain the existing rent of Euro 2.850 million per annum annually adjusted for 100% of the change in the ISTAT consumer price index.

A sum of Euro 10.412 million was also paid as a guarantee deposit; this sum is equivalent to the combined standard quarterly rent on the two exhibition sites. To simplify the agreement between the parties, it was decided that the debt payable by Fiera Milano for the new guarantee deposit would be offset by the credit it had for the right to repayment by Fondazione Fiera Milano of the guarantee deposit of Euro 12.784 million paid for the two previous rental agreements. The balance of Euro 2.372 million will be repaid by Fondazione Fiera Milano through a reduction of Euro 0.132 million on the amount payable by Fiera Milano to Fondazione Fiera Milano for each six-monthly rental payment up to the value of the aforementioned residual amount.

The transaction is a transaction of greater importance under Article 5 of Consob Regulation no. 17221 of 2010 on related-party transactions and of Article 10.2 of the Procedure for transactions with related parties adopted by Fiera Milano as it exceeds the materiality thresholds contained therein. As Fiera Milano qualifies as a “small and mid cap company”, as defined in Article 3, first paragraph, letter (f) of the Consob Regulation, the Company could have availed itself of the exemption permitted under Article 10, paragraph 1 of the same Regulation and could therefore have applied to a transaction of greater importance (such as the one described above) the procedures for transactions of lesser importance. However, because of the highly sensitive nature of the transaction and its importance to the corporate activities of the Company, the Board of Directors of Fiera Milano SpA, on the suggestion of the Control and Risk Committee, chose to employ for this transaction the more rigorous procedures required for transactions of greater importance.

To ensure that market conditions applied, the rental agreements were prepared also taking account of valuations done by the independent expert Jones Lang LaSalle SpA acting for Fiera Milano SpA.

II. Settlement of Group VAT

Taking advantage of the facility provided by Presidential Decree (DPR) 633/72, from 1 January 2002, Fiera Milano SpA chose to follow the procedures, managed by the controlling shareholder, Fondazione Fiera Milano, for settlement of Group VAT. This mechanism makes it easier to settle any tax obligations, without the Company incurring additional costs.

III. Group tax consolidation

In the financial year 2004/2005, Fiera Milano SpA and several of its subsidiaries opted to participate in the tax consolidation of the controlling shareholder Fondazione Fiera Milano. Following the change in the accounting year-end of Fiera Milano SpA and all its subsidiaries, participation in this tax consolidation ceased. However there remain certain contractual obligations to Fondazione Fiera Milano which are referred to in the Notes to the Financial Statements.

IV. Contract for supply of services

Fiera Milano SpA has an annual contract with Fondazione Fiera Milano for the reciprocal provision of services, which arise from or are necessary for the exercise of their respective activities. The contract is renewable annually unless cancelled by a written agreement between the parties.
The contract provides for the reciprocal supply between the Parent Company and Fondazione Fiera Milano of two kinds of services *(i)* services of a general nature, which fall within the range of activities of the entity providing them, supplied to the buyer on a continuous and systematic basis; *(ii)* specific services, or services provided on request and relating to specific activities to be agreed from time to time between the buyer and the supplier, also on the basis of appropriate offers/estimates. The service supply contract is governed by market conditions.

V. Licence contracts for use of the Fiera Milano brand name

On 17 December 2001, Fondazione Fiera Milano, as owner of the "Fiera Milano" brand name granted Fiera Milano SpA an exclusive licence for the use of the said brand name in order to typify its own activities, also through its use on headed paper, on its commercial material, and to differentiate its headquarters and offices. The licence has been granted for Italy and all countries and locations where the brand name has been or will be registered or lodged.
The symbolic consideration paid by Fiera Milano SpA to Fondazione Fiera Milano was Euro 1.0. Fondazione Fiera Milano, having as its corporate objective the development of the exhibition sector, has maintained Fiera Milano as part of its name and did not include it in the Exhibition Management Activity business division contributed to the Parent Company in 2001, but with the expectation that Fiera Milano SpA would use the said brand name for an extended period of time and without incurring further costs for its use.
It should be noted that this licence is valid until 31 December 2017 with automatic renewal for a further fifteen years, unless cancelled by one of the parties.

VI. Current account with Fondazione Fiera Milano

The parties settle receipts and payments under the contracts existing between them through a current account on which interest is paid at market rates.

Transactions with subsidiaries

Fiera Milano SpA carried out commercial transactions with subsidiaries under market conditions that were for the organisation and management of exhibitions and other events.

As part of the corporate reorganisation and to achieve more efficient management of the organisational processes and strengthen the centralisation and single management of strategic services, Fiera Milano SpA provides the following services to some of its subsidiaries:

- administration, financial, and tax services;
- planning and control;
- procurement;
- legal services;
- human resources management;
- Information Communication Technology.

Fiera Milano SpA also provides communication services to subsidiaries in order to ensure a uniform Group image.

Transactions with subsidiaries are done at market conditions.

Fiera Milano Media SpA, Nolostand SpA and Fiera Milano Congressi SpA have a licence agreement with Fiera Milano SpA to use the title “Fiera Milano” as part of their own trademarks. These agreements last until 31 December 2016 and tacit renewal is not provided for on expiry. The agreed amount that was paid by each licensee company was Euro 100.00.

I. Tax consolidation

Fiera Milano SpA, as the consolidating entity and all the Italian subsidiaries, the consolidated companies, opted for the Italian tax consolidation method for payment of IRES tax.
The tax consolidation procedure gives Fiera Milano SpA a definite economic and financial benefit, particularly in allowing the immediate use of its tax losses, generated in the financial years in which this option is available, to offset the profits of the consolidated companies. In this way it benefits from an immediate tax saving and from the transformation into liquid financial resources of amounts relating to IRES that, in the absence of the tax consolidation, would otherwise have been allocated against the taxable income of certain other subsidiaries, and that remain within the Group.
The legal relationships among the companies involved in the tax consolidation process are governed by a rule that imposes a uniform process for correct fulfilment of the fiscal requirements and related responsibilities on the companies involved.

II. Nolostand SpA

On 14 May 2010, Fiera Milano SpA signed an agreement with its subsidiary Nolostand SpA for the exclusive supply of stand-fitting services to the clients of the Parent Company at exhibitions, events and other initiatives in the fieramilano and fieramilanocity exhibition sites. On 15 April 2013 a new agreement was signed under which the method of calculating the payment was modified. For 2014 the payment equated to 30% of the profit margin (direct revenues less direct costs), which came to Euro 2.582 million.

On 3 June 2014 Fiera Milano SpA signed an agreement with its subsidiary Nolostand SpA for support activities for the annual maintenance of the Corporate Quality Management System of Fiera Milano SpA starting on 3 June 2014. The payment made to Nolostand SpA for 2014 was Euro 0.157 million.

III. Fiera Milano Media SpA

On 15 April 2013, Fiera Milano SpA signed a contract with Fiera Milano Media SpA whereby it gave exclusive rights to the subsidiary to manage the advertising on the billboards owned by Fiera Milano SpA and also to promote and market its business to certain specific clients of the Parent Company. Fiera Milano Media SpA pays Fiera Milano SpA 35% of the revenues generated by these two activities. The remaining 65% remains with the subsidiary as remuneration for the services it provides under the agreement.

Financial, capital and economic transactions with related-parties are shown in the following tables.

Fiera Milano SpA
Financial, capital and economic transactions with related parties at 31 December 2014

Fiera Milano SpA
Related party entries in the Statement of Financial Position and Income Statement in the financial year to 31 December 2014

(€'000)	Trade receivables and other non current	Trade receivables and other current	Inventories	Current financial assets	Pre-payments	Other current financial liabilities	Other current liabilities	Revenues from sales and services	Costs for materials	Costs of services	Cost of use of third-party assets	Personnel expenses	Other operating expenses	Other revenues	Financial income	Financial expenses	Tax
Controlling shareholder:																	
Fondazione Fiera Milano	12,389	5,368				21,683	2,994	23		1,001	48,919		1,064	291	127	1,183	
Subsidiaries:																	
Fiera Milano Congressi SpA		1,665	2				481	1,419		448	382			1,064	93		(1,168)
Fiera Milano Media SpA		827	67	1,219			1,523	410		2,314		419	229	1,317	39		
Nolostand SpA		553	102				7,549	2,681		28,903	6	514		1,184			
Cipa Fiera Milano Publicações e Eventos Ltda		2										75					
Eurofairs International Consultoria e Partipações Ltda		456		1,187											37		
Limited Liability Company "Fiera Milano"		249	1	319			41	249	1	44					18		
Fiera Milano Exhibitions Africa Pty Ltd							13			1	13						
Fiera Milano Interteks Uluslararasi Fuarcilik A.S.										111							
Fiera Milano India Pvt Ltd							43			43							
Worldex (China) Exhibition & Promotion Ltd							221	1		271							
Joint-ventures:																	
Hannover Milano Fairs China Ltd			1							12							
Hannover Milano Fairs India Ltd										22							
Hannover Milano Fairs Shangai Ltd		9	19		10		185	136		393			17				
Hannover Milano Global Germany GmbH															1,705		
Milan International Exhibitions Srl under liquidation		36												2			
Total related parties	12,389	9,165	192	2,725	10	21,683	13,050	4,919	1	33,563	49,320	1,008	1,310	3,858	2,019	1,183	(1,168)
Total entries	13,271	38,754	4,466	2,725	34,843	21,850	26,512	181,098	818	107,929	51,898	34,990	4,757	6,406	2,096	4,739	(5,227)
Related party entries/Total entries (%)	93%	24%	4%	100%	0.03%	99%	49%	3%	0.09%	31%	95%	3%	28%	60%	96%	25%	22%

Information on the remuneration paid to the Administrative and Control Bodies, to the general directors and to executives with strategic responsibilities in the financial year to 31 December 2014 is given in the table in the section below on other information.

(€'000)

Statement of related party cash flow	2014	2013
Cash flow from operating activities		
Revenues and income	8,777	9,552
Costs and expenses	(85,202)	(87,940)
Financial income	2,019	2,448
Financial expenses	(1,183)	(980)
Income/expenses from tax consolidation	1,168	207
Change in inventories	180	(137)
Change in trade and other receivables	(2,318)	(345)
Change in trade payables and pre-payments	1	(1)
Change other payables	390	8,788
Total	**(76,168)**	**(68,408)**
Cash flow from investing activities		
Investments in non-current assets		
Tangible and intangible	-	(51)
Total	**-**	**(51)**
Cash flow from financing activities		
Change in current financial (assets)/liabilities	693	19,314
Total	**693**	**19,314**
Cash flow in the period	**(75,475)**	**(49,145)**

The table below shows cash flow from related party transactions:

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
FY to 31.12.14:			
Total	(16,848)	(3,503)	17,994
Related party transactions	(76,168)	-	693
FY to 31.12.13:			
Total	4,487	(12,138)	10,357
Related party transactions	(68,408)	(51)	19,314

43) OTHER INFORMATION

Non-recurring events and transactions

In the financial period under review there were no significant non-recurring transactions as specified in Consob Communication of 28 July 2006.

Transactions relating to atypical and/or unusual operations

In accordance with Consob Communication of 28 July 2006, it should be noted that the Group did not carry out any unusual and/or atypical operations in 2014 as defined in the aforementioned Communication.

Significant events after the end of the reporting period

On 26 February 2015, Fiera Milano SpA signed an agreement with the minority shareholder of Fiera Milano Exhibitions Africa Pty Ltd for the acquisition of its 15% shareholding in the company for a sum of 3.945 million South African rand (Euro 0.300 million[2]). Transfer of ownership of the shareholding and payment for the transaction will take place simultaneously when the foreign exchange controls required by the South African authorities have been completed. Following this transaction, the shareholding of Fiera Milano SpA will move from 85% to 100%.

Information in accordance with article 149-*duodecies* of the Consob Listing Rules

The following table shows the fees paid to the independent audit firm for services provided in 2014.

(€'000)

	Service provider	Fees for FY 2014
Auditing	Reconta Ernst & Young	189
Other services (*)	Reconta Ernst & Young	29
Total		**218**

*agreed procedures

Remuneration of the Administrative and Control Bodies, General Managers and Executives with strategic responsibilities for the financial year to 31 December 2014

Executives with strategic responsibilities are those that have the power and responsibility, both direct and indirect, for the planning, management and control of Company activities.
Executives with strategic responsibilities are the Directors, the Statutory Auditors and the members of the Steering Committee.

The total remuneration for this category of executives was Euro 2.467 million at 31 December 2014 (Euro 2.456 million at 31 December 2013) and the breakdown was as follows:

[2] Figures in Euro have been given using the exchange rate on 24 February 2015 (EUR/ZAR = 13.149)

(€'000)

Remuneration	2014		
	Directors	Statutory Auditors	Other
Short-term benefits	923	87	1,362
Post-employment benefits	10	-	85
Other non-current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Notional income from stock option plans	-	-	-
Total	**933**	**87**	**1,447**

(€'000)

Remuneration	2013		
	Directors	Statutory Auditors	Other
Short-term benefits	900	87	1,368
Post-employment benefits	10	-	91
Other non-current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Notional income from stock option plans	-	-	-
Total	**910**	**87**	**1,459**

At 31 December 2014, the residual amount payable to this category was Euro 0.124 million.

On behalf of the Board of Directors
The Chairman
Michele Perini

Declaration relating to the Financial Statements in accordance with Article 154-*bis*, paragraph 5 of Legislative Decree of 24 February 1998, no. 58

1. The undersigned, Enrico Pazzali, as Chief Executive Officer, and Flaminio Oggioni, as Manager responsible for preparing the Financial Statements of Fiera Milano SpA, declare, acknowledging the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree of 24 February 1998, no. 58:

- the appropriateness in relation to the characteristics of the business and
- the effective application of the administrative and accounting procedures for the preparation of the Financial Statements for the year to 31 December 2014.

2. The evaluation of the adequacy of the administrative and accounting procedures for the preparation of the Financial Statements at 31 December 2014 is based on a process defined by Fiera Milano SpA, which is consistent with the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the generally accepted international benchmark.

3. It is also declared that

3.1 the Financial Statements at 31 December 2014:

- have been prepared in accordance with the applicable international accounting standards recognised by the European Union in accordance with EC Regulation no. 1606/2002 of the European Parliament and of the European Council of 19 July 2002;
- correspond to the results contained in the accounting records and documents;
- provide a true and correct representation of the capital, economic and financial situation of the Issuer.

3.2 The report on operations includes a reliable analysis of the trend and results of operations and the situation of the Issuer, together with a description of the main risks and uncertainties to which it is exposed.

20 March 2015

Signed by
The Chief Executive Officer
Enrico Pazzali

Signed by
The Manager responsible for preparing the the Company's Financial Statements
Flaminio Oggioni

Remarks of the Board of Statutory Auditors on the Report of the Board of Directors of Fiera Milano SpA prepared in compliance with Article 2446 of the Italian Civil Code and Article 74 of Consob Ruling no. 11971 of 14 May 1999 and subsequent amendments and additions

Dear Shareholders,

The Board of Statutory Auditors has examined

- the Statement of Financial Position at 31 December 2014 as shown in the Preliminary Financial Statements for the financial year to 31 December 2014 of Fiera Milano SpA (hereinafter, in short, "Fiera Milano“ or the "Company”) approved by the Board of Directors on 20 March 2015,
- and the Report prepared by the Board of Directors for the Shareholders’ Meeting in compliance with Article 2446 of the Italian Civil Code and Article 74 of CONSOB Ruling no. 11971 of 14 May 1999 and subsequent amendments and additions ["Regulations for the implementation of Legislative Decree of 24 February 1998, no. 58, governing the rules for issuers" (known as the "Listing Rules")] approved by the Board of Directors on 30 March 2015 (the "Report").

Between 1 January 2014 and 31 December 2014, the Equity of the Company changed as shown in the following table (in Euro):

Share capital	41,520,679	(*)
Two-third of Share Capital		27,680,453
Equity at 1 January 2014	52,576,722	
Remeasurement of defined benefit plans	-167,010	
Net loss of financial year at 31.12.2014	-30,674,121	
Equity at 31 December 2014	21,735,591	21,735,591
Difference under Art. 2446		**5,944,862**
(*) net of treasury shares for € 626,758		

The losses reduced the share capital by over one-third thereby placing the Company in the situation provided for under Article 2446 of the Italian Civil Code. Therefore, the Board of Directors at the aforementioned meeting on 20 March 2015 immediately convened the Shareholders’ Meeting for 29 April 2015 to approve any measures considered appropriate.

In compliance with Article 2446, first paragraph, of the Italian Civil Code, the Board of Statutory Auditors makes the following remarks:

1. The Financial Statements at 31 December 2014 show a net loss of Euro 30,674,121 which, according to the Report of the Board of Directors, is essentially due to the following:
    a. the unfavourable exhibition calendar with the absence of some proprietary exhibitions, like HOST and TUTTOFOOD, which normally generate significantly higher margins;
    b. the impairment charges taken as a result of impairment tests of Euro 14.942 million, of which Euro 11.135 million was for the investment in Fiera Milano Media SpA and Euro 3.807 million for the investment in Eurofairs International Consultoria e Participaçoes Ltda.

    The Board of Statutory Auditors believes that the causes of the losses have been correctly identified as summarised above and that some of these are non-recurring.

2. The financial position at 31 December 2014, as given in the Report, shows net debt of approximately Euro 122 million with the following breakdown (in Euro '000):

Current financial debt	79,729
Current financial debt to the controlling shareholder	21,683
Non current financial debt	27,118
Cash and cash equivalent	-3,564
Current financial receivables	-2,725
NET FINANCIAL DEBT	**122,241**

    It should be noted that current financial receivables are entirely from subsidiaries; cash and cash equivalents refer primarily to bank current accounts; current financial debt is bank borrowings, the balance of bank current accounts and the current portion of financial leases; current financial debt to the controlling shareholder consists almost entirely of the payable for the rent for the second semester 2014; and non-current financial debt is non-current bank borrowings and the portion of financial leases due beyond one year.

    The Company and the Group are continuing to meet their ordinary working capital requirements through current and non-current bank financing. Moreover, the Board of Directors states in the

Report that, "*with regard to the current cash requirement forecasts, an analysis is being made of ways to meet the peak period for cash requirement, which is likely to be in the summer months when no exhibitions are held. However, no circumstances are likely to materialise that require extraordinary actions over and above the normal current and non-current financial management. In accordance with the financial Plan, on 12 January 2015 the Company obtained a new short-term credit line for Euro 15.000 million, which is governed by financial covenants that will be assessed on a six-monthly and on an annual basis.*

Contacts have been made in the banking world to attain the primary aim of improving the balance of non-current debt as it is estimated that net debt will again be high in the 2015 financial year also given the expected investments. It is reasonable to assume that this initiative, consistent with the aims of previous financial periods, could lead to a further request to renegotiate the financial covenants expected at the end of the financial year".

The Board of Statutory Auditors believes that a more balanced financial position is required and that the aims of the Industrial and Financial Plan should ensure that this is achieved.

3. The Financial Statements at 31 December 2014 have been prepared under the going concern principle as the Board of Directors believes that the conditions exist for the Company to remain in business for the foreseeable future. Specifically, in the Annual Report, the Directors state that *"… as a result of the losses, the share capital of the Parent Company fell by more than one-third leaving the Company in the situation provided for under Article 2446 of the Italian Civil Code. For this reason and because of the negative trend in the exhibition market, with the consequent negative impact on the results for the financial year under review, the Directors have decided to carry out an in-depth assessment of the outlook for the Company and for the Group and of the estimates and possible uncertainties underlying this outlook. Despite the difficult economic environment, the demand for exhibition space is robust and in line with the forecasts for 2015 when two leading directly organised biennial exhibitions, TUTTOFOOD and HOST, will be held and when the exhibition calendar also includes numerous exhibitions and projects that are part of Expo 2015".*

And in the Report under Article 2446 of the Italian Civil Code and Article 74 of the Listing Rules, the Board of Directors reiterates, "g*iven that the losses made in 2014 were linked to the* *less favourable exhibition calendar that year and to the impairment charges taken on investments following the impairment tests carried out and considering that the forecasts for 2015, barring any currently unforeseeable events or circumstances, are for an increase in revenues and a return to net profit, the Board of Directors will submit a resolution to the Shareholders' Meeting to postpone adopting the provisions under Article 2446, paragraph 2, of the Italian Civil Code until the Shareholders' Meeting held to approve the 2015 Financial Statements.".* To substantiate this forecast, the Board of Directors in the Report under Article 2446 of the Italian Civil Code and Article 74 of the Listing Rules, states that it has "*approved the 2015-2018 Industrial and Financial Plan, which includes forecast revenues in excess of Euro 330 million and a gross operating margin of 10% for the 2015 financial year due to a particularly favourable exhibition calendar with the presence of important multi-annual exhibitions and directly organised exhibitions and also Expo 2015. The Plan incorporates strategic actions to bring about a recovery in profitability and in the financial situation of Fiera Milano SpA".*

The Board of Statutory Auditors wishes to point out that the 2015-2018 Industrial Plan was prepared with the aid of leading consultants that worked with the corporate structures to identify projects and means of realising these forecasts which, the entire Board of Directors considers to be credible.

The Board of Statutory Auditors would also point out that today Reconta Ernst & Young SpA, the independent audit firm for the legal audit of the Financial Statements, published its Report as required by Articles 14 and 16 of Legislative Decree 39/2010 and stated that no irregularities were found in the Financial Statements and in the Consolidated Financial Statements of Fiera Milano SpA for the financial year to 31 December 2014.

The Financial Statements at 31 December 2014 and the Report prepared by the Board of Directors in compliance with Article 2446 of the Italian Civil Code and of Article 74 of the Listing Rules report the key events that have occurred up to the date they were prepared. Under Article 2446, first paragraph, final section, of the Italian Civil Code, the Directors are also required to report on any eventual significant events that have occurred subsequent to the preparation of the Report.

4. As part of the Report and with specific reference to the accumulated losses at 31 December 2014, the Board of Directors submits the following proposal for approval:

"Dear Shareholders,

Given the above, the Board of Directors submits for your approval the following resolution:

"The Shareholder' Meeting of Fiera Milano SpA,

- *having acknowledged the Statement of Financial Position in the Financial Statements of Fiera Milano SpA at 31 December 2014, approved by the Shareholders' Meeting held today;*
- *having acknowledged that the losses for the financial year, net of existing reserves, gives Equity of Euro 21,735,592.60 and, therefore, a reduction in the share capital that exceeds one-third;*
- *having acknowledged that the Shareholders' Meeting held today has approved the proposal to cover the net loss for the financial year of Euro 30,674,121.31 by using the reserves for Euro 11,068,097.46 and to carry forward the remaining loss of Euro 19,606,023.85;*
- *having acknowledged the Report prepared under Article 2446 of the Italian Civil Code and Article 74, first paragraph, of the Rule approved by Consob with Resolution no. 11971 of 14 May 1999 and subsequent amendments and additions;*
- *having acknowledged the comments of the Board of Directors made in the aforementioned Report;*
- *having acknowledged the remarks of the Board of Statutory Auditors;*

approves

the postponement until the Shareholders' Meeting to approve the Financial Statements at 31 December 2015 of any eventual adoption, if the necessary conditions are met, of the provisions under Article 2446, paragraph 2 of the Italian Civil Code."

The Board of Statutory Auditors has no remarks in this regard as the proposal of the Board of Directors appears consistent with the requirements of Article 2446 of the Italian Civil Code since it considers the Company situation as recalled above.

Milan, 1 April 2015

THE BOARD OF STATUTORY AUDITORS
Mr Stefano Mercorio (Chairman)
Mr Alfredo Mariotti (Statutory Auditor)
Mr Damiano Zazzeron (Statutory Auditor)