



Financial Year 2014
Annual Report



FIERA MILANO

This document contains a true translation into English of the original report in Italian *Relazione Finanziaria Annuale Esercizio 2014*. However, for information about Fiera Milano Group reference should be made exclusively to the original report in Italian. The Italian version of the *Relazione Finanziaria Annuale Esercizio 2014* shall prevail upon the English version.

Fiera Milano SpA

Registered offices: Piazzale Carlo Magno, 1 - 20149 Milan, Italy

Operational and administrative headquarters: Strada Statale del Sempione, 28 - 20017 Rho (Milan) Italy

Share capital: Euro 42,147,437.00 fully paid up

Companies Register, Tax code and VAT no. 13194800150 - Economic Administrative Register 1623812



Mission

Fiera Milano offers a means for companies to grow and become more international.

It contributes to economic growth.

It promotes socio-economic improvement in the region in which it is based.

The Company's aims are:

- ① to feature among the leading global companies in the exhibition sector
- ① to offer companies a more effective business platform to raise awareness of their existence, instigate fruitful contacts and increase their business opportunities
- ① to be a leader in new growth areas worldwide while promoting Made in Italy exports
- ① to facilitate the interaction of different corporate cultures, the exchange of know-how and experience, and to encourage innovation

Key Group Values

Putting clients centre stage

Maximum focus on clients (organisers, exhibitors, visitors) ensuring a range of quality services that meet their needs and expectations.

Ethics

Integrity, transparency, impartiality and correctness in executing its business and in all relationships of whatever type or nature.

Professionalism

The Company offers a combination of skills, attention to detail, responsibility, diligence, conscientiousness and exceptional preparation in all its business activities.



Collaboration

Sharing of information and knowledge to enhance value and to validate professional identity while overcoming organisational restrictions.

Innovation

A search for innovative and original solutions, finding new potential approaches to any situation or problem and conceiving/generating original ideas.

Sustainability

The management of the Fiera Milano Group is based on a Corporate Social Responsibility plan that, whilst not official, is aimed at increasing sensitivity and transparency in the following areas: human resources, clients, and the environment.

Safety

An explicit undertaking to spread and reinforce safety in the workplace and the awareness of potential risks by using all the resources necessary for guaranteeing the health and safety of all those who work with Fiera Milano.

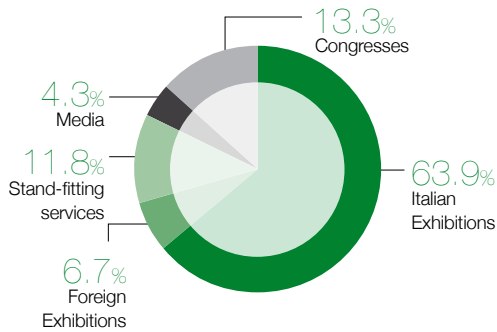
2014 Highlights



PERFORMANCE

Consolidated revenues: Euro **245 million**,
of which Euro **18 million** generated outside Italy.

BREAKDOWN OF REVENUES BY OPERATING SEGMENT
(gross of inter-segment transactions)



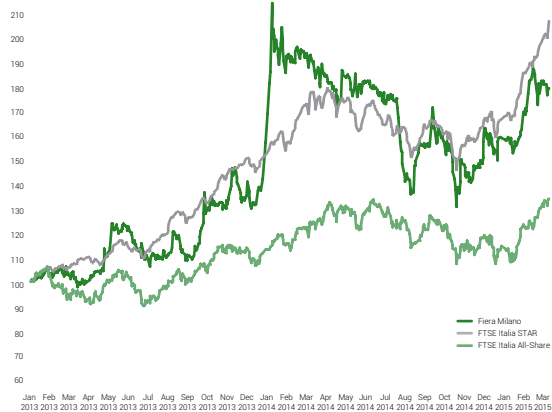
Share price performance 2 January 2013 - 6 March 2015

Fiera Milano **+80%**

FTSE Italia STAR index **+108%**

FTSE Italia All-Share index **+34%**

FIERA MILANO SHARE PRICE PERFORMANCE RELATIVE TO THE MAIN INDICES (basis 02.01.2013 = 100)



BUSINESS

Number of exhibitions held:
113 - of which **62** abroad

Number of exhibitors:
32,790 - of which **10,360** abroad



EXHIBITION SPACE

Net exhibition space occupied:
1,634,425 square metres
of which **414,300 square metres** abroad

Total gross exhibition space:
388,000 square metres

345,000 square metres
in the **fieramilano** exhibition site

43,000 square metres
in the **fieramilanocity** exhibition site





PERSONNEL

Group employees:
807 - of which 185 abroad

Group female employees:
57% of total employees, 29% in middle management
and 37% office staff



ENVIRONMENT

**Reduction in CO₂ emissions
between 2010 and 2014**

ca. 10,500 tonnes per annum

in the exhibition sites **fieramilano**
and **fieramilanocity**

MOBILITY MANAGEMENT

Visitor movements: more than 60% of visitors used public transport
(underground/train) to reach the exhibition site

Occupancy rate: 2.2 occupants per car compared to an average
of 1.2 occupants per car in the city of Milan

Employee movements: over 25% of employees in Italy
regularly used public transport (underground/train) to get to work





Contents



Letter to Stakeholders	8
Area of operations	10
A brief history of the Group	12
Business model	14
Group structure	16
Corporate bodies and Independent Auditor	18
Top management	20
Strategic guidelines	22
Notice of Convocation of the Ordinary Shareholders' Meeting	24
Board of Directors' Management Report	28
• Summary of results and significant events during the year	28
• Macroeconomic and reference sector background	32
• Economic and financial performance for the year ended 31 December 2014	36
• Business performance by operating segment and by geographic area	41
• Fiera Milano Group personnel	50
• Sustainability at Fiera Milano	52
• Risk factors affecting Fiera Milano Group	79
• Significant events after the end of the reporting period	84
• Business outlook and assessment of the Company as a going concern	84
• Economic and financial performance of Fiera Milano SpA	86
• Fiera Milano SpA personnel	90
• Other information	
- Equity investments held by members of the Administrative and Control Bodies and by the General Managers and Executives with strategic responsibilities	93
• Report on corporate governance and ownership structure at 31 December 2014	94
• Proposals for the Ordinary Meeting of Shareholders (Report pursuant to Article 125-ter, paragraph 1 of Legislative Decree 24/02/1998, no. 58 and subsequent amendments)	123
Group Consolidated Financial Statements at 31 December 2014	131
Consolidated Financial Statements	132
Explanatory and Supplementary Notes to the Consolidated Financial Statements	136
Declaration relating to the consolidated Financial Statements in accordance with Article 154-bis of Legislative Decree 58/1998	208
Independent Auditor's Report	209
Fiera Milano SpA Financial Statements at 31 December 2014	211
Financial Statements	212
Explanatory and Supplementary Notes to the Financial Statements	216
Declaration relating to the Financial Statements in accordance with Article 154-bis of Legislative Decree 58/1998	278
Report of the Board of Statutory Auditors	279
Independent Auditor's Report	288
Resolutions passed by the Ordinary Meeting of Shareholders	290

Letter to Stakeholders

Dear Stakeholders,

Fiera Milano has been penalised by yet another difficult year for Italy, by the absence in the exhibition calendar of the triennial exhibitions and of the two directly owned exhibitions, HOST and TuttoFood. There was also a negative effect from the impairment charges taken for some of the publications in the Fiera Milano Media portfolio and for non-recurring costs for the repositioning of the exhibition HOMI and the restructuring of the Brazilian subsidiary.

The 2014 results were negative despite the strong performance of such important events as Mostra Convegno Expocomfort and the Salone del Mobile, as well as the congress activity. The foreign activities of the Group continued to contribute in absolute terms although the gross operating margin declined.

During the year several long-term reorganisation plans were concluded, foreign subsidiaries were integrated, and leading exhibitions repositioned and relaunched, starting with HOMI. This has given us a solid foundation on which we have built, with the help of the

Boston Consulting Group, a four-year development plan that means that we can look with optimism to the future and to the economic recovery which, after so many false starts, finally appears to be underway.

“A difficult year, penalised by the economic crisis and by the unfavourable exhibition calendar, has ended but we have built a solid foundation for the future”

Significant sacrifices have been made in recent years involving redundancies and a reduction in the number of Group companies but these have resulted in an indisputable increase in efficiency. In 2012 and 2013, the EBITDA margin before payment of the rent for the exhibition sites to Fondazione Fiera Milano was 24% and 20% respectively. In the same years, the Hannover Exhibition Centre generated margins of 2% and 13%; that of Frankfurt 19% and 20%. The rental payment is peculiar to our Company and has a significant impact on our final results. For this reason we asked for and obtained a change in the terms of the rental contract and this will have a positive effect on results from 2015.

We also expect positive results from the decision to focus in Italy and worldwide on maximising and developing our leading products. A market that fails to grow - or even worse - shrinks (as the exhibition sector in Italy has) becomes selective. Exhibitors and visitors reduce their investments and concentrate them on a smaller number of events. We must, therefore, avoid wasting both energy and resources and focus on those events that can compete on a global basis. We already directly organise such international events - HOST and Tuttofood - and host others, all recognised leaders in their reference sectors.

The considerable effort made to internationalise the Group profile is also a cause for optimism. The European exhibition sector is expected to show modest growth until 2018: an aggregate growth rate of just 1.6%. We believe that the decision taken some time ago not to be subjected to globalisation but to take an active part in it will mean that



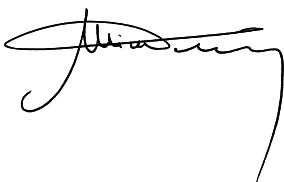
we can beat this figure. The average growth of Fiera Milano revenues generated outside Italy was 31% per annum in 2011-2014 with a gross operating profit that remained constantly in the black. There is still a considerable amount to do to ensure that the weighting of foreign revenues increases and that the profitability of the investments made grows; to date, these results have been negatively affected by expenses linked to the integration of organisational and management systems following the acquisitions made. Now the organisational model is in place, integration of the foreign companies has been completed, and those events that can be exported have been identified, as well as the means whereby they can be adapted and replicated in those countries where we have already implemented winning concepts. We also believe strongly in alliances with sector associations and with other Italian operators that offer synergies and a way to beat the global competition as, for example, the excellent relationships forged with the Centro di Firenze per la Moda Italiana and with Pitti Immagine.

Lastly, it should be remembered that whilst Fiera Milano means exhibitions, it is not limited to exhibitions. It also means stand-fitting, congresses and media. We have demonstrated in all these sectors that we can react positively to the difficulties of recent years. We have now identified specific aims and have put in place growth strategies that include greater market penetration for Nolostand, both within the business area of Fiera Milano and also outside it, and digital acceleration (in publishing, advertising and promotions) for Fiera Milano Media. We also intend to maximise the congress activity and increase our market share of large-scale congresses and of corporate events.

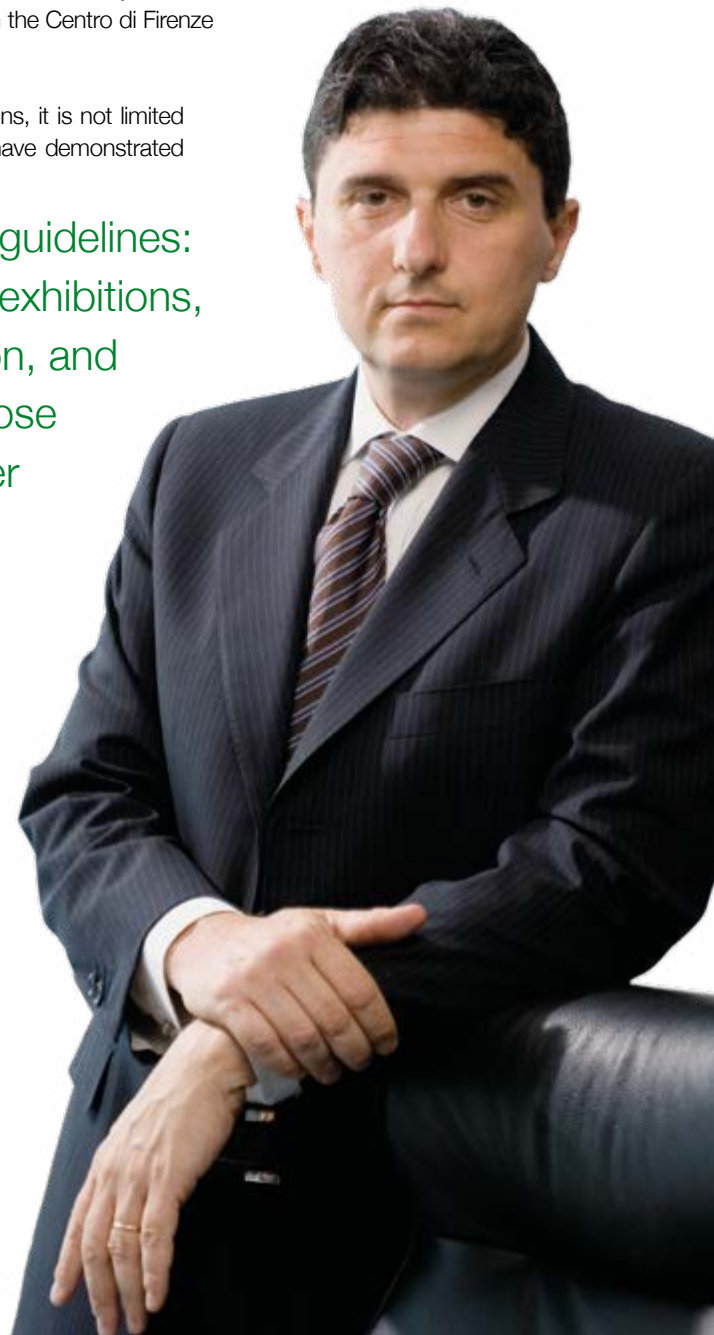
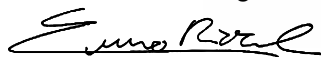
“Three strategic guidelines:
optimising our leading exhibitions,
internationalisation, and
strengthening those
businesses that offer
synergies with the
exhibition business”

Although we have suffered from the economic crisis, we remain one of the leading exhibition companies worldwide. Over time we have increased the efficiency of our activities, honed our organisational model and developed internationally. We have also worked hard in the last few months to identify the strategies and targets that we want to implement over the next four years. These are based on four main guidelines: to expand and defend our portfolio of leading exhibitions; export them from Italy while enhancing the product portfolios and profitability of our subsidiaries worldwide; and strengthen the businesses that are ancillary to the core business (stand-fitting services, congresses, communication). We need the support of all our stakeholders to reach our targets. We also need to improve our capacity for attracting and retaining the most talented and competent resources available.

Michele Perini
Presidente



Enrico Pazzali
Amministratore Delegato



Area of operations

The number of exhibitions refers to those held in 2014.





Italy
Number of exhibitions 51
Employees 622

Turkey
Number of exhibitions 8
Employees 19

Russia
Number of exhibitions 1
Employees 3

China
Number of exhibitions 21
Employees 85**

India
Number of exhibitions 10
Employees 20**

Thailand
Number of exhibitions 1
Employees -*

South Africa
Number of exhibitions 5
Employees 17

* Figures for Thailand are included in those for China.
** Figures for joint-ventures reflect the shareholding of the Group.

A brief history of the Group



On 12 September 1946, the Fiera Campionaria Internazionale inaugurated the new Fiera Milano, exhibition site that was rebuilt following its destruction during World War II bombardments.



In February, Ente Autonomo Fiera Internazionale di Milano, a private foundation, was constituted. In October, the Foundation passed to Fiera Milano SpA management of the exhibition sites, the organisation of exhibitions and supply of exhibition services, and the congress activities.

1920

The Fiera Campionaria Internazionale was held on the ramparts of Port Venezia, Milan, before transferring in 1923 to a permanent site in the area now occupied by fieramilanocity.



1946

1997

The Portello site was extended with the opening of three new large pavilions that increased the available exhibition space by 74,000 square metres gross, giving a total capacity of over 348,000 square metres of space.



2000

2002

In December, Fiera Milano SpA was listed on the STAR segment of Borsa Italiana. Fiera Milano increased its range of activities through the acquisition of some important exhibition organisers and enhanced its offering in stand-fitting services, catering, trade publications and internet services.





On 31 March, the new Fiera Milano exhibition complex on the outskirts of Milan was inaugurated; the site has 345,000 square metres of exhibition space. Some of the pavilions of the downtown site continued in use.



MiCo - Milano Congressi opened: this is the largest and most modern congress centre in Europe with capacity for 18,000 delegates. It is managed by Fiera Milano Congressi and was built by Fondazione Fiera Milano through the conversion of part of the fieramilanocity exhibition site.

2005

2008

2011

2015

An intense internationalisation process was started with the signature of a joint venture with Deutsche Messe, the owner of the Hannover exhibition site, covering regions outside Europe. In subsequent years, Fiera Milano has acquired leading exhibition organisers in Brazil, Turkey, South Africa and China and has set up a company in Russia and a commercial partnership in Singapore. It has also launched editions of its leading exhibitions in markets outside Europe.

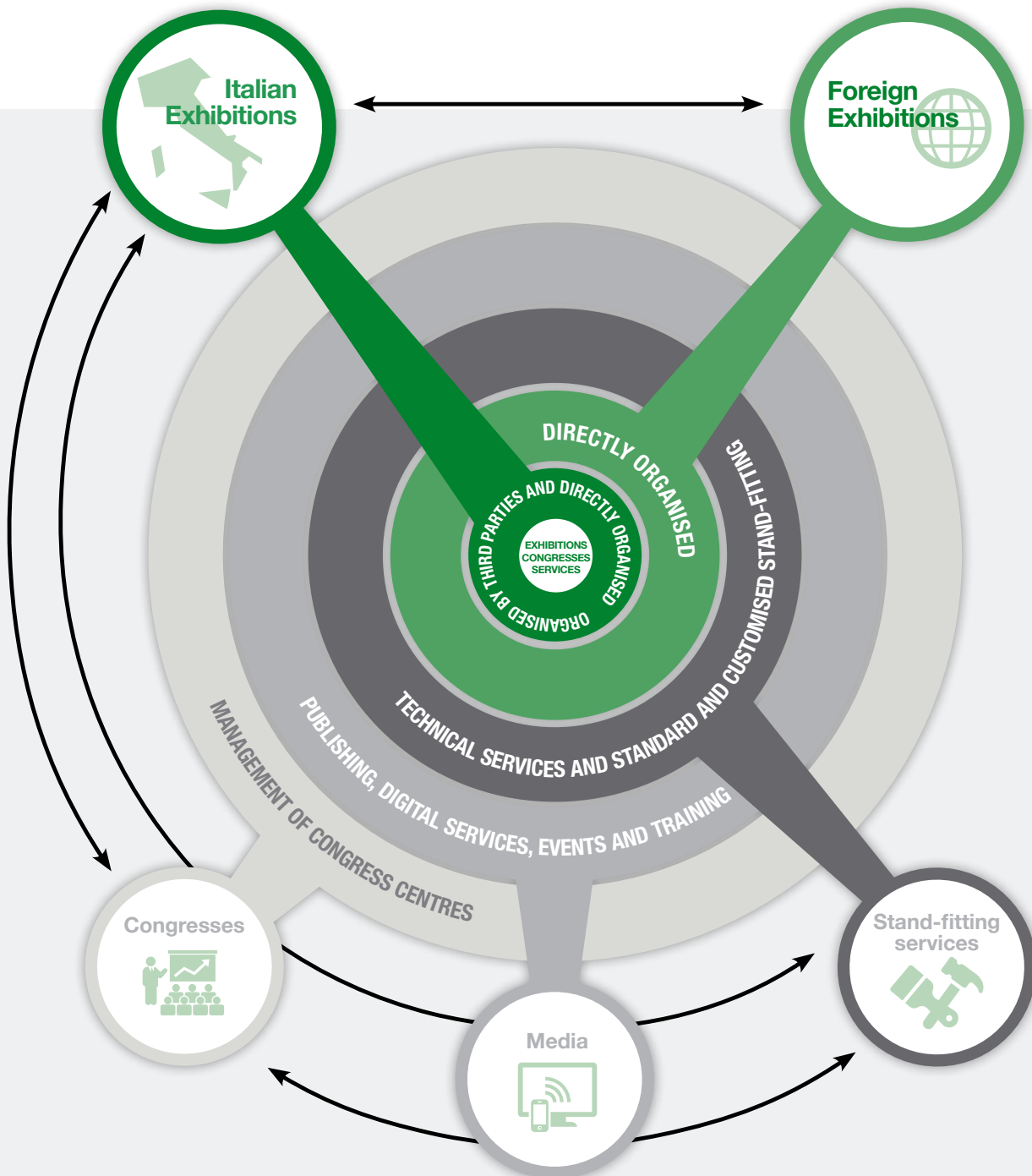


The World Expo 2015 is held in Milan. Fiera Milano - Official Partner for Operations - has designed and managed the project for the nine Clusters, that for the Padiglione Zero, and designed the furnishing of the themed areas and of the Italian Pavilion, as well as the design and furnishing of the Expo 2015 Congress Centre and Auditorium.



Business model

The Group is involved in all the characteristic phases of the exhibition and congress sector and is one of the leading international integrated companies in this sector.





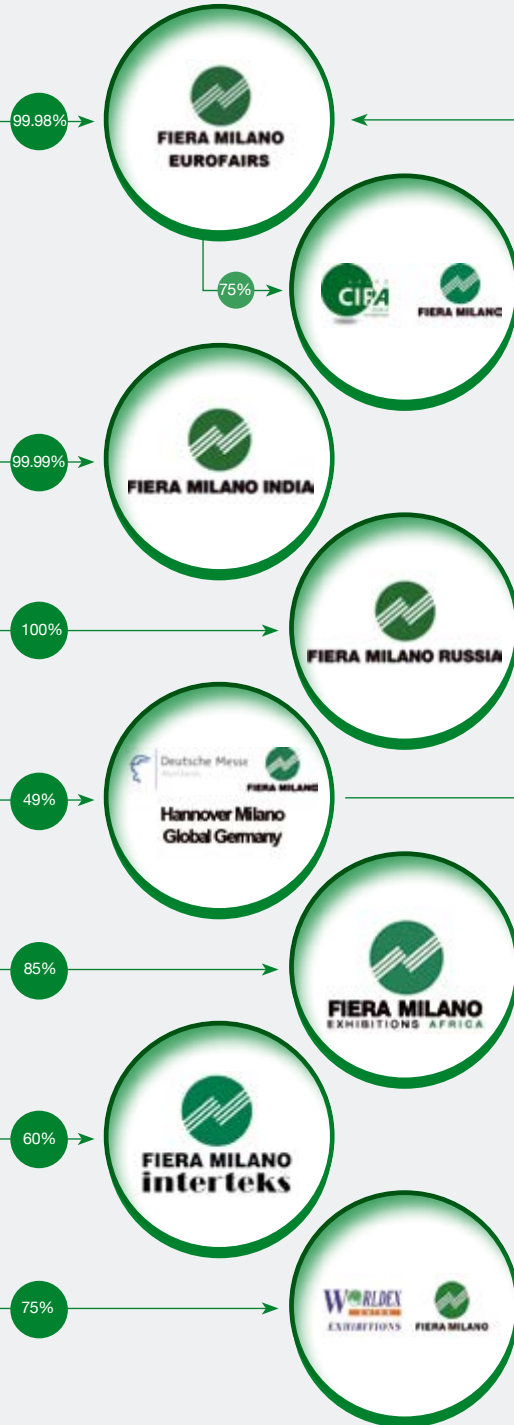
Group structure



Italian Exhibitions



Foreign Exhibitions





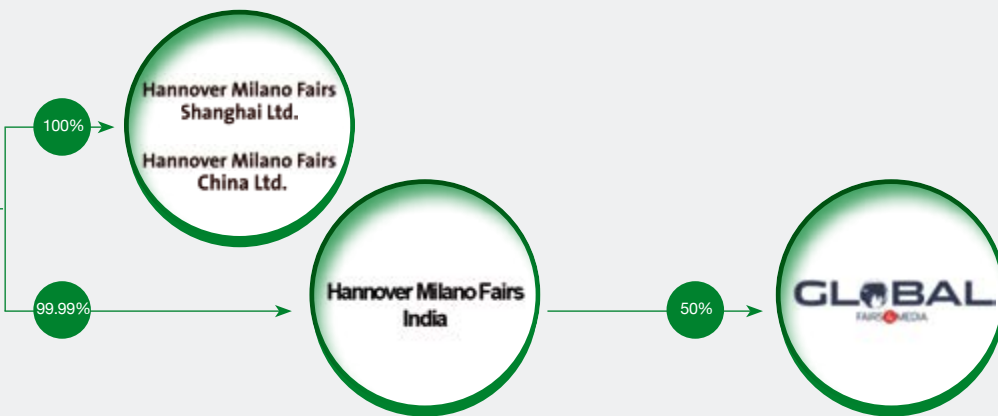
Stand-fitting services



Media



Congresses



The present chart does not include subsidiaries currently not operational.

Corporate bodies and Independent Auditor

BOARD OF DIRECTORS

Michele Perini	Chairman
Attilio Fontana	Deputy Vice-Chairman*°
Renato Borghi	Vice Chairman*°
Enrico Pazzali	Chief Executive Officer
Roberto Baitieri	Director*°
Pier Andrea Chevallard	Director*°
Davide Croff	Director*°
Giampietro Omati	Director*°
Romeo Robiglio	Director*°

* Independent director under the Self-Regulatory Code of the Italian Stock Exchange.

° Independent director under Article 148, paragraph 3 of Legislative Decree no. 58 of 24 February 1998.

CONTROL AND RISK COMMITTEE

Davide Croff
Roberto Baitieri
Renato Borghi

BOARD OF STATUTORY AUDITORS

Stefano Mercurio	Chairman
Alfredo Mariotti	Statutory Auditor
Damiano Zazzeron	Statutory Auditor
Antonio Guastoni	Substitute Auditor
Pietro Pensato	Substitute Auditor

REMUNERATION COMMITTEE

Attilio Fontana
Giampietro Omati
Romeo Robiglio



SUPERVISORY BOARD (DECREE LAW 231/01)

Michele Perini
Pier Andrea Chevallard
Ugo Lecis
Andrea Pizzoli

MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL STATEMENTS (LAW 262/2005)

Flaminio Oggioni

The mandates of the Board of Directors and the Board of Statutory Auditors were renewed at the Shareholders' Meeting of 27 April 2012 and expire with the Shareholders' Meeting to approve the Financial Statements at 31 December 2014.

The Board of Directors is invested with the widest powers for the ordinary and extraordinary management of the Company, excluding only those which by law are the preserve of the Shareholders' Meeting.

The Chairman, in addition to legally representing the Company and performing the duties as required by law and by the Company's articles of association, also, in conjunction with the Chief Executive Officer, has the following responsibilities: relations with shareholders, national and international institutional relations, internationalisation activities, strategic and innovative initiatives, verification of the implementation of the Board of Directors' resolutions and supervision of internal auditing.

The Chief Executive Officer has ordinary and extraordinary administrative powers, except for those relating to certain specific matters that include the acquisition or disposal of investments, obtaining loans that exceed 30% of the Company's equity, the stipulation of contracts for assets, excluding leases for the conduct of Company business of less than six years duration, approval of the budget for the year, and the grant of guarantees to third parties

INDEPENDENT AUDITOR

Reconta Ernst & Young SpA

The mandate, given the independent audit firm by the Shareholders' Meeting of 29 April 2014, is for the 2014-2022 financial years.

Top management

The top management forms the Steering Committee that meets periodically to assist the Chief Executive Officer in defining, developing and processing business proposals to be put forward for the close examination of the Parent Company Board of Directors as the strategic guidelines of the Fiera Milano Group.

The Committee defines plans and strategies that are mainly focused on growing the Group business in its reference market and on the progression of contract negotiations; it also develops strategic plans, strategies for the domestic market, for international development and related activities, and manages financial planning.

Enrico Pazzali
Chief Executive Officer



Sergio Calzoni
*Third-parties Organisers
and Services Director*



Stefano Cecchin
Central Corporate Affairs Director



Francesco Conci
*Managing Director of Fiera Milano
Congressi SpA*



Roberto Foresti
*Sales, International and
Development Director*



Antonio Greco
*Managing Director of Fiera Milano
Media SpA*



Flaminio Oggioni
*Central Administration,
Finance and Tax Director*



Marco Seroli
*Managing Director of
Nolostand SpA*



Strategic guidelines

The strategic aim of Fiera Milano is to create value for stakeholders.

THE GROUP'S MAIN STRATEGIC GUIDELINES

1 - Develop a portfolio of leading exhibitions

Strengthen its leadership in directly organised exhibitions that offer strong growth potential:

- Consolidate HOST's position as the reference exhibition in the professional hospitality sector;
- Grow TuttoFood by increasing its penetration in sectors where it is already present and by targeting international expansion;
- Improve the competitive position of HOMI by growing existing product categories and increasing its international profile.

Attract new exhibitions to Milan that are leaders in important sectors and that are recognised as reference points within their markets.

2 - Grow the international business

Create foreign editions of the leading exhibitions already in the Group portfolio, ensuring that they meet the requirements of the local markets, through partnerships that guarantee an in-depth knowledge of each country of operation:

- Export HOST and TuttoFood to countries where the Group already has a presence;
- Export HOMI to Russia, the USA and Turkey;
- Enhance TheMicamShanghai also by increasing the fashion and leather goods sectors it covers.

Consolidate the foreign exhibition portfolio:

- Increase the number of exhibitions in those countries and industrial sectors that offer strong growth opportunities (e.g. FISP, Exposec, and Tubotec in Brazil).

3 - Maximise the potential of the ancillary businesses

Increase the penetration of the stand-fitting services in the exhibition sector and in congresses and events through careful product innovation.

Develop digital services to support the exhibitions, including the matchmaking platform and the existing editorial portals; increase the service offering together with commercial partners (e.g. integrated communication solutions for the PMI - Purchasing Managers Index that maximise the potential of the available databases).

Further enhance the congress business increasing the market share in large-scale congresses whilst targeting areas not already covered within the associations sector and also corporate events, as well as offering destination management services (e.g. tickets, hotel reservations, transport management) together with a recognised partner to those outside the sphere of exhibition visitors and congress attendees.







FIERA MILANO

FIERA MILANO S.p.A.
Registered office in Milan, Piazzale Carlo Magno, 1
Operational and administrative headquarters in Rho (MI), Strada Statale del Sempione, 28
Share capital Euro 42,147,437.00 fully paid-up
Milan Company Register,
Tax code and VAT number 13194800150

Notice of convocation of the Ordinary Shareholders' Meeting

The ordinary meeting of shareholders of Fiera Milano SpA is convened once in Rho (MI), in the Auditorium of the Centro Servizi of the Exhibition Site, Strada Statale del Sempione 28, (reserved parking available with entry from Porta Sud), on 29 April 2015 at 14:30 hours to approve 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 and, therefore, including measures taken in accordance with Article 2446 of the Italian Civil Code.
2. Appointment of the Board of Directors and its Chairperson following a prior decision on the duration of its mandate and the number of its members, the relevant remuneration; resolutions pertaining thereto and resulting therefrom.
3. The Appointment of the Board of Statutory Auditors and its Chairperson; the relevant remuneration of its members; resolutions pertaining thereto and resulting therefrom.
4. The Report on Remuneration pursuant to Article 123-ter of Legislative Decree 58/98; resolutions pertaining thereto and resulting therefrom.

The issued and fully paid-up share capital is Euro 42,147,437.00 (forty-two million one hundred and forty-seven thousand four hundred and thirty-seven) made up of no. 42,147,437 (forty-two million one hundred and forty-seven thousand four hundred and thirty-seven) registered shares each of nominal value Euro 1.00 (one). The shares are indivisible and each carries one voting right except for treasury shares held either directly or indirectly, which do not have this right. At today's date, the Company holds directly no. 626,758 treasury shares, equal to 1.49% of the share capital.

Additions to the Agenda and tabling of new resolutions

Shareholders who collectively represent at least one-fortieth of the Company's share capital may also request, in writing, additions to the agenda of the meeting within ten days of publication of this notice of the Shareholders' Meeting, in accordance with Article 126-bis of Legislative Decree 58/1998 (the Consolidated Finance Act), by specifying in the request the additional topics they wish to discuss or any proposals for additional discussions regarding items already on the Agenda. Any such request must be sent, together with certification of ownership of the shares, by registered delivery, with proof of receipt, to the operational and administrative offices of the Company in Rho (Milan), Strada Statale del Sempione 28 (*Investor Relations Department*) or by e-mail to the e-mail address investor.relations@fieramilano.it.

Within the same time limit and in the same way a report which gives the reasons behind the request for additional topics to be deliberated or for additional discussions of items already on the Agenda must be delivered to the Board of Directors of the Company. Requests for additions to the Agenda are not permitted if they regard topics that the Shareholders' Meeting has been asked to approve under applicable law by the Directors or regard a plan or report prepared by the Directors.

Legitimate attendance at the Shareholders' Meeting

Legitimate attendance at the Shareholders' Meeting and the exercise of the right to vote must be proved by a communication to the Company from an intermediary that agrees with the latter's accounting records on behalf of the person having the right to vote on the basis of evidence of possession of the shares at the end of the accounting day on the seventh trading day preceding the date set for the Shareholders' Meeting (i.e. by 20/04/2015); credit or debit registrations to the share account



after this time will not be considered for the legitimate exercise of voting rights at the Shareholders' Meeting. Those who appear as shareholders of the Company after this date are not permitted to attend or vote in the Shareholders' Meeting. The aforementioned communication from the intermediary must reach the Company by the end of the third stock market trading day prior to the date set for the Shareholders' Meeting (i.e. by 24/04/2015). Those persons whose communication arrives at the Company after this date, as long as it is before the start of business of the Shareholders' Meeting that has been convened, may still legitimately attend and vote at the Meeting.

Proxy attendance at the Shareholders' Meeting

Any person who may legitimately attend the Shareholders' Meeting may be represented by a written proxy according to the provisions of enacted law if the person who may legitimately vote signs the proxy form that is available on the website www.fieramilano.it (under *Investor Relations/Corporate Governance/Shareholders' Meeting*). Notification of the proxy may be made by sending the form to the operational and administrative headquarters of the Company in Rho (Milan), Strada Statale del Sempione, 28 (*Investor Relations Department*) or to the e-mail address investor.relations@fieramilano.it. Proxies attending the Shareholders' Meeting on behalf of shareholders must demonstrate, assuming full responsibility, that they are the person delegated in the original notification and have a proxy form that is identical to the original notification.

The proxy may also be freely given, with instructions on how to vote, to the company Computershare S.p.A., which has been delegated for this purpose by the Company, in accordance with Article 135-*undecies* of Legislative Decree 58/1998 (the Consolidated Finance Act) by signing the proxy form available from 20/03/2015 on the Company website www.fieramilano.it (under *Investor Relations/Corporate Governance/Shareholders' Meetings*) on condition that the original is received by Computershare S.p.A. at its registered office at via Lorenzo Mascheroni 19, 20145 Milan, and by sending in advance by fax to +39-02-46776850 a declaration that the proxy corresponds to the original notification or by sending it as an attachment to an e-mail to the e-mail address ufficiomilano@pecserviziottoli.it, by the end of the second stock market trading day preceding the date of the Shareholders' Meeting (i.e. by 27/04/2015). Proxies given in this manner may only be used for proposals where voting instructions have also been given. The proxy and the voting instructions may be retracted within the same time period above (i.e. by 27/04/2015).

Right to table questions regarding items on the Agenda

Shareholders may table questions regarding the items on the agenda before the Shareholders' Meeting in accordance with Article 127-*ter* of the Consolidated Finance Act; these must be sent by registered delivery, with proof of receipt, to the operational and administrative offices of the Company in Rho (Milan), Strada Statale del Sempione 28 (*Investor Relations Department*) or by e-mail to the e-mail address investor.relations@fieramilano.it. Questions received by the third day preceding the date of the only convocation of the Shareholders' Meeting (i.e. by 26/04/2015) will be answered, at the latest, during the Shareholders' Meeting and the Company reserves the right to give a single answer to questions covering the same item.

With reference to item two on the Agenda, it should be noted that Directors are appointed by the Shareholders' Meeting on the basis of lists presented by the shareholders in accordance with the law and current regulations and Article 14 of the Company's Articles of Association, which is available on the Company website www.fieramilano.it under *Investor Relations/Corporate Governance/Articles of Association*.

It should also be noted that the principle of gender equality must be respected when compiling the lists. The appointment of members of the Board of Directors is based on lists presented by shareholders who, either alone or jointly with other shareholders, hold shares with voting rights that represent at least 2.5% of the shares with voting rights in ordinary shareholders' meetings, as required by the Company's Articles of Association and by Consob resolution no. 19109 of 28 January 2015. Shareholders are requested to deposit the lists of nominations for directors at the registered office of the Company or, preferably, at the operational and administrative offices in Rho (Milan), Strada Statale del Sempione 28, in the reception area for the administration offices in the Centro Servizi or to send them by e-mail to investor.relations@fieramilano.it, at least twenty-five days prior to the date of the only convocation of the Annual General Meeting (i.e. by 04/04/2015). The lists must be accompanied by information concerning the identity of the shareholders that have presented the lists and the total percentage of the company held by these shareholders, as well as the relative certification of ownership of the shares released in accordance with law by authorised intermediaries.

The certification of ownership of the shares held on the date the lists are deposited may be provided at a later date as long as it is within twenty-one days of the date of the only convocation of the Annual General Meeting (i.e. by 08/04/2015).

Each list must be accompanied, at least twenty-five days prior to the date of the only convocation of the Annual General Meeting (i.e. by 04/04/2015), by comprehensive information regarding the personal and professional qualifications of the candidates that includes a list for each candidate of any administrative and control positions held in other companies (these must be updated and communicated immediately to the Company should there be any changes prior to the Shareholders' Meeting), as well as a statement in which each candidate accepts the candidacy and declares, assuming full responsibility, that no reasons of ineligibility or incompatibility exist and that he/she meets the requisites under law and the Company Articles of Association, including a declaration that he/she is independent of the Company and meets the requirements for independence as established in the Consolidated Finance Act and in the enacted Self-regulatory Code of listed companies.

With reference to the third item on the Agenda, it should be noted that the Statutory Auditors are appointed by the Shareholders' Meeting on the basis of lists presented by the shareholders in accordance with the law, current regulations and Article 20 of the Company's Articles of Association, which is available on the Company website www.fieramilano.it under *Investor Relations/Corporate Governance/Articles of Association*.

The appointment of the Statutory Auditors is made on the basis of lists presented by shareholders who, either alone or jointly, hold shares with voting rights that represent at least 2.5% of the shares with voting rights in ordinary shareholders' meetings, as required by the Company's Articles of Association and by Consob resolution no. 19109 of 28 January 2015.

The lists must contain candidates of both genders.

The lists, each composed of two sections, one for candidates for the office of Standing Statutory Auditor and the other for candidates for the office of Supplementary Statutory Auditor, must be deposited at the registered office of the Company or, preferably, at the operational and administrative offices at Strada Statale del Sempione 28, Rho (Milan), in the reception area for the administration offices in the Centro Servizi or sent by e-mail to investor.relations@fieramilano.it, at least twenty-five days prior to the date of the Annual General Meeting (i.e. by 04/04/2015). The lists must be accompanied by information concerning the identity of the shareholders that have presented the lists and the total percentage of the company held by these shareholders, as well as by the relative certification of ownership of the shares released in accordance with law by authorised intermediaries.

The certification of the ownership of the shares held on the date the lists are deposited may be provided at a later date as long as it is received within twenty-one days prior to the date of the Annual General Meeting (i.e. by 08/04/2015).

Each list must be accompanied, at least twenty-five days prior to the date of the Annual General Meeting (i.e. by 04/04/2015), by comprehensive information regarding the personal and professional qualifications of the candidates that includes a list for each candidate of any administrative and control positions held in other companies (these must be updated and communicated immediately to the Company should there be any changes prior to the Shareholders' Meeting), as well as a statement in which each candidate accepts the candidacy and declares, assuming full responsibility, that no reasons of ineligibility or incompatibility exist and that they meet the requisites of the law and the Company Articles of Association. Furthermore, under Article 144-*sexies*, paragraph 4, of the Listing Rules, shareholders other than those who hold, also jointly, a controlling shareholding or a relative majority of the share capital must deposit together with the aforementioned documentation a declaration stating the absence of any relationship with the controlling shareholder, as defined by Article 144-*quinquies* of the Listing Rules. If after the twenty-fifth day prior to the date of the Shareholders' Meeting (i.e. 04/04/2015) only one list of candidates for members of the Board of Statutory Auditors has been deposited or only lists have been presented from shareholders that, under Article 144-*sexies*, paragraph 4, of the Listing Rules, are considered to be connected under Article 144-*quinquies* of the same Listing Rules, lists may be presented up to the third subsequent day (i.e. 07/04/2015) and the shareholding of the Company share capital required to present lists will be halved (to 1.25% of the share capital of the Company).

No candidate may appear in more than one list and the lists may not include candidates that already hold the office of Statutory Auditor in five other listed companies.



Under the law and Article 20.2 of the Company's Articles of Association, the Chairperson of the Board of Statutory Auditors is the first candidate on the second list that receives the largest number of votes at the Shareholders' Meeting. Lastly, the enacted Self-regulatory Code for Listed Companies recommends that the Statutory Auditors of listed companies are appointed from persons who qualify as being independent of the Directors in accordance with the criteria for independence under Article 3 of the same Self-regulatory Code.

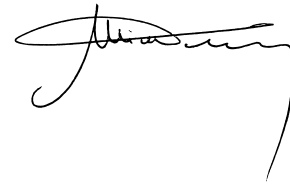
It should be noted that lists presented for the appointment of members of the administration and control bodies which do not fulfil the aforementioned statutory requirements will be considered as not having been presented.

Documentation and Information

The documentation relating to items on the Agenda will be deposited at the registered office of the Company and at its operational and administrative offices in Rho (Milan), Strada Statale del Sempione 28, Centro Servizi, Office reception, at Borsa Italiana, on the website www.emarketstorage.com managed by Blt Market Services SpA and on the Company website www.fieramilano.it under *Investor Relations/Corporate Governance/Shareholders' Meeting*, and will be made available to the shareholders and the public as required by law. Shareholders may obtain copies of all the aforementioned documentation.

Rho (Milan), 20 March 2015

The Chairman of the Board of Directors
Michele Perini



(Notice published in the daily newspaper *Avvenire* on 21 March 2015)

Board of Directors' Management Report

Summary of results and significant events during the year

As in 2013, the 2014 financial results suffered from the continued weakness of the Italian economy; this negative impact was compounded by the unfavourable exhibition calendar with the absence of some directly organised exhibitions that generate significantly higher margins, such as HOST and TUTTOFOOD. The excellent performance of the congress segment, which included hosting the ministerial meetings held during Italy's six-month Presidency of the European Union in the MiCo congress centre, was insufficient to offset the negative effect of the drop in demand for exhibition space.

The gross operating result was Euro 5.493 million lower than the gross operating profit generated in the 2013 financial year.

In Italy, the combined effect of the different exhibition calendar and lower demand for exhibition space at some events resulted in a fall of approximately 9% in exhibition space occupied. The presence of biennial exhibitions that fall in even-numbered years, the main one being Mostra Convegno Expocomfort, only partly compensated for the absence of HOST and TUTTOFOOD and the lower demand for space at some annual exhibitions that were particularly impacted by exposure to the crisis in their reference sectors. However, there were encouraging signs from the Salone del Mobile, which had a year-on-year increase; from HOMI September (known as Macef until 2013), which benefited from the investments made to internationalise and relaunch the event; and from the addition to the exhibition calendar of new exhibitions that covered a total of over 71,000 square metres and that included the bi-annual exhibition Lineapelle.

The foreign activities of Fiera Milano confirmed in absolute terms their contribution to the gross operating profit although the latter declined due to a series of factors, including expenses for the reorganisation of the Brazilian companies, and market factors such as the increase in the cost of exhibition space in Brazil.

The net operating result was penalised, albeit to a lower extent than in 2013, by impairment charges for the Food & Beverage and Real Estate trade publications of the subsidiary Fiera Milano Media SpA and for the goodwill allocated to the cash-generating unit (CGU) Events and training of the reportable segment Media following impairment tests carried out as a result of a negative performance that was not adequately compensated by the forecasts for future results.

The table on the following page shows the key Group figures from the Income Statement and the Statement of Financial Position.

When reading these figures it should be remembered that the exhibition business is seasonal due to the existence of exhibitions that have a biennial and multi-annual frequency. This makes a comparison between financial years more difficult.

Given the total amount of the financial and income items, the Group considers the amount of Euro 2 million to be the material requiring separate disclosure of non-recurring and atypical and/or unusual transactions in the accounts. It should be noted that there were no atypical and/or unusual transactions during the financial year under review. Further information on significant events and non-recurring transactions and details and information on related-party transactions are given in the Explanatory and Supplementary Notes to the Financial Statements.

Fiera Milano Group Summary of key figures (Amounts in € '000)	Full year 31/12/14	Full year 31/12/13 restated	Full year 31/12/12 restated
Revenues from sales and services	245,457	245,057	253,301
Gross operating result (a)	(3,338)	2,155	16,881
Net operating result (EBIT)	(18,793)	(17,087)	1,113
Net profit/(loss) (continuing operations)	(19,106)	(16,625)	(1,453)
Net profit/(loss)	(19,106)	(16,625)	(1,453)
- Attributable to the shareholders of the controlling entity	(18,955)	(16,498)	(1,541)
- Attributable to non-controlling interests	(151)	(127)	88
Cash flow for the Group and non-controlling interests (b)	(3,651)	2,617	14,315
Net capital employed (c)	141,355	139,287	145,927
covered by:			
Equity attributable to the Group	17,034	34,650	56,002
Equity attributable to non-controlling interests	2,654	2,812	3,868
Net financial debt/(cash)	121,667	101,825	86,057
Investments (continuing operations and discontinued operations)	8,515	15,655	16,641
Employees (no. of permanent employees at year end)	807	826	751

(a) Gross operating profit is profit before depreciation and amortisation, adjustments to asset values and other provisions.
(b) Cash flow is the sum of the result for the financial year, depreciation and amortisation and provisions.
(c) Net capital employed is the sum of non-current assets, non-current liabilities and net working capital.

Some figures in the Consolidated Financial Statements at 31 December 2013 and in the Consolidated Financial Statements at 31 December 2012 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014.

Lease agreement

On 31 March 2014 the new lease agreements were signed with Fondazione Fiera Milano for the exhibition sites of both Rho and Milan City. The new lease agreements are both for nine years effective from 1 July 2014 (following early agreed termination of the existing lease agreements due to expire on 31 December 2014) and may be automatically renewed for a further nine years. Under the new lease agreement for the Rho exhibition site there is a reduction in the rent of Euro 2.0 million in the second semester of 2014 and of Euro 14.0 million in 2015 and in each subsequent year of the contract. The lease agreement is for a total of Euro 24.4 million for the second semester of 2014 and Euro 38.8 million in 2015 and in 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 amount 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 will pay a supplementary rent equal to 15% of the aforementioned difference in revenues up to a maximum amount of Euro 10.0 million. The lease agreement is for payments of equal amounts for the duration of the contract. Therefore, in 2014 the rental expenses were Euro 6.722 million, which reflected the reduction for that period under the contract that runs from July 2014 until the agreement expires.

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.

The rental agreements constitute a related-party transaction as Fondazione Fiera Milano has a controlling shareholding of 62.062% in the share capital of Fiera Milano.

The transaction is also 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 regarding 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 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, 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.

The rental agreements were prepared also taking account of valuations done by Jones Lang LaSalle S.p.A. acting as an independent expert for Fiera Milano SpA.

New initiatives and actions to optimise the exhibition portfolio

In 2014, fifteen new exhibitions covering 71,085 square metres of exhibition space were launched: 51,610 square metres in Italy and 19,475 square metres abroad. In Italy the September edition of the bi-annual exhibition Lineapelle in the leather sector and covering accessories/components, synthetics/materials, shoes, shoe models, leather goods, leather clothes and furnishings was held for the first time in the **fieramilano** exhibition site.

The activities of the Group outside Italy included the launch of Food Hospitality World Cape Town in South Africa; the two editions of Fast in Rio de Janeiro and Salvador de Bahia; Infocomm and The China products Show in Brazil; Promoturk in Turkey; and Aviation & Space in China.

MiCo Congress Centre hosts the meetings held during the six-month Italian presidency of the European Union

The MiCo Congress Centre hosted the ministerial meetings held during the six-month Italian Presidency of the European Union. The meetings took place over a period of four months starting in July 2014 and included the meeting of the European Ministers of Justice and the Home Office, and those of the Ministers for Cooperation and Development, the Environment, Employment, Defence, Infrastructure and Transport, Energy, and others. The timetable was crowned by the 10th Asia-Europe Meeting, the European and Asian forum to which the European Union, ASEAN (Association of South-East Asian Nations) and other countries, including Australia, China, Korea, Japan, India and Indonesia, belong.

All these meetings were held in the North auditorium of the Congress Centre, which had been especially refurbished and was reserved exclusively for the Italian six-month presidency of the European Union. Twenty-four rooms and eighty offices on four floors covering a total 30,000 square metres were made available for the use of delegates and the media. This area of the Congress Centre was extensively refurbished by Fiera Milano specifically for this event.

The complex was completely re-roofed, all technological plant was digitalised, lighting was changed from fluorescent lighting to LED (with an approximate saving of 20% in energy), the climate control and thermal insulation systems were upgraded, and with the help of CISCO Ltd,

which designed and implemented the system, Wi-Fi was made available throughout the complex permitting approximately 75,000 simultaneous connections.

Expo 2015

As part of the contracts linked to Expo 2015, Fiera Milano has translated the concepts for the themed areas (the Zero Pavilion, the Future Food District, the Children's Park, and the Biodiversity Park) into working projects. The Themed Areas express the main theme of Expo 2015, "Feeding the Planet, Energy for Life", through different forms of discussion, exhibition trails and attractive displays.

The contract, which expires in April 2015, is worth a total of Euro 2.900 million, part of which was paid in 2014 based on the progress made.

Fiera Milano has also designed the stand-fittings for the Italy Pavilion and for the Clusters at Expo as part of a contract that expires in April 2015 worth a total of Euro 1.200 million, part of which was paid in 2014 based on the progress made.

The design of the stand-fittings for the Clusters was finished by Fiera Milano in 2014.

In addition to the stand-fitting designs, Fiera Milano has also helped Expo manage the basic technological service offer for those countries that have chosen self-build and has helped promote the China Special Project through road shows and logistic support.

Other transactions

On 10 January 2014, Fiera Milano SpA paid Euro 0.407 million as the first *tranche* of a share capital increase by Worldex (China) Exhibition & Promotion Ltd.

On 14 February 2014, the Board of Directors of the Parent Company approved the liquidation of Milan International Exhibitions Srl. On 3 March 2014, the extraordinary shareholders' meeting of Milan International Exhibitions approved the start of the voluntary liquidation process.

On 18 February 2014, the Parent Company paid Euro 0.219 million as part of the share capital increase of Interteks.

On 5 March 2014, the deferred payment of Euro 1.800 million was made under the acquisition agreement of 15 May 2013 for 75% of the share capital of the Chinese exhibition company Worldex (China) Exhibition & Promotion Ltd.

On 28 August 2014, the Parent Company acquired 10% of Fiera Milano Exhibitions Africa Pty Ltd for Euro 0.496 million. As a result of this transaction the Parent Company's shareholding went from 75% to 85%.

In the financial year under review, the Group, due to the nature of its business, did not incur costs or investments that typically fall within the category of research & development.

The effects have been positive on the more advanced oil importing economies but not enough to compensate for the forecast reduction in medium-term growth, a phenomenon which has depressed investments. The only advanced economy with robust growth and expectations of further improvements is the United States (+2.4% in 2014 and +3.6% in 2015).

The economy of the Euro region grew below expectations in the third quarter of 2014 and the full-year forecast is for growth of 0.8%, which should increase marginally to 1.2% in 2015. In addition to the oil price, there are several other factors that could drive a stronger economic recovery: a more expansive monetary policy from the ECB and the weakness of the Euro. However, these factors could be offset by slow growth in investments as a result of weakness in the emerging economies and a slowdown in their exports.

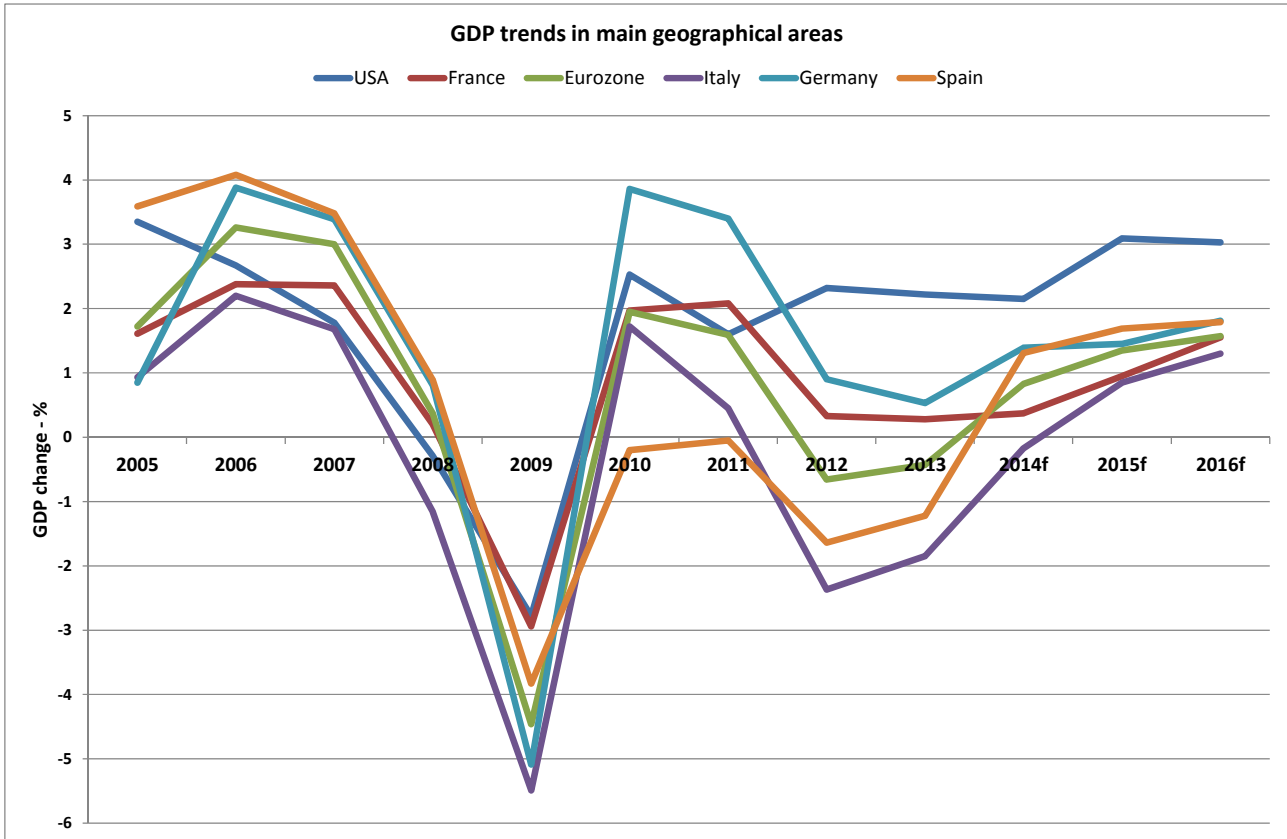
Growth has already slowed in China and in other Asian economies. Russia is in a particularly delicate situation with the drop in the oil price, geo-political tensions, and the drastic depreciation of the rouble. Other commodity exporting nations are also suffering a negative scenario caused by the fall in the oil price; only the Gulf States have room to compensate lower income in the balance of payments with fiscal and economic policies.

Italy ended 2014 with yet another drop in GDP (-0.4%). The recovery in the Italian economy should strengthen in 2015 (growth forecasts are for about +0.5% depending on the organisation making the forecasts). The strong decline in the oil price should have a positive effect on consumption and also on investments, both of which have fallen strongly in recent years. There should also be a gradual recovery in demand both domestic and foreign: monetary policy should guarantee better financing conditions while the domestic industrial policy includes important measures that favour the acquisition of new plant and machinery by manufacturing companies. The trend in construction investments remains weak and is not expected to improve until towards the end of 2015.

Forecasts for employment are positive due to the approval of the measures in the Jobs Act: the unemployment rate of 13.4% should improve in 2015 albeit by just a few basis points.

Elements of the economic policy could have a significant impact on exporting companies (the companies that exhibition organisers target as exhibitors); they include a series of measures to support Made in Italy that total Euro 261 million of which Euro 48 million is for leading international exhibitions organised by Italian companies and for exhibitions held abroad by Italian exhibition companies.

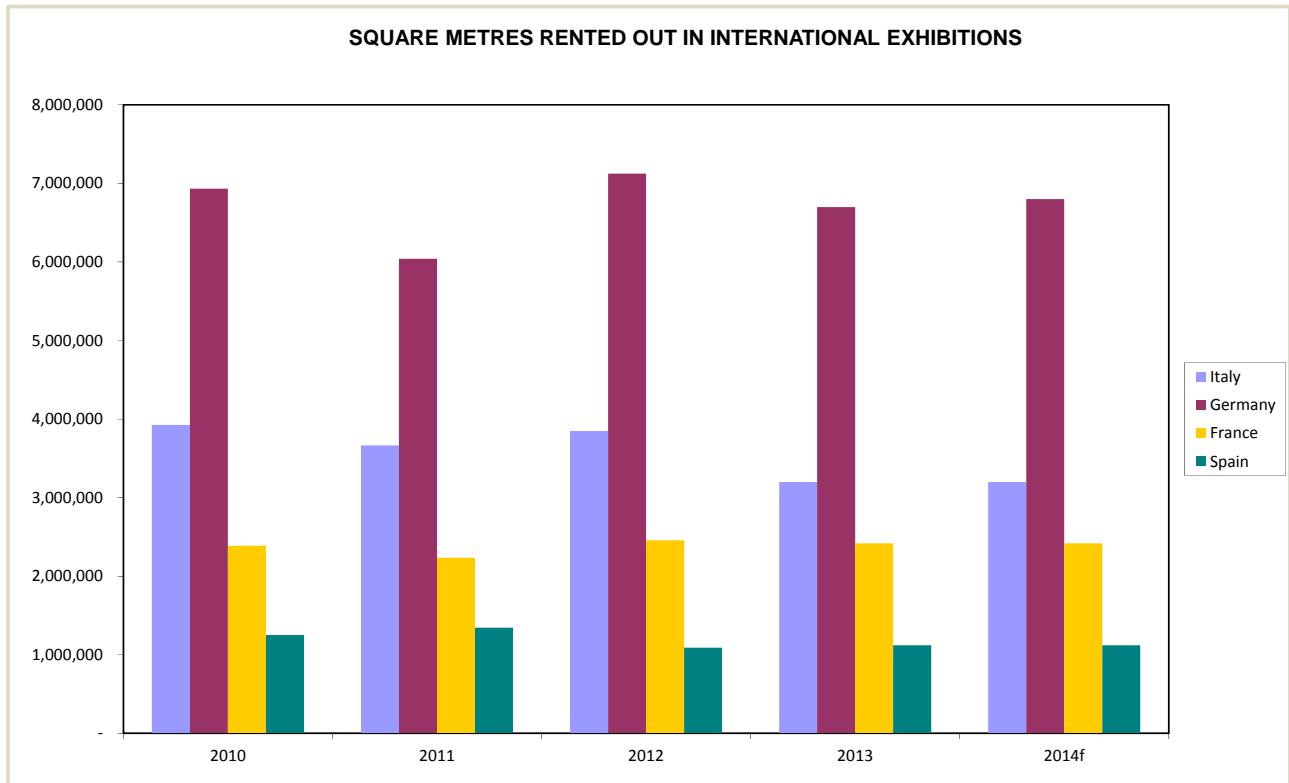
Lastly, in 2015, Expo could be instrumental in aiding the recovery as it should generate millions of visitors. This would help the exhibition sector and could act as a boost to the confidence of Italian companies and the Italian people and, more directly, given the theme of Expo 2015, as a driver for development and expansion in agrifood production and in exhibitions and technologies linked to the agrifood sector.



Source: IMF, October 2014 WEO latest update: 2 December 2014

The exhibition sector

2013 preliminary figures show a fall in exhibition space occupied in all the countries analysed. In 2013 the Italian exhibition business of international standing had an overall decline compared to 2012, particularly as regards the exhibition space occupied, which fell 16.9%. This was mainly caused by the unfavourable calendar for biennial exhibitions (which is typical of uneven-numbered years) that compounded the recessionary trend in annual exhibitions in force since 2008. Other indicators were also negative varying from -7.1% in total visitors to -10.9% in total exhibitors (-8% for direct exhibitors), with an overall reduction in exhibition participation of 9.4% (-8% in foreign exhibitors) and in foreign visitors (-9.5%). In part this reflected the more international nature of the multi-annual events that were absent from the calendar in 2013. 2014 data are not yet available but the exhibition business is expected to have stabilised because even-numbered years have always been more positive for the Italian exhibition sector; however, the market will have continued to suffer from the negative economic environment.



Source: *Studi e Strategie Fondazione Fiera Milano* using CERMES, AUMA, AFE, and OJS data. 2014 figures are estimates

In 2013 Germany registered a year-on-year decline of 6% in exhibition space rented out. The 2014 figures for Germany show a slight increase in space rented out (+1.5%) while total visitors declined slightly (-3%) to just below the figure of ten million. However, the total number of exhibitors increased (+8% compared to 2013) as did foreign exhibitors (+6%).

The French market has been more or less stable in the last two years with only minimal fluctuations and without the volatility that has characterised other geographic markets. A feature of the French exhibition market is the strong presence of shows open to the general public, known as *foires*, that have a significant weighting on the total amount of exhibition space occupied. *Foires* account for one quarter of all exhibition space occupied but could be impacted by the ongoing adverse economic conditions.

The congress sector

The preliminary 2013 figures gathered by ICCA (International Congress and Convention Association) for the itinerant international congress sector indicate a healthy sector: the number of congresses held in the five top countries in Europe grew, often with double-digit growth. The number of international congresses in Italy rose from 390 in 2012 to 447 in 2013 (+15%) and the other countries reviewed also had a substantial increase in events, except for Spain, with growth of 2%. 2014 preliminary figures are not yet available but ICCA has confirmed the stability in the sector and the increase in the number of congresses both internationally and in the individual countries reviewed.

Number of itinerant international congresses ICCA



Source: *Studi e Strategie Fondazione Fiera Milano* using ICCA data; 2014 figures are estimates

The outlook

UFI, the Global Association of the Exhibition Industry, has published the fourteenth edition of the Global Exhibition Barometer, a survey of exhibition sites, exhibition organisers and service providers in all continents, which was carried out in December 2014 to assess the health of the sector. The outlook for the exhibition sector is positive: the majority of those interviewed in all geographic areas stated that there would be an increase in revenues in 2015, a trend that began in 2011. However, there were differences among the various geographic areas: in the Americas eight out of ten people interviewed expect revenues to rise in 2015 while in Asia this figure is seven out of ten and in China there is expected to be a slowdown. In Europe, six out of ten interviewees expect an increase in revenues in 2015 without any significant difference between the first and second semesters. Most of those interviewed believe that the crisis is now behind them except for in Europe where seven out of ten believe their business will continue to be affected by the difficult economic environment.

The economic policies to support Made in Italy mentioned above in the section on macroeconomic trends should certainly have a positive effect on the Italian exhibition sector: the Euro 48 million set aside by the Ministry for Economic Development should strengthen the leading Italian international exhibitions and some of the exhibitions organised by Italian companies abroad and should generate business opportunities for the exhibiting companies and positive economic returns for the areas hosting these exhibitions.

For the meetings and congresses sector, the surveys carried out by the relevant associations indicate a positive trend: those carried out by MPI (Meeting Professionals International)¹, the association for meeting planners, showed sector growth of 3.6% in Europe and 3.2% in the United States. As regards the outlook in the United States, in particular, 53% of meeting planners interviewed are forecasting a growth in budgets for organising meetings, 33% expect no change and only 14% are forecasting a decline. In Europe, the surveys provided similar figures: 55% expect an increase in budgets, 32% expect them to remain unchanged and 14% expect a decline.

¹ MPI Meetings Outlook, 2014 Fall Edition

Economic and financial performance for the year ended 31 December 2014

Economic performance

The Consolidated Income Statement is shown below.

Consolidated Income Statement (Amounts in €'000)	2014		2013 restated		2012 restated	
		%		%		%
Revenues from sales and services	245,457	100	245,057	100	253,301	100
Cost of materials	2,440	1.0	3,662	1.5	2,344	0.9
Cost of services	137,400	56.0	128,220	52.3	123,977	48.9
Costs for use of third party assets	57,875	23.6	63,062	25.7	60,483	23.9
Personnel expenses	49,276	20.1	47,587	19.4	47,957	18.9
Other operating expenses	6,783	2.8	7,631	3.1	6,879	2.7
Total operating costs	253,774	103.4	250,162	102.1	241,640	95.4
Other income	3,531	1.4	5,088	2.1	3,845	1.5
Results of equity-accounted companies	1,448	0.6	2,172	0.9	1,375	0.5
Gross operating result	(3,338)	-1.4	2,155	0.9	16,881	6.7
Depreciation and amortisation	13,457	5.5	14,145	5.8	14,162	5.6
Allowance for doubtful accounts and other provisions (uses)	(1,639)	-0.7	(1,494)	-0.6	(935)	-0.4
Adjustments to asset values	3,637	1.5	6,591	2.7	2,541	1.0
Net operating result (EBIT)	(18,793)	-7.7	(17,087)	-7.0	1,113	0.4
Financial income/(expenses)	(4,899)	-2.0	(3,845)	-1.6	(3,283)	-1.3
Profit/(loss) before income tax	(23,692)	-9.7	(20,932)	-8.5	(2,170)	-0.9
Income tax	(4,586)	-1.9	(4,307)	-1.8	(717)	-0.3
Profit/(loss) from continuing operations	(19,106)	-7.8	(16,625)	-6.8	(1,453)	-0.6
Profit/(loss) from discontinued operations	-	-	-	-	-	-
Profit/(loss):	(19,106)	-7.8	(16,625)	-6.8	(1,453)	-0.6
- attributable to the shareholders of the controlling entity	(18,955)	-7.7	(16,498)	-6.7	(1,541)	-0.6
- attributable to non-controlling interests	(151)	-0.1	(127)	-0.1	88	0.0
Cash flow for the Group and non-controlling interests	(3,651)	-1.5	2,617	1.1	14,315	5.7

Some figures in the Consolidated Financial Statements at 31 December 2013 and in the Consolidated Financial Statements at 31 December 2012 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014.

Revenues from sales and services were Euro 245.457 million, an increase of Euro 0.400 million compared to the figure of Euro 245.057 million in the 2013 financial year. The revenues mainly reflected the meetings held during the Italian six-month presidency of the European Union at the MiCo Congress Centre and the good trend in demand for exhibition space abroad due to the biennial exhibitions Fesqua and FISP held in Brazil. The positive change in revenues also reflects the fall in Italy of square metres of exhibition space occupied due to the different exhibition

calendar without the biennial exhibitions held in uneven-numbered years, TUTTOFOOD, HOST and Made Expo (which became a biennial exhibition from 2013), and a drop in demand for exhibition space in particular for the directly organised exhibitions, HOMI January and Bit. This was partly offset by the exhibitions hosted in even-numbered years, Mostra Convegno Expocomfort and Xylexpo, by Lineapelle, held for the first time at the **fieramilano** site, and by some other hosted events like the Salone del Mobile and the exhibitions in the fashion sector.

The **gross operating loss** was Euro 3.338 million compared to a gross operating profit of Euro 2.155 million in 2013, a decrease of Euro 5.493 million.

The fall in the gross operating result mainly reflects the increase in costs for measures taken to relaunch and internationalise HOMI, operating expenses for the corporate restructuring of the Brazilian companies Cipa FM and Eurofairs (Euro 0.908 million), and the absence of the funds paid in 2013 by Fondazione Fiera Milano as its share of the internationalisation initiatives for HOST. These negative impacts were in part offset by a reduction in the rent paid by the Parent Company for the **fieramilano** exhibition site

The **net operating loss** was Euro 18.793 million and compared to a net operating loss in 2013 of Euro 17.087 million. The deterioration of Euro 1.706 million was lower than the year-on-year decrease in the gross operating result. The result reflected lower impairment charges of Euro 3.626 million (compared to Euro 6.569 million) and lower depreciation and amortisation in the Parent Company. The impairment charges were for the trade publications in the Food & Beverage and Real Estate sectors belonging to the subsidiary Fiera Milano Media SpA and for goodwill allocated to the Events and training cash-generating unit (CGU) in the Media segment.

Net financial expenses were Euro 4.899 million compared to Euro 3.845 million in 2013. The higher figure mainly reflects the increase in financial costs linked to the higher average net debt.

The **Pre-tax loss** was Euro 23.692 million compared to a pre-tax loss of Euro 20.932 million in 2013.

The **net loss** at 31 December 2014 was Euro 19.106 million after a positive tax item of Euro 4.586 million and compared to a net loss of Euro 16.625 million after a positive tax item of Euro 4.307 million in the previous financial year. As in the previous financial year, the tax charge reflects pre-paid taxes in the Parent Company and the release of pre-paid taxes linked to the impairment charges. This was in part offset by a higher current tax charge in Fiera Milano Congressi. Pre-paid taxes are carried primarily against tax losses arising in the financial year and recognised to the extent of their likely recoverability incorporated in the approved plans. Greater detail on taxes is provided in the relevant Note in the Notes to the Consolidated Financial Statements.

The net loss was attributable as follows:

- a loss of Euro 18.955 million to **the shareholders of the controlling entity;**
- a loss of Euro 0.151 million to **non-controlling interests.**

Equity and financial performance

The table below shows the Restated Consolidated Statement of Financial Position.

Reclassified Consolidated Statement of Financial Position (Amounts in €'000)	31/12/14	31/12/13 restated	31/12/12 restated
Goodwill and intangible assets with an indefinite useful life	109,474	109,930	103,413
Intangible assets with a finite useful life	41,584	49,222	59,782
Tangible fixed assets	18,438	18,559	24,174
Other non-current assets	35,234	31,691	29,003
A Non-current assets	204,730	209,402	216,372
Inventory and contracts in progress	5,028	4,006	4,023
Trade and other receivables	50,604	53,546	51,427
Other assets	-	-	-
B Current assets	55,632	57,552	55,450
Trade payables	36,160	43,830	40,455
Payments received on account	39,641	37,047	32,029
Tax liabilities	2,091	2,045	3,344
Provisions for risks and charges and other current liabilities	21,875	23,816	23,643
C Current liabilities	99,767	106,738	99,471
D Net working capital (B - C)	(44,135)	(49,186)	(44,021)
E Gross capital employed (A + D)	160,595	160,216	172,351
Employee benefit provisions	10,286	9,202	8,707
Provisions for risks and charges and other non-current liabilities	8,954	11,727	17,767
F Non-current liabilities	19,240	20,929	26,474
G NET CAPITAL EMPLOYED continuing operations (E - F)	141,355	139,287	145,877
H NET CAPITAL EMPLOYED discontinued operations	-	-	50
TOTAL NET CAPITAL EMPLOYED (G + H)	141,355	139,287	145,927
covered by:			
Equity attributable to the Group	17,034	34,650	56,002
Equity attributable to non-controlling interests	2,654	2,812	3,868
I Total equity	19,688	37,462	59,870
Cash & cash equivalents	(12,276)	(11,416)	(13,016)
Current financial (assets)/liabilities	105,044	75,342	71,302
Non-current financial (assets)/liabilities	28,899	37,899	27,771
Net financial position (continuing operations)	121,667	101,825	86,057
Net financial position (discontinued operations)	-	-	-
L Net financial position (TOTAL)	121,667	101,825	86,057
EQUITY AND NET FINANCIAL POSITION (I + L)	141,355	139,287	145,927

Some figures in the Consolidated Financial Statements at 31 December 2013 and in the Consolidated Financial Statements at 31 December 2012 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014.

The entries in the Reclassified Consolidated Statement of Financial Position correspond to those in the Consolidated Statement of Financial Position.

Net invested capital totalled Euro 141.355 million at 31 December 2014 an increase of Euro 2.068 million compared to the figure at 31 December 2013.

Non-current assets were Euro 204.730 million at 31 December 2014 compared to Euro 209.402 million at 31 December 2013. The change was mainly due to a decrease in intangible assets due to the lower investments made in the financial year, to impairment charges for the publications of Fiera Milano Media SpA and to the goodwill allocated to the Events and training cash generating unit (CGU) of the Media segment, as well as to foreign exchange translation differences.

Net working capital, the balance of current assets and current liabilities, went from a negative figure of Euro 49.186 million at 31 December 2013 to a negative figure of Euro 44.135 million at 31 December 2014. The decrease reflects lower payables to suppliers and exhibition organisers and the change in pre-payments caused by the different exhibition calendar. Fiera Milano Group has structural negative net working capital due to the favourable cash management cycle of exhibitions held in Italy and abroad and congresses where payment of part of the attendance fee is made in advance by clients. Furthermore, Fiera Milano SpA also manages these activities on behalf of third-party organisers and, in this way, generates positive cash flows also from the rent of exhibition space.

The Group had **net debt** of Euro 121.667 million at 31 December 2014 compared to net debt of Euro 101.825 million at 31 December 2013. The increase in net debt reflected the lower cash flow from normal operations and capital expenditure that was mainly for the improvements to the MiCo – Milano Congress Centre.

Details of the net financial position are given in the Notes to the Consolidated Financial Statements.

The following table shows the reconciliation of **Equity** between the Parent Company Financial Statements and the Consolidated Financial Statements:

Statement of reconciliation between Fiera Milano SpA and the Consolidated Financial Statements (€'000)				
	Full year 2014		Full year 2013 restated	
	Equity	Profit/(loss)	Equity	Profit/(loss)
PARENT COMPANY EQUITY AND PROFIT/(LOSS)	21,736	(30,674)	52,577	(12,664)
Equity and profit/(loss) of consolidated companies	51,673	(2,570)	51,906	(4,496)
Intragroup dividends	-	(322)	-	(1,799)
Elimination of carrying value of consolidated investments	(99,943)	-	(99,023)	-
Goodwill arising from acquisitions	26,170	(500)	26,619	-
Write-down of investments, net of tax effect	19,686	14,942	5,035	2,201
Elimination of intragroup margins	14	18	(4)	63
Minor consolidation adjustments, net of tax effect	352	-	352	70
TOTAL EQUITY	19,688	(19,106)	37,462	(16,625)
of which attributable to non-controlling interests	2,654	(151)	2,812	(127)
CONSOLIDATED EQUITY AND PROFIT/(LOSS)	17,034	(18,955)	34,650	(16,498)

Investments

In the financial year to 31 December 2014, investments totalled Euro 8.515 million and the breakdown was as follows:

Investments (€'000)	Full year to 31/12/14	Full year to 31/12/13 restated	Full year to 31/12/12 restated
Intangible fixed assets	1,781	13,741	14,627
Tangible fixed assets	6,734	1,914	2,014
Total investments in non-current assets	8,515	15,655	16,641

Investments in intangible fixed assets totalled Euro 1.781 million and were mainly related to the Parent Company investments for implementing digital projects and acquiring software.

Investments in tangible fixed assets totalled Euro 6.734 million and were mainly attributable to:

- an increase for acquisitions of furniture and goods to be hired out for exhibitions;
- improvements to the MiCo – Milano Congress Centre.

Further details on investments are given in the Notes to the Consolidated Financial Statements.

Business performance by operating segment and by geographic area

The **Summary of data by operating segment and by geographic area** are given in the following table.

Summary of data by operating segment and by geographic area (Amounts in € '000)	2014		2013 restated	
Revenues from sales and services				
- By operating segment:		%		%
. Italian Exhibitions	181,098	63.9	194,583	69.5
. Foreign Exhibitions	18,786	6.7	15,274	5.5
. Stand-fitting Services	33,389	11.8	33,594	12.0
. Media	12,334	4.3	11,958	4.3
. Congresses	37,835	13.3	24,546	8.7
Total revenues gross of adjustments for inter-segment transactions	283,442	100.0	279,955	100.0
. Adjustments for inter-segment transactions	(37,985)		(34,898)	
Total revenues net of adjustments for inter-segment transactions	245,457		245,057	
- By geographic area:				
. Italy	227,150	92.5	229,857	93.8
. Foreign countries	18,307	7.5	15,200	6.2
Total	245,457	100.0	245,057	100.0
Gross operating result		% on revenues		% on revenues
- By operating segment:				
. Italian Exhibitions	(12,894)	-7.1	(5,124)	-2.6
. Foreign Exhibitions	1,088	5.8	2,798	18.3
. Stand-fitting Services	1,895	5.7	1,605	4.8
. Media	415	3.4	277	2.3
. Congresses	6,045	16.0	2,532	10.3
. Adjustments for inter-segment transactions	113		67	
Total	(3,338)	-1.4	2,155	0.9
- By geographic area:				
. Italy	(4,131)	-1.8	(540)	-0.2
. Foreign countries	793	4.3	2,695	17.7
Total	(3,338)	-1.4	2,155	0.9
Net operating result (EBIT)		% on revenues		% on revenues
- By operating segment:				
. Italian Exhibitions	(18,312)	-10.1	(11,806)	-6.1
. Foreign Exhibitions	(118)	-0.6	1,644	10.8
. Stand-fitting Services	365	1.1	(215)	-0.6
. Media	(4,120)	-33.4	(7,335)	-61.3
. Congresses	3,373	8.9	566	2.3
. Adjustments for inter-segment transactions	19		59	
Total	(18,793)	-7.7	(17,087)	-7.0
- By geographic area:				
. Italy	(18,269)	-8.0	(18,544)	-8.1
. Foreign countries	(524)	-2.9	1,457	9.6
Total	(18,793)	-7.7	(17,087)	-7.0
Employees (no. of permanent employees at the end of the period)				
- By operating segment:		%		%
. Italian Exhibitions	437	54.2	433	52.4
. Foreign Exhibitions	185	22.8	205	24.8
. Stand-fitting Services	53	6.6	53	6.4
. Media	95	11.8	98	11.9
. Congresses	37	4.6	37	4.5
Total	807	100.0	826	100.0
- By geographic area:				
. Italy	622	77.1	621	75.2
. Foreign countries	185	22.9	205	24.8
Total	807	100.0	826	100.0

Some figures in the Consolidated Financial Statements at 31 December 2013 and in the Consolidated Financial Statements at 31 December 2012 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014.

The activities of the Fiera Milano Group are grouped into five operating segments: **Italian Exhibitions, Foreign Exhibitions, Stand-fitting Services, Media, and Congresses.**

Revenues from sales and services, before eliminations for inter-segment transactions, were Euro 283.442 million in the year to 31 December 2014, of which 64% was generated by Italian Exhibitions, 7% by Foreign Exhibitions, 12% by Stand-fitting Services, 4% by the Media segment and 13% by the Congress segment.

- Revenues from **Italian Exhibitions**, which refers to the Parent Company Fiera Milano SpA, were Euro 181.098 million, a decrease of Euro 13.485 million compared to the figure of Euro 194.583 million in the previous financial year. The decrease primarily reflects a decrease in exhibition space occupied that, in turn, reflects the different exhibition calendar. 2013 included the exhibitions held in uneven-numbered years, TUTTOFOOD, HOST and Made Expo (which became a biennial exhibition in 2013). The fall in demand for exhibition space also had a greater impact on the directly organised exhibitions, HOMI January and Bit. This trend was only partly compensated by the biennial hosted exhibitions held in even-numbered years, Mostra Convegno Expocomfort and Xylexpo, by the first edition of Lineapelle to be held in the **fieramilano** exhibition site, and by an increase in space occupied at some of the hosted exhibitions that included the Salone del Mobile and the exhibitions in the fashion sector.
- Revenues from **Foreign Exhibitions** were Euro 18.786 million, an increase of Euro 3.512 million compared to the Euro 15.274 million of 2013. The increase in revenues mainly reflected the favourable exhibition calendar in Brazil that included the biennial exhibitions Fesqua and Fisp and the exhibitions organised in China by the subsidiary Worldex.
- Revenues from **Stand-fitting Services** were Euro 33.389 million, a decrease of Euro 0.205 million compared to the previous financial year (Euro 33.594 million). The drop in demand for stand-fitting services was due to the different exhibition calendar and to the presence in 2013 of stand-fitting services supplied as part of the collaboration with Expo 2015. This was, in part, compensated by the increase in demand generated by the first edition of the exhibition Lineapelle to be held at **fieramilano** and by some annual exhibitions.
- Revenues from **Media** were Euro 12.334 million, approximately 3% higher than in 2013 (Euro 11.958 million). The increase was mainly due to higher billboard advertising revenues linked to the presence of the biennial exhibition Mostra Convegno Expocomfort and to the first edition of Lineapelle to be held in the **fieramilano** site, as well as for an increase in revenues from digital services.
- Revenues from **Congresses** were Euro 37.835 million, approximately 54% higher than in 2013 (Euro 24.546 million). The increase mainly reflected the choice of the MiCo Congress Centre to host the ministerial meetings held during the six-month Italian Presidency of the European Union.

The **gross operating loss** was Euro 3.338 million and deteriorated by Euro 5.493 million compared to the previous financial year; the breakdown by operating segment was as follows:

- **Italian Exhibitions** had a net operating loss of Euro 12.894 million compared to a net operating loss of Euro 5.124 million in the financial year to 31 December 2013. The increased loss was due to the lower exhibition space occupied and also to the relaunch and internationalisation costs for HOMI and the absence of the funds received in 2013 from Fondazione Fiera Milano for its share in the internationalisation initiatives for HOST. This was, in part, offset by lower rent paid by the Parent Company for the **fieramilano** exhibition site.
- **Foreign Exhibitions** had a gross operating profit of Euro 1.088 million compared to Euro 2.798 million in the financial year to 31 December 2013. Higher costs more than offset the increase in revenues and resulted in a Euro 1.710 million decrease in the gross operating profit of this

segment. There were higher corporate restructuring costs for the Brazilian companies Cipa FM and Eurofairs and an increase in costs for hiring exhibition space.

- **Stand-fitting Services** had a gross operating profit of Euro 1.895 million, an increase of Euro 0.290 million compared to the figure of the preceding financial year (Euro 1.605 million). Higher group service income compensated for the decrease in stand-fitting revenues.
- **Media** had gross operating profit of Euro 0.415 million, an increase of Euro 0.138 million compared to the preceding financial year (Euro 0.277 million). The increase reflected the aforementioned increase in revenues.
- **Congresses** had gross operating profit of Euro 6.045 million compared to Euro 2.532 million in the financial year to 31 December 2013. This reflected the aforementioned increase in the revenues of this segment which was, in part, eroded by higher costs for the new congress structure and one-off costs to digitalise the plant and equipment, lighting, and climate control systems in the Congress Centre.

The total **net operating loss** was Euro 18.793 million compared to a net operating loss of Euro 17.087 million in the 2013 financial year, and the breakdown was as follows:

- **Italian Exhibitions** had a net operating loss of Euro 18.312 million compared to a net operating loss of Euro 11.806 million at 31 December 2013. The Euro 6.506 million deterioration in the net operating loss reflects the deterioration in the gross operating result offset by lower depreciation on improvements made to third-party assets.
- **Foreign Exhibitions** had a net operating loss of Euro 0.118 million compared to a net operating profit of Euro 1.644 million in the 2013 financial year. The deterioration in this result reflects the deterioration in the gross operating result described above.
- **Stand-fitting Services** had a net operating profit of Euro 0.365 million, a Euro 0.580 million improvement on the figure for the preceding financial year (a net operating loss of Euro 0.215 million). The change reflects the trend in the gross operating profit and benefited from lower depreciation and amortisation and lower risk provisions.
- **Media** had a net operating loss of Euro 4.120 million, which was an improvement of Euro 3.215 million compared to the figure for the preceding financial year (a net operating loss of Euro 7.335 million). This was mainly due to lower impairment charges of Euro 3.626 million (Euro 6.569 million in the 2013 financial year) for some of the publications and for the goodwill allocated to the Media CGU. In 2014 there were impairment charges for the Food & Beverage and Real Estate publications and for the goodwill allocated to the Events and training CGU.
- **Congresses** had net operating profit of Euro 3.373 million compared to Euro 0.566 million in the financial year to 31 December 2013. This increase reflects the improvement in the gross operating profit.

The 807 Group **employees** at year-end 2014 were divided among the five operating segments as follows: 54% in Italian Exhibitions, 23% in Foreign Exhibitions, 6% in Stand-fitting Services, 12% in Media and 5% in Congresses.

The **key figures of the companies in the Foreign Exhibitions segment** are given in the table below.

Summary data for companies in the Foreign Exhibitions segment (Amounts in € '000)	2014		2013 restated	
		%		%
Revenues from sales and services				
- by company:		%		%
. Cipa FM Publicações e Eventos Ltda	10,621	56.6	8,723	57.1
. Hannover Milano Global Germany GmbH	-	-	-	-
. Fiera Milano Exhibitions Africa (PTY) Ltd*	1,793	9.5	2,135	14.0
. Fiera Milano Interteks Uluslararası Fuarçılık A.S.**	2,746	14.6	2,203	14.4
. Fiera Milano India Pvt Ltd	63	0.3	13	0.1
. Worldex (China) Exhibition & Promotion Ltd***	2,659	14.2	1,733	11.3
. Haikou Worldex Milan Exhibition Co. Ltd***	356	1.9	406	2.7
. Limited Liability Company Fiera Milano	548	2.9	61	0.4
. Eurofairs International Consultoria e Participações Ltda	-	-	-	-
Total gross of adjustments	18,786	100	15,274	100
Gross operating result				
- by company:		%		%
. Cipa FM Publicações e Eventos Ltda	288	26.5	507	18.1
. Hannover Milano Global Germany GmbH	1,455	133.7	2,172	77.6
. Fiera Milano Exhibitions Africa (PTY) Ltd*	(149)	-13.7	160	5.7
. Fiera Milano Interteks Uluslararası Fuarçılık A.S.**	(68)	-6.3	(441)	-15.7
. Fiera Milano India Pvt Ltd	38	3.5	(17)	-0.6
. Worldex (China) Exhibition & Promotion Ltd***	548	50.4	622	22.2
. Haikou Worldex Milan Exhibition Co. Ltd***	101	9.3	112	4.0
. Limited Liability Company Fiera Milano	(180)	-16.5	(178)	-6.3
. Eurofairs International Consultoria e Participações Ltda	(945)	-86.9	(139)	-5.0
Total	1,088	100	2,798	100
Net operating result (EBIT)				
- by company:		%		%
. Cipa FM Publicações e Eventos Ltda	(453)	384.0	(285)	-17.2
. Hannover Milano Global Germany GmbH	1,455	-1,233.0	2,172	132.1
. Fiera Milano Exhibitions Africa (PTY) Ltd*	(378)	320.3	(93)	-5.7
. Fiera Milano Interteks Uluslararası Fuarçılık A.S.**	(296)	250.8	(547)	-33.3
. Fiera Milano India Pvt Ltd	38	-32.2	(16)	-1.0
. Worldex (China) Exhibition & Promotion Ltd***	541	-458.5	619	37.7
. Haikou Worldex Milan Exhibition Co. Ltd***	101	-85.6	112	6.8
. Limited Liability Company Fiera Milano	(181)	153.4	(179)	-10.9
. Eurofairs International Consultoria e Participações Ltda	(945)	800.8	(139)	-8.5
Total	(118)	100	1,644	100

Some figures in the Consolidated Financial Statements at 31 December 2013 and in the Consolidated Financial Statements at 31 December 2012 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014.

Operating figures

The tables on the following pages give the figures for events held at the **fieramilano** and **fieramilanocity** venues and abroad in the financial year to 31 December 2014, compared with the figures for the previous two financial years. The tables give the net square metres of exhibition space occupied and the number of participating exhibitors. The events are classified according to how frequently they are held - annual, biennial or multi-annual - and figures for exhibitions directly organised by the Group are also given for each of the periods (*the figures have been rounded up to make them easier to read and compare*).

Fiera Milano Group Summary operating figures	Full year to 31/12/2014		Full year to 31/12/2013		Full year to 31/12/2012	
	Total	Organised by the Group	Total	Organised by the Group	Total	Organised by the Group
Number of exhibitions:	113	73	113	71	99	55
Italy	51	11	54	12	56	12
. annual	41	9	39	9	45	10
. biennial	9	1	13	3	9	2
. multi-annual	1	1	2	-	2	-
Foreign countries	62	62	59	59	43	43
. annual	59	59	53	53	39	39
. biennial	3	3	6	6	4	4
. multi-annual	-	-	-	-	-	-
Number of congresses with related exhibition space	37	-	34	-	34	-
Net sq.metres of exhibition space:	1,634,425	623,275	1,738,680	803,260	1,829,575	616,745
Italy	1,220,125	208,975	1,333,680	398,260	1,476,050	263,220
. annual (a)	928,255	178,165	996,115	198,925	1,073,245	242,580
. biennial	275,390	14,330	323,700	199,335	294,740	20,640
. multi-annual	16,480	16,480	13,865	-	108,065	-
(a) of which congresses with related exhibition space	33,745	-	40,105	-	50,825	-
Foreign countries	414,300	414,300	405,000	405,000	353,525	353,525
. annual	376,115	376,115	369,885	369,885	317,730	317,730
. biennial	38,185	38,185	35,115	35,115	35,795	35,795
. multi-annual	-	-	-	-	-	-
Number of exhibitors:	32,790	14,275	33,085	15,840	35,080	12,500
Italy	22,430	3,915	23,430	6,185	26,975	4,395
. annual (b)	18,625	3,365	18,870	3,620	21,530	4,015
. biennial	3,565	310	4,290	2,565	3,590	380
. multi-annual	240	240	270	-	1,855	-
(b) of which congresses with related exhibition space	2,195	-	1,905	-	3,920	-
Foreign countries	10,360	10,360	9,655	9,655	8,105	8,105
. annual	9,650	9,650	8,825	8,825	7,415	7,415
. biennial	710	710	830	830	690	690
. multi-annual	-	-	-	-	-	-

The table shows that in the 2014 financial year the percentage of total net square metres of exhibition space covered by annual exhibitions was ca. 80%. Annual exhibitions covered 1,304,370, net square metres of exhibition space, a decrease of 4.5% compared to 2013 and a decrease of ca. 6.2% compared to the figure for 2012. The change compared to 2013 was mainly in the hosted annual exhibitions in Italy (-40,740 square metres compared to 2013, approximately 5%). Biennial exhibitions covered 313,575 net square metres of exhibition space, a year-on-year decrease of ca. 12.6%: there was a decrease in the space occupied by directly organised biennial exhibitions in Italy of 185,005 square metres that was mainly attributable to the absence of TUTTOFOOD and HOST, which was partly compensated by the increase of 136,695 square metres in hosted biennial exhibitions that reflected the presence of Mostra Convegno Expocomfort. The year-on-year increase in the contribution from exhibitions held abroad was 9,300 net square

metres of exhibition space, almost 2%. There were fifteen first editions of exhibitions launched in the financial year under review and they covered a total of 71,085 net square metres of exhibition space.

The tables below give comparative figures for the last three financial years for the portfolio of events hosted by the Group in the **fieramilano** and **fieramilanocity** sites with an indication of the net square metres of exhibition space occupied and the number of exhibitors classified by how frequently the events are held, and indicating those exhibitions that were directly organised (*the figures have been rounded up to make them easier to read and compare*).

Italian exhibition portfolio						
	Net sq. metres of exhibition space			Number of exhibitors		
	Full year to 31/12/2014	Full year to 31/12/2013	Full year to 31/12/2012	Full year to 31/12/2014	Full year to 31/12/2013	Full year to 31/12/2012
Annual Exhibitions:						
Directly organised						
- Bit	13,750	23,095	27,235	280	295	345
- Chibimart Summer	3,310	3,620	4,245	105	105	115
- Chibimart Winter	2,820	2,925	2,975	95	80	85
- HOMI I semester	82,210	91,590	100,585	1,275	1,425	1,540
- HOMI II semester	57,840	59,860	71,625	1,055	1,185	1,275
- Miart	6,360	5,920	4,695	155	145	95
- Milano Pret a Porter Fall	2,605	2,165	2,830	150	110	130
- Milano Pret a Porter Spring	2,125	2,420	4,190	105	125	185
- Sposaitalia	7,145	7,330	7,820	145	150	140
- Reatech	a)	a)	16,380	a)	a)	105
Total annual exhibitions directly organised	178,165	198,925	242,580	3,365	3,620	4,015
Hosted						
- Artigiano in fiera	59,100	57,090	57,305	1,640	1,510	1,445
- Cartoomics	8,000	8,000	8,000	225	240	340
- Eicma Moto	86,435	93,130	85,775	455	605	480
- Esposizione Internazionale Canina	15,000	15,000	15,000	45	45	55
- Expo Italia real estate	5,580	7,385	10,450	140	135	170
- Expodental	3,465	4,865	6,770	150	180	250
- Expotraining	1,405	1,550	1,565	80	70	130
- Fa la cosa giusta	8,500	6,000	8,025	600	700	700
- GI come giocare	5,965	6,290	5,960	80	80	70
- Games Week **	4,430	-	-	20	-	-
- Hobby Show (I semester)	5,000	11,665	5,000	110	280	145
- Hobby Show (II semester)	5,000	5,000	4,460	160	140	175
- Kali *	4,015	-	-	210	-	-
- Lineapelle Settembre *	41,665	-	-	1,125	-	-
- Mido	40,700	40,575	40,910	910	880	850
- Mifur	16,885	15,895	18,045	190	180	190
- Milano Auto Classica	12,545	16,030	12,745	215	295	200
- Milano Unica (Fall)	18,915	19,810	20,795	420	435	465
- Milano Unica (Spring)	18,390	19,185	20,460	400	420	440
- Mipel (March)	12,120	13,520	14,340	355	385	370
- Mipel (September)	10,640	12,820	13,445	290	365	385
- Promotion Expo	3,195	4,260	4,205	140	170	160
- Promotion trade exhibition	4,095	4,275	5,240	125	115	130
- Salone del Franchising Milano	4,035	3,815	4,105	145	140	145
- Salone del mobile/ Complemento d'arredo	164,620	156,450	155,015	1,240	1,185	1,205
- Smap Expo	1,300	a)	3,000	25	a)	30
- Smau	3,290	3,815	4,755	15	15	25
- Super Fall *** °	1,660	-	-	200	-	-
- The innovation cloud	7,800	22,500	-	200	490	-
- The Micam (Fall)	68,080	68,100	68,355	1,480	1,495	1,470
- The Micam (Spring)	67,910	67,455	68,565	1,490	1,445	1,475
- Viscom - Visual communication	6,605	6,665	8,330	185	175	185
- Eudishow	a)	5,320	6,650	a)	120	155
- Nuce (previous Life-Med)	a)	2,000	3,340	a)	70	90
- Cartexpo	a)	a)	3,480	a)	a)	85
- Festivity	b)	b)	13,790	b)	b)	85
- Intecharm	a)	a)	15,280	a)	a)	220
- Made Expo	c)	58,620	63,120	c)	980	1,055
- Robotica	a)	a)	890	a)	a)	45
- Salone del Libro Usato	a)	a)	2,670	a)	a)	175
Total annual exhibitions hosted	716,345	757,085	779,840	13,065	13,345	13,595
Total annual Exhibitions	894,510	956,010	1,022,420	16,430	16,965	17,610

Italian exhibition portfolio						
	Net sq. metres of exhibition space			Number of exhibitors		
	Full year to 31/12/2014	Full year to 31/12/2013	Full year to 31/12/2012	Full year to 31/12/2014	Full year to 31/12/2013	Full year to 31/12/2012
Biennial Exhibitions:						
Directly organised						
- Sicurezza	14,330	-	12,090	310	-	235
- Host	-	100,725	-	-	1,555	-
- Transpotec & Logitec	-	52,610	-	-	165	-
- Tuttofood	-	46,000	-	-	845	-
- Fluidtrans compomac	-	-	8,550	-	-	145
Total biennial exhibitions directly organised	14,330	199,335	20,640	310	2,565	380
Hosted						
- Bimu	37,140	-	40,145	555	-	605
- Eurocucina	35,740	-	37,585	120	-	155
- Mostra Convegno Expocomfort	125,265	-	133,710	1,540	-	1,520
- Salone Internazionale del Bagno	18,190	-	15,850	160	-	145
- Sfortec	630	-	900	40	-	45
- TPA Italia * °	5,930	-	-	170	-	-
- Venditalia	11,990	-	13,725	235	-	240
- Xylexpo	26,175	-	32,185	435	-	500
- Chem Med	-	2,470	-	-	80	-
- Enovitis	-	2,220	-	-	55	-
- Euroluce	-	38,685	-	-	380	-
- Frameart Expo	-	4,705	-	-	85	-
- Made in Steel	-	9,920	-	-	210	-
- Mecha-Tronika °	-	2,635	-	-	105	-
- Photoshow	-	6,910	-	-	75	-
- Salone Ufficio	-	12,580	-	-	95	-
- Simei	-	29,430	-	-	445	-
- Vitrum	-	14,810	-	-	195	-
Total biennial exhibitions hosted	261,060	124,365	274,100	3,255	1,725	3,210
Total biennial exhibitions	275,390	323,700	294,740	3,565	4,290	3,590
Multi-annual Exhibitions:						
Directly organised						
- Expodetergo °	16,480	-	-	240	-	-
Total multi-annual Exhibitions directly organised	16,480	-	-	240	-	-
Hosted						
- Converflex	-	6,815	-	-	140	-
- Grafitalia	-	7,050	-	-	130	-
- Ipack-Ima	-	-	51,760	-	-	835
- Plast	-	-	56,305	-	-	1,020
Total multi-annual Exhibitions hosted	-	13,865	108,065	-	270	1,855
Total multi-annual Exhibitions	16,480	13,865	108,065	240	270	1,855
TOTAL EXHIBITIONS	1,186,380	1,293,575	1,425,225	20,235	21,525	23,055
- Congresses with related exhibition space	33,745	40,105	50,825	2,195	1,905	3,920
TOTAL	1,220,125	1,333,680	1,476,050	22,430	23,430	26,975

(*) First edition of this exhibition.

** This exhibition in the previous edition was a congress.

*** The exhibition was held for the first time at Fiera Milano exhibition sites.

° The exhibition is co-organised with Fiera Milano.

a) The exhibition did not take place.

b) The exhibition has been included as part of Homi.

c) Starting from 2013 the exhibition is held biennially.

The table below gives details of the exhibitions organised abroad. The net exhibition space utilised was 414,300 net square metres (*the figures for net square metres of exhibition space have been rounded up to make them easier to read and compare*).

Foreign Exhibition portfolio						
	Net sq. metres of exhibition space			Number of exhibitors		
	Full year to 31/12/14	Full year to 31/12/13	Full year to 31/12/12	Full year to 31/12/14	Full year to 31/12/13	Full year to 31/12/12
Annual Exhibitions:						
Exhibitions directly organised in China						
- CeMAT Asia Shanghai	15,355	12,000	13,040	470	410	460
- Chinafloor Domotex Shanghai	60,210	58,540	57,760	1,050	1,120	1,110
- Comvac Asia	5,475	4,705	-	150	150	-
- Energy Shanghai	4,855	4,580	4,805	150	145	105
- Fruit& Forest Xinjiang	2,500	5,000	-	210	215	-
- GITF International Tour Guangzhou	4,715	4,970	5,650	210	185	175
- Heavy Machinery Asia	1,595	-	-	85	-	-
- IA - FA/PA Beijing	3,865	3,010	3,260	190	190	135
- Industrial Automation Shanghai	23,025	21,010	16,560	605	545	460
- Industrial Automation Shenzhen	8,035	-	7,845	420	-	425
- Industrial Supply Asia	340	600	-	30	50	-
- M3 Fair Hainan	7,500	6,200	-	155	130	-
- Metalworking and CNC Mach. Tool Shanghai	22,900	21,165	21,170	445	385	445
- Motor Show Chengdu	76,665	70,165	64,265	95	90	150
- PTC Asia Shanghai	31,930	43,860	35,495	1,210	1,490	1,335
- The Micam Shanghai 1° semestre	2,940	4,820	-	155	250	-
- The Micam Shanghai 2° semestre	2,600	4,770	-	125	240	-
- Food Hospitality World Guangzhou	4,000	3,030	5,000	380	320	350
- West China Manufacturing and Industrial Fair	430	-	-	35	-	-
- Wuhan Motor Show	4,410	2,310	2,260	10	5	5
- China Commercial Vehicle Show	a)	21,485	21,745	a)	140	115
- CWMTE - Lijia Chongqing Machine Tool	a)	140	200	a)	5	5
Total Exhibitions directly organised in China	283,345	292,360	259,055	6,180	6,065	5,275
Exhibitions directly organised in India						
- CeMAT India	1,935	2,060	1,775	75	60	65
- CeBIT India *	5,200	-	-	350	-	-
- Food Hospitality World Bangalore	1,950	2,375	2,905	70	75	115
- Food Hospitality World Mumbai	2,390	2,385	2,405	155	125	155
- Industrial Automation India	1,405	935	920	60	40	60
- Industrial Supply India	1,100	520	-	80	20	-
- MDA India	1,445	1,440	2,045	50	100	115
- Plugged-In India *	1,500	-	-	45	-	-
- Surface Technology	375	515	340	30	40	25
- The China Products Show India	3,250	3,500	-	170	140	-
- Laser India	a)	a)	245	a)	a)	10
Total Exhibitions directly organised in India	20,550	13,730	10,635	1,085	600	545
Exhibitions directly organised in Russia						
- HOMI Russia	2,600	1,210	1,210	95	75	50
Total Exhibitions directly organised in Russia	2,600	1,210	1,210	95	75	50
Exhibitions directly organised in Turkey						
- Art International Istanbul	3,830	2,255	-	75	60	-
- Beauty & Care Ankara	1,670	2,530	2,135	45	55	50
- Beauty & Care Istanbul	5,930	5,535	-	125	105	-
- Home & Garden Istanbul	3,015	2,480	-	65	40	-
- Promoturk *	4,115	-	-	70	-	-
- Pro-Show	1,870	1,300	-	15	15	-
- Transist	3,365	2,850	2,815	60	55	45
- Zhejiang Trade Fair *	1,280	-	-	140	-	-
- Marathon Expo	a)	1,930	2,140	a)	45	40
- Yacht Show	a)	a)	1,390	a)	a)	40
Total Exhibitions directly organised in Turkey	25,075	18,880	8,480	595	375	175
Exhibitions directly organised in South Africa						
- Cape Town Art Fair	850	310	-	45	40	-
- Food Hospitality World Cape Town *	1,325	-	-	85	-	-
- Good Food & Wine Show Cape Town	3,250	4,170	-	195	235	-
- Good Food & Wine Show Durban	2,700	2,690	-	145	155	-
- Good Food & Wine Show Gauteng	3,300	4,185	3,910	180	260	240
Total Exhibitions directly organised in South Africa	11,425	11,355	3,910	650	690	240
Exhibitions directly organised in Thailand						
- The China Products Show Bangkok	2,500	1,500	-	95	80	-
Total Exhibitions directly organised in Thailand	2,500	1,500	-	95	80	-
Exhibitions directly organised in Brazil						
- Enersolar	995	2,055	2,460	35	105	160
- Exposec **	11,355	12,670	13,730	180	220	310
- Fast Bahia *	250	-	-	25	-	-
- Fast Goiana *	215	-	-	25	-	-
- Fast Rio de Janeiro *	180	-	-	20	-	-
- Fecontech *	410	-	-	30	-	-
- Fippa-pet show	3,150	770	1,710	110	65	90
- Food Hospitality World	690	1,970	-	40	65	-
- Gospel	950	695	865	30	50	40
- Infocomm *	800	-	-	30	-	-
- Magnum	285	380	700	10	10	20
- Reatech, FisioTech	8,110	9,100	8,585	265	290	260
- The China Products Show Brasil *	3,000	-	-	130	-	-
- Riosec	230	520	-	20	35	-
- Biotech	b)	665	230	b)	40	20
- Feinox	a)	160	965	a)	5	30
- Macef Brasil	a)	1,825	2,105	a)	50	55
- Sonotec	a)	40	-	a)	5	-
- Ittech	b)	b)	110	b)	b)	15
- Reaccess	a)	a)	2,055	a)	a)	100
- Taxi Point	a)	a)	925	a)	a)	30
Total Exhibitions directly organised in Brazil	30,620	30,850	34,440	950	940	1,130
Total Annual Exhibitions	376,115	369,885	317,730	9,650	8,825	7,415

Foreign Exhibition portfolio						
	Net sq. metres of exhibition space			Number of exhibitors		
	Full year to 31/12/14	Full year to 31/12/13	Full year to 31/12/12	Full year to 31/12/14	Full year to 31/12/13	Full year to 31/12/12
Biennial Exhibitions:						
Exhibitions directly organised in China						
- Aviation & Space Fair Shanghai *	1,200	-	-	55	-	-
- WoodMac China	-	15,950	-	-	250	-
Total Exhibitions directly organised in China	1,200	15,950	-	55	250	-
Exhibitions directly organised in Brazil						
- Fesqua-Vitech	13,845	-	12,075	285	-	220
- Fisp-Fire	23,140	-	22,950	370	-	450
- Braseg	-	2,745	-	-	95	-
- Saie	-	1,280	-	-	45	-
- Tubotech	-	10,715	-	-	305	-
- Wire South America	-	3,305	-	-	25	-
- Arctech	-	-	770	-	-	20
Total Exhibitions directly organised in Brazil	36,985	18,045	35,795	655	470	690
Exhibitions directly organised in Singapore						
- Rehabtech Asia c)	-	1,120	-	-	110	-
Total Exhibitions directly organised in Singapore	-	1,120	-	-	110	-
Total Biennial Exhibitions	38,185	35,115	35,795	710	830	690
TOTAL EXHIBITIONS	414,300	405,000	353,525	10,360	9,655	8,105
* First edition of this exhibition						
** The exhibition in 2012 and 2013 also included Traffic						
a) The exhibition did not take place						
b) The exhibition became a congress						
c) The exhibition is a joint project with the Singaporean company Singex Exhibitions Ventures Pte Ltd						

Fiera Milano Group personnel

Composition and turnover

At 31 December 2014 the permanent employees of the Group totalled 807 compared to 826 at 31 December 2013.

Permanent employees at year end (units)	31/12/14			31/12/13			31/12/12		
	Total	Italy	Foreign countries	Total	Italy	Foreign countries	Total	Italy	Foreign countries
Fully consolidated companies:									
Executives	46	39	7	43	37	6	42	37	5
Managers and White collar workers (including Journalists)	698	583	115	730	584	146	662	575	87
Total	744	622	122	773	621	152	704	612	92
Proportionally consolidated companies (a):									
Executives	2	-	2	2	-	2	2	-	2
White collar workers	61	-	61	51	-	51	45	-	45
Total	63	-	63	53	-	53	47	-	47
TOTAL	807	622	185	826	621	205	751	612	139
(a) the indicated data corresponds to the pro-quota of total employees									

The decrease in the number of employees in 2014 compared to 2013 was 19 and was mainly as a result of changes in personnel in the foreign subsidiaries.

In 2014, 92 persons joined the Group, of which 11 in Italy as part of the ongoing effort to strengthen the marketing and international development departments, and 81 abroad, mainly due to the reorganisation of the Brazilian companies.

In 2014, 111 persons left the Group, of which 10 in the Italian companies – mainly voluntary resignations and agreed employment terminations - and 101 persons abroad.

The turnover of employees, calculated as the difference between those joining and those leaving the Group as a percentage of the average number of employees, was 24.8% compared to 27.9% in 2013.

Fiera Milano Group uses employees on fixed-term contracts to manage the peaks of activity in the exhibition calendar. Personnel with fixed-term contracts went from nine at 31 December 2013 to 33 at the end of 2014.

Governing employment contracts

The Italian companies within the Fiera Milano Group, except for those companies in the publishing sector (which employ personnel under the national collective employment agreement for graphic design, publishing and industrial companies), uses the national collective employment agreement for tertiary, distribution and service companies.

The employees of Fiera Milano Group are divided into three main categories:

- Executives with a managerial role;
- Middle Managers and Journalists with specialist roles;
- Other employees, office staff, and technical support staff.

The Italian division of the Fiera Milano Group has no manual workers as the supply and organisation of exhibition services is outsourced.

Outside Italy each company applies the employment law of the jurisdiction in which it is based.

Safety measures adopted

Fiera Milano Group considers the safety of its personnel an essential requisite for which it is prepared to make significant investments. During the 2014 financial year safety training was organised for employees with technical responsibilities.

Training

In 2014 the number of training sessions held in Italian Group companies was higher than in 2013.

The 2014 programme focused on technical and specialist foreign language training (through seminars and telephone conversations); there were also mandatory training and instruction courses (first aid and fire and safety refresher courses) and other courses to develop the relevant competences of each company (computer-based rendering, new media for business, writing for the internet, audio-visual techniques).

257 members of staff took part in the training programmes for a total of 173 person days and the courses covered 40 subjects. Fifteen courses were organised internally and were customised and 25 were external courses.

SUSTAINABILITY AT FIERA MILANO

Although it has no formal Corporate Social Responsibility Plan, Fiera Milano SpA follows the principles of such a plan and aims to develop awareness and transparency regarding personnel, client satisfaction and the environment.

Since the beginning of the financial year under review, this section of the Financial Statements has been expanded to cover all the companies within the Fiera Milano Group whereas in the 2013 Financial Statements it covered just the Parent Company.

HUMAN RESOURCES

Human resources are indispensable to the survival of the business. The dedication and professionalism of the employees are determining factors in achieving the goals of Fiera Milano. The Company is committed to developing the abilities and competence of each employee to ensure that the energy and creativity of every one of them find their full expression and lead to the employee realising his/her potential.

Composition of employees – Italian companies within the Fiera Milano Group

There were 622 permanent employees in the Italian companies of the Fiera Milano Group at 31 December 2014.

The number of permanent employees increased by one compared to the end of the 2013 financial year. In 2014 eleven persons joined the Group to strengthen the marketing and international development departments and to meet legal requirements (protected groups). Ten employees left mainly as a result of voluntary resignations or agreed employment terminations.

The employee turnover rate, calculated as the difference between those joining and those leaving the Italian group companies as a percentage of the average number of employees, was 3.4% in 2014 compared to 7.2% in 2013.

The number of part-time employees went from 79 in 2013 to 75 in 2014 and 63 were horizontal part-time employees and 12 were vertical part-time employees.

The breakdown of employees by educational qualifications shows that between the end of 2013 and the end of 2014 the percentage of employees with degrees went from 41.5% to 42.4%, indicating that new employees tend to be almost exclusively persons with a university degree.

The average age of the employees in the Italian Group companies was 45.1 years: more than 50% of employees were younger than 45 years of age.

The breakdown by length of service in the Italian companies of Fiera Milano Group indicated a high degree of employee loyalty and was in line with the figures for the previous financial year.

Composition of employees – Italian companies in the Fiera Milano Group: the figures

Breakdown by employment role	Male		Female		Total	
	2014	2013	2014	2013	2014	2013
Executives	28	27	11	10	39	37
Managers	69	68	40	40	109	108
White collar workers	164	166	310	310	474	476
Total	261	261	361	360	622	621

Type of employment	Male		Female		Total	
	2014	2013	2014	2013	2014	2013
Full-time	257	253	290	289	547	542
Horizontal part-time	4	4	59	58	63	62
Vertical part-time	-	4	12	13	12	17
Total	261	261	361	360	622	621

Breakdown by educational qualification	Male		Female		Total	
	2014	2013	2014	2013	2014	2013
University degree or equivalent	96	94	168	164	264	258
Upper secondary school education	149	151	179	182	328	333
Lower secondary school education	16	16	14	14	30	30
Total	261	261	361	360	622	621

Breakdown by age	Executives		Managers		White collar workers		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Up to 35 years	-	-	2	2	75	85	77	87
35 to 44 years	5	5	36	37	190	191	231	233
45 to 54 years	23	25	42	44	163	161	228	230
> 55 years	11	7	29	26	46	38	86	71
Total	39	37	109	109	474	475	622	621

Breakdown by length of service - 2014	Executives		Managers		White collar workers		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
< 10 years	16	8	22	11	87	154	125	173
From 10 to 19 years	10	1	26	22	52	95	88	118
From 20 to 29 years	1	1	10	6	15	44	26	51
From 30 to 34 years	1	-	5	-	8	8	14	8
> 35 years	-	1	6	1	2	9	8	11
Total	28	11	69	40	164	310	261	361

Equal opportunities and non-discrimination policy

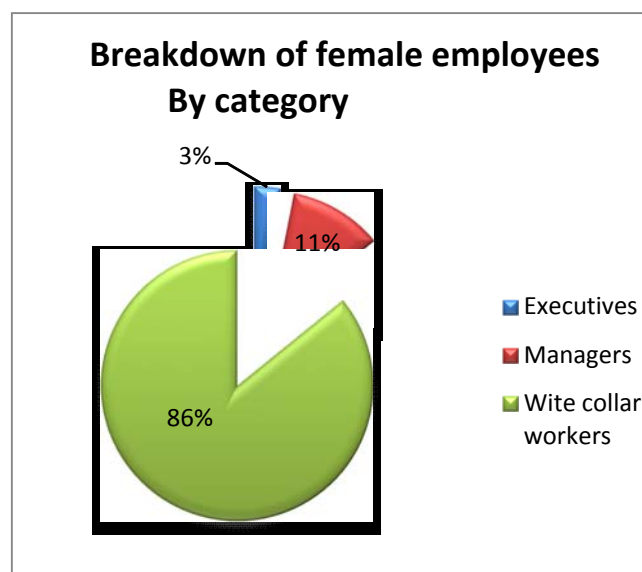
Fiera Milano SpA considers it fundamental to its management policy to offer every employee the same opportunities to develop his/her aptitude and ability with no discrimination on the grounds of race, gender, age, nationality, religion or personal beliefs.

As regards the employment of women, Fiera Milano SpA, in compliance with Legislative Decree no. 198 of 11 April 2006, prepares a biennial report on gender equality in new hirings, training, promotion and other factors so as to provide an overview of the breakdown of employees by gender.

At the end of 2014, female employees were 58% of total employees with the highest percentage in the category of office staff (65%) whilst they made up 37% of middle management and 28% of executives with managerial responsibilities.

Between 2013 and 2014, the number of female employees rose from 360 to 361. Seven of the eleven employees recruited in 2014 were women.

The table below shows the breakdown of female employees:



Governing employment contracts

All the Italian companies in the Fiera Milano Group use the National Collective Employment Agreement for employees of companies in the tertiary, distribution and services sectors except for companies in the publishing sector, which employ personnel under the National Collective Employment agreement for Graphic Designers or Similar, and Publishing Companies including multimedia companies, and the National Collective Employment Agreement for Journalists.

The employees fall into three main categories:

- Executives with a managerial role.
- Middle Managers and Journalists with specialist roles.
- Other employees, office staff, and technical support staff.

The Italian companies of the Fiera Milano Group have no manual workers as the supply and organisation of exhibition services is outsourced.

Supplementary Company contract

In addition to the National Collective Employment Agreement, some Group companies have a supplementary three-year company contract for non-executive personnel.

Incentive schemes for the employees of the Italian companies of the Group include company mobile telephones, company cars for both private and business use for all executives and those travelling on business, a canteen, health insurance policies for managers and executives and, for all other employees who are neither managers nor executives, a non-contributory payment of 3% of annual gross salary to the state supervised additional voluntary contribution pension scheme (PREVIP). In 2014, employees belonging to this pension fund numbered 312 compared to 258 in 2013.

Fiera Milano SpA also has a Company Recreational and Welfare Club for Employees (*Circolo Ricreativo Aziendale Lavoratori - CRAL*) which, in addition to being a recreational facility, also provides a bonding opportunity for employees. The Club organises entertainments and sporting activities, in particular, an annual football tournament for the main European itinerant exhibitions that rotates among the leading European cities.

Fiera Milano is also prepared to facilitate purchases through commercial agreements with some suppliers of goods and services that benefit employees and also consolidate its position within the region.

Welfare

Fiera Milano – in an economic scenario that remains difficult – has strengthened its commitment to its human resources by seeking to identify alternative methods of enhancing the welfare of employees whilst, at the same time, containing company costs.

The Corporate Welfare Plan, set up in 2013 and implemented from January 2014, comprises social services, public services and work-life balance services to which the Company dedicates an equal sum of money per employee. The Plan can be accessed through “WellFair”, an on-line site where employees can choose from among the services identified by the Company. In this way, each

employee can “build” his/her packet of benefits and manage them independently until the credit allocated to each employee is exhausted.

The goods and services offered on the “WellFair” site are extensive and include education, health plans, pension funds, baby-sitters and social workers, sports, holiday packages, culture, shopping coupons, legal advice, and house maintenance. The feedback received during the year under review was very positive and 98% of those who accessed the Plan expressed their appreciation. This provides an impetus to continue the search for other innovative instruments, in addition to the normal remuneration policy, that will motivate employees and increase their loyalty to the Company. The success of this project means that the benefits will be extended to other Italian companies within the Group starting in 2015.

Bonus schemes

In addition to the terms of the Collective Employment Agreement, under the Supplementary Company Contract there is an annual variable remuneration (results bonus). This results bonus is linked to the achievement of profitability targets and is also dependent on the gross operating profit of the Company reaching the pre-established minimum level included in the Industrial Plan.

Training

In 2014, the number of working days dedicated to training employees in the Italian companies of the Group was higher than in 2013: 173 days dedicated to 40 different activities (15 customised and organised in-house and 25 held externally) compared to 152 days in the previous financial year. In 2014, 257 employees were involved in these initiatives.

Training focused on technical and specialist foreign language skills (through seminars and telephone conversations), mandatory training and instruction courses (first aid, fire safety, and health & safety refresher courses) and individual courses to develop the relevant competences of each company (computer-based rendering, new media for business, writing for the internet, audio-visual techniques).

100 employees working in marketing took a training course called “ The Cure” to improve their sales skills and expertise and the know-how required of exhibition sales persons and to learn new methods of approaching potential clients that focused primarily on listening to the ever-changing requirements of clients. Using the “edutainment” system, the course, held in several stages, concluded with employees acting out and making short videos of potential client situations. The short videos were shown to all Group employees at the year-end convention at which prizes were awarded along the lines of the Oscars. The courses were run with the continuous training input also of the Lombardy Region.

There was also a managerial development programme for up and coming young employees of the Company and for those asked to take on new roles and face new challenges. The main aim of the programme was to help employees identify and develop the reasons for their personal success and hone them in order to generate concrete end-results that enable them to make decisions of benefit to the different departments to which they belong.

Part of the programme was specifically aimed at the executive business team of Fiera Milano SpA. It focused on “action learning” with the aim of integrating the business team and developing its ability for innovation, creativity and team effort in order to create greater trust among the various team

members. This course was run with financing from the Inter-professional Fund for Continuous Training (*FONDIR - Fondo Paritetico Interprofessionale per la Formazione Continua*).

The Group invested Euro 190,487 in training for the Italian Group companies in 2014, equal to 0.44% of total employee expenses.

Safety

The safety of all its employees is of primary importance to the Fiera Milano Group and it makes significant investments to ensure their safety.

Injuries suffered by Fiera Milano employees	2014	2013
Employees	622	621
Fatal injuries	-	-
Serious injuries	1	-
Total injuries	7	6
Absence days	271	101
Injury ratio	11.25	9.66
Injury frequency ratio	6.79	5.56
Seriousness ratio	0.26	0.09

Employee health & safety expenses

(€ '000)	2014	2013
Accident prevention regulations	2.2	5.3
Health tests	23.0	22.6
Environmental analyses, workplace phonometric tests	17.1	3.9
Training	10.1	17.4

Memorandum of understanding for occupational safety and legality

In 2007 Fiera Milano SpA signed a memorandum of understanding with the Milan branches of the CGIL, CISL and UIL trade unions, the relevant trade associations and the Company representative of the Italian group of trade unions for occupational safety and legality.

Under this memorandum of understanding certain initiatives have been taken that include the following:

- the addition to any contract/ tender promoted by Fiera Milano SpA as the commissioning entity of a series of clauses, requirements and criteria that aim to guarantee that contractual terms for employees under the relevant National and Regional Collective Employment Agreements regarding safety, rules, contributions, insurance and other matters are respected;
- the creation of permanent monitoring to counter illegal and clandestine practices and to promote occupational safety in the exhibition sites of Fiera Milano SpA;
- a "Work Desk" at the fieramilano exhibition site run by the three trade unions and which acts as a legal, control and reference point for employees of companies operating within Fiera Milano sites; the Desk may also be used to report any eventual or significant case of abuse of

occupational safety measures or the non-fulfilment of the correct payment obligations under the law.

Over the years measures have been taken to increase occupational safety and legality and counter the phenomenon of illegal and clandestine employment. To this end, at the end of 2014, a dialogue was instigated with the Department of Employment for the Area of Milan (*Direzione Territoriale del Lavoro di Milano*) and a Memorandum of Understanding signed on 16 January 2015 to implement preventative measures to safeguard employee safety and legality through training, dissemination of information and discussion. This was an initiative welcomed by both parties and aimed at the correct application of employment laws to ensure occupational safety through choices and solutions for the safe, transparent and legal growth of the exhibition business. The focus area was an analysis of employment contracts and standard rules in the employment market that directly and indirectly serves events organised and hosted in the Fiera Milano exhibition sites, informing and eventually involving all social partners.

Industrial relations

Fiera Milano SpA recognises the role played by the trade unions and by employee representatives, organised in compliance with the law, and maintains relations with them marked by mutual respect, dialogue and a constructive exchange of ideas.

Employees may choose freely whether to join a trade union; they may join trade unions under the regional regulations and methods laid down by the different trade unions.

The trade unions to which Fiera Milano employees belong are: FILCAMS-CGIL (*Federazione Italiana Lavoratori Commercio e Turismo - Confederazione Generale Italiana del Lavoro*), FISASCAT-CISL (*Federazione Italiana Sindacati Addetti Servizi Commerciali, Affini e del Turismo - Confederazione Italiana Sindacati Lavoratori*), UILTuCS-UIL (*Unione Italiana Lavoratori Turismo Commercio e Servizi - Unione Italiana del Lavoro*), SLC-CGIL (*Sindacato Lavoratori Comunicazione - Confederazione Generale Italiana del Lavoro*) and COVELCO (*Contributo Vertenze Lavoratori Commercio*).

The percentage of employees belonging to trade unions fell from 21% in 2013 to 20% in 2014.

Internal communication and innovation

Fiera Milano uses internal communication as an information tool to transmit and share the values, aims and results achieved by the Fiera Milano Group.

The means used include:

- **Corporate convention – “The Oscars Evening”**

In 2014, the corporate convention was held at the end of a training programme that had as its theme “putting the client at the centre”. During the event, a group of colleagues employing edutainment methods presented the results of the course through five short videos that used storytelling to describe daily relationship contacts with the clients of Fiera Milano.

- **Briefing meetings with all Group employees**

Meetings between the top management and all employees are held when the Strategic Plan, the Industrial Plan and the Directors' Management Report for the Year are finalised so that employees are briefed and share in the aims and results of the Group.



- **Kid's Day**

In June 2014 a KID'S DAY was held for the first time. This was an event entirely dedicated to the children of Group employees. Various themed areas were created in the Centro Servizi: creativity, games, socialisation, and freedom of emotional expression.

- **An interview with the Chief Executive Officer**

In 2014, four video interviews were recorded with the Chief Executive Officer to coincide with the release of the Group results and were made available on the intranet so that all employees would be aware of current business trends.

- **The Company intranet – Notice Board**

In 2014, the various sections of the Company intranet were updated and enhanced so as to increase their attraction and use.

- **Newsletter**

Fiera Milano Today is a newsletter for Fiera Milano stakeholders published on the website www.fieramilano.it and giving information on the activities of Fiera Milano, the region in which it is based and on the exhibition sector in general.

- **The spread of Skype and web conferencing**

The internationalisation of the Company has inevitably led to the spread of communication systems that are easy to use and that help integrate geographically widespread colleagues.

- **Wi-Fi project**

The project to extend Wi-Fi to all areas of the Rho exhibition site was completed in May 2014. The system has dedicated bandwidths for clients and visitors, collaborators and suppliers and for all employees.

- **Implementation of a Human Resources Management system (HRM)**

In January 2014, the new HRM system was installed on the human resources portal. This permits all employees to access information that relates to them and includes: personal data, employment contract, remuneration, absenteeism, holidays/permits, overtime, work experience, training (in-house and external), etc. Employees can also insert/update certain relevant information, for example, on education and training, on knowledge of foreign languages, on civil status and can also expand documents like the *curriculum vitae* and training certificates. The positive results generated by the system have led to the decision that it be extended to all Italian companies in the Fiera Milano Group from the start of 2015.

- **Project to assess capabilities**

In 2014 a new web-based system for assessing employee capabilities was installed as part of the HRM system. The new system has three parts: an employee self-assessment, an assessment

made by the relevant company manager and, lastly, a discussion held in individual interviews to gain feedback. The final outcome of the assessments and the interviews were studied by the Department for Organisation and Human Resources in order to implement any action considered opportune; these could include training to bridge any existing gap in the abilities of the employee to carry out a specific role or an evaluation of his/her career progression.

CLIENTS

The nature of the exhibition business means that behind the commonly used term “clients” there are two large macro groups whose interests and characteristics vary greatly: true clients (who are exhibitors and organisers) and visitors.

Exhibitors and Organisers

Exhibitors and organisers are any entity that has an exchange-based relationship with Fiera Milano: Fiera Milano rents space and offers exhibition services positioning itself as the ideal partner for business development; the exhibitor participates in the exhibition to strengthen its client network and to find new clients that will help grow its revenues; an exhibition is deemed a success for the organiser if it meets the requirements of the exhibitors but success is also dependent on the number of visitors and buyers the exhibition attracts.

The presence of foreign exhibitors and visitors gives the exhibition an international character that increases its competitive position *vis à vis* international exhibitions in the same sector.

In 2014, 20,235 exhibitors took part in the exhibitions held in Italy (of which 32% were foreign exhibitors) compared to 21,525 (of which 28% were foreign) in 2013.

Services available to organisers

For hosted exhibitions, the Group offers a range of structural services required for running an exhibition (known as “basic services”) in addition to furnished exhibition space. These are (i) safety coordination; (ii) fixed services (reception); (iii) structural technical services; (iv) basic exhibition security; (v) cleaning and (vi) administrative services.

In addition to the space and basic services listed above, the Group also offers a series of supplementary services that are available at the request of the Organiser,:

- Exclusive supplementary services that are not included in the basic contract; these include the use of meeting rooms, carpeting of the stands, primary connections both internal and external to the exhibition sites, security and reception services that are over and above the standard services included in the basic services. At the request of the Organiser these services can be supplied exclusively by the Group for a specific fee;
- Supplementary services that are not exclusive for which the Organiser agrees to give Fiera Milano a right of first refusal before any third-parties are approached. This category includes the following supplementary services supplied to Organisers:

Logistics and ancillary services

Logistics and ancillary services organised by the Group and supplied by specialist sector companies include the presence in the Rho exhibition site of a transport company, internal transport and transport around the exhibition site, banks, emergency facilities and travel agencies.

Services for Exhibitors

The Group business of exhibition organisation has the following stages: (i) identifying the exhibition concept; (ii) identifying the space required and the dates of the exhibition; (iii) the sale of space to exhibitors; (iv) identifying marketing strategies aimed at trade and non-trade visitors; and (v) the running of the exhibition and customer satisfaction analysis.

Exhibitors that take part in an exhibition benefit from all the services supplied by the Group to the Organisers but are also direct clients of the Group if they request the direct supply of specific services.

Exhibitors are offered direct services through an on-line platform where they can request any services required or through direct contact with the Group sales network. Exhibitors can also ask for estimates for the supply of customised services.

The Company offers exhibitors all the necessary services required to participate in an exhibition that include: utility connections, logistic services, technological and surveillance equipment, and standard or customised stand-fitting services.

Stand-fitting services are also supplied to organisers for those exhibitions that use predesigned and uniform stands (pre-assembled stands).

Other services

Sponsorship services and showrooms

Following the move to the Rho exhibition site, the business of supplying showrooms and services that include market and sponsorship, was developed. The Company is the authorised agent for all advertising inside the exhibition sites.

Insurance services

The Group has all risk insurance policies to cover any risk to the exhibitors arising from their participation in an exhibition hosted by the Fiera Milano Group.

Communication and advertising services

The communication services organised and managed by a specialist team in the Group include the identification and management of communication strategies and the organisation of press conferences, both inside and outside the exhibition sites. This service also includes planning and the purchase and sale of advertising space in the media on behalf of the organisers.

Visitors

Visitors fall into two categories depending on the type of exhibition they are attending. These are (i) B2C (business to consumer) exhibitions or general exhibitions and market fairs that are not trade fairs that usually attract members of the general public interested in comparing products and perhaps making a purchase; (ii) B2B (business to business) exhibitions or trade fairs for professional visitors who are executives, technicians and distributors for Italian and foreign companies who want to compare, evaluate and study products in which they have a specific interest.

The attendance figures for an exhibition and the provenance of the visitors help building the reputation of the exhibition and are, therefore, integral contributors to its success.

In 2014, 5.1 million people visited the exhibitions held in Italy.

Services supplied to visitors

Visitors use the services supplied by the Group to the exhibition organisers and exhibitors but can also be considered direct clients of the exhibition system when they use some of the services made available by the Group inside the exhibition site. These include catering services, parking, public utility services, travel agencies, and internet and telecommunication services.

The Company offers, in association with selected partners, catering facilities for visitors, exhibitors, and internal and external operators. In conjunction with its commercial partners, the Company manages fixed catering points in a variety of formats and offers.

The catering network comprises 84 fixed food outlets and over 20 additional catering formats for a total of 10,000 seats and 900 catering occasions per annum.

In order to offer the widest range possible and to meet all requirements there are three catering outlets certified by the *Associazione Italiana Celiachia* (Italian Celiac Association), whilst the food outlets situated along the central axis of the site offer products suitable for those who are lactose intolerant.

For exhibitions where it is possible to forecast a large number of visitors with specific culinary requirements and traditions, Fiera Milano, together with the event secretary, organises the supply of specialist foods.

The table below lists all the services Fiera Milano makes available to clients.

Services available to clients

- ecological services (waste collection and disposal)
- technical services (connections for water, gas, etc.), lighting, electrical plant and telecommunications (telephone, internet, wireless connections, etc.)
- parking, logistics and transport
- furniture services (for hire), stand-fitting services, technological equipment on request
- health and safety, security
- *ad hoc* training for exhibitors
- administrative and insurance services
- communication (through the dedicated Exhibition Press Office) and photographic services
- e-services (24-hour multilingual electronic shop for purchasing and hiring anything required on the stand)
- customer services (the support of qualified staff to optimise event participation)
- call centre (e-services, ticketing, web services)
- exhibition layout design, allocation and hire of 63 conference and event venues
- reception (hostesses, interpreters, reception personnel, etc.), exhibition information systems
- (data monitoring of visitors to the stand), consultancy services (organising group visits of buyers, call centre, etc.)
- catering
- financial services (subsidised loans for exhibitors)
- hospitality (travel, event, hotel, restaurant and car hire booking services)

CUSTOMER SATISFACTION

In September 2014, Fiera Milano set up a project to measure customer satisfaction at the directly organised exhibitions in Italy. The pilot exhibition chosen to trial the project was Milano Prêt-à-porter – MIPAP held in September 2014. The project is continuing in 2015 and will eventually be rolled out for all the directly organised exhibitions in Italy.

This was a 360° survey which had the dual aims of measuring the satisfaction and loyalty of clients, exhibitors and visitors and, using objective data, evaluating the repositioning of the exhibition and using the information obtained as the basis for the strategic decisions to be taken from 2015 onwards.

The survey involved 576 Italian and foreign visitors and 75 exhibitors, of which 62.2% were Italian, 15.8% were foreign and covering 50.3% of those at MIPAP.

Positive feedback regarding participation in the exhibition from the exhibitors was 50.7%.

47.2% of returning exhibitors believed that the event was growing and 78% of exhibitors surveyed said that they would like to take part in future editions of the exhibition.

50.6% of visitors interviewed were positive about their experience at the event.

70.9% of visitors surveyed were positive about the quality of the welcome they received.

150 visitors responded to a request to indicate possible improvements to future editions of the exhibition. Two areas were consistently mentioned: NEW BRANDS and INNOVATION. These indications were also reflected in the survey answers that expressed dissatisfaction with the visit to the exhibition and have been analysed and discussed in order to improve the exhibition. They resulted in the February 2015 edition of MIPAP having a new logo and a completely new image.

The first survey in 2015, the results of which are still being analysed, was carried out at HOMI January with all the exhibitors and about 3,000 visitors being surveyed.

The aim of collecting customer satisfaction feedback from exhibitors and visitors at HOMI 2015 is to gather information and strategic elements for understanding the evolving requirements of visitors and aligning the HOMI concept to these requirements.

The idea is to build up a body of value added information that may be considered by all entities taking part in the exhibition a means of commercial development and strategic support for future decisions that are in line with the Group strategies.

Fiera Milano client complaints management

As part of its Quality Management System, Fiera Milano has adopted a management procedure for documented complaints which is described in the Integrated Management System, called "PR10 – client complaints management". The Company collects complaints from clients received by the company departments through direct client contacts, the reception service and the customer service department and by e-mail to the contact e-mail addresses on the Company website.

The Group Certification Department is responsible for:

- noting the claim in the Client Complaints Register;
- analysing each complaint received and identifying the correct course of action required to resolve any critical situation that may arise and ensuring the involvement of the relevant Company departments;
- identifying and analysing the cause of the complaint to avoid any future repetition;
- monitoring that the cause of the complaint is resolved;
- periodically re-examining the complaints and notifications in the register to evaluate the service provided and the level of client satisfaction with the response.

Fiera Milano has set up a dedicated structure (customer services) to manage and resolve any complaints received during an event. This management approach means that the Company can prevent any subsequent formal complaints from clients. In 2014, this resulted in only ten formal complaints received from clients:

- two from organisers
- three from exhibitors
- five from visitors.

The complaints were mainly about the cleaning services and the infrastructure. The very low number of complaints compared to the number of events and the number of persons frequenting the exhibition site indicates a good level of client satisfaction.

Nolostand client complaints management

The clients of Nolostand fall into the following categories:

- Fiera Milano Group companies
- exhibition organisers
- organisers of events that are not exhibitions
- other (single event planners, single exhibitors, etc.)

As part of the Integrated Management System of Nolostand, a complaints management system has been prepared which is described in the system procedure under PG07 Analysis of Client Satisfaction. Under this procedure complaints are collected by the departments in direct contact with the client and through any e-mails sent to the e-mail addresses on the company website.

Any complaints received must be registered in the Register of Non-conformance, Corrective Measures and Preventative Measures kept by the department to which the complaint was made.

The focus of the marketing department is to assist the client during all phases of managing the exhibition so as to anticipate and satisfy any client requirements and avoid any potential breakdown in service.

In 2014, Nolostand received four formal complaints. The effectiveness of Nolostand's Integrated Management System was demonstrated by its capacity to anticipate any critical situations that could give rise to complaints from clients.

Insurance cover for persons frequenting the exhibition site

Those frequenting the exhibition site are covered by two types of insurance policy:

- general liability cover (theft and damage, all risks) for the goods in the exhibition;
- theft (pick pocketing) of personal belongings.

POLICY TYPE	CLAIMS 2014	CLAIMS 2013
EXHIBITORS (theft, accident, all risks)	403	489
PICKPOCKETING	21	48
TOTAL	424	537
Average settlement period (days)	76	78

GROUP CERTIFICATION

In 2014 a Group Certification Department was set up, which is responsible for ensuring that the necessary processes for the continuous development of the management systems used by all Group companies are prepared, implemented and kept updated and apply, at the behest of any of the companies, new organisational management systems that adhere to the main international standards, so as to monitor and improve management of the overall impact. In the financial year under review the following goals were met:

- a total reassessment of the Quality Management System and the updating of internal procedures to respond more efficiently to the requirements of clients and the market place in which Fiera Milano SpA operates.
- continued certification of the Integrated Management System of Nolostand SpA and of its quality, environmental and safety systems (ISO 9001, ISO 14001 E OHSAS 18001).
- Implementation of an Event Sustainability Management System under the ISO 20121 standard by Nolostand SpA.
- BEST4 (Business Excellence Sustainable Task) RINA certification for Nolostand SpA; this is reserved for entities that have a Management System demonstrating excellence in Quality, the Environment, Safety and Social Accountability (to date, there are only 50 companies in Italy that hold this certificate).
- Implementation by Fiera Milano Media of a Quality Management System with ISO 9001 certification for its International Business.

The Fiera Milano quality project

Fiera Milano SpA aims to excel as a partner to all its clients offering strategic and consultancy advice. As early as 2002, Fiera Milano SpA implemented a company management system which places at its centre the needs of visitors, exhibitors and organisers and that, in June 2014, proved its success by having its ISO 9001:2008 certification renewed; this is an international standard to support organisations in quality management in order to improve the service offered to clients by respecting and anticipating their requirements.

Currently the Quality Management System applies to some key areas of the organisation: customer services, reception, and hospitality during the exhibitions that include reception services and information desks, technical assistance for exhibitors, cleaning, security and logistics/ internal circulation.

Integrated Management System of Nolostand

Nolostand SpA, the Fiera Milano Group company that is the leader in the engineering and construction of exhibition stand fittings for all product sectors, uses a management system that offers its clients a completely sustainable service, particularly as regards occupational health and safety, environmental protection and the requirements of its clients.

Nolostand SpA is developing its business and at the same time creating an environment that guarantees maintenance of occupational health and safety standards, minimises its environmental impact and meets the requirements of its clients. As early as 2001, Nolostand SpA started to manage these areas through a Quality Management System with ISO 9001:2008 certification. In 2011, the Management System received ISO 14001:2004 and OHSAS 18001:2007 certification; the former specifies requirements for an Environmental Management System whilst the latter governs the Occupational Health and Safety Management System.

During 2014 the company was awarded the newly instituted UNI ISO 20121:2013 certificate for Event Sustainability Management Systems.

With this certificate Nolostand SpA also received BEST4 (Business Excellence Sustainable Task) certification from RINA; this is reserved for entities that have a Management System demonstrating excellence in Quality, the Environment, Safety and Social Accountability. Nolostand SpA is the first stand-fitting company worldwide to receive this certificate.

Nolostand SpA also involved its main suppliers, as well as its own employees, in its move to sustainability. With their help it aims to supply a premium quality service but with the occupational health and safety measures to protect its employees and to build, together with its stakeholders, a healthy and safe environment. Therefore, it favours suppliers with management systems certified by the leading international environmental, safety and sustainability standards. However, a reduction in the environmental impact of the stand-fitting business is also dependent on the sustainability of the materials used.

The Mission Statement of Nolostand SpA specifies that it uses and requires its suppliers to use environmentally sustainable materials and, where possible, identifies suppliers that are local to where it is working in order to reduce energy consumption and CO₂ emissions during the movement of materials and employees.

LEED EB:O&M certification

In June 2014, Fiera Milano was awarded LEED EB: O&M (Existing Buildings: Operations & Maintenance) certification which measures the greenness of existing buildings. The Rho exhibition site is the first in Europe, of those already built, to be awarded this certificate. Specifically it was the Centro Servizi, the Congress Centre and the administrative building, therefore, the heart of the exhibition site, which received the certification. Energy audits and water resource and lighting management studies were carried out on these areas which account for about 42,000 square metres (of a total of 345,000 square metres) of covered space.

The energy audit of the structures helped identify measures to increase efficiency that led to a reduction in energy consumption of approximately 700,000 kWh/per annum and of approximately 250 tonnes of CO₂ emissions.

ENVIRONMENT

Environmental management systems

The Company has a dedicated department for Energy Management which, together with the Maintenance department, puts particular focus on a more responsible and efficient use of energy by paying increased attention to the normal management of the specific activities of Fiera Milano and to the design of new and more innovative plant.

Features of the more important equipment currently being designed for the exhibition site are given below:

- water supplies differentiated by groundwater for irrigation, air conditioning systems, heat pumps and for sanitation and hygiene services and potable water for all other uses;
- use of geothermal sources, such as groundwater, to drive the heat pumps for the Central Axis building and Storehouses 1-2;
- heating in some buildings (offices and pavilions) supplied by the district heating network from the waste to energy plant of Milano Silla 2 belonging to AMSA SpA, the Milan environmental services company;
- an extensive control system to monitor energy consumption (water, electricity, heating) throughout the exhibition areas and ancillary structures (offices, storehouses, external areas);
- two independent water systems:
 - potable water from the Milan aqueduct
 - groundwater from proprietary pumping wells.

In 2010–2013 Fiera Milano SpA implemented improvements to both plant and processes to optimise energy consumption. These included:

- the development of procedures and guidelines, together with the companies that carry out maintenance and manage the technological and electric plant and equipment, to identify ways of using the plant and equipment in a more efficient manner to avoid waste;
- the construction of equipment using advanced technology that improves the efficiency of the existing plant and equipment and reduces energy consumption;
- an acquisition policy that is more aware of environmentally sustainable materials and those with a low environmental impact and that are, where possible, consistent with the Company policies for energy efficiency and responsible use of energy.

This process continued in 2014 when Fiera Milano introduced further improvements to its plant and equipment including:

- replacement of the equipment on the lighting towers with new equipment using LED technology;
- a new geothermal refrigeration plant to cool the Centro Servizi.

Environmental impact

The energy emissions of Fiera Milano are in part variable, depending on the presence of events and the emissions linked to them, and, in part, constant over the course of the year, linked to the energy consumption of the exhibition venues.

An analysis of the environmental impact of the Company indicates that it is mainly due to the specificity of plant and equipment and the activities of Fiera Milano. These are:

- Electricity consumption
- Consumption of potable water
- Groundwater consumption
- Diesel consumption
- Natural gas consumption
- Consumption of heating supplied by the district heating network
- Waste production
- Noise emissions
- Electromagnetic wave emissions
- Employee movements
- Stand-fitter movements
- Visitor movements
- Land use

Given the above, a matrix was developed to identify the relative environmental impacts of the overall business environment of the exhibition business (stand-fitting, exhibitions, and periods with no exhibitions) and of the relevant Company departments.

Environmental issue	Direct/indirect impact	Environmental impact	Company department *	
Electricity consumption	Indirect	Consumption of primary energy resources. CO2 emissions	OMD	Energy management
Potable water consumption	Direct	Consumption of primary energy resources.	OMD	
Groundwater consumption	Direct	Consumption of primary energy resources.	OMD	
Diesel consumption	Direct	Atmospheric pollution, CO2 emissions	OMD	
Natural gas consumption	Direct	Atmospheric pollution, CO2 emissions	OMD	
District heating consumption	Direct	-	OMD	
Waste production	Direct	Pollution, CO2 emissions	OMD	Exhibition site security
Noise pollution	Direct	Noise pollution	OMD	Logistics and Exhibition site security

Electromagnetic wave pollution	Direct	Electromagnetic wave pollution	DCI	Information Technology
Employee movements	Direct	Atmospheric and noise pollution, CO2 emissions, NOx. Traffic density	OMD	Logistics, Circulation, and Exhibition site security
Stand-fitter movements	Indirect		OMD	
Visitor movements	Indirect		OMD	
Land use	Direct		OMD	Maintenance

* OMD: Operations Management Department
 CIMD: Central ICT Management Department

The most significant environmental impact as regards plant engineering is the heating of the buildings where the heat is taken from the district heating network supplied by the EMAS-certified (Eco-Management and Audit Scheme) Silla 2 waste to energy plant belonging to Amsa.

Actions to improve energy efficiency in 2014 permitted Fiera Milano to apply for over 100 Energy Efficiency Credits equal to approximately 250 tonnes of CO₂ which, added to the savings obtained from measures required to receive LEED certification, have a total CO₂ reduction of 500 tonnes.

The reduction in CO₂ emissions between 2010 and 2014 is approximately 10,500 tonnes per annum.

A summary of energy consumption in 2014 and 2013 is given in the table below:

fieramilano exhibition site			2014	2013	fieramilanocity exhibition site			2014	2013
INDIRECT ENERGY CONSUMPTION					INDIRECT ENERGY CONSUMPTION				
Electricity purchased	MWh		40,717,654	38,950,931	Electricity purchased	MWh	6,047,991	6,802,824	
from renewable sources	MWh		4,000,000	4,000,000					
from non-renewable sources	MWh		36,717,654	34,950,931	DIRECT ENERGY CONSUMPTION				
District heating	MWh		7,920	9,647	Natural gas	m ³	512,320	721,850	
from renewable sources	MWh		7,920	9,647	WATER CONSUMPTION				
TOTAL INDIRECT EMISSIONS			2014	2013	Drinking water	m ³	181,432	197,268	
			CO ₂	CO ₂	TOTAL DIRECT EMISSIONS			2014	2013
Energy purchased from third parties	tonnes		16,156	15,378			CO ₂	CO ₂	
WATER CONSUMPTION					Natural gas	tonnes	1,076	1,516	
Drinking water	m ³		229,765	225,438	EMISSIONI TOTALI INDIRETTE			2014	2013
Water from proprietary wells	m ³		795,250	786,140			CO ₂	CO ₂	
					Energy purchased from third parties	tonnes	2,668	2,993	

Note:
 A coefficient of 2.1 kg CO₂/m³ was used to calculate the CO₂ emissions from natural gas (Carbon Trust).
 A coefficient of 0.4332 kg CO₂/kWh was used to calculate the CO₂ emissions from electricity (source: the calculation method used by the Lombardy region).

Waste management

Fiera Milano Group complies with the laws governing waste management, dividing the different types of waste it produces and following legal requirements for its disposal.

Waste is collected by a specialist company authorised to dispose of it, which, by recycling the waste into basic types and then subjecting each category to further treatment, obtains secondary raw materials.

Fiera Milano SpA complies with the regulations imposed by the Municipality of Rho for waste management and uses a specialist company to collect, sort and dispose of waste products. Catering waste is disposed of together with that generated by Fiera Milano SpA. The carpeting used during exhibitions is hired and, under the contract with the suppliers, once the exhibition ends the carpeting is collected with a view to salvaging anything possible. Toner cartridges are placed in special containers and are collected and disposed of regularly by the supplier.

For specialist exhibitions, exhibitors can ask Fiera Milano SpA to arrange for the collection of waste oil: a contract is drawn up between the exhibitor and the company that collects the waste oil and the relevant waste disposal form is in the name of the exhibitor.

In 2014, 9,609 tonnes of waste from the **fieramilano** exhibition site and 889 tonnes from the **fieramilanocity** exhibition site were disposed of or recycled.

Green procurement

The Procurement department of the Fiera Milano Group screens in advance any potential supplier to be included in the Register of Group Suppliers.

The screening involves the examination of data and documents on assets and technical and financial capacity provided by potential supplier companies over the internet.

When a potential supplier passes the screening it may be invited to explore the markets in which the companies of the Fiera Milano Group are active.

The Register of Suppliers currently numbers 801 suppliers. Screening of a further 273 is currently underway.

Should a supplier wish to use a subcontractor, during the phase of exploring possible areas of collaboration it must give the name and business that it wishes to sub-contract so that the Group Procurement department, in conjunction with the Company department requiring the service, can assess, as far as possible while respecting the management independence of the supplier, the need to subcontract the activity and the suitability of the subcontractor to carry out the work requested.

The Company department that requested the services must monitor the services supplied and complete an annual assessment form.

As part of its environmental awareness, the procurement procedures of Fiera Milano Group favour the acquisition/hire of ecological products (green procurement), in particular, in the following areas:

Sustainable acquisitions (and equipment hire) of the following products:

- goods for normal consumption
- durable goods
- lighting using mercury
- sanitary equipment

This type of procurement aims to: help reduce the consumption of natural resources and of chemical and dangerous substances and encourage recycling in order to reduce waste sent to landfill sites and/or waste to energy plants.

Sustainable mobility

In a single year an average of 600,000 cars, 50,000 commercial vehicles and three million underground passengers transit through the **fieramilano** exhibition site. The vehicle traffic within the site is mainly attributable to:

- employee/supplier/guest movements
- waste transport
- stand-fitting/exhibitor movements
- visitor movements

Since 2004, Fiera Milano has had a sustainable mobility policy to reduce energy consumption, acoustic pollution, emissions of greenhouse gases, and the use of private transport means and to organise working hours more efficiently in order to avoid traffic congestion. A Home-Work Movements Plan was prepared to analyse corporate mobility and focus on possible ways of resolving the critical situations caused by traffic congestion. It analysed the journeys from home to work of Company employees and, more in general, the mobility and accessibility profile of the Company. The document was prepared by the Mobility Manager who is in charge of Company mobility and attaining the aforementioned goals.

The mobility management tools used to encourage improved mobility are:

- agreements with ATM (*Azienda Trasporti Milanese*) and the regional train company TRENORD
- the Mobility Office portal for the employees of the Italian companies of the Fiera Milano Group
- Fiera Milano infomobility service
- car pooling

Muoversi

The *Muoversi* initiative to reduce atmospheric pollution and to increase awareness amongst employees of the benefits of using public transport rather than their own vehicles continued in 2014. The Company reached agreements with ATM and TRENORD for annual season tickets at subsidised rates for employees with part of the subsidy covered by the Company.

Mobility Office

The Mobility Office is a portal with services aimed at identifying the most suitable solutions to meet the mobility requirements of employees by aiding regular movements between home and work using sustainable means of transport.

Traffic control and coordination centre

Since 2007, the management of the road system within the exhibition site has been strengthened to guarantee the optimum routing of traffic flows: on entry, depending on the amount of traffic and how full the car parks are, and, on exit, depending on the amount of traffic on the motorway system. A webcam traffic control centre has been set up in collaboration with the Road Traffic Police and the management companies of the motorways in order to coordinate patrols and to give real time information on the variable message signs (VMS) both on the motorways and in the parking areas.

Infomobility service

The Infomobility service was started in 2009 as Fiera Milano wanted a multi-channel and multi-device information system to increase mobility efficiency and awareness among the users (stand-fitters, exhibitors, visitors, employees and suppliers) of the two exhibition sites, **fieramilano** and **fieramilanocity**, from the start of their journey (when the user decides which means of transport to use to reach the site) and during the journey by giving real time information on traffic movements.

The main channels through which the information supplied by the main mobility sources, both public and private, and processed by Radio Traffic are:

- **Info traffic section**, which supplies maps and general information on how to reach **fieramilano** and **fieramilanocity** and allows the user to plan his/her journey from/to Fiera Milano, to see in real time any problems on the national motorway network and on the regional roads and motorways, to receive real time data on the availability of parking spaces in the visitor parking areas, to receive real time data on any problems on the underground, TRENORD trains, at the airports of Linate, Malpensa and Orio al Serio, on the ATM transport network and with airport connections, and to listen to the latest news on the radio.
- **Radio and TV news** transmitted by the main networks both local and regional with the latest information on traffic, parking and circulation.
- **QR (Quick Response) Code** to listen to the latest news and receive mobility information on mobile telephones.
- The **Fiera Milano app** for androids and iphones. The iphone app is also suitable for the visually impaired.
- **Voicemail boxes** for general information on current exhibitions at **fieramilano** and **fieramilanocity**, information on how to reach the exhibition sites and with the latest news updated in real time.

- **Webcams at motorway junctions** (Fiera Milano Live) showing the traffic in real time on www.fieramilano.it/node/3893
- **Multimedia Video in the section “How to get there” on the Fiera Milano website** with indications of the different transport means to reach the exhibition site.
- **E015 – Digital Ecosystem**

Fiera Milano is an active participant in E015 - Digital Ecosystem, a digital space with shared technology and shared standards to enable cooperation in developing integrated systems for the public through the internet, which represents an important opportunity for the development of the region.

E015 - Digital Ecosystem provides all those who participate with shared technology standards, guidelines, processes, common rules, and the infrastructure elements for sharing the contents and functionalities of IT services and for developing integrated apps (multichannel / multi-device and/or websites) that offer integrated functionalities to end-users.

Company car pool

In August 2014 a partnership was set up between Fiera Milano and Car2go, a car-sharing service company that operates in Milan, Rome and Florence. Visitors can get to the **fieramilano** exhibition site using a Smart car2go, park easily, return the car at the Rho exhibition site at an especially reserved area in Largo Nazioni and access the exhibition halls through the Cargo 1 entrance.

Car pooling means that vehicles are used more rationally and for longer periods each day; it reduces the numbers of cars per capita and the space required to park them. The project is designed not only to facilitate movements to/from the exhibition site but also to encourage car pooling for greater sustainable mobility. In fact, a pooled car replaces on average six private vehicles and the fixed costs are divided among a greater number of users with a consequent reduction in individual costs.

The car-pooling proposed by Fiera Milano is an environmentally-friendly form of car pooling as:

- the vehicles in the fleet are electric cars or cars with a low environmental impact (euro 5);
- it encourages an intermodal transport system that provides a real alternative to the use of privately-owned vehicles as it is integrated with the regional railway network and the ATM transport network.

FIERACCESSIBILE

The Diversity Management project was started in 2012 to draw up a Disability Reception and Access Plan aimed at providing excellent service while complying with enacted laws on safety, technical regulations and access management.

The first result of the project was the new easy access system, called Fieraccessibile, for persons with difficulties and/or disabilities which offers:

- Advance accreditation and enrolment;
- Cancellation of parking charges at the exhibition reception desk;
- Priority welcome;
- A "No Barriers Guide" available on the Company website www.fieramilano.it;
- An "Audioguide for visually impaired and blind persons" available to be downloaded from the Company website www.fieramilano.it;
- Implementation of an app with specific utility characteristics for different types of disabilities (hearing, visual, motor disabilities etc.) which will be available to both disabled and non-disabled visitors within the exhibition site;
- Map of the services available within the exhibition site and identification of important areas (e.g. utilisation of identification numbers on pillars and QR codes);
- Synergies with relevant disability organisations, university and research bodies, public bodies, local authorities, institutions, etc;
- Ability to request a wheelchair directly from the Logistics Office;
- Possibility of direct communication with Fiera Milano personnel;
- Personalised care with particular attention to any potential exceptional cases.

FIERA MILANO CONGRESSI SUSTAINABLE

The congress activity of the Group is managed by the subsidiary Fiera Milano Congressi (FMC), a specialist in this field that manages three congress centres and a meeting centre:

The MiCo - Milano Congress Centre, the largest congress centre in Europe;

The Stresa Convention Centre, the congress centre on Lake Maggiore;

The Stella Polare, the congress centre within the **fieramilano** exhibition site;

MoMeC, the executive business suite located in the centre of Rome.

The main site is MiCo - Milano Congressi, which was recently refurbished and is now one of the largest congress centres in the world with capacity of 18,000 seats.

MiCo - Milano Congressi – inaugurated in May 2011 – was built through the conversion of exhibition space where the walls, under flooring, part of the roof and of the plant and equipment were salvaged in order to re-use the land and avoid the consumption of new materials.

The design of MiCo followed **energy saving** guidelines for heating, cooling and lighting through the use of double glazing with solar protection, roof and wall insulation, digital lighting systems and the construction of spaces with similar requirements for lighting and heating.

The daily use of areas and the presence of thousands of guests involves the continual use of energy producing equipment. These are all **automatically controlled**. Energy waste is reduced by low energy consumption electrical equipment, the building automation system that controls the mechanical thermal plant, and the regulation of water flow from the taps and other waste water equipment. Waste from the congress centre and the offices of its employees is sorted and recycled and, through careful monitoring procedures, those setting up events are required to do likewise.

In 2014, the congress centre was upgraded: the flooring and cladding were replaced with environmentally friendly materials, the roofs were insulated to reduce energy loss, a new Wi-Fi service was installed allowing up to 75,000 devices to be connected, signals travel on fibre optics, the audio-visual equipment was replaced with the latest models, 400 surveillance cameras were installed, climate control equipment was installed with special software that regulates consumption, and the lighting system was changed to LED lighting.

The company manages the catering facilities within MiCo using ethical guidelines and makes daily deliveries of any excess food perfectly packaged from the events to Siticibo-Food Bank to be distributed to those in need.

MiCo encourages organisers to be environmentally friendly and ensure their events have a zero impact by following the Lifegate protocol.

The use of low CO₂ emission and biodegradable materials (e.g. Kenafloor carpet) is encouraged and forms part of the proposal put forward by MiCo to organisers, together with menus prepared exclusively with organic products.

Those clients who wish to drive around the city can hire two electric cars which MiCo makes available to congress delegates or can purchase ATM (the company for local public transport) tickets from MiCo at special rates.

CHARITABLE DONATIONS

In 2014, charitable donations totalled Euro 41,000 and were mainly for two grants awarded to the children of two deceased employees.

ART AWARENESS

Fiera Milano SpA is a member of the Associazione Amici di MiArt.

This is a non-profit cultural organisation. The Association develops the knowledge, focus and appreciation of modern and contemporary art by the public.

These aims are pursued by the Association through financial support given to young artists/exhibitors at cultural events and exhibitions – which includes Mi-Art (the International Exhibition of Modern and Contemporary Art). The Association also makes publicly available the works of art in its own mutual fund ensuring that the artworks are placed and seen in museums, fairs or other places accessible to the public.

Risk factors affecting Fiera Milano Group

Risk management in Fiera Milano Group

The Fiera Milano Group has for some time implemented a periodic analysis of the risks at Group level that is done using internationally recognised standards of Enterprise Risk Management (ERM).

The main aim is to have a systematic and proactive approach to the main risks to which the Group – and also each of its companies - is exposed in carrying out its business and pursuing its pre-set targets, to assess in advance the potential negative effects, implement opportune actions to mitigate these effects, and to monitor over time any relative exposure.

In order to achieve this Fiera Milano SpA has compiled a catalogue of Group risks linked to the strategies being implemented, together with a risk mapping and risk scoring methodology. Specifically, the Group integrated risk management process entails an annual *(i)* update of the risk catalogue according to the strategies implemented and the management and business model used; *(ii)* assessment of the risks by the management of Fiera Milano SpA and of its subsidiaries; *(iii)* consolidation of information and prioritisation of the risks and the consequent areas of action; *(iv)* tolerance analysis of any exposure identified and formulation of the appropriate management strategies/actions and the identification of those responsible for implementing such actions.

The Control and Risk Committee and the Board of Statutory Auditors are informed of the results of the aforementioned annual processes.

The main risk factors and uncertainties to which Fiera Milano Group is exposed that have emerged from the aforementioned process are described below, taking into account the business sector in which it operates and the characteristics of the business model it uses. A description is also given, where necessary, of the Group policies to manage and mitigate the risks described.

1. RISKS RELATED TO EXTERNAL FACTORS

Risks linked to the economic environment

Despite recent signals of a weak economic recovery, the outlook for growth in the European markets – and in the Italian market – remain marked by considerable uncertainty.

This gives the Group limited visibility on the likely investments of its clients (organisers, exhibitors and other clients of subsidiary companies) in exhibitions and related services and could well have an impact on the stability of revenues and profitability.

In order to continue to combat the effect of this scenario on Group activities (and, in particular, the risk of lower numbers at the exhibitions hosted or directly organised in the Fiera Milano exhibition sites and of the relative investment budgets), in 2015, the Group intends to continue the support actions and incentives for exhibitors at the exhibitions held in Italy and also pursue its development strategy in foreign markets both through investments in companies and partnerships and through the organisation of proprietary exhibitions in countries that offer significant growth.

Risks connected to trends and competition in the exhibitions market

The market in which Fiera Milano Group operates continues to be in a mature phase that is probably destined to continue in coming years and is characterised by: *(i)* the continuing consolidation of some sectors of product manufacturing/distribution activities, *(ii)* changes and innovation in product categories, *(iii)* the transformation of exhibitions from “places where demand meets supply” to events which offer even greater business opportunities and, above all, *(iv)* by an ever-increasing growth in competition, also on tariffs, and *(v)* the ever-increasing development of the Asian and Middle Eastern markets.

To maintain its domestic market position and increase its position and competitiveness on the international market, Fiera Milano Group has continued its strategy of *(i)* enhancing its portfolio of directly organised or hosted exhibitions (by launching new proprietary initiatives, expanding some of these to include contiguous market sectors, by an eventual re-positioning of existing exhibitions and increasing the portfolio of hosted exhibitions) and *(ii)* internationalisation through the acquisition of international events and the promotion and “export” of its own events to foreign exhibition centres.

2. STRATEGIC AND OPERATING RISKS

Risks connected to a dependency on some leading events (organised by the Group or by third parties)

The Italian calendar of the Fiera Milano Group has approximately 55 exhibitions per annum. Despite this high number of events, a significant part of Group revenues derive from ten specific events, organised both directly by subsidiaries or hosted in the **fieramilano** and **fieramilanocity** exhibition sites.

Despite the existence of contractual obligations and logistic impediments that protect the Group, it cannot be ruled out that *(i)* the loss or downsizing of some of the leading events or *(ii)* the loss of some of the larger clients or *(iii)* the different incidence that some events have, depending on how frequently they appear from year to year in the exhibition calendar, could have negative implications for the economic, financial position and financial performance of Fiera Milano Group.

It should also be noted that on average about 80% of exhibitions, in terms of square metres of exhibition space occupied, is organised by third parties, which are not linked to Fiera Milano Group. The medium/long-term success of these exhibitions depends on the ability of the organisers to retain and develop over time the necessary skills, which include maintaining relationships and being constantly aware of changes in the market.

Although the Group is pursuing a development and consolidation strategy for directly organised events both in Italy and abroad and has signed long-term contracts with third-party organisers (that include protective clauses in favour of the Group should the contract be rescinded by the latter), it cannot be ruled out that the loss/failure of some of these exhibitions could have negative implications for the economic and financial position of the Group.

Risks connected to business expansion in emerging markets

Fiera Milano Group continues to pursue internationalisation opportunities in BRIC and other countries through various means, such as joint ventures, acquisitions, partnerships, etc.

Although the previous and consolidated experience of the Group is a major advantage, pursuit of these expansion strategies could expose Fiera Milano Group to a series of risks connected to potential economic instability or local politics and social or safety and/or fiscal risks in the countries where it wishes to expand, as well as to risks linked to the increased complexity of operational and marketing control that are the normal consequence of an internationalisation process.

To ensure better oversight of its foreign businesses and internationalisation strategy and to consolidate the Group governance, Fiera Milano is implementing an organisational plan that will enable centralised coordination of the activities and staff functions that coordinate individual areas of responsibility.

Risks connected to seasonality

Exhibition organisation is subject to seasonality because almost no exhibitions are held in the summer months and because of the presence of biennial or triennial exhibitions. This seasonality affects the annual spread of Group revenues and profits.

The strategies pursued by management and, in particular, *(i)* the enhancement of the exhibition portfolio and the re-positioning of some historical events, *(ii)* the internationalisation of events, *(iii)* the setting up of strategic and commercial collaborations/alliances with other exhibition venues and/or organisers, *(iv)* the increased exploitation of other revenue sources linked to the exhibition sites, are all intended to counteract the seasonality and thereby ensure greater stability of revenues and profits.

Risks connected to the capacity to retain the necessary specialist abilities

The Fiera Milano Group considers its human resources and competencies in the exhibitions sector to be one of its principal strategic assets. The gradual evolution of exhibitions from "large marketplace" to "major event" or "experience" (with increasing importance attached to market trends) and the pursuit of medium/long-term strategies (including the development of new directly owned exhibitions and business internationalisation) require specialist professional competencies that are not easily found.

The current performance management systems for assessing the capability of the employees and the incentive plans aims to enable the Group to increase the validity and loyalty of its personnel and key internal competencies ensuring a better coordination/exchange and sharing of expertise.

3. COMPLIANCE RISKS

Risks connected to the reference legislative framework

Health and Safety regulations and regulations covering contractors

Given its business activity and the number of persons (employees, suppliers, exhibitors, visitors, those involved in setting up exhibitions, etc.) that operate in its exhibition sites, Fiera Milano Group is exposed to risks of infringement of legislation regarding occupational health and safety (Consolidated Health & Safety Act 81/2008).

Furthermore, given the extensive use that Fiera Milano SpA and some of its subsidiaries make of outside contractors for services linked to the exhibitions (catering, setting-up, etc.) which come under the law governing contractors (Legislative Decree 223/2006 and subsequent amendments), the Group is exposed to administrative sanctions and/or interruption of its business for breaches of provisions under the relevant laws, including occupational health and safety and compliance with the regulations governing remuneration and social security made by construction companies and unauthorised sub-contractors.

Fiera Milano Group protects itself from such eventualities by rigorously adhering to the relevant laws and by close attention to the underlying risks through a set of procedures that include:

- the use of and delivery to suppliers and exhibitors of Technical Regulations for Exhibitions, which contains the rules to which exhibitors and suppliers must adhere when carrying out their work;
- meetings to train and raise awareness of safety in general and specifically when setting up exhibitions;
- internal structures in charge of inspections for exhibition safety, structures and security in general;

- the application of rigorous procedures for identification and control of third parties that are not clients (i.e. organisers, exhibitors and visitors) with access to the exhibition sites;
- contractual protection.

Administrative liability of entities

The Legislative Decree of 8 June 2001 no. 231 introduced the “discipline governing administrative liability of legal entities, companies and of associations without legal status” (Legislative Decree 231/2001) amending Italian law to meet some international conventions and requiring the adoption and effective implementation of organisational and management models.

To meet the requirements of this Legislative Decree, the Group Italian companies have introduced organisational and management models that are constantly monitored and updated.

Subsidiaries under foreign law, which are not subject to the requirements of Legislative Decree 231/2001, have not adopted their own organisational, management and control models pursuant to the aforementioned Decree 231, but have adopted the Group Code of Ethics and have already implemented Guidelines for Anti-corruption Management and other Compliance Procedures so that a systematic framework of principles and standards exists for crime prevention. During the 2014 financial year the Organisation, Management and Control Models under Legislative Decree no. 231/2001 for the Italian companies in the Group were updated as were the relative risk assessments in order to meet the new risk profile and the necessary prevention protocols.

As a result of the organisational changes in Group companies and given the continuous extension of the law to cover other criminal offences, it cannot be ruled out that if crimes are committed under the provisions of the law by persons having a functional connection to Fiera Milano SpA and its subsidiaries for their own interest or advantage, that the models adopted could be considered by the competent Authority to be inadequate or not sufficiently updated, resulting in legal sanctions being imposed

Risks connected to third-party liability

In carrying out the activities of Fiera Milano Group unforeseen damage could occur to property or persons within the exhibition sites. The simultaneous presence of numerous workers with different contracts (employees, external suppliers in direct contractual relations with the Group and/or sub-contractors of other companies, etc.) also makes any eventual attribution of responsibility very difficult in cases of damage to property or persons, with potential consequences for the business of the Company and its corporate image.

The Fiera Milano Group has taken out insurance policies to guard against these risks and has set up an internal unit (Exhibition Safety) responsible for circulating safety information and material for the correct management of such risks.

4. FINANCIAL RISKS

The disclosure required by IFRS 7 for financial assets and liabilities in the Explanatory and Supplementary Notes to the Financial Statements gives details of financial risk.

5. OTHER MINOR RISKS

Risks connected to dependency on suppliers of services and outsourcers

Fiera Milano Group uses and, to a certain extent, is dependent on the supply of services linked to the management of the exhibition sites and congress centre, particularly when setting up, managing and dismantling exhibitions (including setting up exhibition stands, security, catering, equipment hire, etc.).

The success of Group activities also depends on the degree of cooperation and the quality and efficiency of service suppliers operating within the exhibition sites.

The internal departments of the Group that manage the portfolio of suppliers and outsourcers guarantees constant control of the quality of the services supplied both at the time that a contract is renewed and on a daily basis. The Group is also able to make any necessary replacement of an important service provider quickly and smoothly given its position on the market and the way it has broken down the activities assigned to third-parties.

Significant events after the end of the reporting period

On 26 February 2015, the Parent Company 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 million²). 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 Parent Company's shareholding will move from 85% to 100%.

Business outlook and assessment of the Company as a going concern

The exhibition sector reflected the difficult domestic economic scenario that has negatively affected the entire Italian exhibition sector, resulting in a continuous decline since 2010. The macro economy, combined with an unfavourable exhibition calendar in 2014 due to the absence of important biennial exhibitions influenced the results of both the Parent Company and the Group. The Parent Company made a net loss of Euro 30.674 million, affected not only by the aforementioned factors but also by impairment charges totalling Euro 14.942 million on the investments of certain subsidiaries, and the Consolidated Financial Statements showed a loss of Euro 19.106 million that included impairment charges of Euro 3.626 million on intangible fixed assets.

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. The forecasts for the 2015 financial year are for an increase in consolidated revenues, a return to profit and a trend in financial requirements consistent with the forecast growth in revenues and investments as detailed in the section on financial risks in the Notes to the Financial Statements. The Company and Group are currently continuing to meet their normal net working capital requirements through current and non-current bank financing.

On 27 February 2015, the Board of Directors approved the budget and the Industrial Plan for 2015-2018 of the Company and the Group. The preliminary forecasts for the 2015 financial year in the Industrial Plan reflect the exhibition calendar and the aforementioned initiatives, underpin the expectation that the Company, barring any unforeseeable events, will be able to restore the net worth to above the two-third threshold as required. With regard to current cash requirement forecasts, an analysis is being made of ways to meet the peak period for cash requirement, which could be during the summer months when there is a drop in exhibitions. However, despite the risks described in the section on liquidity risk and the use of estimates, no circumstances are likely to materialise that require extraordinary actions over and above the normal current and non-current financial management.

As regards the medium/long-term, the forecasts in the Industrial Plan for future financial years are for a cyclical trend that reflects the seasonality of the business with a decline in the results for the 2016 financial year due to the unfavourable exhibition calendar and a stable gross operating margin in future years as the precise strategic guidelines described below are implemented.

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

The first strategic aim of the Industrial Plan is to strengthen the exhibitions within the Group portfolio that are market leaders. In a shrinking market such as the Italian exhibition market exhibitors and visitors reduce their investments and concentrate on a smaller number of events. As a result, Fiera Milano will develop and protect those exhibitions that can become one-stop go-to shows or events for operators the world over, focusing on HOST, the international professional hospitality exhibition, TUTTOFOOD (food) and HOMI (lifestyle and interior design), all of which will increase penetration of sectors where they are already present and develop the international profile of exhibitors and buyers.

The second aim of the Industrial Plan is to grow the international presence of the Company through agreements with leading local partners in order 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 that are ancillary to the exhibition activity. The Plan provides for the stand-fitting services to increase their penetration of the exhibition sector and also of congresses and other events through careful product innovation; digital services, including the matchmaking platform and the existing editorial portals, will be developed to support exhibitions; and 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.

Given the above, the forecasts in the budget and in the Industrial Plan, and taking account of the forecasts for net working capital requirements and net worth, the Financial Statements and the Consolidated Financial Statements have been prepared on the principles of a going concern and associated estimates and uncertainties have been described in the present section and in the section on liquidity risk and the use of estimates in the Notes to the Financial Statements.

Economic and financial performance of Fiera Milano SpA

Fiera Milano SpA Income Statement (amounts in €'000)	2014		2013	
		%		%
Revenues from sales and services	181,098	100.0	194,523	100.0
Cost of materials	818	0.5	1,005	0.5
Cost of services	107,928	59.6	107,033	55.0
Costs for use of third party assets	51,898	28.7	58,809	30.2
Personnel expenses	34,990	19.3	34,180	17.6
Other operating expenses	4,757	2.6	5,812	3.0
Total operating costs	200,391	110.7	206,839	106.3
Other income	6,406	3.5	7,327	3.8
Gross operating result	(12,887)	-7.1	(4,989)	-2.6
Depreciation and amortisation	7,340	4.1	8,219	4.2
Allowance for doubtful accounts and other provisions	(1,912)	-1.1	(1,532)	-0.8
Adjustments to asset values	-	-	-	-
Net operating result (EBIT)	(18,315)	-10.1	(11,676)	-6.0
Financial income/(expenses)	(2,644)	-1.5	(1,398)	-0.7
Valuation of financial assets	(14,942)	-8.3	(2,201)	-1.1
Profit/(loss) before income tax	(35,901)	-19.8	(15,275)	-7.9
Income tax	(5,227)	-2.9	(2,611)	-1.3
Profit/(loss) from continuing operations	(30,674)	-16.9	(12,664)	-6.5
Profit/(loss) form discontinued operations	-	-	-	-
Profit/(loss)	(30,674)	-16.9	(12,664)	-6.5
Total Cash flow	(25,246)	-13.9	(5,977)	-3.1

Revenues from sales and services were Euro 181.098 million, a decrease of Euro 13.425 million compared to the 2013 figure of Euro 194.523 million.

The decrease in revenues is mainly due to the decline in square metres of exhibition space occupied caused by the different exhibition calendar, which in 2013 included the biennial exhibitions held in uneven-numbered years, TUTTOFOOD, HOST and Made Expo (which became a biennial exhibition from 2013), and a drop in demand for exhibition space that particularly affected the directly organised exhibitions HOMI January and Bit. This was only partly compensated by the presence of the hosted biennial exhibitions held in even-numbered years, Mostra Convegno Expocomfort and Xylexpo, and by Lineapelle, which was held in the **fieramilano** exhibition site for the first time, and by the increase in some hosted exhibitions like the Salone del Mobile and those in the fashion sector.

A breakdown of sales by geographic region is not given as Fiera Milano SpA operates almost exclusively on the domestic market.

The **gross operating loss** was Euro 12.887 million compared to a loss of Euro 4.989 million in the 2013 financial year, a deterioration of Euro 7.898 million.

The deterioration in the gross operating loss reflects the lower amount of exhibition space occupied and also costs associated with the relaunch and internationalisation of HOMI and the absence of the payment made in 2013 by Fondazione Fiera Milano as its contribution to the internationalisation initiatives for HOST. This was in part compensated by the lower rental costs for the **fieramilano** exhibition site.

The **net operating loss** was Euro 18.315 million compared to a loss of Euro 11.676 million at 31 December 2013. The Euro 6.639 million deterioration mirrors the trend in the gross operating result in part offset by lower depreciation and amortisation on improvements to third-party assets.

Net financial expenses were Euro 2.644 million compared to Euro 1.398 million at 31 December 2013. The Euro 1.246 million increase in net financial expenses was mainly due to lower dividends from subsidiaries and an increase in financial expenses due to the higher average net debt.

The **valuation of financial assets** was negative for Euro 14.942 million compared to a negative figure of Euro 2.201 million at 31 December 2013. This was due to the impairment charges taken on investments and, in particular, the Euro 11.135 million in Fiera Milano Media SpA and the Euro 3.807 million in Eurofairs International Consultoria e Participações Ltda.

The **net loss** at 31 December 2014 was Euro 30.674 million after a positive tax item of Euro 5.227 million compared to a net loss in the previous financial year of Euro 12.664 million after a positive tax item of Euro 2.611 million. The change in the entry for taxes was 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. Further details on taxes are given under the relevant heading in the Notes to the Financial Statements.

Fiera Milano SpA Reclassified Statement of Financial Position (Amounts in €'000)	31/12/14	31/12/13
Goodwill and intangible assets with an indefinite useful life	70,144	70,144
Intangible assets with a finite useful life	18,267	21,307
Tangible fixed assets	4,819	6,894
Financial assets	94,338	108,745
Other non-current assets	6,338	2,172
A Non-current assets	193,906	209,262
Inventories	4,466	2,754
Trade and other receivables	38,754	40,429
B Current assets	43,220	43,183
Trade payables	22,016	26,065
Pre-payments	34,843	31,372
Tax liabilities	1,178	1,180
Provisions for risks and charges and other current liabilities	27,481	31,071
C Current liabilities	85,518	89,688
D Net working capital (B - C)	(42,298)	(46,505)
E Gross capital employed (A + D)	151,608	162,757
Employee benefit provisions	6,209	5,836
Provisions for risks and charges and other non-current liabilities	1,422	3,211
F Non-current liabilities	7,631	9,047
G NET CAPITAL EMPLOYED continuing operations (E - F)	143,977	153,710
H NET CAPITAL EMPLOYED discontinued operations	-	-
TOTAL NET CAPITAL EMPLOYED (G + H)	143,977	153,710
covered by:		
I Equity	21,736	52,577
Cash & cash equivalents	(3,564)	(5,921)
Current financial (assets)/liabilities	98,687	72,715
Non-current financial (assets)/liabilities	27,118	34,339
Net financial position (continuing operations)	122,241	101,133
Net financial position (discontinued operations)	-	-
L Net financial position (TOTAL)	122,241	101,133
EQUITY AND NET FINANCIAL POSITION (I + L)	143,977	153,710

The entries in the Restated Statement of Financial Position correspond to those in the Fiera Milano SpA Statement of Financial Position.

Net invested capital was Euro 143.977 million at 31 December 2014, a decrease of Euro 9.733 million compared to the figure at 31 December 2013. The year-on-year change mainly reflects the impairment charges taken on portfolio investments.

Net working capital, the balance of current assets and current liabilities, moved from a negative figure of Euro 46.505 million at 31 December 2013 to a negative figure of Euro 42.298 million at 31 December 2014. Fiera Milano SpA has structural negative net working capital due to the favourable cash management cycle of exhibitions where advance payment of part of the attendance fee is made by clients. Furthermore, Fiera Milano SpA also manages these activities on behalf of third-party organisers and, in this way, generates positive cash flows also from renting exhibition space. The change in current liabilities is consistent with the change in payables to exhibition organisers and pre-payments caused by the different exhibition calendar.

Equity was Euro 21.736 million, a decrease of Euro 30.841 million compared to the figure at 31 December 2013, mainly due to the net result for the year.

The **net financial position** at 31 December 2014 was net debt of Euro 122.241 million compared to net debt of Euro 101.133 million at 31 December 2013. The higher net debt mainly reflected the trend in operating cash flows caused by the reduction in negative net working capital and also by the lower cash flow generated from the normal activities of the Company.

Investments in the financial year to 31 December 2014 totalled Euro 3.352 million and the breakdown was as follows:

Investments (€'000)	Full year at 31/12/14	Full year at 31/12/13
Intangible fixed assets	1,635	6,227
Tangible fixed assets	595	733
Financial fixed assets	1,122	10,519
Total investments in non-current assets	3,352	17,479

Investments in intangible fixed assets totalled Euro 1.635 million and were mainly for the implementation of digital projects and the acquisition of software.

Investments in tangible fixed assets were Euro 0.595 million and were mainly for plant and equipment and electronic equipment.

Investments in financial fixed assets were Euro 1.122 million for the acquisition of 10% of Fiera Milano Exhibitions Africa and for the share capital contributions made to Fiera Milano Interteks and Worldex.

Information on related-party transactions is given in Note 42 of the Explanatory and Supplementary Notes to the Fiera Milano SpA Financial Statements.

Fiera Milano SpA personnel

Composition and turnover

Permanent employees at year end (units)	31/12/2014	31/12/2013
Executives	33	31
Middle management and White collar workers	404	402
Total	437	433

The number of permanent employees increased by four persons compared to the previous financial year.

Eight persons joined the Company, all of which were to strengthen the marketing departments. Four persons left the Company of which three resigned and one was dismissed. Those that left were from the marketing and operational departments.

Movement in employees	2014	2013
New employees	8	12
Leavers	4	12
Employee turnover	2.7%	5.5%
Internal mobility	50	57

The turnover of employees, calculated as the difference between those joining and those leaving the Company as a percentage of the average number of employees was 2.7% in 2014 compared to 5.5% in 2013.

Employees on fixed-term contracts went from five in 2013 to eighteen in 2014 because of the one-off projects that included the design of the Clusters for Expo 2015 and to replace temporarily absent employees.

Through agreements with the Milan Polytechnic, the Bocconi University, the Università Cattolica del Sacro Cuore, Iulm, the Università degli Studi di Milano, the Università degli Studi di Milano Bicocca, the Istituto Europeo di Design, the Università Carlo Cattaneo – LIUC and Fondazione Fiera Milano, Fiera Milano SpA gave work experience in 2014 to seventeen persons allocated to various Company departments (Marketing, Management and Human Resources, Operations, Sales, Customer Care, the Technical department, Administration and the Expo 2015 project department). The average length of these *stages* was six months.

Part-time employees went from 55 in 2013 to 52 in 2014; 40 were horizontal part-time employees and 12 were vertical part-time employees.

Employees of Fiera Milano SpA can be divided into three main categories:

- Executives with a managerial role
- Middle management with specialist roles
- Office staff and technical support staff.

Fiera Milano SpA has no manual workers as all activities connected to providing exhibition and setting-up services is subcontracted to external suppliers.

Fiera Milano SpA uses employees on fixed-term contracts to manage the peaks of activity in the exhibition calendar. The number of personnel on fixed-term contracts went from five in 2013 to eighteen in 2014.

Fixed-term contracts	Full year at 31/12/2014	Full year at 31/12/2013	Change
White collar workers	18	5	13
Total	18	5	13

Governing employment contracts

National Collective Employment Agreement

Fiera Milano SpA uses the National Collective Employment Agreement for employees of companies in the tertiary, distribution and services sectors and also a supplementary company contract for non-executive employees; this was renewed in June 2013 and runs until 31 May 2016.

Fiera Milano – in an economic scenario that remains difficult - has strengthened its focus on its employees by identifying alternative ways of enhancing their wellbeing while, at the same, containing the costs to the Company. In January 2014, the new corporate system “WellFair” was launched through a dedicated internet portal; this incorporates benefits and services that include education, health services, pension funds, baby-sitters and social workers, sports, holiday packages, cultural events, shopping vouchers, legal consultancy services, and household maintenance.

Equal opportunities and non-discrimination

Fiera Milano SpA considers diversity and equal opportunities to be extremely important and this is expressed in its Code of Business Ethics, which states:

Fiera Milano offers all workers the same employment opportunities, operating in such a way as to ensure that all of them enjoy equitable treatment based on criteria of merit without any discrimination.

The competent functions must:

- *Adopt merit, skill, and in any case, strictly professional criteria for any decision concerning an employee;*
- *Select, hire, train, pay and manage employees without discrimination;*
- *Create a work environment where personal characteristics cannot give rise to discrimination*

Fiera Milano interprets its entrepreneurial role in the protection of both work conditions and of the worker’s psychological and physical integrity, respecting his/her moral personality, and preventing the latter from suffering illicit influences or undue difficulties.

In particular, with regard to the employment of women, Fiera Milano SpA prepares a biennial report on gender equality in hiring employees, training, promotion and other factors so as to have an overview of gender equality amongst its employees as required by Legislative Decree no. 198 of 11 April 2006.

In 2014, female employees numbered 263 and were 60.2% of the total.

Safety

The safety of all its employees is mandatory for Fiera Milano SpA and it makes significant investments to ensure their safety. In 2014 health and safety training was given to all those with technical roles in the Company.

Training

The number of training days in 2014 was higher than in 2013.

The training programme in the 2014 financial year included courses aimed at increasing knowledge in the more specialist/technical areas, those to update and expand the understanding of new laws, and those offering new approaches to business.

Over 100 employees working in marketing took a training course called "The Cure" to improve their sales skills and expertise and the know-how required of exhibition sales persons and to learn new methods of approaching potential clients that focused primarily on listening to the ever-changing requirements of clients. Using the "edutainment" system, the course, held in several stages, concluded with employees acting out and making short videos of potential client situations. The short videos were shown to all Group employees at the year-end convention at which prizes were awarded along the lines of the Oscars. The courses were run with the continuous training input also of the Lombardy Region.

There was also a managerial development programme for up and coming young employees of the Company and for those asked to take on new roles and face new challenges. The main aim of the programme was to help employees identify and develop the reasons for their personal success and hone them in order to generate concrete end-results that enable them to make decisions of benefit to the different departments to which they belong.

Part of the programme was specifically aimed at the executive business team of Fiera Milano SpA. It focused on "action learning" with the aim of integrating the business team and developing its ability for innovation, creativity and team effort in order to create greater trust among the various team members. This course was run with financing from the Inter-professional Fund for Continuous Training (*FONDIR - Fondo Paritetico Interprofessionale per la Formazione Continua*).

The Fiera Milano training programmes involved 211 employees for a total of 123 working days.

The number of permanent employees rose by four persons compared to the previous financial year.

Other information

1. Equity investments held by members of the Administrative and Control Bodies and by General Managers and Executives with strategic responsibilities

Equity investments in Fiera Milano SpA and its subsidiaries held by members of the Administrative and Control Bodies, the General Managers and Executives with strategic responsibilities, as well as by their spouses not legally separated and children that are minors, directly or through subsidiary companies, trust companies or intermediaries that appeared in the shareholders' register at 31 December 2014 or from communications received or information obtained directly from the relevant parties are shown in the table below.

Full name	Investee company	No. of shares held at 31.12.2013	No. of shares purchased	No. of shares sold	No. of shares held at 31.12.2014
Directors					
Michele Perini	Fiera Milano SpA	-	-	-	-
Enrico Pazzali	Fiera Milano SpA	30,000	-	-	30,000
Attilio Fontana	Fiera Milano SpA	-	-	-	-
Renato Borghi	Fiera Milano SpA	-	-	-	-
Roberto Baitieri	Fiera Milano SpA	-	-	-	-
Pier Andrea Chevallard	Fiera Milano SpA	-	-	-	-
Davide Croff	Fiera Milano SpA	-	-	-	-
Giampietro Omati	Fiera Milano SpA	-	-	-	-
Romeo Robiglio	Fiera Milano SpA	-	-	-	-
Statutory Auditors					
Stefano Mercurio	Fiera Milano SpA	-	-	-	-
Alfredo Mariotti	Fiera Milano SpA	-	-	-	-
Damiano Zazzeron	Fiera Milano SpA	-	-	-	-
Executives with strategic responsibilities					
Investee company	No. of shares held at 31.12.2013	No. of shares purchased	No. of shares sold	No. of shares held at 31.12.2014	
Fiera Milano SpA	10,130	-	-	10,130	

Note: Any changes after 31.12.2014 are shown on the Company website

No person in the above table holds shares in the subsidiary companies of Fiera Milano SpA.

Report on Corporate Governance and ownership structure at 31 december 2014

In this Report on Corporate Governance and Ownership Structure (hereinafter the **Report**), Fiera Milano SpA provides an account of its corporate governance system, information regarding the ownership structure, and disclosure on its compliance with the recommendations under the principles and application criteria of the Borsa Italiana Self-regulatory Code of Listed Companies, as amended in December 2011 and subsequently in July 2014 (hereinafter the **Self-regulatory Code**). The term corporate governance is used to identify the body of rules and procedures adopted for the management and control of joint stock companies. An effective and efficient corporate organisation model must be capable of managing, using the correct means, the business risks and potential conflicts of interest that can arise between Directors and shareholders and between shareholders with a controlling interest and those with a non-controlling interest in the Company. These aspects are of even greater significance in listed companies with a wide shareholder base.

The indications given by Borsa Italiana in the V edition of the *Format for the Report on Corporate Governance and Ownership Structure*, published in January 2015, have been taken into account in the preparation of this Report.

1. Description of the Issuer

Fiera Milano SpA, an issuer of shares listed on the regulated market and specifically in the Segment for companies that meet the highest requirements of Borsa Italiana SpA (the STAR segment), uses a corporate governance system that meets the requirements of enacted laws, existing regulations and those of the Borsa Italiana Self-regulatory Code.

The Company uses a traditional administration and control model based on the existence of a Board of Directors and a Board of Statutory Auditors.

As part of the initiatives to maximise shareholder value and guarantee the transparency of management actions, Fiera Milano SpA has drawn up concise and clear rules of conduct, governing both its organisational structure and its third-party relations, in particular those with shareholders, which conform to national and international best practice.

2. Disclosure on the ownership structure

Share capital

The issued and fully paid-up share capital is Euro 42,147,437.00 (forty-two million one hundred and forty-seven thousand four hundred and thirty-seven/00) made up of no. 42,147,437 (forty-two million one hundred and forty-seven thousand four hundred and thirty-seven) registered shares each of nominal value Euro 1.00 (one).

The shares are indivisible and each carries one voting right except in the case of treasury shares held, either directly or indirectly, by the Company that do not have this right.

The Company has issued no other financial instruments with rights to subscribe to newly issued shares.

At 31 December 2014, the Company had no share-based incentive plans involving an increase, even without payment, of the share capital.

Restrictions on the transfer of shares

There are no restrictions on the transfer of shares.

Significant shareholdings

According to the shareholders' register and communications received pursuant to Article 120 of Legislative Decree of 24 February 1998, no. 58 (the Consolidated Finance Act), the shareholders that at 31 December 2014 held, directly or indirectly, shares equal to 2% or more of the share capital were as follows:

Declarant	Direct shareholder	No. of shares	% of ordinary share capital	% of share capital admitted to vote
Fondazione E.A.Fiera Internazionale di Milano	Fondazione E.A.Fiera Internazionale di Milano	26,157,609	62.062	62.999
	Total	26,157,609	62.062	62.999
Camera di Commercio Industria Artigianato e Agricoltura di Milano	Parcam srl	2,873,169	6.817	6.920
	Camera di Commercio Industria Artigianato e Agricoltura di Milano	1	0.000	0.000
	Total	2,873,170	6.817	6.920
Fondazione Cariplo	Fondazione Cariplo	1,020,529	2.421	2.458
	Total	1,020,529	2.421	2.458
Banca Popolare di Milano SCRL	Banca Popolare di Milano	1,065,747	2.529	2.567
	Banca Akros	89,250	0.212	0.215
	Total	1,154,997	2.741	2.782

Shares with special rights

No shares with special rights have been issued.

Employee stock options: mechanism for exercising rights

At 31 December 2014, there were no employee stock option plans.

Restrictions on voting rights

There are no restrictions on voting rights.

Shareholder agreements

There are no shareholder agreements as under Article 122 of the Consolidated Finance Act.

Change of control clauses and provisions in the articles of association regarding tender offers

There are no changes to control clauses pursuant to Article 123-*bis*, paragraph 1, letter h) of the Consolidated Finance Act.

As regards tender offers, the Company's Articles of Association meet current regulations on the passivity rule and do not provide for the application of the neutralisation measures under Article 104-*bis*, paragraphs 2 and 3 of the Consolidated Finance Act.

Mandates to increase the share capital and authorisations for the acquisition of treasury shares

In the 2014 financial year there was no mandate to increase the share capital as provided under Article 2443 of the Italian Civil Code, or any authorisation from the Shareholders' Meeting to acquire treasury shares under Article 2357 and following of the Italian Civil Code.

At 31 December 2014, Fiera Milano SpA held directly no. 626,758 treasury shares, equal to 1.49% of the share capital. These treasury shares were acquired prior to the 2014 financial year on the authorisations given the Board in previous financial years.

Direction and coordination

As approved by the General Council of its controlling shareholder Fondazione Ente Autonomo Fiera Internazionale di Milano on 26 July 2004, Fiera Milano SpA, given its organisational and management autonomy, is not subject to any direction or coordination, pursuant to Article 2497 and following of the Italian Civil Code, by its controlling company.

However, any presumption of direction and coordination is negated by the fact that Fondazione Ente Autonomo Fiera Internazionale di Milano exerts no decisive influence on the long-term strategic plans or annual budgets of Fiera Milano SpA or on its investment decisions, nor does it determine its policies regarding the acquisition of goods and services on the market, or coordinates any business initiative or activity in the sectors in which the Company and its subsidiaries operate.

3. Compliance

Fiera Milano SpA adheres to the Self-regulatory Code, approved by the Corporate Governance Committee of Borsa Italiana in March 2006 and as modified in December 2011 and subsequently in July 2014.

The Self-regulatory Code is publicly available on the website of the Committee for Corporate Governance at <http://www.borsaitaliana.it/comitato-corporategovernance/codice/2014clean.pdf>

The governance structure of Fiera Milano SpA is not affected by the legal provisions of countries other than Italy.

4. Board of Directors

The Board of Directors has a central role in the Company organisation and is responsible for its activities and strategic and operating guidelines, as well as for verifying that the necessary controls exist to monitor Company and Group performance.

Appointments and replacements

As required by law and by the Company's Articles of Association, the appointment of members of the Board of Directors is made from lists presented by shareholders who, either alone or in association with other shareholders, hold shares with voting rights that represent at least 2.5% of the shares with voting rights in ordinary shareholders' meetings, as required by both the Company's Articles of Association and by Consob Resolution no. 19109 of 28/01/2015. The lists must be deposited at the registered office of the Company at least twenty-five days preceding the date fixed for the first convocation of the shareholders' meeting and must be made publicly available at least twenty-one days prior to this date in compliance with enacted regulations.

Ownership of the minimum amount required to present lists is based on the shares that are registered to the shareholder on the day on which the lists are deposited with the Company. To prove ownership of the minimum number of shares required to present lists, the Shareholders must provide within the time for the publication of the lists by the Company the relative certification released in accordance with law by authorised intermediaries.

Each list must be accompanied, within the aforementioned time, by (i) information concerning the identity of the shareholders that have presented the list and the percentage of the company held by these shareholders, (ii) statements in which each candidate agrees to be a candidate and declares that there is no cause that would make them ineligible or incompatible and that they meet the necessary requirements under enacted law to be appointed, including any requirements of independence as established by the Statutory Auditors and as required by law and by the Self-regulatory Code (iii) a *curriculum vitae* of the business career of each candidate, indicating directorships and executive positions held.

It is also a legal requirement that at least one Director be appointed from the list with the greatest number of votes presented by minority shareholders and which is in no way connected, even indirectly, with the shareholders who presented, or joined together to present, or voted for the list that received the highest number of votes.

Under the Company's Articles of Association at least one of the members of the Board of Directors, or two members if the Board is made up of more than seven members, must be considered independent by the Statutory Auditors in accordance with enacted law (Article 148 of the Consolidated Finance Act).

Furthermore, Fiera Milano SpA, as a company belonging to the STAR segment of the Italian Equity Market, is required to have two independent Directors in a Board of Directors of up to eight members and three independent Directors in a Board of Directors of between nine and a maximum of fourteen members. The Self-regulatory Code also recommends that an adequate number of independent Directors are appointed to the Board of Directors by applying the principles and criteria under articles 2 and 3 of the aforementioned Self-regulatory Code.

As indicated in the Self-regulatory Code, a Director of a listed company is not normally considered independent if:

- a) the Director, directly or indirectly, even through a subsidiary, fiduciary company or intermediary person, controls the issuer or is capable of exercising significant influence over it, or is part of a shareholding agreement through which one or more parties can exercise control or have a significant influence over the issuer;
- b) a Director has, or has held in the previous three financial years, a significant role (Chairman, Executive Director, executive with strategic responsibilities) in the issuer or in one of its subsidiaries of strategic importance or in a company which is subject to common control by the Company, or in a company or entity which, also with others through a shareholding agreement, controls the issuer or is capable of exercising significant influence over it;
- c) in the preceding financial year, the Director has or has had, directly or indirectly, a significant business, financial or professional relationship with:
 - the issuer, one of its subsidiaries or any of its top management;
 - someone who, also together with others through a shareholding agreement, controls the issuer, or – if a company or entity – with any of the relevant top management;or who is, or in the last three financial years has been, an employee of any of the aforementioned entities;
- d) a Director receives or has received in the previous three financial years from the issuer, or one of its subsidiaries or from a parent company, significant additional remuneration to the

compensation agreed for a non-executive Director of the issuer or to the remuneration for being a member of a committee recommended in the Self-regulatory Code, including any incentive plans linked to company performance, including those that are share-based;

- e) a Director has been a Director of the issuer for more than nine of the previous twelve years;
- f) a Director is an executive Director in another company in which an executive Director of the issuer is also a Director;
- g) a Director is a shareholder or Director of a company or entity belonging to the group of the company that is appointed as the legal auditor to the issuer;
- h) a Director is closely related to a person in any of the situations described above.

The indications of the Self-regulatory Code regarding the requisite independence of Directors have been adopted in full by companies in the STAR segment as part of the enacted Rules for Markets Organised and Managed by Borsa Italiana SpA.

On 9 July 2012, the Board of Directors of Fiera Milano SpA approved the amendments, under the procedures described in Article 17.1, paragraph (iv) of the Company's Articles of Association and pursuant to Article 2365, paragraph 2, of the Italian Civil Code, to the Company's Articles of Association so that they met the provisions of Law no. 120 of 12 July 2011.

The amendments to the Company's Articles of Association affected Articles 14 ("The Board of Directors") and 20 ("The Board of Statutory Auditors"). These were altered to meet the new relevant legal (Article 147-*ter*, paragraph 1 *ter*, of the Consolidated Finance Act) and regulatory requirements (Article 144-*undecies.1* of the Consob Rules no. 11971/99 and subsequent amendments and supplements).

In particular, the rewording of Article 14, "The Board of Directors", required the insertion of:

- the principle whereby the Board of Directors must be appointed using criteria that ensures a gender balance and guarantees that the less represented gender is at least one third of the appointees;
- methods of compiling the lists and of making replacements during the mandate so as to ensure that the requirements for gender balance are respected;
- provisions for mechanisms whereby, should the elected corporate body not meet the provisions of enacted law regarding gender balance, a necessary number of those elected last on the list that obtained most votes must step down to ensure that the requirements are met and must be replaced by the first candidates that failed to be elected but who belong to the less represented gender.

It should be noted that the Company has not taken advantage of the transitional period which permits one fifth of the members of the Board of Directors and of the Board of Statutory Auditors to be from the less represented gender on the first reappointment of these corporate bodies following introduction of the law.

The amendments to the Statutes will be applied from the first meeting of the newly appointed Board of Directors and the Board of Statutory Auditors following the expiry of the mandate of the current Board of Directors.

It should be noted that, for completeness of information, the full Company Articles of Association is available on the Company website www.fieramilano.it in the section *Investor Relations/Corporate Governance/Articles of Association*.

Succession plans

To date, the Company has not considered it necessary to have a formal plan for the succession of the Chief Executive Officer as the professional characteristics present within the Board of Directors

and in the present management should ensure continuity in the operational management of the Company.

Composition

The Board of Directors appointed at the Shareholders' Meeting of 27 April 2012, from a single list presented by the majority Shareholder, Fondazione Ente Autonomo Fiera Internazionale di Milano, will hold office until approval of the Financial Statements at 31 December 2014 (Table 1 attached to the present Report gives the structure of the Board). The Board is composed of nine Directors. Below is given a brief *curriculum vitae* of each Director with his/her main personal and professional attributes, as well as a list of appointments held.

- **Michele Perini**, born on 12 March 1952 in Milan; Chairman (**non-executive Director**).
Chairman of Fiera Milano SpA since 27 October 2003.
A graduate in Economics & Commerce from the Bocconi University, he is Chairman of SAGSA Spa, a company operating in the office furniture sector. Among other positions that he holds, he is Chairman of Museimpresa, a Board Director of Mediaset SpA and a member of the executive council of Siam 1838, a company for the Encouragement of Arts and Trades, and of ISPI (Istituto per gli Studi di Politica Internazionale). From 2001 and 2005, he was the Chairman of Assolombarda where, from 1997 – 2001, he was Chairman of the Small Enterprise segment and where he remains a member of the Board and of the Committee. Until June 2010 he was a Board and Committee member of Confindustria. Michele Perini is also part of the Managing Board of Telefono Azzurro.
- **Enrico Pazzali**, born on 23 May 1964 in Milan; Chief Executive Officer (**executive Director**).
Chief Executive Officer of Fiera Milano SpA since 16 April 2009.
A graduate in Business Economics from the Bocconi University in Milan and specialised in Employment Management, from 1990 to 1995 he held marketing positions at Bull HN Information System Italia; from 1995 to 1997 he has been responsible for the development and implementation of automation at Shell Italia SpA and, from 1997 to 2000, he has been Sales Manager for Italy for Compaq SpA. Subsequently and until 2002, he was corporate sales director for North-West Italy for Omnitel-Vodafone SpA. From 2002-2005, he has been Strategic Marketing and Business Development Director and Group Chief Marketing Officer for Poste Italiane SpA. From 2005 to 2006, he has been the Central Director of Organisation and Personnel and Resources and Information Systems for the Lombardy Region and, from July 2008 to September 2009, he has been a member of the Board of Directors of Sogei SpA. Since April 2009, he has been the Chief Executive Officer of Fiera Milano SpA having been its Director General from January 2007. From May 2012 to August 2013 he was a Director of Nolostand SpA, a Fiera Milano Group company.
- **Attilio Fontana**, born on 28 March 1952 in Varese; Deputy Vice Chairman and Independent Director under Article 148, paragraph 3, of Legislative Decree 58/98 and under the Self-regulatory Code (**independent non-executive Director**).
Deputy Vice Chairman of Fiera Milano SpA since April 2009.
A graduate in law from the State University of Milan, in 1980 he set up his own company and since 1988 has been a lawyer entitled to represent clients in the Court of Cassation. From 1983 to 1989 he has been an honorary district judge. He was a member of the Advocates and Procurators Council of Varese for three mandates and is registered in the Register of Auditors of Accounts. Since 1995 he has held many appointments and, since 2006, has been the Mayor of Varese; he is currently Vice Chairman of the National Committee of ANCI.
- **Renato Borghi**, born on 30 October 1948 in Milan; Deputy Chairman and Independent Director under Article 148, paragraph 3, of Legislative Decree 58/98 and under the Self-regulatory Code (**independent non-executive Director**).

A Board member of Fiera Milano SpA, since 2006 and, since February 2010, also its Deputy Chairman.

He is an entrepreneur in clothes retailing. Currently he holds the following positions: Vice Chairman of Confcommercio Nazionale; Deputy Vice Chairman of Confcommercio Lombardia; Chairman of Federazione Moda Italia and regional Chairman of Federmodamilano, both entities that represent retail and wholesale companies of textiles, garments, furnishings, shoes, leather goods, travel goods and accessories; Deputy Chairman of Fondo Mario Negri – an insurance fund for company executives in marketing, shipping and transport; Chairman of 50&PIU’.

- **Roberto Baitieri**, born on 22 November 1966 in Sondrio; Independent Director under Article 148, paragraph 3, of Legislative Decree 58/98 and under the Self-regulatory Code **(independent non-executive Director)**.

A Board member of Fiera Milano SpA since April 2009.

In 2000, he began his business career in the property and tourism sectors. From 2002 to 2003, he has been a Board Director of the 2005 Lombardy Foundation Committee. From 2003 to 2010, he has been a founding partner and Chairman of the Board of Directors of the Lombardy Club Foundation. Since 2007, he has been Vice Chairman of the Sondrio Società di Sviluppo Locale SpA. He has been the Chairman of Nolostand SpA, part of the Fiera Milano Group, since June 2014.

- **Pier Andrea Chevallard**, born on 24 May 1951 in Turin; Independent Director under Article 148, paragraph 3, of Legislative Decree 58/98 and under the Self-regulatory Code **(independent non-executive Director)**.

He graduated in Political Sciences from the University of Turin. Since 1 January 2015, he holds the office of General Director of Tecnoinvestimenti SpA. He is also Chief Executive Officer of Parcam Srl and Tecno Holding SpA, Chairman of the Board of Statutory Auditors of Infocamere and a Director of Promos Internazionalizzazione e Marketing Territoriale/Azienda Speciale CCIAA Milano.

- **Davide Croff**, born in Venice on 1 October 1947; Independent Director under Article 148, paragraph 3, of Legislative Decree 58/98 and under the Self-regulatory Code **(independent non-executive Director)**.

A Board member of Fiera Milano SpA since October 2012.

He graduated in Economics and Commerce from the Ca’ Foscari University in Venice; a recipient of numerous academic grants, which included grants from the Consiglio Nazionale delle Ricerche, the British Council and the “Stringher-Mortara” scholarship from the Bank of Italy, he specialised in Economics at Pembroke College, University of Oxford.

From 1971 till 1972 he held the post of Faculty Assistant at the Institute of Political Economy in the Political Sciences faculty of the University of Padua.

From 1974 till 1979 he worked in the Money Markets research department of the Bank of Italy.

Between 1979 and 1989, he held various positions within the Fiat Group: Manager for International Financial Affairs of Fiat SpA., International Treasury manager of Fiat SpA, Finance Director of Fiat Auto SpA, and Financial Affairs Director for the Fiat Group.

From 1989 until 14 June 2003, he worked at Banca Nazionale del Lavoro, first as Vice Managing Director and then, from November 1990, as Chief Executive Officer.

From January 2004 until December 2007, he was Chairman of the Fondazione La Biennale di Venezia.

Since 2000, in addition to the positions currently held, he also held various other positions including as a member of the Board of Governors of the Querini Stampalia Foundation of Venice and a Board Director of Terna SpA. and of Snam Rete Gas SpA. From 2006 to 2013 he was a senior advisor to TPG. Currently he holds the following positions:

- Chairman of Permasteelisa SpA – Vittorio Veneto (TV);
- Chairman of the Italian Advisory Board of Roland Berger;
- Chairman of the Ugo and Olga Levi Foundation – Venice;
- Member of the Management Board of Banca Popolare di Milano;
- Member of the Board of Directors of: Studio Gualtieri & Associati;
- Venice Newport Container and Logistics SpA;
- Istituto Europeo di Oncologia;
- Fiera Milano SpA;
- Genextra SpA;
- Worldex (China) Exhibition & Promotion Ltd;
- Gala SpA.

He is also a Member of The Council for the United States and Italy, of the Comitato Leonardo and of the Giunta Assonime.

- **Giampietro Omati**, born on 15 October 1940 in Saronno; Independent Director under the Self-regulatory Code (**independent non-executive Director**).

Since 21 May 2014 he has been a member of the Board of Directors of CTS – Confartigianato Trasporti Servizi. From 21 December 2013 he has been a member of the Supervisory Board of Banca Popolare di Milano and from 5 August 2013 the Chairman of Fiera Milano Media SpA. He has been a member of the Board of Directors of Fiera Milano SpA since April 2009. He has been a Board member of CIPA Fiera Milano since January 2010. From 19 January 2011 until 8 May 2013, he was Chairman of Impresa Sviluppo Srl. From 8 April 2010 until 24 December 2013, he was a Board member of Banca Popolare Lecchese (Banca Etruria Group). He has been a Board member of "Artquick Srl" – Turin since 18 February 2010; Coordinator of the Activities of the Secretary General of Confartigianato Nazionale since February 2005; Board member of Confeventi Srl – Bologna since 9 May 2007. From 16 April 2007 until 5 August 2013, he was a Board member of Fiera Milano Congressi. He has been a Member of the Executive Council of the Consiglio Direttivo Nazionale A.N.CO.S. – Associazione Nazionale Comunità Sport since 10 November 2006. He was a Board member of "Napoli Orientale SpA". He was a member of the management board of Società Infrastrutture Lombarde SpA from October 2004 to June 2010; Board member of Società Edizioni Fiera Milano from November 2003 to 16 April 2007; Chairman and Chief Executive Officer of Campione d'Italia SpA from 1988 to 1992; Chairman of the Regional Management Committee for Lecco from 1982 to 1990; Board member of Banca del Monte di Lombardia (now Banca Europea) from 1987 to 1991; Member of the Regional Management Committee for Lecco from 1975 to 1982. He has also been Chairman of the Auditors College of the Ente Provinciale del Turismo of Como and, from 1974-1979 was part of the Chairman's office of the Lombardy Region under the Chairman, Mr Golfari.

- **Romeo Robiglio**, born on 20 January 1931 at Montechiaro d'Acqui (AL); Independent Director under Article 148, paragraph 3, of Legislative Decree 58/98 (**independent non-executive Director**).

A Board member of Fiera Milano SpA since October 2003.

In 1976 he was appointed Assistant Director of the Milan headquarters of Credito Italiano and from 1978-2004 was the Chief Executive Officer of "Gruppo Siti Novara", a multinational company operating in the mechanical engineering sector. He has been a Director and member of the Executive Committee of Fondazione Cariplo (1998-2001) and of Intesa Asset Management (2000-2003). From 2001-2004 he was Vice Chairman of the Industrial Association of Novara and, since 2004, has been a board Director of Esatri SpA, a company belonging to the Intesa San Paolo group. He is currently a Board member of Sirefid SpA; Equiter SpA; Banca Fideuram SpA and Cassa di Risparmio di Città di Castello, all companies belonging to the Intesa – Intesa San Paolo Group.

On 29 October 2012, the Board of Directors co-opted the Director Davide Croff to replace Mr Motterlini who resigned.

Subsequently the Shareholders' Meeting of 23 April 2013 approved the appointment of Mr Davide Croff as a Director until the date the Financial Statements at 31 December 2014 are approved.

With the exception of the Chief Executive Officer, all other members of the Board are non-executive Directors since none have any management responsibility.

For information on any positions as Director or Statutory Auditor held by members of the Board of Directors in other companies listed on regulated markets, also foreign, or in financial, banking or insurance companies or companies of significant size, please refer to the section above and Table 1 of the present Report.

It should be noted that the number of independent Directors shown above exceeds the minimum number compared to the total number of Board Directors that is required by enacted law and regulations.

The Board of Directors verified the requisite independence of the Directors at the board meeting on 12 May 2014. On the aforementioned date, the Board of Statutory Auditors, as part of their duties under the law, verified that the Board of Directors had correctly applied the criteria and procedures for ascertaining and evaluating the independence of its own members.

The Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors therefore certified the existence of the requisite independence of the Directors on the basis of declarations given to this end in accordance with enacted law.

Profiles of the members of the Board of Directors may be found on the Company website www.fieramilano.it under *Investor Relations/Corporate Governance/Corporate Bodies*.

Role of the Board of Directors and Delegated Bodies

The Board of Directors is invested with the widest powers for the ordinary and extraordinary management of the Company; specifically, it may take any action deemed appropriate or useful to achieve the Company objectives, except for those which, pursuant to law, are reserved for the Shareholders' Meeting.

In addition to those responsibilities that by law are the exclusive preserve of the Board of Directors, the Company's Articles of Association specifically assign it the following responsibilities:

- (a) the purchase, underwriting and transfer on its own behalf of shares, shareholdings or investments in other companies, including newly incorporated companies, and the transfer of option rights, except for normal treasury investment operations;
- (b) the conferral of fixed or other assets to other companies in the process of incorporation or already incorporated;
- (c) any form of loan taken out by the Company which exceeds 30% of shareholders' funds;
- (d) taking out mortgages, charges or other guarantee rights of any type on all or a significant part of the bonds, property or assets of the Company;
- (e) approval of the budget;
- (f) the granting of bank guarantees from the Company to third-parties;
- (g) the stipulation of property-related contracts, with the exception of property rental contracts for a period not exceeding six years, agreed as part of the Company business;
- (h) the acquisition, divestment, creation, lease and contractual licensing agreements for patents, brands, models, internet sites and/or domains, satellite or cable television channels, editorial

publications, royalties and similar and any intellectual property rights in general that are connected to the corporate objectives of the Company;

- (i) the appointment, use of consultants, and authorisation of services not covered by the budget and exceeding Euro 100,000 to third-parties that are in no way connected to the Board;
- (j) the appointment and removal of the Manager responsible for preparing the company accounts.

The Board of Directors is also responsible for the following:

- (k) any merger decision in circumstances pursuant to Articles 2505 and 2505-*bis* of the Italian Civil Code;
- (l) the setting up and closure of branch offices;
- (m) the reduction of the share capital in cases of shareholder rescission;
- (n) amending the Company's Articles of Association so that they adhere to the law;
- (o) the transfer of the registered office to another location in the same Province.

The Chief Executive Officer is vested with all the powers necessary for the ordinary and extraordinary management of the Company, except for those matters that are the exclusive preserve of the Board of Directors.

The Chief Executive Officer provides the Board of Directors, at least quarterly, with adequate information on the general progress of operations, on the foreseeable outlook for the business, as well as on the more significant transactions carried out by the Company and its subsidiaries.

The Directors notify the Board of Statutory Auditors in a timely manner in writing, and at least quarterly at the meeting of the Board of Directors, of any material economic, financial or equity-related transactions carried out by the Company and its subsidiaries so that the Board of Statutory Auditors of Fiera Milano SpA may evaluate if the transactions approved and implemented conform to the law and to the Company's Articles of Association and are not manifestly imprudent, risky or go against any resolutions of the Shareholders' Meeting or could compromise the integrity of the Company shareholders' equity.

As regards the provisions of point 1.C.3 of the Self-regulatory Code concerning an opinion of the Board about the maximum number of appointees as Directors or Statutory Auditors in listed companies, financial institutions, banks, insurance companies or companies of a significant size, it should be noted that the current Articles of Association of the Company do not stipulate a maximum number of directors. However, the members of the Board of Directors have undertaken to guarantee that they will carry out their duties effectively and dedicate to them the requisite time. This is confirmed by the significant number of Board meetings held during the 2014 financial year and the high level of attendance at these meetings.

The meetings of the Board of Directors are usually scheduled according to a timetable approved at the start of the year in order to ensure maximum attendance at the meetings. The corporate calendar is available on the Company website in the *Investor Relations/Financial calendar* section.

During the financial year to 31 December 2014, the Board of Directors met nineteen times with a high attendance rate for all Directors (the number of meetings attended by each member of the Board of Directors is shown in Table 1). The average duration of the board meetings was approximately two hours. Eight Board Meetings have been held to date in the current financial year.

Group executives, who are responsible for the corporate activities pertaining to matters that are on the agenda, are invited to attend board meetings to supply further information regarding the matters under discussion by the Board of Directors.

On 27 April 2012, the Board of Directors appointed a Secretary to the Board who is the Central Director of Corporate Affairs of Fiera Milano SpA.

The Chairman is supported by the Secretary in ensuring the timely delivery and completeness of the documentation supplied ahead of the board meetings and in maintaining the confidentiality of the data and information given.

Board Directors and Statutory Auditors receive the documentation and information sufficiently in advance of the date of the Board meeting to allow them to speak knowledgeably on the arguments submitted to them for discussion and approval.

The Board of Directors decided that the appropriate advance period for documentation given to Directors and Statutory Auditors ahead of board meetings was: seven days prior to the date of the meeting for any documentation regarding financial statements, budget and business plan except when there are valid reasons otherwise.

In 2014, the Board of Directors evaluated the organisational and accounting systems of the Company with particular reference to the internal control and risk management system. The Board of Directors also evaluated and identified the nature and level of risk compatible with the strategic objectives of the Company and also general management performance, particularly as regarded the information received by the Chief Executive Officer, and periodically compared the results achieved with the targets. The procedures and the methods that support the evaluations made by the Board of Directors are described in the section "Internal Control and Risk Management System".

The Chairman of the Board of Directors

The Chairman directs the proceedings of the Shareholders' Meetings, verifies the correct constitution of the meeting, checks the identity and the legitimate right of attendees, oversees its conduct, including the rules governing the order and duration of any intervention, organises the voting system and the counting of votes, and scrutinises the results of any vote. The Chairman also has the duty to supervise national and international institutional relations, corporate communication, to coordinate strategies and the internal audit, and to verify that decisions taken by the Board of Directors are implemented, whilst assisting the Chief Executive Officer in the internationalisation of the Group.

Induction program

The Chairman and the Chief Executive Officer, since the time of their appointments have taken care to inform the Board of Directors of the market conditions in the exhibition sector. They ensured that the Directors had adequate knowledge of the sector in which Fiera Milano SpA operates, company matters and performance, as well as the reference legal framework. In particular, the Board of Directors was made aware of the national and international environment for exhibitions with particular reference to the Brazilian, Turkish, Chinese, South African, Indian, Russian and American markets.

Self-appraisal by the Board of Directors

The Board of Directors carried out a self-appraisal of the functioning, composition and size of the Board of Directors and of its committees in the 2014 financial year.

The self-appraisal, instigated by the Chairman of the Board of Directors, was made by each Director completing a questionnaire; the results were revealed during the Board Meeting held on 30 January 2015.

The questions were designed to analyse (i) the size and composition of the Board of Directors with reference to the nature and professional experience of the Directors; (ii) its *modus operandi*, (iii) the composition and roles of the internal committees of the Board; (iv) the knowledge of the legal framework of the sector and the participation of Directors at meetings and in the decision-making process.

This questionnaire was completed by each Director and the results were aggregated and presented to the Board of Directors in an anonymous form.

The results of the questionnaire showed that the Board of Directors believes that the composition and *modus operandi* of the board meet the organisational and administrative requirements of the Company and confirmed the diversified professional experience of the Directors who contribute their capabilities and expertise to the decision making process; there was also a positive opinion regarding the frequency of the meetings. The appraisal of the internal committees was also positive as regards their role and the information flows ensured by these committees to the Board of Directors.

5. INTERNAL COMMITTEES WITHIN THE BOARD OF DIRECTORS

The Internal Control and Risk Committee and the Remuneration Committee have been set up by the Board of Directors; their roles and functions are in line with the standards indicated in the Self-regulatory Code and with corporate governance best practice.

On 27 April 2012, the Board of Directors decided against having a specific appointments committee within the Board of Directors as there has been no need to meet the criteria of 4.C.2 of the Self-regulatory Code as the Board of Directors has always carried out the functions attributed to an appointments committee in the Self-regulatory Code.

On 26 July 2013, the Board of Directors adopted "Rules for the appointment of the corporate bodies of subsidiaries", which gives guidelines for appointments to the administration and control bodies in subsidiaries with reference to the "Rules for the Regulation of Direction and Coordination by the Parent Company" (see section 11).

Remuneration Committee

A Remuneration Committee has been constituted within the Board of Directors.

The Board of Directors meeting of 27 April 2012, appointed the Deputy Vice Chairman, Attilio Fontana, as Chairman of the Remuneration Committee and the non-executive Directors, Romeo Robiglio and Giampietro Omati, as the other members of the committee.

The members of the Remuneration Committee are remunerated for the work they do.

During the financial year to 31 December 2014 the Remuneration Committee met three times, with minutes taken, making proposals, as is its duty, to the Board of Directors. The average duration of these meetings was approximately ninety minutes. Three meetings have been held to date in the current financial year.

Information on the composition, activities and operation of the Remuneration Committee, is given in the Report on Remuneration published in accordance with Article 123-*ter* of the Consolidated Finance Act.

Remuneration of the Board of Directors

Reference should be made to the Report on Remuneration published in accordance with Article 123-*ter* of the Consolidated Finance Act for:

- the general policy on remuneration;
- remuneration of executive and non-executive Directors;
- remuneration of executives with strategic responsibilities;
- compensation payable to Directors on resignation, dismissal or suspension of employment.

Internal Control and Risk Committee

The Board of Directors set up an Internal Control and Risk Committee composed of independent and non-executive Directors. The Committee has an advisory role, makes proposals and carries out preliminary research to aid the Board of Directors in its decisions and evaluations regarding the internal control and risk management systems, as well as the approval of the financial statements and the six month interim financial statements; it gives the Board of Directors written information, on at least a six-monthly basis when the annual financial statements and the interim six-monthly statements are approved, regarding its activities and also the adequacy of the internal control and risk management systems.

The Internal Audit Committee has the following remit:

- to give a preliminary opinion to the Board of Directors regarding:
 - (i) the definition of the guidelines of the internal control and risk management systems so that the main risks faced by the Company and its subsidiaries are correctly identified, quantified, managed and monitored while assessing the compatibility of these risks with management of the company that is consistent with its stated strategic objectives;
 - (ii) the annual evaluation of the adequacy and efficacy of the internal control and risk management systems given the nature of the business and its risk profile; the description, which is part of the Report on Corporate Governance, of the main features of the internal control and risk management systems and the evaluation of its adequacy and the definition of the guidelines of the internal control system and the periodical verification of the adequacy, effectiveness and efficient functioning of the internal control system, with particular emphasis on the requisite autonomy of internal control activities from operating areas;
- to express a considered opinion on the interests of the Company and on the substantial correctness of conditions regarding related-party transactions, pursuant to the enacted Procedures for Related-Party Transactions adopted by the Company in accordance with Consob Resolution no. 17221/2010 and the relative enacted organisational procedures;
- to express a considered opinion on specific aspects regarding the identification of the main corporate risks;

- to evaluate, in collaboration with the Manager responsible for preparing the Company accounts, the Independent Auditors, and the Board of Statutory Auditors, the correct application of accounting principles, as well as their consistent application within the Group in the preparation of the consolidated financial statements;
- to express a preliminary opinion regarding the appointment or change in the Head of Internal Audit, ensuring that he/she has the necessary resources to carry out his/her role, as well as on whether the relative remuneration is consistent with Company policy;
- to express its opinion regarding the adoption and subsequent updating of the guidelines for the Manager responsible for the preparation of the Company accounts;
- to express an opinion to the Board of Directors on the annual approval of the work schedule prepared by the Head of Internal audit and to examine the periodic reports made by the internal audit department that evaluate the internal control and risk management system, and any other important evaluations;
- to express an opinion to the Board of Directors on the results of the independent audit expressed in any eventual letter of suggestions and in the report on the fundamental questions pursuant to Article 19, paragraph 3 of Legislative Decree no. 39/10 that have emerged as part of the legal audit;
- to express an obligatory but non-binding opinion on any intra-group service contracts that could come under the Rule governing the exercise of direction or coordination by the Parent Company;
- to monitor the independence, adequacy and efficacy of the internal control procedures.

The Chairman of the Board of Statutory Auditors (or a member of the Board of Statutory Auditors delegated by him) and the Head of Internal Audit for Fiera Milano SpA attends meetings of the Internal Control and Risk Committee. Other Statutory Auditors may also attend.

If considered appropriate, the Committee may invite directors and executives of Fiera Milano SpA or of Group companies to attend its meetings so that they may give their opinion on specific matters; it may also invite other persons who may be able to assist in the business of the Committee.

The Internal Control and Risk Committee has access to information and the corporate functions necessary to expedite its business and may also use external consultants.

At its meeting on 27 April 2012, the Board of Directors appointed the following as members of the Internal Control and Risk Committee: Renato Borghi, Roberto Baitieri and Michele Motterlini, all independent non-executive Directors. At the time of these appointments, the Board of Directors expressed its positive opinion on the professional accounting and financial experience of the Director, Mr Motterlini. Subsequently, following the resignation of Mr Motterlini, on 29 October 2012 the Board approved the appointment of the independent and non-executive Director, Mr Davide Croff, to the Internal Control and Risk Committee. On the appointment of the aforementioned Director, the Board of Directors expressed a favourable opinion regarding the professional accounting and finance experience of the Director Mr Croff.

At the Board Meeting of 25 October 2013, the Board of Directors decided that the Chair of the Internal Control and Risk Committee should rotate every six months among the members of the Committee.

The members of the Internal Control and Risk Committee are remunerated for the work they do.

During the financial year to 31 December 2014, the Internal Control and Risk Committee held eleven meetings, minuted in accordance with the regulations. The average duration of the meetings of this Committee was approximately one hour. Three meetings have been held to date in the current financial year.

During the financial year, the Internal Control and Risk Committee focused on monitoring the implementation of the shared services of the Group; evaluating the work schedules prepared by the Head of Internal Audit, with relevant periodic reports on the audit activity; the relevant audit reports and the report on the fundamental questions under Article 19, paragraph 3 of Legislative Decree no. 39/10; and evaluating, together with the Manager responsible for preparing the Company accounts, the correct application of the accounting principles adopted in preparing the Company accounts and, in particular, the methodology followed in applying the impairment test procedures under IAS 36. The Internal Control and Risk Committee exercised its prerogative to give a preliminary analysis to the Board of Directors identifying, quantifying, managing and monitoring the main risks by carrying out (i) an overall risk profile analysis of the Group 2014-2017 business plan (ii) an analysis of the risk profile of the relationship with Expo 2015 SpA and (iii) an examination and evaluation of the Group risk map updated to 31 December 2014.

On the subject of related-party transactions, the Committee expressed a positive opinion on the resolution of the Board of 14 March 2014, expressed its binding opinion under Article 9.2 of the Procedure for Related-party Transactions regarding the suitability and substantive correctness of the renegotiation terms of the lease contracts for the exhibition sites of Rho-Però and Milan with the controlling shareholder Fondazione Ente Autonomo Fiera Internazionale di Milano.

6. Internal Control and Risk Management System

The internal control and risk management system of the Company and the Group is made up of rules, procedures and organisational structures that are designed to identify, quantify, manage and monitor the main risks. It contributes to the conduct of the Company and the Group as it is consistent with the corporate objectives established by the Board of Directors of the Parent Company and favours the adoption of informed decisions. It also contributes to guaranteeing (i) the protection of shareholder equity, (ii) efficient and effective corporate procedures, (iii) reliability of financial reporting, and (iv) compliance with applicable laws and rules, the Company's Articles of Association, and internal procedures.

Fiera Milano Group has developed an integrated risk management model based on internationally recognised Enterprise Risk Management (ERM) standards.

The main aim is to have a systematic and pro-active approach to identifying the principal risks to which the Group is exposed and to identify as early as possible the potential negative effects, taking suitable action to mitigate these effects while continually monitoring the relevant exposure.

In order to achieve this Fiera Milano has compiled a catalogue of Group risks linked to the strategies being implemented, together with a risk mapping and risk scoring methodology, and has made the necessary organisational changes so as to identify the roles and responsibilities of those involved.

Specifically, the Group integrated risk management process entails an annual (i) update of the risk catalogue according to the strategies implemented and the management and business model used; (ii) assessment of the risks by the management of Fiera Milano SpA and of its subsidiaries; (iii) consolidation of information and prioritisation of the risks and the consequent course of action; (iv) tolerance analysis of any exposure identified and formulation of the appropriate management strategies/actions and the identification of those responsible for implementing such actions; (v) monitoring over time of any exposure that has been identified.

The Internal Control and Risk Committee and the Board of Statutory Auditors are informed of the results of the aforementioned procedures.

Risk management and internal control system for financial reporting

The aforementioned integrated risk management model cannot be considered separately from the internal control system used for the financial information process as both are elements of the overall internal control and risk management system of Fiera Milano SpA. It should be noted that the process for preparing the annual and interim financial statements and, in particular, the processes to describe the principal risks and uncertainties to which Fiera Milano SpA and the Group are exposed, are strictly linked and coordinated to the information flows deriving from the Enterprise Risk Management (ERM) processes of the Company and of the Group, which aim to identify, evaluate and mitigate any corporate risks.

In recent financial years, Fiera Milano SpA has modified its internal control system for financial reporting in keeping with the provisions of Law 262/05 so as to document, where necessary, the administrative and accounting control model adopted, and to schedule and carry out periodic checks on the operational efficacy of the controls that are behind the certification processes of the Manager responsible for preparing the company accounts.

The aforementioned administrative and accounting control model combines the internal procedures and methods used by the Company to attain the corporate targets of integrity, accuracy, reliability and timeliness of financial information. The approach of Fiera Milano SpA in formulating, implementing and continually updating the aforementioned administrative and accounting control model is in line with generally accepted best practice, the guidelines for the duties of the Manager responsible for preparing the company accounts under Article 154-*bis* of the Consolidated Finance Act issued by Confindustria, and is based on a process that complies with the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

This reference model, based on the components of the internal control system (Control environment, Risk assessment, Control activities, Information & Communications, and Monitoring) necessary to attain the aforementioned financial reporting objectives favours, *inter alia*, the identification of coordination opportunities and the development of synergies among, for example, Enterprise Risk Management activities, activities undertaken to comply with Decree Law 231/2001 and the activities of the Head of Internal Audit.

The internal control system phases relating to the financial reporting system of Fiera Milano SpA can be divided into the following macro-categories:

- identifying procedures, risks and controls;
- defining and updating administrative and accounting procedures;
- monitoring and updating administrative and accounting procedures.

As part of the responsibilities and powers given him/her by the Board of Directors, the Manager responsible for preparing the Company accounts must effectively implement any actions falling into the above categories.

The main activities under the model used, and included in the macro-categories listed above, are summarised below.

Identifying procedures, risks and controls

This category includes all activities concerned with identifying or updating the extent of analysis and monitoring carried out, the identification and assessment of risks, the planning of administrative and accounting procedures and the formulation and assessment of checks aimed at mitigating those risks.

At least once a year, the Manager responsible for preparing the Company accounts decides the areas of the Company and Group processes that will be subject to risk analysis and to monitoring of the

controls existing in the administrative and accounting control model. This will be done using both quantitative and qualitative parameters to ensure that the most significant areas and/or those that pose the greatest risk of failing to meet the objectives of the financial reporting controls are included in the aforementioned areas.

Defining the areas to be analysed and monitored necessitates identification of the relevant accounts, disclosures and connected procedures so that the subsequent identification and assessment of controls, both at entity level and at procedure and transaction level, can effectively mitigate the risks inherent in the process of preparing financial information.

With regard to identifying and assessing risk in financial reporting, the approach adopted considers both the risk of unintentional errors and those that may be caused by fraudulent activity, providing for the formulation and monitoring of checks and balances that address these types of risk, as well as coordinating the controls implemented with others in the overall internal control system.

To support the assessment of inherent risk levels, the reference criteria used are based on the following main potential risk indicators, generally recognised by the reference best practice: changes in information systems, processes and procedures and other complex elements, for example, the complexity of information processing required by a certain procedure, a high level of transactions, or, for example, in processes that incorporate a considerable amount of estimates and valuations, the adequacy of the documentation and the reliability of the assumptions made.

When significant risks in financial reporting are identified, the administrative and accounting control model provides for the appropriate identification of controls to mitigate these risks. Specifically, the approach adopted takes adequate account of both manual controls and the data system controls in the administrative and accounting procedures, the so-called automatic system controls application, the general IT control that govern system access, the control of developments and modifications to the application systems, and the adequacy of the information structures.

The administrative and accounting model, in line with reference best practice, ensures that the surveillance procedures for the processes, risks and controls is updated for significant changes in the Group administrative and accounting procedures whenever necessary.

Defining and updating administrative and accounting procedures

Based on the results of monitoring the processes, risks and controls, the Manager responsible for preparing the Company accounts defines or updates the administrative and accounting procedures and guarantees their adequacy as regards the internal control model and monitors the various phases of the definition or updating of the procedures.

In particular, the updating of the administrative and accounting procedures is done in conjunction with the evaluation of the design of the controls and the continuous monitoring of their implementation.

Monitoring and updating of administrative and accounting procedures

the Manager responsible for preparing the Company accounts constantly monitors the administrative and accounting procedures, with particular reference to those linked to the preparation of the financial statements, the consolidated financial statements and the summary half-year financial statements, as well as any action or communication of a financial nature that requires statements, attestations and declarations under paragraphs 2 and 5 of Article 154-*bis* of the Consolidated Finance Act, so as to ensure the adequacy and effective implementation of these procedures.

To achieve this, special verification actions to ascertain the correct implementation of the controls incorporated in the administrative and accounting procedures exist. The checks, analyses, and verification of the administrative and accounting procedures are based on defining a test strategy that determines the *modus operandi*, the controls and ways of monitoring the procedural systems implemented.

The timetable of the monitoring activity is prepared in such a way as to give priority to verifications of identified "key" controls, and to balance the objectives of efficiency with the requirement of achieving adequate coverage of the verification activities, introducing rotational tests for the significant processes and sub-processes of subsequent important balance sheet dates.

With regard to the organisational aspects and to the roles involved in the various phases of formulating, implementing, monitoring and updating over time the administrative and accounting control model, it should be noted that specific information flows have been defined between the Head of Internal Audit and the corporate, administrative and control committees and the corporate executives and/or areas that, outside the Department of Administration, Finance and Tax, are involved in compiling, preparing and circulating the annual financial statements, the consolidated financial statements, the summary half-year financial statements, the interim management reports and, more in general, any information subject to attestation/ declaration by the Manager responsible for preparing the company accounts. The accounting and administrative model also covers specific information flows among Group companies and internal attestations/declarations.

In preparing the annual and interim financial statements and describing the principal risks and uncertainties to which Fiera Milano SpA and the Group are exposed, the Manager responsible for preparing the Company accounts works with the Enterprise Risk Management of the Company and of the Group in order to identify and assess all corporate risks.

Governance of subsidiaries in countries outside the EU

In accordance with the provisions of Article 36, as referred to in Article 39, paragraph 3 of the Stock Market Regulations, the Company and its subsidiaries have administrative and accounting systems which make public the accounting procedures used to prepare the consolidated financial statements of the Companies to which this law is applicable and which permit the regular communication of the data required to prepare the financial statements to the Parent Company management and its independent auditors.

Therefore, the conditions exist under the aforementioned Article 36, paragraphs a), b) and c) of the Stock Market Regulations issued by Consob.

Director appointed to oversee the internal control and risk management systems

The Board of Directors is responsible for internal control and risk management and, with the help of the Internal Control and Risk Committee, for establishing its guidelines and periodically verifying that it is fit for purpose and is functioning effectively, ensuring that the principal corporate risks are identified and managed in an appropriate manner. The Chief Executive Officer is responsible for implementing the guidelines drawn up by the Board of Directors by setting up, managing and monitoring the internal control and risk management system.

Head of Internal Audit (the "Internal Control Department")

The Head of the Internal Control Department is responsible for verifying that the internal control and risk management system is fit for purpose and working; he/she is not hierarchically answerable to anyone in charge of an operating area but reports directly to the Chairman so that independence and autonomy are guaranteed. There is also a system for functional reporting to the Internal

Control and Risk Committee. The Head of the Internal Control Department has direct access to all the information necessary and to adequate means for carrying out his/her role.

It is the responsibility of the Board of Directors, on the suggestion of the Chief Executive Officer, prepared in conjunction with the Chairman, and having received a favourable opinion from the Internal Control and Risk Committee and having consulted the Board of Statutory Auditors, to appoint or cancel the appointment of the Head of the Internal Control Department and to ensure that the latter has all the resources required to carry out his/her duties and is remunerated in line with company policies. The Board of Directors is also responsible for annually approving the work schedule prepared by the Head of the Internal Control Department, having considered the opinion of the Internal Control and Risk Committee, consulted the Board of Statutory Auditors, the Chairman and the Chief Executive Officer.

The Head of the Internal Control Department reports regularly to the Chairman and periodically to the corporate control bodies, the Internal Control and Risk Committee and the Board of Statutory Auditors.

Organisational model pursuant to Legislative Decree no. 231/01

The Company has adopted an Organisation, Management and Control Model in accordance with Legislative Decree no. 231/01.

The aim of the Organisation, Management and Control Model is to describe the operating and conduct rules governing the Company's activities, as well as the additional controls that the Company has adopted in order to prevent any of the offences described in the Decree being committed. The Model covers the current organisational and control tools, such as the organigram, the system of proxies and delegations and the service instructions.

In particular, the Model aims to:

- ensure, amongst those persons operating in the name of and on behalf of the Company in areas where there is a risk of offences being committed and in areas vulnerable to the committing of offences, that there is an awareness of the risk of committing an offence if the procedures received are violated, an event that might give rise to administrative or criminal sanctions not only for those persons but also for the Company;
- emphasise that any form of unlawful behaviour is strongly condemned by the Company (even where the Company may apparently be in a position to derive some advantage from it) as it contravenes not only the law but also the corporate ethics to which the company wishes to adhere in carrying out its corporate mission;
- permit the Company, through continuous monitoring of areas where there is a risk of offences being committed and of areas vulnerable to the committing of offences, to intervene promptly so as to prevent or act against the perpetration of any unlawful activity.

The Company's Model is composed of a general part, which describes the contents of Legislative Decree no. 231/2001, the function and principles of the Model, the identification of activities at risk, the definition of protocols, the characteristics and functions of the Supervisory Body, the activities of training and information, the system of sanctions, and fourteen special sections, each dedicated to a category of offence under Legislative Decree no. 231/2001: (i) crimes committed against the public administration (ii) corporate crimes (iii) crimes of market abuse (iv) transnational offences (v) crimes against persons in violation of workplace health and safety (vi) crimes concerning receiving, recycling and use of money and goods of unlawful origin (vii) IT crimes (viii) crimes of organised crime (ix) crimes against industry and trade (x) crimes of copyright infringement (xi) inducements not to make statements or to make false statements to the court (xii) environmental crimes (xiii) employment of citizens from outside the EU who do not have a legal right to be in the country (xiv) private bribery. Each special section gives a description of the sensitive activities, the instrumental procedures, and

the general and specific supervision principles. The Model is completed by appendices, which are an integral part of it, that include the Code of Ethics and the reporting lines of each Organisational Unit to the Supervisory Body and a catalogue of regulatory offences and predicate offences for which the Company is liable.

The last two special sections were included in the Model when the most recent update of the latter was adopted at the meeting of the Board of Directors held on 14 March 2014. These two special sections refer to offences that have recently been included in the range of so-called "predicate offences" as regards liability under Legislative Decree 231/01.

In order to monitor functioning, efficacy and observance of the Model, and to ensure that it is updated, the Board of Directors has given a collective body the functions of a Supervisory Body, with the aforementioned duties.

The Supervisory Body is composed of the Chairman, Michele Perini, who acts as Chairman of the Supervisory Body, the non-executive and independent Director, Pier Andrea Chevillard, the Head of the Internal Control Department, Andrea Pizzoli, and of the lawyer, Ugo Lecis, acting as an external expert. The members of the Supervisory Body are remunerated for their work.

The Organisational Model, in implementation of the terms of Article 6 paragraph 2 of Legislative Decree no. 231/01, provides for specific information flows to the Supervisory Body so that it can carry out more effectively the supervision and monitoring of the functioning of the Model.

With reference to the unlisted companies of the Group that have adopted their own organisational model, the Supervisory Body has conducted research on each of these in order to identify adequate technical/operational solutions that, while respecting the mandate and powers reserved for the same by the prevailing regulations, are appropriate to the dimensions and organisational context of each corporate entity, also taking account of the relevant guidelines issued by the Parent Company.

As regards foreign subsidiaries operating under foreign law, and which do not have to adhere to the provisions of Legislative Decree no. 231/01 and which did not have their own Organisational, Management and Control Models pursuant to the aforementioned Decree 231, in addition to adopting the Code of Ethics, during 2012 they also adopted guidelines for anti-corruption rules and other compliance programmes in order to have a systematic reference framework of crime prevention regulations and standards.

Independent audit firm

Accounting audit and control has been entrusted to Reconta Ernst & Young SpA, a company registered in the specific Consob Register, in compliance with applicable law. The mandate was conferred by the Shareholders' Meeting of 29 April 2014 and relates to the financial years ending 31 December 2014-2022.

Manager responsible for preparing the company accounts

The Board of Directors of the Company, on 27 April 2012, having previously sought the opinion of the Board of Statutory Auditors, appointed as Manager responsible for preparing the company accounts Mr. Flaminio Oggioni, previously the company's Director of Administration Finance and Tax, at the same time conferring on him, through the appropriate delegation of functions, adequate means and powers to carry out the duties attributed to him under enacted law. The Board of Directors also supervises the effective compliance with administrative and accounting procedures. The Company's Articles of Association require the Manager to be an expert in matters of administration, finance and control and to possess the same characteristics of personal probity required for the Statutory Auditors under current legislation. The Manager's appointment is for three financial years and must not exceed the mandate of the Board of Directors that made the appointment.

Coordination among persons involved in the internal control and risk management system

The coordination of persons involved in the internal control and risk management system is through a series of mechanisms and means of interaction: i) scheduling and holding joint meetings of the various corporate bodies and functions responsible for internal control and risk management; ii) attendance at meetings of the Internal Control and Risk Committee by the Chairman of the Board of Statutory Auditors and other members of the Board of Statutory Auditors and by the Head of Internal Audit; iii) attendance by the Head of Internal Audit in his/ her role as a member of the Supervisory Committee under Legislative Decree 231/01.

7. Board of Statutory Auditors

Appointment of Auditors

The Company's Articles of Association currently require that the appointment of the Statutory Auditors is made on the basis of lists presented by the shareholders; the articles state that the position of Chairman of the Board of Statutory Auditors is granted to the first candidate on the second list by number of votes and who is in no way related, even indirectly, to those shareholders who presented, or combined to present, or voted for the first-placed list by number of votes. Only those shareholders who, individually or together, represent at least 2.5% of the share capital and are entitled to vote in the ordinary shareholders' meeting have the right to present a list, as required by the Company's Articles of Association and by Consob Resolution no. 19109 of 28/01/2015. A shareholder who intends to present a list of candidates and who does not own a controlling shareholding or the relative majority of the share capital of the Company must deposit a declaration stating the absence of any relationship with the controlling shareholder, as defined by the regulatory provisions. The lists must be deposited at the Company's registered office at least twenty-five days before the date fixed for the first convocation of the Shareholders' Meeting and must be made public by the Company at least twenty-one days before the date fixed for the first convocation of the Shareholders' Meeting.

Ownership of the minimum shareholding required to present lists is based on the shares that are registered to the shareholder on the day on which the lists are deposited with the Company. To prove ownership of the minimum number of shares required to present lists, the shareholders must provide within the time for the publication of the lists by the Company the relative certification by authorised intermediaries released in accordance with law.

Each list, deposited within the periods described above, must be accompanied by a declaration in which each candidate accepts the candidacy and declares that no reasons of ineligibility or incompatibility exist with reference to the accumulation of positions referred to below, that the requirements prescribed by enacted law relating to the assumption of the position are fulfilled, and must include a *curriculum vitae* of the career of each candidate that gives the administration and control positions held.

The Articles of Association also provide that, without prejudice to situations of incompatibility under prevailing laws, any person who is already an acting Statutory Auditor in five companies listed on regulated markets may not take up a position as Statutory Auditor and, if elected, their mandate is nullified, except where different limits are established by laws which may periodically be introduced.

On 9 July 2012, the Board of Directors of Fiera Milano SpA decided to amend, by Public Deed, Article 20 ("The Board of Statutory Auditors") of the Company's Articles of Association.

The amendment to Article 20, "The Board of Statutory Auditors", includes the same criteria and principles that exist for the appointment and replacement of members of the Board of Directors as described above.

The changes to the Company's Articles of Association will be applied when the corporate bodies are next reappointed when the mandate of the current Board of Statutory Auditors expires.

The complete Company Articles of Association with the changes shown is available on the Company website www.fieramilano.it in the section *Investor Relations/Corporate Governance/ Articles of Association*.

Composition of the Board of Statutory Auditors

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 27 April 2012, on the basis of a single list presented by the controlling shareholder, Ente Autonomo Fiera Internazionale di Milano – and will remain in position until the approval of the Financial Statements to 31 December 2014.

The Board of Statutory Auditors is composed of the following members and a short *curriculum vitae* is given indicating the personal and professional experience of each Statutory Auditor.

Stefano Mercorio: born on 26 January 1963 in Bergamo, Chairman of the Board of Statutory Auditors of Fiera Milano SpA since April 2012; Statutory Auditor from April 2010 to April 2012.

A graduate in Economics and Commerce from the Università degli Studi di Bergamo, he is a fully qualified chartered accountant (*Dottore Commercialista*) and is registered on the Register of Accounting Auditors and is a business consultant; he is a member of the Board of Directors of Interroll Holding AG, a company listed on the Zurich stock exchange, and is also Chairman of the Board of Statutory Auditors, a standing Statutory Auditor, a Statutory Auditor and manager of numerous other companies.

Alfredo Mariotti: born on 12 March 1946 in Gerenzano (VA), Standing Statutory Auditor of Fiera Milano SpA since 2003.

A graduate in Economics and Commerce at the Università Cattolica del Sacro Cuore of Milan and registered on the National Register of Accounting Auditors. Since 2003 he has been Secretary General of Federmacchine, the industry association for the mechanical and mechanical accessory trade associations. He is also the Chief Executive Officer of Sofimu SpA (Holding), Secretary General of the Fondazione Ucimu, Director General of Ucimu – Sistemi per Produrre, and is the Chairman of the Board of Statutory Auditors or a standing statutory auditor in several companies.

Damiano Zazzeron: born on 5 September 1962 in Fagnano Olona (VA), Standing Statutory Auditor of Fiera Milano SpA since April 2012; from 2003 to April 2012 he was Chairman of the Board of Statutory Auditors.

A graduate in Economics and Commerce from the Università Cattolica del Sacro Cuore of Milan, he is a fully qualified chartered accountant (*Dottore Commercialista*) and is registered on the Register of Accounting Auditors. He has many years experience in the following sectors: corporate restructuring, business combinations, banking foundations and, in particular, has specific know-how of the non-profit sector. He is a frequent speaker at workshops and seminars on legal and tax matters relating to non-profit entities. He works as a consultant, statutory auditor or auditor in several large international and national companies and entities.

Antonio Guastoni: born on 11 January 1951 in Milan, Supplementary Statutory Auditor of Fiera Milano SpA. A graduate in Economics and Commerce from the Università Commerciale Luigi Bocconi, he is a fully qualified chartered accountant (*Dottore Commercialista*) and is registered on the Register of Accounting Auditors. He holds several administrative and control positions.

Pietro Pensato: born on 22 December 1939 at Torremaggiore (FG), Supplementary Statutory Auditor of Fiera Milano SpA. A chartered accountant registered on the National Register of Accounting Auditors since 1995, he is also registered on the register of employment consultants. He holds the position of standing Statutory Auditor in several limited companies and is a tax, administration and human resources administration consultant.

All the members possess the necessary requisites of professionalism and probity required by enacted law, as well as the independence required by Directors in the Self-regulatory Code, possession of which was verified by the Board of Directors when they were appointed.

During the 2014 financial year, the Board of Statutory Auditors met fourteen times. The average duration of the meetings of the Board of Statutory Auditors was approximately one hour. Three meetings have been held to date in the current financial year.

Role and functions of the Board of Statutory Auditors

The Board of Statutory Auditors, in accordance with Article 149 of the Consolidated Finance Act, monitors the Company's activities: to ensure compliance with the law and the Company's Articles of Association; to ensure compliance with the principles of correct administration; to ensure the adequacy of the company's organisational structure regarding positions and responsibilities, the internal control system and the administrative/accounting system, as well as the reliability of the latter in accurately representing management information; to ensure there exist the means of concrete implementation of the rules of corporate governance provided by the codes of conduct prepared by the companies responsible for the organisation and management of regulated markets and to ensure the adequacy of the regulations prepared by the Company and applicable to its subsidiaries, in accordance with Article 114 paragraph 2 of Legislative Decree 58/98. In accordance with Article 19 of Legislative Decree 39/2010, the Board of Statutory Auditors also oversees the legal auditing of the annual financial statements and the consolidated financial statements and the effectiveness of the internal control and risk management systems, as well as the process for financial reporting.

The Board of Statutory Auditors also monitors the independence of the independent audit firm, ensuring compliance with existing regulations, and the nature and scale of the various accounting services provided by the independent audit firm and its network of entities to the Company and its subsidiaries. In carrying out its activities the Board of Statutory Auditors also operates in conjunction with the internal control function and with the Internal Control and Risk Committee on matters of common interest through meetings and exchanges of information.

8. Procedures adopted by the Company

Internal Dealing Code

The Company has adopted an *Internal Dealing Code*, prepared in accordance with article 152-*sexies* and subsequent articles of Consob Resolution no. 11971/99 and subsequent modifications and additions, to take account of the regulations regarding market abuse.

According to the *Code*, a number of relevant persons, and persons close to them, who have regular access to inside information and the power to make management decisions that could affect the performance and prospects of the listed issuer, are obliged to inform the market of any transaction involving listed financial instruments issued by the company.

The perimeter of the "relevant persons" covered by the provisions of the *Internal Dealing Code* has been restarted with approval of 13 May 2013.

In particular the “relevant persons” are identified as the Directors, the Statutory Auditors, Members of the Fiera Milano Group Executive Committee, as well as the controlling shareholder, Ente Autonomo Fiera Internazionale di Milano, insofar as it owns a shareholding of more than 10% of the Company.

The *Code* provides thresholds and terms of communication to the market and related sanctions in line with those established by Consob Rules. Consistent with the recommendations contained in the Rules for markets organised and managed by Borsa Italiana SpA, the current *Internal Dealing Code* provides for a black-out period of 15 days preceding the Board meeting convened to approve the Financial Statements for the period, during which the relevant persons (with the exception of persons holding at least 10% of the company) are prohibited from trading in financial instruments issued by the company, with some specific exceptions.

The communications made in compliance with the *Internal Dealing Code* under article 152-*octies*, paragraph 7, of Legislative Decree no. 58/98 (filing models) are available on the Company website www.fieramilano.it in the section *Investor Relations/Corporate Governance*.

Procedure for the management of inside information

The Company has adopted a *Procedure for the internal management and the external communication of inside information*, which incorporates the provisions of regulations regarding market abuse, and which also governs the setting up of a register of persons having access to inside information.

The procedure generally entrusts the management of inside information relating to their relevant areas of competence to the Company Chief Executive Officer and the Chief Executive Officers of Group companies; it contains specific sections dedicated to the definition of privileged information, to the related procedures for managing privileged information, to the ways of dealing with so-called market rumours, and governs instances of delays in communicating to the market, the approval process for press releases, the setting up of a register of persons having access to inside information, persons authorised to maintain external relations and persons obliged to maintain confidentiality.

The Company has also adopted a specific *Procedure for the maintenance and updating of the register of persons having access to inside information* in order to regulate the means and responsibilities of maintaining and updating the register. The document identifies the individual responsible for managing the register, a privileged information committee and the individuals registered with it; and it governs the procedures for initial inclusion and subsequent updating of the register, as well as aspects regarding confidentiality obligations.

Procedures for Related-Party Transactions

The Company has a *Procedure for Related-Party Transactions* (hereinafter the *Procedure*).

The *Procedure* was adopted on 5 November 2010 and implemented from 1 January 2011. It was prepared in compliance with the provisions of the Rule governing related-party transactions approved by Consob Resolution no. 17221 of 12 March 2010, subsequently modified by Consob Resolution no. 17389 of 23 June 2010 (hereinafter the Rule), and with the guidelines for the application of the Rule governing related-party transactions supplied by Consob with Communication no. DEM/10078683 of 24 September 2010. The current *Procedure* was amended with a resolution of the Board of Directors on 16 December 2013. The definition of a related-party was extended under the provisions of Article 4 of the Code, which allows companies to expand the definition of a related-party as a result of an analysis of the legal relationship. Given this, executives with strategic responsibilities in subsidiary companies have been included within the definition. This change was the result of the need to track the relationship of executives, particularly those of foreign companies.

The *Procedure* was also amended to include other optional provisions. To determine a related-party of Fiera Milano, in the paragraph which defines a related party, the related parties must be identified using the specific circumstances of actual cases whilst also meeting the requirements of international accounting standard IAS 24. Furthermore, if the Internal Control and Risk Committee is entirely composed of independent Directors, it must be the first committee asked for its favourable opinion of any potential amendments to the *Procedure for Related-Party Transactions*.

The *Procedure* identifies the rules and measures to be adopted to ensure transparency and the substantial and procedural correctness of related-party transactions carried out directly by Fiera Milano SpA or through its subsidiaries. The Internal Control and Risk Committee has been identified as the body designated to express a considered opinion on the interests of the Company and the substantial correctness of the relevant conditions for the completion of related-party transactions.

The new *Procedure* takes advantage of the dispensation given in the Rule that, without prejudice to the requirements regarding the dissemination of information to the public, allows smaller listed companies – or for those with balance sheet assets or revenues as shown in the most recently approved Financial Statements that do not exceed Euro 500 million - the possibility of applying to Transactions of Greater Importance the guidance and approval procedures for Operations of Lesser Importance.

The Board of Directors of the Company will periodically evaluate, and anyway at intervals of not more than three years, whether to update the *Procedure* taking into account, *inter alia*, any eventual changes to its assets, as well as the efficacy of the application of the rules and guidance adopted.

The *Procedure* is available on the Company website, www.fieramilano.it, in the section *Investor Relations/Corporate Governance/Related-party Transactions*.

The Company has also adopted Organisational Implementation Instructions with regard to the *Procedure for Related-Party Transactions* in order to:

- (i) establish the methods and timing for the preparation and updating of the related-party database compiled specifically for the *Procedure*;
- (ii) monitor the rules for identifying related-party transactions before they are finalised and oversee the preliminary procedures by identifying those persons that should give and/or receive information, the subjects appointed to ascertain if a specific transaction comes under the application of the *Procedure*, as well as the means of guaranteeing the traceability of the transaction under examination;
- (iii) establish the methods, timing and responsibility for managing the process of informing the public as required by the *Procedure*.

9. Investor Relations

The Company has adopted a communication policy with the aim of establishing a continuous dialogue with all shareholders and, in particular, with institutional investors, ensuring the systematic and prompt dissemination of exhaustive information regarding its activities, while complying with the regulations on inside information.

It has therefore appointed an Investor Relations Manager within the organisational structure of the company, who reports to the Chief Executive Officer.

The means of financial communication are those of systematic contact with financial analysts, institutional investors and the specialist media in order to ensure a full and proper understanding of the trends in the Company's strategic direction, the implementation of strategy and the impact on the results of the business.

In addition, the Company believes that dialogue with investors is fostered by providing them with sufficient information to allow them to make informed decisions when exercising their rights and by organising the content of the Company's website (www.fieramilano.it in the *Investor Relations* section) so that they can access economic and financial information (annual financial statements, half-yearly and quarterly interim financial statements, presentations to the financial community), as well as updated data and documents of general interest to shareholders (press releases, Company calendar, composition of the Company's governing bodies, Articles of Association, minutes of Shareholder Meetings, an outline of the Group structure, the *Code of Ethics*, the *Internal Dealing Code*, and the related filing models etc.).

10. Shareholders' Meetings

The Shareholders' Meeting is conducted for the benefit of all shareholders and the resolutions approved in Shareholders' Meetings, in accordance with the law and the Articles of Association, are mandatory and binding on all shareholders, including those who did not participate, who abstained or who dissented, although dissenting shareholders have rights of rescission under certain circumstances.

The Shareholders' Meeting of 23 April 2013 adopted, in accordance with the provisions of Article 9.3 of the Self-regulatory Code, *Rules of Procedure* that govern the conduct of Ordinary and Extraordinary Shareholders' Meetings. This Rule is publicly available on the Company website www.fieramilano.it in the section *Investor Relations/Corporate Governance/Shareholders' Meetings*.

The aforementioned *Rules of Procedure* defines the procedure to be followed to ensure the orderly and correct conduct of Shareholders' Meetings whilst guaranteeing the right of each shareholder to speak on the matters under discussion.

The Shareholders' Meeting is convened and deliberates, in accordance with law and the regulations pertaining to companies with listed shares, on matters that are its right under the law.

The Shareholders' Meeting is authorised to approve, among other matters, in an ordinary or extraordinary meeting (i) the appointment or dismissal of members of the Board of Directors and of the Board of Statutory Auditors and their relevant remuneration and responsibilities, (ii) the approval of the Financial Statements and the allocation of profits, (iii) the purchase and disposal of treasury stock, (iv) changes to the Company's Articles of Association, (v) the issue of convertible bonds.

Under enacted law, legitimate attendance and the exercise of the right to vote in Shareholders' Meetings is restricted to those who appear as shareholders on the seventh trading day prior to the date of the Shareholders' Meeting and who present to the issuer the relevant communication from an intermediary that accords with the latter's accounting records on behalf of the person having the right to vote at the Shareholders' Meeting using the aforementioned mechanism.

11. Other corporate governance procedures

Regulation of Direction and Coordination

The Company has regulations governing the exercise of direction and coordination by the Parent Company.

This document has been prepared with the objective of setting guidelines to govern the direction and coordination activity of the higher authority over the subordinate entity, with the aim of providing a solid base for the research and development of more extensive and more effective interrelationships.

The Regulation identifies precise responsibilities regarding, respectively, the Company and its subsidiaries, within an unambiguous and reciprocal assumption of duties, and it establishes precise

governance procedures appropriately gauged to provide an equitable balance between requirements for centralisation and respect for the autonomous management of the subsidiaries.

It also specifies that in the Group's regulatory hierarchy the organisational regulations come below the Parent Company's Articles of Association and those of the various companies of the Group.

This Regulation was approved by the Parent Company Shareholders' Meeting on 15 April 2010 and, subsequently, in order for it to be adopted, was presented to the Shareholders' Meetings of the individual companies of the Group so that each of them could independently approve it as the basis for their own operations.

On 12 January 2011, the individual companies of the Group amended their own articles of association to make specific reference to the exercise of direction and coordination, pursuant to Articles 2497 and 2497-*bis* of the Italian Civil Code, by the Parent Company Fiera Milano SpA, as well as to judge the possibility for the Parent Company to centralise the management and, in the interest of the entire Group, specific functions for the subsidiaries as part of a shared services policy.

On 23 April 2013, the Shareholders' Meeting of the Parent Company approved the integration of the Regulation with a recommendation that the members of the Board of Statutory Auditors of the Parent Company, in line with best practice on this matter, should be appointed as Statutory Auditors in the Boards of Statutory Auditors of the subsidiaries. The aim of this change was to rationalise and simplify the organisation and to create important synergies that would guarantee greater efficiency and efficacy of the control systems to the benefit of the whole Group.

12. Changes subsequent to the end of the financial year under review

There have been no changes to the corporate governance of the Company since the end of the financial year under review.

Tables

The two tables on the following pages summarise the Company's adoption of the main corporate governance aspects of the Self-regulatory Code.

The first table gives the structure of the Board of Directors and its internal committees. It lists the Directors and the category to which they belong (executive, non-executive and independent). It also shows the composition of the various committees.

The second table gives the composition of the Board of Statutory Auditors. It lists the members of the Board, both standing and substitute, and indicates if they have been nominated from lists put forward by non-controlling interests.

Both tables give information on the number of meetings held by the Board of Directors, the various committees and by the Board of Statutory Auditors and the attendance rate of each individual member. The tables also show the number of administrative positions held in other companies; these have also been detailed in this Report.

TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES																	
BOARD OF DIRECTORS												Internal Control and Risk Committee		Remuneration Committee			
Position	Constituent	Year of birth	Date first appointed	Duration of appointment	List	Executive	Non-executive	Independent under the Code	Indep. under the Consol. Finance Act (TUF)	*	No. of other positions held**	***	*	***	*		
Chairman	Michele Peini	1952	27.10.2003	a	b		X			18/19	1						
Chief Executive Officer	Enrico Pazzali	1964	16.04.2009	a	b	X				19/19	/						
Deputy Vice Chairman	Attilio Fontana	1952	16.04.2009	a/e	b		X	X	X	17/19	/			X	3/3		
Vice Chairman	Renato Borghi	1948	29.10.2006	a	b		X	X	X	18/19	/	X	8/11				
Director	Roberto Baitieri	1966	16.04.2009	a	b		X	X	X	17/19	/	X	9/11				
Director	Pier Andrea Chevallard	1951	08.02.2010	a	b		X	X	X	17/19	/						
Director	Davide Croff	1947	28.10.2012	c/d	/		X	X	X	16/19	2	X	11/11				
Director	Giampietro Omati	1940	16.04.2009	a	b		X	X		19/19	1			X	3/3		
Director	Romeo Robiglio	1931	27.10.2003	a	b		X		X	17/19	1			X	3/3		
												Board of Directors		Internal Control and Risk Committee		Remuneration Committee	
Number of meetings held in the financial year to 31 December 2014												19		11		3	

NOTE

* This column shows the attendance rate of Directors at Board Meetings and at Committee meetings as a percentage of the total number of meetings (no. of times attended/ no. of meetings held during the period of appointment of each member).

** This column shows the number of other appointments held in listed companies, banks or insurance companies.

*** An "X" in this column indicates that the member of this committee is also a member of the Board of Directors.

a Appointed by the Shareholders' Meeting of 27 April 2012 for a three-year period ending with the approval of the Financial Statements at 31 December 2014.

b Appointed from the only list presented, which was that of the controlling shareholder Fondazione E. A. Fiera Internazionale di Milano.

c Co-opted by the Board of Directors on 29 October 2012 to replace Mr Michele Motterlini who resigned. The appointment was subsequently ratified by the Shareholders' Meeting of 23 April 2013 for the period ending with the approval of the Financial Statements at 31 December 2014.

d Chairman of the Internal Control and Risk Committee

e Chairman of the Remuneration Committee

TABLE 2: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

BOARD OF STATUTORY AUDITORS								
Position	Constituent	Year of birth	Date first appointed	In office from/until	List	Independent under the Code	(%)*	Number of other positions held**
Chairman	Stefano Mercurio	1963	15/04/2010	a/b	c	X	14/14	23
Statutory Auditor	Alfredo Mariotti	1946	27/10/2003	a	c	X	14/14	24
Statutory Auditor	Damiano Zazzeron	1962	27/10/2003	a/d	c	X	12/14	13
Substitute Auditor	Pietro Pensato	1939	27/10/2006	a	c			
Substitute Auditor	Antonio Guastoni	1951	15/04/2009	a	c			

Number of meetings held in the financial year to 31 December 2014	14
Quorum required for the presentation of lists of nominees	2.50%

NOTE

* This column shows the attendance rate of the statutory auditors at the meetings of the Board of Statutory Auditors (no. of times present/ no. of meetings held during the period of appointment)

** This column shows the number of appointments as director or statutory auditor held, in accordance with Article 148 bis of the Consolidated Finance Act.

a Appointed by the Shareholders' Meeting of 27 April 2012 for a three-year period ending with the approval of the Financial Statements at 31 December 2014.

b Appointed as Chairman of the Board of Statutory Auditors by the Shareholders' Meeting of 27 April 2012.

c Appointed from the only list presented, which was that of the controlling shareholder Ente Autonomo Fiera Internazionale di Milano.

d Appointed as a Standing Statutory Auditor by the Shareholders' Meeting of 27 April 2012.

Proposals for the Ordinary Meeting of Shareholders

The ordinary meeting of shareholders of Fiera Milano SpA will be convened once in Rho (MI), in the Auditorium in the Centro Servizi of the exhibition site, Strada Statale del Sempione 28, (reserved parking is available with entry from Porta Sud), on 29 April 2015 at 14.30 hours.

(Report pursuant to Article 125-ter, paragraph 1, of Legislative Decree 24/02/1998, no. 58 and subsequent amendments)

1. The Financial Statements, the Board of Directors' Management Report, and the Report of the Board of Statutory Auditors for the year ended 31 December 2014; resolutions pertaining thereto and resulting therefrom and, therefore, including measures taken in accordance with Article 2446 of the Italian Civil Code.

a) Dear shareholders,

The preliminary Financial Statements for the financial year ended 31 December 2014 that we submit for your attention show a net loss of Euro 30,674,121.31 which we propose should be covered as indicated below.

We also submit the Group Consolidated Financial Statements for the financial year to 31 December 2014 for your attention; although these are not subject to approval by the Shareholders' Meeting, they complement the information provided in the Financial Statements of Fiera Milano SpA.

Given the above, we submit for your approval the following

proposed resolution

"The Shareholders' Meeting of Fiera Milano SpA, having considered the Board of Directors Management Report, the Report of the Board of Statutory Auditors and the Independent Auditors' Report, and having examined the Financial Statements for the year to 31 December 2014,

approves

- the Financial Statements for the year to 31 December 2014, comprising the preliminary statement of financial position, the preliminary statement of comprehensive income, the statement of changes in equity, the statement of cash flows and of the relative explanatory and supplementary notes to the financial statements that show a net loss of Euro 30,674,121.31, as presented by the full Board of Directors, and each individual item with the proposed allocations, and the Board of Directors' Management Report;*
- to cover the net loss for the financial year of Euro 30,674,121.31 by using available reserves for Euro 11,068,097.46 and carrying forward the remaining losses of Euro 19,606,023.85 as shown in the table below.*

Losses for the year	30,674,121.31
<i>Covered by:</i>	
- Legal reserve	7,865,332.59
- Share premium reserve	1,783,076.48
- Other reserves	1,419,688.39
<i>Residual amount:</i>	
- Losses carried forward	19,606,023.85

b) Dear shareholders,

The Board of Directors wishes to inform you that the report prepared in accordance with Article 2446 of the Italian Civil Code and of Article 74 of the rules adopted with Consob resolution no. 11971 of 14 May 1999 and subsequent amendments and additions in accordance with attachment 3/A, diagram no. 5 of the aforementioned Rules (hereinafter, the "Report"), on the basis of the capital and economic situation of Fiera Milano SpA at 31 December 2014, represented by the Financial statement at 31 December 2014, with the remarks of the Board of Statutory Auditors as required by Article 2446 of the Italian Civil Code, will be made publicly available within the time prescribed by law, which is at least 21 days prior to the date of the same Shareholders' Meeting.

The Board of Directors, on the basis of the contents of the Report, will submit for your approval the resulting proposed resolution that will be illustrated with the same Report.

2. Appointment of the Board of Directors and its Chairperson, following prior decision on the duration of its mandate and the number of its members; decisions regarding the relevant remuneration; resolutions pertaining thereto and resulting therefrom.

Dear shareholders,

The mandate of the current Board of Directors expires with the approval of the Financial Statements to 31 December 2014.

We thank you for the confidence you have placed in us and ask you to approve, under Article 2364, paragraph 1, point 2) of the Italian Civil Code the appointment of the new administrative body, having previously decided the duration of its mandate and the number of its members, in accordance with enacted law and current regulations and with the Company's Articles of Association, which are may be consulted on the Company website www.fieramilano.it in the section *Investor Relations/Corporate Governance/Articles of Association*.

We also ask you to appoint the Chairperson of the Board of Directors.

We would remind you that:

- Under Article 14.1 of the Company's Articles of Association, the mandate of the Board of Directors may not exceed three financial years and its members may not number less than three or more than nine, including the Chairperson;
- Outgoing Directors may be re-elected;
- Directors must possess the necessary qualifications under enacted law;

- Under Article 147-*ter*, paragraph 4 of Legislative Decree no. 58/1998, at least one of the members of the Board of Directors, or two if the Board of Directors is composed of more than seven members, must possess the same qualities of independence required for Statutory Auditors under Article 148, paragraph 3, of Legislative Decree no. 58/1998;
- the appointment of the Board of Directors is based on lists of candidates put forward by shareholders who, in accordance with the Company's Articles of Association, enacted law and Consob resolution 19109/2015, represent a total of at least 2.5% of the Company share capital;
- it is also a requirement under Article 147-*ter*, paragraph 3 of Legislative Decree no. 58/1998 and Article 14.4 of the Company's Articles of Association that at least one Director is appointed from the list presented by minority shareholders that has obtained the highest number of votes and which is in no way connected, even indirectly, with the shareholders who presented, or joined together to present, or voted for the list that received the highest number of votes;
- the lists must be compiled respecting the principle of gender equality so that at least one third of the candidates is of the gender that has the lowest representation;
- the presentation of lists of candidates as members of the Board of Directors and the appointment of such persons must be carried out in accordance with Article 14.4 of the Company's Articles of Association and of the provisions of enacted law. Lists put forward that do not meet the aforementioned criteria will be considered not to have been presented;
- if only one list or no lists are presented, the Shareholders' Meeting will appoint the Board of Directors through a legal majority whilst ensuring gender equality.

Furthermore, we would like to remind shareholders who intend to nominate persons to become Board Directors that:

- Fiera Milano SpA is listed on the STAR segment of the Electronic Equity Market of Borsa Italiana SpA (hereinafter "**Borsa Italiana**") and, as such, is required under the Rules of Borsa Italiana and related Regulations to:
 - i. ensure that there are two independent directors in a Board of Directors composed of a maximum of eight members and three independent directors in a Board of Directors composed of between nine and a maximum of fourteen members;
 - ii. adhere to the relevant principles and criteria under Articles 2 and 3 of the Self-regulatory Code for listed companies (hereinafter the "**Self-regulatory Code**") regarding the composition of the Board of Directors;
- Nominations must be deposited at the registered office of the Company or, preferably, at the operational and administrative headquarters of the Company at Strada del Sempione 28, Rho (Milan) or sent by e-mail to investor.relations@fieramilano.it, at least twenty-five days preceding the date fixed for the only convocation of the Shareholders' Meeting and must be accompanied by:
 - i. information concerning the identity of the shareholders that have presented the list and the total percentage of the Company held by these shareholders, as well as by the relative certification of ownership of the shares released in accordance with law by authorised intermediaries;
 - ii. certification of the ownership of the shares held on the date the lists are deposited may be provided at a later date as long as it is within twenty-one days of the date set for the only convocation of the Shareholders' Meeting;

- iii. a statement in which each candidate accepts, assuming full responsibility, the candidacy and declares that no reasons of ineligibility or incompatibility exist and that he/she meets the requisites under law to hold the office, including any requirements of professional probity under Article 148, paragraph 4, of Legislative Decree 58/98, reiterated in Article 147-*quinquies* of the same Legislative Decree 58/98, as well as any indications given by the same candidates regarding the requirements for independence as established for Statutory Auditors and as required by enacted law and by the Self-regulatory Code;
 - iv. a *curriculum vitae* of the business career of each candidate, indicating directorships and executive positions held in other companies;
- the lists will be made available to the public by the Company at least twenty-one days prior to the date of the Shareholders' Meeting in compliance with enacted regulations and with Article 144-*octies* of the Rules issued by Consob resolution no. 11971/1999 and successive amendments and additions (hereinafter the "**Listing Rules**").

We also request that, under Article 2364, paragraph 1, point 3) of the Italian Civil Code, you decide the total annual remuneration to be paid to the Directors.

In the overriding interest of the Company, we request that you establish as nine the number of Board Directors, approve a new mandate for the Board of Directors that lasts for three financial years and, therefore, ends on the date of the Shareholders' Meeting convened to approve the Financial Statements for the 2017 financial year, and confirm the remuneration that is currently paid, which is as follows:

- i. annual fixed remuneration of Euro 107,000 (one hundred and seven thousand) for the Chairperson of the Board of Directors;
- ii. annual fixed remuneration of Euro 35,000 (thirty-five thousand) for each member of the Board of Directors for a maximum total of Euro 280,000 (two hundred and eighty thousand);
- iii. the proposals sub-sections 1 and 2 must be approved *pro rata temporis*;
- iv. an attendance fee of Euro 350 (three hundred and fifty) payable to each Director for each meeting of the Board of Directors he/she attends and also reimbursement of any documented expenses incurred in carrying out his/her role.

Given the above, we submit for your approval the following

proposed resolution

"The Shareholders' Meeting of Fiera Milano SpA, having considered the proposed candidates for appointment to the Board of Directors deposited with the Company in accordance with enacted law,

approves

1. *the appointment of nine Directors;*
2. *the appointment of the Chairperson of the Board of Directors and the Directors until the approval of the Financial Statements for the year to 31 December 2017, with no exemption to the non-competition clause in Article 2390 of the Italian Civil Code;*
3. *fixed annual remuneration for the Chairperson of the Board of Directors of Euro 107,000 (one hundred and seven thousand);*
4. *fixed annual remuneration for each Board Director of Euro 35,000 (thirty-five thousand) for a maximum total of Euro 280,000 (two hundred and eighty thousand);*

5. *the proposals under sub-sections 3 and 4 must be approved pro rata temporis;*
6. *an attendance fee of Euro 350 (three hundred and fifty) payable to each Director for each meeting of the Board of Directors he/she attends and also reimbursement of any documented expenses incurred in carrying out his/her role.*

3. Appointment of the Board of Statutory Auditors and of the Chairperson of the Board of Statutory Auditors; the relevant remuneration. Resolutions pertaining thereto and resulting therefrom.

Dear shareholders,

With regard to the third item on the Agenda, we would point out that the mandate of the Board of Statutory Auditors also expires with the approval of the Financial Statements for the year ending 31 December 2014.

Therefore, we invite you, in accordance with Article 2364, paragraph 1, point 2) of the Italian Civil Code and in accordance with Article 20.1 of the Company's Articles of Association, to appoint three Statutory Auditors and two Supplementary Statutory Auditors and the Chairperson of the Board of Statutory Auditors for a period of three years that will end with the approval of the Financial Statements at 31 December 2017 and to deliberate their respective annual remuneration.

We would remind you that:

- under Article 20.2 of the Company's Articles of Association the appointment of the Board of Statutory Auditors is based on lists and, at the risk of ineligibility, each candidate's name may appear on only one list;
- outgoing Statutory Auditors may be re-elected;
- no person who is already a Statutory Auditor in five other listed companies may be appointed;
- in accordance with the Company's Articles of Association, the provisions of enacted law and with Consob resolution no. 19109/2015, the lists of candidates for the appointment of Statutory Auditor must be presented by shareholders that represent a total of at least 2.5% of the share capital of the Company;
- presentation of the lists of candidates for appointment as members of the Board of Statutory Auditors and their appointments must be made in accordance with Article 20.2 of the Company's Articles of Association and of enacted law. Lists that do not adhere to these requirements will be considered not to have been presented;
- the lists must include candidates of both genders;
- under the law and the Company's Articles of Association, the position of Chairperson of the Board of Statutory Auditors must go to the first candidate on the second list by number of votes who, as required by enacted law and regulations, is in no way related, even indirectly, to those shareholders who presented, combined to present, or voted for the first-placed list by number of votes;
- should only one list or no lists be presented, the Shareholders' Meeting will appoint the Board of Statutory Auditors using a legal majority ensuring gender equality;
- under Article 2400, final paragraph of the Italian Civil Code, at the same time as the members of the Board of Statutory Auditors are announced at the Shareholders' Meeting and before they accept their appointments, the Shareholders' Meeting must be told of the administration and control roles held by each appointee in other companies.

We would also point out to shareholders who intend to nominate persons to the Board of

Statutory Auditors that:

- candidates for membership of the Board of Statutory Auditors must possess the requisite characteristics of independence under Article 148, paragraph 3 of Legislative Decree 58/98 and of professional probity under D.M. no. 162 of 30 March 2000;
- the lists, each composed of two sections – one for candidates for the office of Statutory Auditor and the other for candidates for the office of Supplementary Statutory Auditor – must be deposited at the registered office of the Company or, preferably, at the Company's operational and administrative headquarters at Strada del Sempione 28, Rho (Milan) or sent by e-mail to investor.relations@fieramilano.it at least twenty-five days preceding the date fixed for the Shareholders' Meeting and must be accompanied by:
 - i. information concerning the identity of the shareholders that have presented the list and the total percentage of the Company held by these shareholders, as well as by the relative certification of ownership of the shares released in accordance with law by authorised intermediaries;
 - ii. certification of the ownership of the shares held on the date the lists are deposited may be provided at a later date as long as it is within twenty-one days of the date set for the only convocation of the Shareholders' Meeting;
 - iii. statements in which each candidate accepts the candidacy and declares, assuming full responsibility, that no reasons of ineligibility or incompatibility exist also as regards the limit to the number of appointments that may be held under Article 20.1 of the Company's Articles of Association, as well as a statement that they meet the legal requirements to be appointed;
 - iv. a *curriculum vitae* of the business career of each candidate, indicating the administration and control positions held in other companies;
 - v. if a list is presented by shareholders other than those who, also jointly, have a controlling shareholding or a reference majority in the share capital of the Company, a statement must be given by those shareholders presenting the list attesting the absence of any connections with one or more reference shareholders as defined by enacted law and in accordance with the provisions of Article 144-*sexies*, paragraph 4, letter b) of the Listing Rules and of the Company's Articles of Association;
- the lists will be made available to the public by the Company at least twenty-one days prior to the date of the Shareholders' Meeting in compliance with the Company's Articles of Association and Article 144-*octies* of the Listing Rules.

Lastly, it should be noted that, under Article 144-*sexies*, paragraph 5 of the Listing Rules, should only one list of candidates for the Board of Statutory Auditors have been presented at the end of the twenty-fifth day preceding the Shareholders' Meeting or only lists that have been presented by shareholders who, under Article 144-*sexies*, paragraph 4 of the Listing Rules, are considered to be connected under Article 144-*quinquies* of the Listing Rules, then lists may be presented up to the third day following that date and the shareholding in the Company share capital required to present lists is halved (to 1.25% of the share capital).

Given the above, we invite you to appoint the Board of Statutory Auditors, composed of three Statutory Auditors, including the Chairperson, and two Supplementary Statutory Auditors for the financial years 2015-2017 and, therefore, until the approval of the Financial Statements to 31 December 2017, and to decide their relative remuneration. In the overriding interests of the Company, we invite you to confirm the remuneration that is currently payable, which is as follows:

- i. an annual fixed remuneration of Euro 37,500 (thirty-seven thousand five hundred) for the Chairperson of the Board of Statutory Auditors;

- ii. an annual fixed remuneration of Euro 25,000 (twenty-five thousand) for each Statutory Auditor;
- iii. reimbursement of any documented expenses incurred in carrying out their roles.

Given the above, we submit for your approval the following

proposed resolution

"The Shareholders' Meeting of Fiera Milano SpA, having considered the proposed candidates for appointment to the Board of Statutory Auditors deposited at the Company in accordance with enacted law,

approves

- *the appointment for three financial years and, therefore, until the approval of the Financial Statements to 31 December 2017 of three Statutory Auditors, including the Chairperson of the Board of Statutory Auditors and two Supplementary Statutory Auditors;*
- *a total gross annual fixed remuneration for the Chairperson of the Board of Statutory Auditors of Euro 37,500 (thirty-seven thousand five hundred);*
- *gross annual fixed remuneration for each Statutory Auditor of Euro 25,000 (twenty-five thousand)".*

4. Report on Remuneration pursuant to Article 123-ter of Legislative Decree 58/98; resolutions pertaining thereto and resulting therefrom.

Dear shareholders,

On 13 March 2015, the Board of Directors, in accordance with enacted law, approved the Report on Remuneration pursuant to Article 123-ter of Legislative Decree 58/98 (hereinafter also the "**Report**"), which was made publicly available on 20 March 2015.

In particular, the Directors would like to submit for your consideration Section One of the aforementioned Report, which defines the principles and guidelines to which the Board of Directors must adhere when setting the remuneration payable to members of the Board of Directors and, in particular, Directors with specific responsibilities, members of the Committees and the Executives with Group Strategic Responsibilities.

The Remuneration Policy (hereinafter also the "**Policy**") is the result of a clear and transparent process in which the Company Board of Directors and the Remuneration Committee play central roles.

The Board of Directors of Fiera Milano SpA, on the proposal of the Remuneration Committee, has adopted the Policy that was prepared also following the recommendations of Article 6 of the Self-regulatory Code, as most recently modified in July 2014.

Specifically, the Remuneration Policy of Fiera Milano SpA aims to:

- attract, motivate and retain resources with the professional qualities necessary to the advantageous pursuit of the Group objectives;
- align the interests of management with those of the shareholders, pursuing the main aim of sustainable value creation over the medium-long term by forging a strong link between remuneration and individual and Group performance;
- reward merit so as to recognise adequately the individual contribution made by employees.

For details of the Report on Remuneration and, in particular, Section One that we submit for your consideration, please refer to the document which is available on the Company website www.fieramilano.it in the section *Investor Relations/Corporate Governance/Shareholders' Meetings*.

Given the above, we submit for your approval the following

proposed resolution

"The Shareholders' Meeting of Fiera Milano SpA, having considered the Report on Remuneration pursuant to Article 123-ter of Legislative Decree 58/98 and, in particular, Section One of the Report,

approves

the Report on Remuneration pursuant to Article 123-ter of Legislative Decree 58/98 and, in particular, Section One of the Report".

Rho (Milan), 20 March 2015

For the Board of Directors
The Chairman
Michele Perini

Group Consolidated Financial Statements at 31 December 2014

- **Consolidated Financial Statements**
- **Explanatory and Supplementary Notes to the Consolidated Financial Statements**
- **Attachment:**
 1. **List of companies included in the area of consolidation and other equity investments**

		(€ '000)	
notes	Consolidated Statement of Financial Position	31/12/14	31/12/13 restated *
ASSETS			
Non-current assets			
4	Property, plant and equipment	18,427	18,549
5	Leased property, plant & equipment	11	10
	Investments in non-core property	-	-
6	Goodwill and intangible assets with an indefinite useful life	109,474	109,930
7	Intangible assets with a finite useful life	41,584	49,222
8	Equity accounted investments	15,462	15,368
9	Other investments	40	40
	Other financial assets	-	-
10	Trade and other receivables	13,275	14,228
48	<i>of which from related parties</i>	<i>12,389</i>	<i>12,784</i>
11	Deferred tax assets	6,457	2,055
	Total	204,730	209,402
Current assets			
12	Trade and other receivables	50,604	53,546
48	<i>of which from related parties</i>	<i>6,795</i>	<i>2,390</i>
13	Inventories	5,028	4,006
	Contracts in progress	-	-
14	Current financial assets	-	635
15	Cash and cash equivalents	12,276	11,416
	Total	67,908	69,603
Assets held for sale			
	Assets held for sale	-	-
	Total assets	272,638	279,005
EQUITY AND LIABILITIES			
16	Equity		
	Share capital	41,521	41,521
	Share premium reserve	909	13,573
	Revaluation reserve	-	-
	Other reserves	3,387	1,475
	Retained earnings	(9,828)	(5,421)
	Profit/(loss) for the year	(18,955)	(16,498)
	Total Group equity	17,034	34,650
	Equity attributable to non-controlling interests	2,654	2,812
	Total equity	19,688	37,462
Non-current liabilities			
	Bonds in issue	-	-
17	Bank borrowings	26,898	34,408
18	Other financial liabilities	2,001	3,491
48	<i>of which to related parties</i>	<i>1,781</i>	<i>2,538</i>
19	Provision for risks and charges	1,752	2,583
20	Employee benefit provisions	10,286	9,202
21	Deferred tax liabilities	7,147	7,949
22-48	Other non-current liabilities	55	1,195
	Total	48,139	58,828
Current liabilities			
	Bonds in issue	-	-
23	Bank borrowings	82,894	55,405
24	Trade payables	36,160	43,830
25-48	Pre-payments	39,641	37,047
26	Other current financial liabilities	22,150	20,572
48	<i>of which to related parties</i>	<i>21,983</i>	<i>20,410</i>
27	Current provision for risks and charges	1,326	2,044
28	Current tax liabilities	2,091	2,045
29	Other current liabilities	20,549	21,772
48	<i>of which to related parties</i>	<i>4,128</i>	<i>2,697</i>
	Total	204,811	182,715
Liabilities held for sale			
	Liabilities held for sale	-	-
	Total liabilities	272,638	279,005
* Some figures in the Consolidated Financial Statements at 31 December 2013 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014, as shown in Note 2.			

		(€ '000)	
notes	Consolidated Statement of Comprehensive Income	2014	2013 restated *
33-48	Revenues from sales and services	245,457	245,057
	Total revenues	245,457	245,057
34	Cost of materials	2,440	3,662
35	Cost of services	137,400	128,220
48	<i>of which with related parties</i>	<i>1,838</i>	<i>2,493</i>
36	Cost of use of third-party assets	57,875	63,062
48	<i>of which with related parties</i>	<i>52,363</i>	<i>57,791</i>
37	Personnel expenses	49,276	47,587
38	Other operating expenses	6,783	7,631
48	<i>of which with related parties</i>	<i>1,064</i>	<i>985</i>
	Total operating expenses	253,774	250,162
39	Other income	3,531	5,088
48	<i>of which with related parties</i>	<i>307</i>	<i>1,547</i>
40	Results of equity accounted associates and joint ventures	1,448	2,172
	Gross operating result	(3,338)	2,155
41	Depreciation of property, plant and equipment	6,814	7,484
	Depreciation of property investments	-	-
41	Amortisation of intangible assets	6,643	6,661
42	Adjustments to asset values	3,637	6,591
43	Write down of doubtful receivables and other provisions	(1,639)	(1,494)
	Net operating result (EBIT)	(18,793)	(17,087)
44-48	Financial income and similar	958	1,125
45	Financial expenses and similar	5,857	4,970
48	<i>of which with related parties</i>	<i>1,183</i>	<i>980</i>
	Valuation of financial assets	-	-
	Profit/(loss) before tax	(23,692)	(20,932)
46	Income tax	(4,586)	(4,307)
	Profit/(loss) from continuing operations	(19,106)	(16,625)
	Profit/(loss) from assets held for sale	-	-
	Profit/(loss) for the year	(19,106)	(16,625)
	Profit/(loss) attributable to:		
	The shareholders of the controlling entity	(18,955)	(16,498)
	Non-controlling interests	(151)	(127)
	Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss		
	Revaluation of defined benefit schemes	(544)	(110)
	Tax effects	150	18
	Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss		
	Currency translation differences of foreign subsidiaries	840	(3,441)
	Other comprehensive income/(loss) net of related tax effects	446	(3,569)
	Total comprehensive income/(loss) for the year	(18,660)	(20,194)
	Total comprehensive income/(loss) for the year attributable to:		
	The shareholders of the controlling entity	(18,612)	(19,404)
	Non-controlling interests	(48)	(790)
47	Earnings/(losses) per share (€)		
	Basic	(0.4565)	(0.3973)
	Diluted	(0.4565)	(0.3973)

* Some figures in the Consolidated Financial Statements at 31 December 2013 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014, as shown in Note 2.

		(€ '000)	
notes	Consolidated Statement of Cash Flows	2014	2013 restated *
	Net cash at beginning of the year	11,416	13,016
	Cash flow from operating activities		
15	Net cash from operating activities	(6,855)	4,900
48	<i>of which from related parties</i>	<i>(58,775)</i>	<i>(59,243)</i>
	Interest paid	(3,144)	(3,145)
	Interest received	407	67
	Income taxes paid	(269)	(396)
	Total	(9,861)	1,426
	Cash flow from investment activities		
4	Investments in tangible assets	(6,745)	(1,921)
4	Write-downs of tangible assets	47	40
5-7	Investments in intangible assets	(2,175)	233
8-40	Investments in subsidiaries	(1,954)	(9,015)
8-40	Investments in joint ventures	1,705	980
	Total	(9,122)	(9,683)
	Cash flow from financing activities		
16	Equity	(213)	(298)
17-18	Non-current financial assets/liabilities	(9,400)	6,260
14-23-26	Current financial assets/liabilities	28,965	4,343
48	<i>of which from related parties</i>	<i>816</i>	<i>21,641</i>
16	Dividends paid	(76)	(264)
	Total	19,276	10,041
	Cash flow for the period	293	1,784
16	Translation differences of cash and cash equivalents	567	(3,384)
	Net cash of discontinued operations	-	-
	Net cash at the end of the period	12,276	11,416

* Some figures in the Consolidated Financial Statements at 31 December 2013 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014, as shown in Note 2.

		(€ '000)	
Cash generated from operating activities		2014	2013 restated *
	Result including non-operating activities	(19,106)	(16,625)
	<i>Adjustments for:</i>		
	Results of equity accounted investments	(1,448)	(2,172)
	Depreciation and Amortisation	13,457	14,145
	Provisions, write-downs and impairment	2,188	5,710
	Capital gains/(losses)	(6)	(7)
	Net financial income/(expenses)	5,010	3,775
	Net change in employee provisions	690	367
	Changes in deferred taxes	(5,204)	(6,495)
	Inventories	(1,022)	16
	Trade and other receivables	3,895	(2,287)
	Trade payables	(8,595)	2,413
	Pre-payments	2,594	5,017
	Tax payables	315	(903)
	Provisions for risks and charges and other liabilities (excluding payables to Organisers)	1,920	(652)
	Payables to Organisers	(1,543)	2,548
	Net effect of assets held for sale	-	50
	Total	(6,855)	4,900

* Some figures in the Consolidated Financial Statements at 31 December 2013 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014, as shown in Note 2.

Consolidated Statement of Changes in Equity

(€'000)

note 16	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings	Profit/(loss) for the period	Total Group	Capital and reserves attributable to non-controlling interests	Profit/(loss) for the financial year attributable to non-controlling interests	Total non-controlling interests	Total equity
Balance at 31 December 2012	41,593	13,797	7,865	(1,960)	(3,269)	(2,024)	56,002	3,780	88	3,868	59,870
Effect of retrospective application of IAS 19R	-	-	-	-	(33)	33	-	-	-	-	-
Restated balance at 1st January 2013	41,593	13,797	7,865	(1,960)	(3,302)	(1,991)	56,002	3,780	88	3,868	59,870
Allocation of earnings at 31.12.12:	-	-	-	-	(1,991)	1,991	-	88	(88)	-	-
<i>legal reserve</i>	-	-	-	-	-	-	-	-	-	-	-
<i>dividend distribution</i>	-	-	-	-	-	-	-	(264)	-	(264)	(264)
Treasury shares	(72)	(224)	-	-	-	-	(296)	-	-	-	(296)
Put option on Worldex Ltd shares	-	-	-	(1,652)	-	-	(1,652)	-	-	-	(1,652)
Acquisition of 75% Worldex Ltd	-	-	-	-	-	-	-	(2)	-	-2	(2)
Remeasurement of defined benefit plans	-	-	-	-	(128)	-	(128)	-	-	-	(128)
Total comprehensive income for the financial year	-	-	-	(2,778)	-	(16,498)	(19,276)	(663)	(127)	(790)	(20,066)
Balance at 31 December 2013	41,521	13,573	7,865	(6,390)	(5,421)	(16,498)	34,650	2,939	(127)	2,812	37,462
Allocation of earnings at 31.12.13:	-	-	-	-	(16,498)	16,498	-	(127)	127	-	-
<i>legal reserve</i>	-	(12,664)	-	-	12,664	-	-	-	-	-	-
<i>dividend distribution</i>	-	-	-	-	-	-	-	(76)	-	(76)	(76)
Share capital increases	-	-	-	-	-	-	-	282	-	282	282
Put option on Fiera Milano Africa	-	-	-	1,175	-	-	1,175	-	-	-	1,175
Acquisition of 10% of Fiera Milano Africa	-	-	-	-	(179)	-	(179)	(316)	-	(316)	(495)
Remeasurement of defined benefit plans	-	-	-	-	(394)	-	(394)	-	-	-	(394)
Total comprehensive income for the financial year	-	-	-	737	-	(18,955)	(18,218)	103	(151)	(48)	(18,266)
Balance at 31 December 2014	41,521	909	7,865	(4,478)	(9,828)	(18,955)	17,034	2,805	(151)	2,654	19,688

Explanatory and Supplementary Notes to the Consolidated Financial Statements

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

The Fiera Milano Group is active in all the characteristic areas of the exhibition and congress industry and is one of the largest integrated exhibition companies worldwide.

The Group 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 (including final services to exhibitors and visitors).

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

Greater detail on Group structure is given in the relevant section of the Directors' Management Report on Operations.

1) Accounting standards and consolidation criteria

STANDARDS USED TO PREPARE THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated 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 Group business are described in the Board of Directors' Management Report in the section on "Risk factors affecting Fiera Milano Group", in Note 31 "Financial and market risk management" and Note 1.5 "Use of estimates" of the Notes to the Consolidated Financial Statements.

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

1.1 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED

The Group 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 10 – *Consolidated Financial Statements*, IAS 27 (2011) - *Separate Financial Statements*

IFRS 10 introduces a single control model applicable to all types of entities including special purpose entities. IFRS 10 replaces part of IAS 27 - *Consolidated and Separate Financial Statements* governing consolidation accounting and SIC 12 *Consolidation – Special Purpose Entities*. IFRS 10 alters the control definition and establishes that an investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control exists when an investor has all three of the following: (a) power over the investee; (b) exposure or rights to variable returns from its involvement in the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 has had no impact on the consolidation of investments held by the Group.

- IFRS 11 - *Joint Arrangements* and IAS 28 (2011) – *Investments in Associates and Joint Ventures*

IFRS 11 replaces IAS 31 - *Interests in joint ventures* and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* and eliminates the option of accounting for a joint arrangement using proportionate consolidation. Joint arrangements classified as joint ventures must be accounted for using the equity method.

Application of this standard had an impact on the Group accounts as the joint venture Hannover Milano Global Germany GmbH is no longer accounted using proportionate consolidation but is accounted using the equity method. Greater detail on the impact of the application of IFRS 11 is given in Note 2 which quantifies the effect on the Financial Statements.

- 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 2.

- *Investment Entities* - Amendments to IFRS 10, IFRS 12 and IAS 27

The amendments provide an exception to the consolidation requirements for entities that qualify as investment entities under IFRS 10 – *Consolidated Financial Statements*. This exception requires investment entities to measure particular subsidiaries at fair value through profit or loss. These amendments had no impact on the Group as no Group entity qualified as an investment entity under IFRS 10.

- *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 Group.

- *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 Group 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 units to periods in which an impairment loss has been recognised or reverses. These amendments had no significant impact on the financial statements of the Group.

The accounting standards endorsed by the European Union during 2014 but not yet applicable and not adopted early by the Group 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*

1.2 FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

With regard to the format and content of the Consolidated Financial Statements, the Group has made the following choices:

- the Consolidated 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 Consolidated 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 Consolidated Statement of Cash Flows is presented using the indirect method;
- the Consolidated Statement of Changes in Equity is presented with separate entries for comprehensive income and transactions with shareholders.

1.3 AREA AND PRINCIPLES OF CONSOLIDATION

The present Consolidated Financial Statements include the Parent Company Fiera Milano SpA and its subsidiary companies, as well as companies under joint control.

The Consolidated Financial Statements are based on financial statements as at 31 December 2014 approved by the Boards of Directors of the companies included in the area of consolidation and prepared according to Group accounting policies and IAS/IFRS.

The list of companies included in the area of consolidation at 31 December 2014 is given in Attachment 1 to this document.

Regarding the area of consolidation and transactions on shareholdings, it should be noted that on 28 August 2014 the Group acquired 10% of the share capital of Fiera Milano Exhibitions Africa Pty Ltd for Euro 0.496 million. Following the transaction, Fiera Milano through the Parent Company holds 85% of the share capital of the South African subsidiary.

Following application of IFRS 11 the shareholding in Hannover Milano Global Germany GmbH, which previously had been consolidated using the proportional method, is now accounted for using the equity method. The figures for the 2013 financial year were restated following retrospective application of the new accounting standard, as detailed in Note 2.

Subsidiary companies

Subsidiaries are consolidated from the date when control is effectively transferred to the Group and cease to be consolidated on the date when control is transferred to third parties.

The carrying value of consolidated investments is eliminated against the corresponding portion of equity at the acquisition date, against the assumption of the liabilities and assets shown in the respective financial statements of the subsidiaries on a line-by-line basis. Acquisitions of subsidiaries are recognised using the purchase method, as required by IFRS 3 revised in 2008 (see the section on Business Combinations).

The non-controlling interests in the capital and reserves of subsidiaries are recognised in equity under non-controlling interests. Similarly, the portion of the Consolidated Income Statement pertaining to non-controlling interests is shown in profit or loss attributable to non-controlling interests.

Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group recognises its interest in a joint venture as an investment and must account for it using the equity method under IAS 28 - *Investments in associates and joint ventures*.

In the transition from proportionate consolidation to the equity method the interest in the joint venture must be shown at the start of the period presented. Initial recognition as an investment

must aggregate the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising on acquisition. If the goodwill previously belonged to a larger cash generating unit, or group of cash generating units, the entity must allocate goodwill to the joint venture according to the carrying values of the joint venture in the cash generating unit, or group of cash generating units, to which it belongs.

Intercompany transactions

Profits and losses not yet realised that stem from transactions between consolidated companies are eliminated, as are all payables and receivables, costs and revenues and unrealised gains and losses and all other transactions between consolidated companies.

Translation of financial statements in foreign currencies

At the year-end, the assets and liabilities of consolidated companies with an accounting currency that is not the Euro are translated into the presentation currency of the Group's consolidated accounts at the exchange rate in force on that date. Income Statement items are translated at the average exchange rate for the year and differences arising from the adjustment of opening equity to year-end exchange rates, as well as the differences stemming from the different methodology used for the translation of the results for the financial year, are shown in the other items of the Statement of Comprehensive Income and aggregated in a specific equity reserve.

The exchange rates used for the translation into Euro of the 2014 and 2013 financial statements of foreign companies were the following:

	average 2014	average 2013	31/12/2014	31/12/2013
US Dollar	1.3285	1.3281	1.2141	1.3791
Turkish Lira	2.9065	2.5335	2.832	2.9605
South African rand	14.4037	12.833	14.0353	14.566
Brazilian reals	3.1211	2.8687	3.2207	3.2576
Russian rouble	50.9518	42.337	72.337	45.3246
Indian rupee	81.0406	77.93	76.719	85.366
Yuan renminbi	8.1857	8.1646	7.5358	8.3491

Source: Banca d'Italia

1.4 SUMMARY OF ACCOUNTING STANDARDS, VALUATION CRITERIA

Business combinations

Business combinations are accounted for by applying the purchase method in accordance 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 Group 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 business combination. 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 and the acquisition date fair value of any previously held equity interest in the acquiree 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.

The non-controlling interest in equity at the acquisition date may be valued at fair value or the non-controlling interest's proportionate share of the identifiable net assets of the acquiree. The measurement method is carried out transaction by transaction.

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

Business combinations transacted prior to 1 January 2010 are recognised using the previous version of IFRS 3.

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.

Puttable instruments

The concession of put options to non-controlling shareholders gives the latter the right to request that the Group redeem the shares they hold at a future date. IAS 32, paragraph 23, establishes that a contractual right to receive cash or another financial asset from the entity constitutes a financial liability for the actual value of the exercise price of the put. Therefore, where the entity does not have the unconditional right to avoid delivering cash or another financial instrument when the put option on shares of the subsidiaries is exercised, it must recognise the financial liability. The financial liability is initially recognised at fair value corresponding to the current value of the amount to be reimbursed based on the best information available and changes in the fair value between one financial period and another are recognised in profit or loss under financial income/ expenses.

This liability is recognised in non-controlling interests or in Group equity depending on whether the risks or benefits associated with ownership of the shares underlying the options have been transferred.

Transactions involving non-controlling interests

Partial disposal of an investment where control is retained is accounted for as an equity transaction. For acquisitions of additional investments in a subsidiary any gain or loss between the acquisition consideration and the related share of equity is accounted for as an equity transaction with owners as is the partial disposal of an investment in a subsidiary where control is retained.

In cases where the partial disposal of an investment in a subsidiary results in loss of control, the residual holding is remeasured at fair value and any difference between fair value and the carrying amount is a gain or a loss and is recognised in profit or loss.

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	12.0%
- Exhibition furniture and equipment	27.0%
- Catering equipment	25.0%
- Metal components to be hired out	13.5%
- Sundry machinery and equipment	15.0%
- Motor vehicles	25.0%
- Site motor vehicles	20.0%
- Electronic equipment	20.0%
- Plant and machinery	10.0%
- Telecommunication systems	20.0%
- Alarm systems	30.0%
- Furnishings	12.0%

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 measured reliably.

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 which benefit from the synergies generated by the acquisition that 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 section on the 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 subject to an impairment test as described in the section on the impairment of assets.

Since the last quarter of 2008, trademarks of exhibitions (i.e. exhibitor lists, visitor lists, and the actual trademark of the exhibition) and of publishing titles have been reclassified from goodwill with an indefinite life to intangible assets with a finite life. The initial choice was based on the consideration that the businesses underlying these assets, that is to say, exhibitions and specialist publications, do not lend themselves to a precise evaluation of their duration. In essence, at the time of the initial choice, no factors of a general economic, regulatory or legal nature or factors specific to the entity or to the sector in which it is active emerged such as to set a foreseeable limit on the period during which the asset is expected to generate net cash inflows.

However, general trends in national and international markets, together with the internal competitive dynamics of the reference sectors for exhibitions and specialist publications, led to a reconsideration of the initial assumptions. After comparing the practices of the main Italian and foreign competitors, it was concluded that an estimated finite useful life of 20 years was appropriate in most cases, both for exhibitions and for publications.

Where the estimate of the reference time horizon for certain intangible assets was shown to be more uncertain, the useful life was set at 10 years.

The amortisation rates applied are given below:

- | | |
|-------------------------------------|-----------|
| - Exhibition trademarks | 5% or 10% |
| - Other trademarks and publications | 5% or 10% |

Industrial patents, intellectual property rights, licences and concession agreements are amortised over three to ten years from the year they were acquired.

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. Their cost is amortised from the point when the asset is ready for use on a straight line basis over its useful life. 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 the existence of any 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 if there had 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 such a specialised nature such that only the lessee can use them without major modifications being made.

Assets available to Group companies under leasing contracts that can be considered finance leases are recognised as tangible or intangible assets at the lower of their value at the date acquired 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 accordance 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 companies belonging to the Group measure 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

In compliance with the requirements of IAS 39 and IAS 32, investments in companies other than subsidiaries and associates are classified as available-for-sale (AFS) and are measured at fair value except for 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 in a specific equity reserve. When there is an indication of impairment in an AFS financial asset and there is objective evidence of this, the cumulative gain or loss that was recognised in other comprehensive income must be reclassified from equity to profit or loss for the period as a reclassification adjustment even if the financial assets has not been derecognised.

Investments in associates are valued using the equity method with a separate entry in the Statement of Comprehensive Income for the share of the Group in the results of the companies over which it exercises significant influence.

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. Group inventories consist mainly of suspended costs relating to activities in future accounting periods and consumables.

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 Consolidated 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 accounts: held-for-sale assets and held-for-sale liabilities;
- in a specific income statement account: net income/(loss) for period from discontinued operations.

Equity

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. Regarding 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 are recognised in equity, under other reserves, 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 of equity.

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

Payables, advances 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.

If they have a due date in excess of twelve months, liabilities are 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 Group 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 manifestation 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 Group assumes actuarial risks and related investments. As required by IAS 19 *Revised*, the Group 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). The Fiera Milano Group 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, or, in the case of companies with fewer than 50 employees, could remain within the company as in previous years. 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 Group 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 taking account of the effective period of service.

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.

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

For each company, income taxes are recognised according to estimated taxable income in compliance with current tax rates and regulations in the countries where the Group operates. 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 46.

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. Foreign exchange 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 Shareholders' Meeting that approves the dividend distribution.

Earnings (losses) per share

Basic earnings (losses) per share are calculated by dividing the Group profit or loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding in the period, excluding treasury shares.

Diluted earnings (losses) per share are calculated by adjusting the weighted average number of shares outstanding to allow for all dilutive potential ordinary shares.

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 to prepare 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 using 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* that 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 calculating the amount of deferred tax assets to be recognised.
- *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 Group.

2) Disclosure on subsidiaries, joint ventures and associates

The Group has a 49% shareholding in Hannover Milano Global Germany GmbH, jointly controlled with Deutsche Messe AG. Under IAS 31 – *Interests in joint ventures* (before application of IFRS 11), the investment in Hannover Milano Global Germany GmbH was classified as a jointly controlled entity and the Group share of assets, liabilities, revenues and expenses were accounted using proportionate consolidation.

Following the application of IFRS 11 - *Joint arrangements*, the Group has classified its investment as a joint venture and therefore accounts for it using the equity method.

Under the joint venture agreement with Deutsche Messe AG, the Group share of equity is calculated on the results generated from the exhibitions; this share went from 46.174% in 2013 to 43.98% in 2014.

The share of the Group in the income and equity of the joint venture are summarised in the following tables:

	(€'000)	
	2014	2013
Current assets	18,241	19,092
Non-current assets	9,879	9,129
Current liabilities	10,001	10,211
Non-current liabilities	-	-
Equity	18,119	18,010
Book value of the joint venture	8,772	8,695

	(€'000)	
	2014	2013
Total revenues	28,992	28,997
Total operating costs	(22,900)	(21,742)
Depreciation and amortisation, write downs, net financial (expenses)/income	(201)	256
Profit/(loss) before tax	5,891	7,511
Income tax	(2,581)	(2,812)
Profit/(loss) for the year	3,310	4,699
Profit/(loss) for the year attributable to the Group	1,455	2,172

The figures from the 2013 Financial Statements have been restated following retrospective application of the new accounting standard. There is a reduction in the gross operating profit of Euro 1.178 million and of Euro 1.121 million in EBIT compared to the figures originally published. The impact was as follows:

	(€'000)
Impact on Consolidated Statement of Comprehensive Income	2013
Decrease in revenues	(13,085)
Decrease in operating costs	9,837
Decrease in other income	(102)
Increase in share of operating results of equity accounted companies	2,172
Decrease in gross operating result	(1,178)
Decrease in depreciation and amortisation	57
Decrease in net operating result	(1,121)
Decrease in financial income/expenses	(177)
Decrease in pre-tax result	(1,298)
Decrease in income tax	1,298
Impact on result for the period	-

	(€'000)
Impact on Consolidated Statement of Financial Position	31/12/13
Decrease in plant and equipment (non-current)	(69)
Decrease in goodwill and intangible assets with an indefinite useful life (non-current)	(10,359)
Decrease in intangible assets with a finite useful life (non-current)	(719)
Increase in investments in joint ventures (non-current)	15,368
Decrease in inventories and trade receivables (current)	(925)
Increase in financial assets (current)	311
Decrease in cash and cash equivalents	(8,338)
Decrease in trade payables and pre-payments (current)	3,363
Decrease in tax payables and other liabilities (current)	1,368
Impact on equity	-

	(€'000)
Impact on Consolidated Statement of Cash Flows	31/12/13
Decrease in net cash at the beginning of the year	(6,384)
Decrease in cash flow from operating activities	(3,307)
Decrease in cash flow from investment activities	1,451
Increase in cash flow from financing activities	(323)
Change in translation differences	225
Net cash at the end of the period	(8,338)

On 14 February 2014, the Parent Company Board of Directors approved the liquidation of Milan International Exhibitions Srl. On 3 March 2014, the extraordinary general meeting of Milan International Exhibitions approved the voluntary liquidation process.

The investment of 20% was consolidated using the equity method and this gave a Euro 0.016 million increase in the entry for equity accounted investments.

Summary financial information on subsidiaries, joint ventures and associates is given in Attachment 2 to the Financial Statements of the majority shareholder Fiera Milano SpA.

3) Segment reporting

In accordance with IFRS 8, the identification of operating segments and related information is based on the data used by management to take its operating decisions and is consistent with the management and control model used. The internal accounting system, regularly reviewed and used by the top decision makers in the Group, gives information by segment and also by individual company.

The operating segments defined by the management criteria are as follows:

- **Italian Exhibitions:** this segment covers all activities for the organisation and hosting of exhibitions and other events in Italy through the use, promotion and offer of furnished exhibition spaces, of project support, and of ancillary services. Specifically this segment includes all activities associated with exhibitions (including end services for exhibitors and visitors):
 - that are directly organised by the Group or in partnership with third-parties;
 - organised by third parties, through the hiring out of spaces and services.

These activities are carried out by the Parent Company Fiera Milano SpA.

- **Foreign Exhibitions:** this segment covers all activities for the organisation of exhibitions and other events abroad through the use, promotion and offer of furnished exhibition spaces, of project support, and of ancillary services. Specifically this segment includes all activities associated with exhibitions (including end services for exhibitors and visitors) that are directly organised by the Group or in partnership with third-parties.

These activities are carried out by:

- Hannover Milano Global Germany GmbH, a joint venture with Deutsche Messe AG of Hanover, which operates in China through two subsidiaries, Hannover Milano Fairs Shanghai Co Ltd and Hannover Milano Fairs China Ltd, and in India through its 50% shareholding in Hannover Milano Fairs India Pvt Ltd and the latter's investment in Global Fairs & Media Private Ltd;
 - Cipa FM Publicações e Eventos Ltda (hereinafter "Cipa FM"), with its registered office in São Paulo; 75% of its shares is held by the Brazilian subsidiary, Eurofairs International Consultoria e Participações Ltda (hereinafter "Eurofairs");
 - Fiera Milano India Pvt Ltd, with its registered office in New Delhi;
 - Limited Liability Company Fiera Milano, with its registered office in Moscow;
 - Fiera Milano Exhibitions Africa PTY Ltd (hereinafter "Fiera Milano Africa"), with its registered office in Westlake - Cape Town, in which it has a shareholding of 85%;
 - Fiera Milano Interteks Uluslararası Fuarçılık A.S. (hereinafter "Interteks") with its registered office in Istanbul, and in which the Group has a shareholding of 60%;
 - Worldex (China) Exhibition & Promotion Ltd (hereinafter "Worldex"), an important exhibition company on the Chinese market with its registered office in Guangzhou. The company operates in the province of Guangdong and, through its 99% owned subsidiary Haikou Worldex Milan Exhibition Co. Ltd, in the province of Hainan.
- **Stand-fitting services:** this segment covers stand-fitting services, technical services and all exhibition site services for exhibitions and congresses carried out by Nolostand SpA.
 - **Media:** this segment covers the production of content and supply of on line and off line publishing services, as well those associated with the organisation of events and congresses by Fiera Milano Media SpA.
 - **Congresses:** this segment covers the management of conferences and events by Fiera Milano Congressi SpA.

The tables below give Income Statement and Statement of Financial Position data by segment for

the financial years to 31 December 2014 and 31 December 2013.
The figures for the 2013 financial year were restated following application of IFRS 11.

(€'000)

Income Statement to 31/12/14	Italian exhibitions	Foreign exhibitions	Stand-fitting services	Media	Congresses	Adjustments	Consolidated
Revenues from sales and services to third-parties	176,338	18,307	3,619	10,053	37,140	-	245,457
Revenues from intersegment sales and services	4,760	479	29,770	2,281	695	(37,985)	
Total revenues	181,098	18,786	33,389	12,334	37,835	(37,985)	245,457
<i>of which from Italy</i>							227,150
<i>of which from foreign activities</i>							18,307
Cost of materials	818	84	1,172	264	104	(2)	2,440
Cost of services	107,928	14,420	25,325	6,208	24,257	(40,738)	137,400
Cost for use of third-party assets	51,898	598	1,757	365	3,959	(702)	57,875
Personnel expenses	34,990	3,502	3,711	5,321	3,571	(1,819)	49,276
Other operating expenses	4,757	1,029	461	276	345	(85)	6,783
Total operating expenses	200,391	19,633	32,426	12,434	32,236	(43,346)	253,774
Other income	6,406	480	932	515	446	(5,248)	3,531
Profit/(loss) of equity accounted companies	(7)	1,455					1,448
Gross operating result	(12,894)	1,088	1,895	415	6,045	113	(3,338)
<i>of which from Italy</i>							(4,131)
<i>of which from foreign activities</i>							793
Depreciation of property, plant & equipment	2,665	68	1,868	46	2,167		6,814
Depreciation of property investments						94	
Amortisation of intangible assets	4,665	843	4	1,017	20		6,643
Adjustments to asset values			11	3,626			3,637
Allowance for doubtful accounts and other provisions	(1,912)	295	(353)	(154)	485		(1,639)
Net operating result (EBIT)	(18,312)	(118)	365	(4,120)	3,373	19	(18,793)
<i>of which from Italy</i>							(18,269)
<i>of which from foreign activities</i>							(524)
Financial income and similar							958
Financial expenses and similar							5,857
Valuation of financial assets							
Profit/(loss) before income tax							(23,692)
Income tax							(4,586)
Profit/(loss) from continuing operations							(19,106)
Profit/(loss) from discontinued operations							-
<i>Revenues</i>							
<i>Operating expenses</i>							
Profit/(loss) for the year							(19,106)
Profit/(loss) attributable to non-controlling interests							(151)
Group profit/(loss)							(18,955)

Statement of Financial Position Data at 31/12/14

(€'000)

	Investments	Depreciation of non-current assets
Italian exhibitions	2,230	7,340
Foreign exhibitions	531	910
Stand-fitting services	1,438	1,873
Media	56	1,063
Congresses	4,260	2,187
Adjustments	-	84
Total	8,515	13,457

(€'000)

Income Statement to 31/12/13	Italian exhibitions	Foreign exhibitions	Stand-fitting services	Media	Congresses	Adjustments	Consolidated
Revenues from sales and services to third-parties	190,154	15,200	6,555	9,435	23,713	-	245,057
Revenues from intersegment sales and services	4,429	74	27,039	2,523	833	(34,898)	
Total revenues	194,583	15,274	33,594	11,958	24,546	(34,898)	245,057
<i>of which from Italy</i>							229,857
<i>of which from foreign activities</i>							15,200
Cost of materials	1,006	88	2,263	239	91	(25)	3,662
Cost of services	107,111	10,880	24,784	6,073	16,390	(37,018)	128,220
Cost for use of third-party assets	58,822	515	1,507	373	2,588	(743)	63,062
Personnel expenses	34,305	3,132	3,480	5,126	2,929	(1,385)	47,587
Other operating expenses	5,782	777	551	342	255	(76)	7,631
Total operating expenses	207,026	15,392	32,585	12,153	22,253	(39,247)	250,162
Other income	7,319	744	596	472	239	(4,282)	5,088
Profit/(loss) of equity accounted companies		2,172					2,172
Gross operating result	(5,124)	2,798	1,605	277	2,532	67	2,155
<i>of which from Italy</i>							(540)
<i>of which from foreign activities</i>							2,695
Depreciation of property, plant & equipment	3,890	50	1,977	43	1,524		7,484
Depreciation of property investments							
Amortisation of intangible assets	4,320	922	51	1,347	13	8	6,661
Adjustments to asset values			22	6,569			6,591
Allowance for doubtful accounts and other provisions	(1,528)	182	(230)	(347)	429		(1,494)
Net operating result (EBIT)	(11,806)	1,644	(215)	(7,335)	566	59	(17,087)
<i>of which from Italy</i>							(18,544)
<i>of which from foreign activities</i>							1,457
Financial income and similar							1,125
Financial expenses and similar							4,970
Valuation of financial assets							
Profit/(loss) before income tax							(20,932)
Income tax							(4,307)
Profit/(loss) from continuing operations							(16,625)
Profit/(loss) from discontinued operations							-
<i>Revenues</i>							
<i>Operating expenses</i>							
Profit/(loss) for the year							(16,625)
Profit/(loss) attributable to non-controlling interests							(127)
Group profit/(loss)							(16,498)

Statement of Financial Position Data at 31/12/13

(€'000)

	Investments *	Depreciation of non-current assets*
Italian exhibitions	6,959	8,209
Foreign exhibitions	7,636	972
Stand-fitting services	475	2,028
Media	31	1,391
Congresses	554	1,537
Adjustments	-	8
Total	15,655	14,145

* Some figures in the Consolidated Financial Statements at 31 December 2013 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014, as shown in Note 2.

Notes to the Consolidated Financial Statements

STATEMENT OF FINANCIAL POSITION

ASSETS

NON-CURRENT ASSETS

4) 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	Changes during the financial year						Balance at 31/12/13
		Incr.	Decr.	Depr.	Impairment	Currency translation differences	Change in area of consolidation	
Plant and machinery								
. historic cost	14,428	300	54	-	-	-	-	14,674
. depreciation	9,224	-	43	1,420	-	-	-	10,601
Net	5,204	300	11	1,420	-	-	-	4,073
Industrial and commercial equipment								
. historic cost	33,629	601	505	-	212	-	-	33,513
. depreciation	27,011	-	501	2,116	190	-	-	28,436
Net	6,618	601	4	2,116	22	-	-	5,077
Other assets								
. historic cost	52,011	984	31	-	-	(125)	9	52,848
. depreciation	39,659	-	35	3,948	-	(113)	-	43,459
Net	12,352	984	(4)	3,948	-	(12)	9	9,389
Contracts in progress and pre-payments								
. historic cost	-	10	-	-	-	-	-	10
Net	-	10	-	-	-	-	-	10
Total property, plant and equipment								
. historic cost	100,068	1,895	590	-	212	(125)	9	101,045
. depreciation	75,894	-	579	7,484	190	(113)	-	82,496
Net	24,174	1,895	11	7,484	22	(12)	9	18,549

Property, plant and equipment										(€'000)
	Balance at			Changes during the financial year					Balance at	
	31/12/13	Incr.	Decr.	Depr.	Impairment	Currency translation differences	Change in area of consolidation	Reclassification		31/12/14
Plant and machinery										
. historic cost	14,674	2,182	-	-	-	-	-	-	-	16,856
. depreciation	10,601	-	-	1,749	-	-	-	-	-	12,350
Net	4,073	2,182	-	1,749	-	-	-	-	-	4,506
Industrial and commercial equipment										
. historic cost	33,513	1,440	364	-	195	-	-	-	-	34,394
. depreciation	28,436	41	346	2,024	184	-	-	-	-	29,971
Net	5,077	1,399	18	2,024	11	-	-	-	-	4,423
Other assets										
. historic cost	52,848	3,200	7	-	-	31	-	(8)	-	56,064
. depreciation	43,459	47	7	3,041	-	21	-	5	-	46,566
Net	9,389	3,153	-	3,041	-	10	-	(13)	-	9,498
Contracts in progress and pre-payments										
. historic cost	10	-	10	-	-	-	-	-	-	-
Net	10	-	10	-	-	-	-	-	-	-
Total property, plant and equipment										
. historic cost	101,045	6,822	381	-	195	31	-	(8)	-	107,314
. depreciation	82,496	88	353	6,814	184	21	-	5	-	88,887
Net	18,549	6,734	28	6,814	11	10	-	(13)	-	18,427

The breakdown and changes were as follows:

Plant and machinery

This entry totalled Euro 4.506 million, net of depreciation in the financial year of Euro 1.749 million and was mainly electrical and thermal plant and alarm and audiovisual systems.

The increase of Euro 2.182 million was primarily attributable to lighting, air conditioning and climate control equipment, surveillance and audio-visual plant and equipment that were part of the upgrading of the MiCo North congress centre.

Industrial and commercial equipment

This item was Euro 4.423 million, net of depreciation in the financial year of Euro 2.024 million, and was mainly for equipment and furnishings related to the exhibition business.

The increase of Euro 1.399 million was mainly attributable to the purchase of furniture and assets to be hired out during exhibitions.

The decreases and write-downs reflected the reduction in the assets of NoloStand SpA following a stock-take.

Other assets

This entry was Euro 9.498 million net of depreciation in the financial year of Euro 3.041 million; Euro 6.498 million was for improvements to third-party assets and Euro 3.000 million was for furniture, furnishing accessories, minor equipment, transport vehicles and electronic equipment.

The breakdown of the Euro 3.153 million increase was as follows:

- Euro 2.307 million attributable to Fiera Milano Congressi SpA for construction work, installation of the Wi-Fi network and extraordinary maintenance work on the MiCo North Congress Centre;

- Euro 0.184 million attributable to the Parent Company for purchases of electronic equipment and Euro 0.022 million for improvements made to assets belonging to Fondazione Fiera Milano.
 - the remaining Euro 0.640 million was attributable to other companies.
- Depreciation on improvements to third-party assets is calculated on the residual length of the lease contract for the property.

On 31 March 2014 the new lease agreements for the Rho and Milano exhibition sites that are due to expire on 30 June 2023 were signed. As a result, the useful life on which the depreciation of improvements to third-party assets is calculated was changed giving rise to different estimates for the Parent Company and lower depreciation of Euro 0.972 million in the financial year under review.

Contracts in progress and pre-payments

This item was zero (Euro 0.010 million in the year to 31 December 2013).

5) Leased property, plant and equipment

Details of the amounts and changes to various items in the last two financial years are given below:

Leased property, plant and equipment							(€'000)
	Balance at 31/12/12	Changes during the financial year					Balance at 31/12/13
		Incr.	Decr.	Depr.	Impairment	Reclassification	
Leased property							
. historic cost	-	10	-	-	-	-	10
. depreciation	-	-	-	-	-	-	-
Net	-	10	-	-	-	-	10
Other leased assets							
. historic cost	19	-	-	-	-	-	19
. depreciation	19	-	-	-	-	-	19
Net	-	-	-	-	-	-	-
Total leased property, plant and equipment							
. historic cost	19	10	-	-	-	-	29
. depreciation	19	-	-	-	-	-	19
Net	-	10	-	-	-	-	10

Leased property, plant and equipment							(€'000)
	Balance at 31/12/13	Changes during the financial year					Balance at 31/12/14
		Incr.	Decr.	Depr.	Impairment	Reclassification	
Leased property							
. historic cost	10	-	-	-	1	-	11
. depreciation	-	-	-	-	-	-	-
Net	10	-	-	-	1	-	11
Other leased assets							
. historic cost	19	-	27	-	-	8	-
. depreciation	19	-	19	-	-	-	-
Net	-	-	8	-	-	8	-
Total leased property, plant and equipment							
. historic cost	29	-	27	-	1	8	11
. depreciation	19	-	19	-	-	-	-
Net	10	-	8	-	1	8	11

6) Goodwill and intangible assets with an indefinite useful life

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

Goodwill and intangible assets with an indefinite useful life							(€'000)
	Balance at	Changes during the financial year					Balance at
	31/12/12	Incr.	Decr.	Impairment	Change in area of consolidation	Currency translation differences	
Goodwill							
. historic cost	120,020	-	-	-	7,440	(933)	126,527
. amortisation	16,607	-	-	-	-	(10)	16,597
Net	103,413	-	-	-	7,440	(923)	109,930

Goodwill and intangible assets with an indefinite useful life							(€'000)
	Balance at	Changes during the financial year					Balance at
	31/12/13	Incr.	Decr.	Impairment	Change in area of consolidation	Currency translation differences	
Goodwill							
. historic cost	126,527	-	-	500	-	44	126,071
. amortisation	16,597	-	-	-	-	-	16,597
Net	109,930	-	-	500	-	44	109,474

The charge of Euro 0.500 million was for impairment to the goodwill on the acquisition of Business International SpA, which is now part of Fiera Milano Media SpA, following an impairment test.

Increases in the financial year under review are for exchange rate differences of Euro 0.044 million.

As described in the section on "Valuation Criteria", goodwill is not depreciated but is subject to impairment tests at the end of each reporting period or more frequently 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".

Goodwill is allocated to the relevant cash generating units or groups of cash generating units.

To identify "the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets" (IAS 36), the different reportable segments of the Group were identified as specific cash generating units.

In the reportable segment "Exhibitions" each exhibition constitutes a cash generating unit.

Each of the two reportable segments "Stand-fitting Services" and "Congresses" is one cash generating unit that encompasses all the assets of each individual segment.

In the reportable segment "Media" different cash generating units are identifiable that correspond to the various publications, while digital services is another cash-generating unit and all the activities relating to seminars and conventions are a single cash-generating unit (the "Events and Training" CGU).

Lastly, in the reportable segment "Overseas" the situation varies according to whether the Group is active in a country with its own exhibitions.

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 refers to the companies that organise exhibitions that were acquired and subsequently merged into Fiera Milano SpA through various merger transactions.
- The Exhibition cash-generating unit: this comprises the cash generating units of all the exhibitions owned by Fiera Milano SpA. The goodwill allocated to this group was Euro 29.921 million of which Euro 29.841 million was the goodwill coming from the contribution of the exhibition entity by Fondazione Fiera Milano to Fiera Milano SpA on 17 December 2001 and Euro 0.080 million was goodwill from the acquisition by the Parent Company of the Information Communication Technology business division from its subsidiary Expopage SpA, which is now Fiera Milano Media SpA.
- The Exhibition Stand-fitting cash generating unit: the goodwill of Euro 12.581 million from the acquisition of the "standard stand-fitting" business division by Nolostand SpA was allocated to this cash generating unit.
- The Publishing and Digital Services cash generating unit: this includes the cash generating units of publications and digital services and the goodwill allocated to this cash-generating unit was Euro 5.947 million.
- The Events and Training cash generating unit: the goodwill of Euro 0.616 million from the acquisition of Business International SpA, now part of Fiera Milano Media SpA, was allocated to this cash-generating unit.
- The Congress cash generating unit: the goodwill allocated to this cash generating unit was Euro 5.455 million and was from the acquisition of Fiera Milano Congressi SpA.
- The Brazil group of cash generating units: this includes the cash generating units of the exhibitions organised by Cipa Fiera Milano Publicações e Eventos Ltda. The goodwill allocated to this group of cash generating units was Euro 4.911 million and was from the acquisition of the Brazilian company Cipa Ltda.
- The Turkey group of cash-generating units: this includes the cash-generating units for the exhibitions organised by Fiera Milano Interteks Uluslararası Fuarçılık A.Ş. The Euro 0.700 million of goodwill allocated to this group of cash-generating units is from the acquisition of the Turkish company Interteks
- The South Africa group of cash-generating units: this includes the cash-generating units for the exhibitions organised by Fiera Milano Exhibitions Africa Pty Ltd. The Euro 1.679 million of goodwill allocated to this group of cash-generating units is from the acquisition of the South African company Cape Gourmet Pty Ltd.
- The China group of cash-generating units: this includes the cash-generating units for the exhibitions organised by Worldex (China) Exhibition & Promotion Ltd. The goodwill allocated to this group of cash generating units was Euro 7.441 million of which Euro 7.427 million for the acquisition of the Chinese company Worldex (China) Ltd and Euro 0.014 million for the acquisition of Haikou Worldex Ltd.

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

The impairment method used is that of discounted cash flow, based on the industrial plans of each Group company and approved by their respective boards of directors. The time horizon considered is five financial years for Fiera Milano Media SpA and four years for the other companies as several important events occur biennially in the exhibition calendar. Cash flow projections beyond the time horizons of the industrial plans are generally made by taking the average gross operating margin of

the last two years of the plan and estimating a normalised cash flow with no changes in working capital but including maintenance or replacement expenditure. For the Exhibitions and Directly Organised Exhibitions cash generating units the cash flows used to calculate the terminal value excluded the *pro quota* amount of exhibitions in the last two years of the industrial plan which are held less often than every two years.

The terminal value was measured as a perpetuity obtained by calculating the net present value of the average net cash flows of the last two years of the plan with detailed estimates using a discount rate that differed according to the various reference countries of the cash-generating units. 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 for the Italian businesses calculated using: (i) a risk-free rate of 2.88%; (ii) a market risk premium of 5.5%; (iii) a levered beta of 0.96%, equal to the average for the sector; (iv) a risk premium that varied according to the different CGUs; (v) a cost of debt of 3.49%; (vi) with average debt equal to 25% of invested capital (the average of the 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 WACC of the different CGUs varied according to: (i) the different risk-free rates (the yield on a 10-year government bond in the jurisdiction of the CGU); and (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 and also forecasts for the impact of the business initiatives to be implemented; (iii) the different cost of debt due to the estimated rate of inflation in each jurisdiction of the CGUs. A summary of the results is given in the table below:

CGU	WACC
Exhibitions CGU	7.26%
Directly Organised Exhibitions CGU	7.26%
Exhibition Stand-fitting CGU	7.34%
Publications and Digital Services CGU	8.99%
Events and Training CGU	8.99%
Congresses CGU	6.74%
Brazil CGU	16.42%
South Africa CGU	11.94%
Turkey CGU	12.95%
Worldex CGU	8.17%

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 CGUs not found to be impaired.

7) 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	Changes during the financial year					Currency translation differences	Balance at 31/12/13
		Incr.	Decr.	Depr.	Impair- ment	Change in area of consolidation		
Trademarks and publishing titles								
. historic cost	68,969	-	-	-	-	-	(3,823)	65,146
. amortisation	14,104	-	-	3,275	6,569	-	(339)	23,609
Net	54,865	-	-	3,275	6,569	-	(3,484)	41,537
Concessions, licenses and similar rights								
. historic cost	2,667	3,312	-	-	-	-	-	5,979
. amortisation	2,476	-	-	948	-	-	-	3,424
Net	191	3,312	-	948	-	-	-	2,555
Development costs								
. historic cost	1,948	-	-	-	-	-	-	1,948
. amortisation	1,948	-	-	-	-	-	-	1,948
Net	-	-	-	-	-	-	-	-
Industrial patents and intellectual property rights								
. historic cost	32,183	2,989	-	-	-	-	(17)	35,155
. amortisation	28,238	-	-	2,347	-	-	(2)	30,583
Net	3,945	2,989	-	2,347	-	-	(15)	4,572
Non-competition agreements								
. historic cost	856	-	-	-	-	-	(157)	699
. amortisation	75	-	-	91	-	-	(25)	141
Net	781	-	-	91	-	-	(132)	558
Total intangible assets with a finite useful life								
. historic cost	106,623	6,301	-	-	-	-	(3,997)	108,927
. amortisation	46,841	-	-	6,661	6,569	-	(366)	59,705
Net	59,782	6,301	-	6,661	6,569	-	(3,631)	49,222

Intangible assets with a finite useful life								(€'000)	
	Balance at 31/12/13	Changes during the financial year					Currency translation differences	Reclassification	Balance at 31/12/14
		Incr.	Decr.	Depr.	Impair- ment	Change in area of consolidation			
Trademarks and publishing titles									
. historic cost	65,146	-	-	-	3,126	-	354	62,374	
. amortisation	23,610	-	-	2,865	-	-	25	26,500	
Net	41,536	-	-	2,865	3,126	-	329	35,874	
Concessions, licenses and similar rights									
. historic cost	5,979	342	-	-	-	-	-	6,321	
. amortisation	3,424	-	-	1,310	-	-	-	4,734	
Net	2,555	342	-	1,310	-	-	-	1,587	
Development costs									
. historic cost	1,948	-	1,948	-	-	-	-	-	
. amortisation	1,948	-	1,948	-	-	-	-	-	
Net	-	-	-	-	-	-	-	-	
Industrial patents and intellectual property rights									
. historic cost	35,155	1,439	463	-	-	-	2	36,133	
. amortisation	30,582	-	463	2,358	-	-	1	32,473	
Net	4,573	1,439	-	2,358	-	-	1	3,660	
Non-competition agreements									
. historic cost	699	-	-	-	-	-	17	716	
. amortisation	141	-	-	110	-	-	2	253	
Net	558	-	-	110	-	-	15	463	
Total intangible assets with a finite useful life									
. historic cost	108,927	1,781	2,411	-	3,126	-	373	105,544	
. amortisation	59,705	-	2,411	6,643	-	-	28	63,960	
Net	49,222	1,781	-	6,643	3,126	-	345	41,584	

Trademarks and publishing titles

This item totalled Euro 35.874 million with the following breakdown:

- Exhibition trademarks:
 - Good Food & Wine Show: Euro 3.937 million;
 - BIT: Euro 3.484 million;
 - Transpotec & Logitec: Euro 2.599 million;
 - Exposec: Euro 2.306 million;
 - HOST: Euro 2.303 million;
 - Mipap Milano Prêt-à-Porter: Euro 2.165 million;
 - Fisp: Euro 1.990 million;
 - Tubotech: Euro 1.358 million;
 - Reatech: Euro 1.213 million;
 - Beauty & Care: Euro 1.212 million;
 - Fluidtrans Compomac: Euro 0.965 million;
 - Bias: Euro 0.822 million;
 - Festivity: Euro 0.539 million;
 - Home & Garden: Euro 0.293 million;
 - Braseg: Euro 0.174 million;
 - Miart: Euro 0.161 million;
 - BtoBio Expo: Euro 0.101 million;
 - Other: Euro 0.040 million;

- other trademarks and publishing titles:
 - Food & Beverage titles: Euro 4.665 million;
 - Business International: Euro 2.470 million;
 - Technology titles: Euro 1.610 million;
 - Cipa: Euro 1.057 million;
 - Real Estate titles: Euro 0.208 million;
 - Security: Euro 0.131 million;
 - Fire: Euro 0.071 million.

The trademarks are mainly for specific exhibitions directly organised by the Group.

The publishing titles refer to specialist trade publications aimed at sector professionals.

Both the trademarks and the publishing titles came under the Group control through various business combinations transacted over time. As a result of estimates made of the useful life of the various exhibition trademarks and publishing titles, starting from the fourth quarter of 2008 these have been amortised rather than using the previous accounting criteria of an indefinite useful life.

For the trademarks and publications to which Fiera Milano 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. Indications of impairment were found for the

Food & Beverage and Real Estate publications of Fiera Milano Media due to the unsatisfactory economic performances which were not adequately offset by the estimates of future performance. This resulted in the changes described below:

- a Euro 3.126 million impairment charge, of which Euro 2.492 million for the Food & Beverage publications and Euro 0.634 million for the Real Estate publications, following impairment tests carried out after their negative performance gave an indication of impairment;
- Euro 2.865 million for amortisation;
- Euro 0.329 million due to exchange rate fluctuations.

Concessions, licences and similar rights

At 31 December 2014, this item totalled Euro 1.587 million net of amortisation for the year of Euro 1.310 million. The increase of Euro 0.342 million was for the acquisition by the Parent Company of software licences and with rights of use for a limited period.

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

Industrial patents and intellectual property rights

These were Euro 3.660 million net of depreciation and amortisation for the year of Euro 2.358 million. The Euro 1.439 million increase refers mainly to costs for the implementation of other digital projects and the purchase by the Parent Company of software licences.

Depreciation and amortisation is calculated over a period of three to ten years. Depreciation of the Information System of the Parent Company is calculated over a useful life of three years.

Non compete agreements

This entry was Euro 0.463 million net of amortisation in the year of Euro 0.110 million. It refers to Cipa FM and Interteks.

8) Equity accounted investments

These were Euro 15.462 million (Euro 15.368 million at 31 December 2013) and refer almost exclusively to the investment of 49% in Hannover Milano Global Germany GmbH. It was subject to the following changes:

	(€'000)					
	Balance at 31/12/13	Changes during the financial year				Balance at 31/12/14
		Results	Dividend distribution	Increase	Currency translation differences	
Equity-accounted investments	15,368	1,448	(1,705)	24	327	15,462
Total	15,368	1,448	(1,705)	24	327	15,462

Greater detail is given in Note 2, Disclosure on subsidiaries, joint ventures and associates.

9) Other investments

These totalled Euro 0.040 million (Euro 0.040 million at 31 December 2013) with the following breakdown:

- equity investment in Esperia SpA of Euro 0.029 million;

- equity investment of 0.07% in the share capital of the Congress Center of Istanbul for Euro 0.011 million.

10) Trade and other receivables

These totalled Euro 13.275 million (Euro 14.228 million at 31 December 2013).

Trade and other receivables				(€'000)
	Balance at 31/12/13	Changes during the financial year		Balance at 31/12/14
		Increase	Decrease	
Other receivables from the controlling shareholder	12,784	1,977	2,372	12,389
Guarantee deposits	602	-	17	585
Other	842	-	541	301
Total	14,228	1,977	2,930	13,275

They included:

- other receivables from the controlling shareholder of Euro 12.389 million (Euro 12.784 million at 31 December 2013). Euro 10.412 million was for the guarantee deposit paid by the Parent Company for the lease agreements for the two exhibition sites of Rho and Milan. The figure is equal to the quarterly rent payable under the two lease agreements; 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 in part offset by the guarantee deposit payable by Fiera Milano on the new lease agreements. This receivable will be paid by Fondazione Fiera Milano over the length of the agreements in six-monthly instalments through a reduction in the rent payable by Fiera Milano SpA;
- other guarantee deposits of Euro 0.585 million (Euro 0.602 million at 31 December 2013). These are mainly in the Parent Company and are almost all for the guarantee deposit on the real estate lease for the Palazzo Italia in Berlin. The amount, Euro 0.498 million, is equivalent to the quarterly rent under the lease agreement;
- other receivables of Euro 0.301 million (Euro 0.842 million at 31 December 2013). These were primarily for the receivable from the disposal of the Richmac trademark by the Parent Company which will be paid in two biennial tranches from December 2017 to December 2019.

Trade and other receivables included Euro 12.389 million (Euro 12.784 million at 31 December 2013) of related-party transactions. Further details on related-party transactions are given in Note 48.

11) Deferred tax assets

These were Euro 6.457 million (Euro 2.055 million at 31 December 2013) and represent the difference between deferred tax assets and deferred tax liabilities recognised at the level of each individual company included in the consolidation.

The change compared to the preceding 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.

Further details of the changes in deferred taxes are given in Note 46.

CURRENT ASSETS

12) Trade and other receivables

Trade and other receivables	(€'000)		
	31/12/14	31/12/13	Change
Trade receivables	37,953	45,253	(7,300)
Trade receivables from the controlling shareholder	1,559	2,184	(625)
Trade receivables from associates	45	56	(11)
Other receivables	5,103	5,176	(73)
Prepaid expenses from the controlling shareholder	5,097	203	4,894
Accrued income and prepaid expenses	847	674	173
Total	50,604	53,546	(2,942)

These were Euro 50.604 million (Euro 53.546 million at 31 December 2013).

They included:

- trade receivables from clients of Euro 37.953 million (Euro 45.253 million at 31 December 2013) net of the provision for doubtful receivables of Euro 9.089 million. They relate to receivables from organisers, exhibitors and others for the supply of exhibition space and services for exhibitions and congresses.

The sum for receivables was adjusted by the application of a provision for doubtful receivables in order to bring the nominal value in line with their presumed realisable value. The changes in this provision in the financial year under review are shown in the table below:

	(€'000)			
	31/12/13	Provisions	Utilisation and other changes	31/12/14
Provision for doubtful receivables	9,267	1,430	1,608	9,089

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.

- Receivables from the controlling shareholder were Euro 1.559 million (Euro 2.184 million at 31 December 2013) and the breakdown was as follows:
 - Group VAT receivables of Euro 0.915 million (Euro 0.244 million at 31 December 2013);
 - other receivables of Euro 0.593 million (Euro 1.889 million at 31 December 2013). The change was mainly due to the absence of the receivables for the share of Fondazione Fiera Milano in the costs for the internationalisation initiatives for the exhibition HOST;
- Receivables of Euro 0.051 million (Euro 0.051 million at 31 December 2013) for the tax consolidation, which is the net figure of creditors and debtors in the tax consolidation.
- Other receivables were Euro 5.103 million (Euro 5.176 million at 31 December 2013); the breakdown was as follows:
 - receivables from employees of Euro 0.486 million (Euro 0.510 million at 31 December 2013);
 - VAT receivables of Euro 0.156 million (Euro 0.273 million at 31 December 2013);
 - pre-payments to suppliers of Euro 1.012 million (Euro 1.010 million at 31 December 2013);

- receivables for tax pre-payments on severance indemnities of Euro 0.288 million (Euro 0.284 million at 31 December 2013);
- INAIL prepayments and receivables of Euro 0.198 million (Euro 0.223 million at 31 December 2013);
- other tax receivables of Euro 1.522 million (Euro 1.665 million at 31 December 2013) due to Cipa FM for Euro 0.637 million and to the Parent Company for Euro 0.766 million, of which Euro 0.169 million of IRES receivables, Euro 0.597 million of IRAP receivables, and Euro 0.119 million of tax credits from other companies;
- other receivables of Euro 1.441 million (Euro 1.211 million at 31 December 2013) which included Parent Company receivables of Euro 0.650 million and receivables of other companies of Euro 0.791 million.
- Prepaid expenses of Euro 5.097 million from the controlling shareholder (Euro 0.203 million at 31 December 2013) mainly for the rent payable for the **fieramilano** exhibition site and the MiCo South congress centre.
- Accrued income and prepaid expenses of Euro 0.847 million (Euro 0.674 million at 31 December 2013) for insurance premiums and other expenses related to future financial years.

The entry includes Euro 6.795 million for related-party transactions (Euro 2.390 million at 31 December 2013). Further details on related-party transactions are given in Note 48.

13) Inventories

Inventories were Euro 5.028 million (Euro 4.006 million at 31 December 2013) and were as follows:

Inventories	(€'000)		
	31/12/14	31/12/13	Change
Raw materials, subsidiary materials and consumables	45	33	12
Total inventories	45	33	12
Total suspended costs	4,983	3,973	1,010
Total inventories	5,028	4,006	1,022

Suspended costs refer to exhibitions and congresses to be held after 31 December 2014.

The breakdown of suspended costs by event was as follows.

(€'000)			
Exhibition	31/12/14	31/12/13	Change
Tuttofood	1,671	146	1,525
Bit	887	216	671
Homi I semester	527	1,100	(573)
Host	496	33	463
Homi II semester	392	157	235
Miart	205	174	31
Transpotec & Logitec	142	48	94
Tubotech	113	-	113
Expo 2015	19	156	(137)
Fisp	-	276	(276)
XDays	-	221	(221)
Macef Brasil	-	111	(111)
Expodetergo International	-	106	(106)
Food Hospitality World Brasil	-	104	(104)
Other	531	1,125	(594)
Total	4,983	3,973	1,010

14) Current financial assets

This entry was zero (Euro 0.635 million at 31 December 2013).

The decrease was due to the repayment of a loan made by the Parent Company to the joint venture Hannover Milano Global Germany GmbH.

15) Cash and cash equivalents

This entry was Euro 12.276 million (Euro 11.416 million at 31 December 2013) and was almost entirely composed of short-term bank deposits at floating interest rates.

The change in financial flows compared to those at 31 December 2013 is shown in the Consolidated Statement of Cash Flows.

EQUITY AND LIABILITIES

16) Equity

Consolidated equity was as follows:

Equity	(€'000)		
	31/12/14	31/12/13	Change
Share capital	41,521	41,521	-
<i>of which treasury shares</i>	<i>(627)</i>	<i>(627)</i>	-
Share premium reserve	909	13,573	(12,664)
<i>of which treasury shares</i>	<i>(2,913)</i>	<i>(2,913)</i>	-
Legal reserve	7,865	7,865	-
Other reserves	(4,478)	(6,390)	1,912
Retained profits/(losses)	(9,828)	(5,421)	(4,407)
Profit/(loss) for the period	(18,955)	(16,498)	(2,457)
Group equity	17,034	34,650	(17,616)
Capital and reserves attributable to non-controlling interests	2,805	2,939	(134)
Profit/(loss) attributable to non-controlling interests	(151)	(127)	(24)
Equity attributable to non-controlling interests	2,654	2,812	(158)
Total	19,688	37,462	(17,774)

The breakdown and changes were as follows:

Share capital

At 31 December 2014 the fully paid-up share capital 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 of the Group is 42,147,437 ordinary shares each of nominal value Euro 1.00 and subject to no restrictions on the dividend distribution and the repayment of capital, except for those provided in law regarding treasury shares.

The breakdown of the shares in issue is shown in the following table:

	Number of shares		Change			Number of shares	
	at 31 December 2013	Increase in capital	Purchase	Sale	-	at 31 December 2014	
Ordinary shares in issue	42,147,437	-	-	-	-	42,147,437	
Treasury shares	626,758	-	-	-	-	626,758	
Total shares outstanding	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 0.909 million (Euro 13.573 million at 31 December 2013) net of Euro 2.913 million of treasury shares.

The change during the financial year under review was due to decision of the Parent Company, with the approval of the Shareholders' meeting of 29 April 2014, to cover the losses of the previous financial year by using the share premium reserve.

Legal reserve

The legal reserve was Euro 7.865 million, unchanged compared to 31 December 2013.

Other reserves

These were negative for Euro 4.478 million (negative for Euro 6.390 million at 31 December 2013).

The improvement in the period under review was attributable:

- for Euro 1.175 million to the settlement of the put options on the shares of Fiera Milano Exhibitions Africa;
- for Euro 0.737 million to the change in the translation reserve.

Retained earnings

These were negative for Euro 9.828 million (negative for Euro 5.421 million at 31 December 2013).

The changes in the financial year were as follows:

- a Euro 3.834 million decrease for the net result of the preceding financial year;
- a Euro 0.394 million decrease due to the remeasurement of the defined benefit plans net of the related tax effect;
- Euro 0.179 million for the acquisition of a further 10% of Fiera Milano Exhibitions Africa.

Profit/(loss) for the year

In the financial year to 31 December 2014 the Group made a net loss of Euro 18.955 million. It made a net loss of Euro 16.498 million in the preceding financial year.

Non-controlling interests**Capital and reserves attributable to non-controlling interests**

At 31 December 2014, these were Euro 2.805 million (Euro 2.939 million at 31 December 2013).

The changes in the financial year were as follows:

- a Euro 0.127 million decrease due to the loss made in the preceding financial year;
- Euro 0.076 million for dividend distributions;
- Euro 0.282 million for share capital increases;
- a Euro 0.103 million increase in the translation reserve;
- a Euro 0.316 decrease for the acquisition of 10% of Fiera Milano Exhibitions Africa.

Net result attributable to non-controlling interests

The net result attributable to non-controlling interests was negative for Euro 0.151 million (negative for Euro 0.127 million at 31 December 2013).

LIABILITIES

NON-CURRENT LIABILITIES

17) Bank borrowings

Bank borrowings totalled Euro 26.898 million (Euro 34.408 million at 31 December 2013) and were as follows:

Bank borrowings	(€'000)		
	31/12/14	31/12/13	Change
Bank loans - non current	26,898	34,408	(7,510)
Total	26,898	34,408	(7,510)

(€'000)		
Non-current bank borrowings	Fiera Milano SpA	Total
Non-current bank borrowings <i>of which maturing beyond five years</i>	26,898 -	26,898 -
Total	26,898	26,898

Non-current bank borrowings are the following loans made to the Parent Company:

- Euro 1.988 million (Euro 5.961 million at 31 December 2013) for the non-current portion of a Euro 20.000 million financing given by a leading bank on 22 June 2011, to be repaid in quarterly *tranches* payable in arrears from 22 September 2011 until 22 June 2016 and with an interest rate of three-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 a Euro 20.000 million financing given by a leading bank on 21 December 2012, to be repaid in quarterly *tranches* payable in arrears from 21 March 2013 until 21 December 2017 and with an interest rate of three-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 a Euro 20.000 million financing given by a leading bank on 6 December 2013, to be repaid in six-monthly *tranches* payable in arrears from 30 June 2014 until 30 June 2018 and with an interest rate of three-month Euribor plus a spread of 3.50%.
- Euro 3.536 million (zero at 31 December 2013) for the non-current portion of a Euro 7.500 million financing given by a leading bank on 19 March 2014, to be repaid in six-monthly *tranches* payable in arrears from 31 December 2014 until 30 June 2016 and with an interest rate of three-month Euribor plus a spread of 2.90%;
- Euro 1.909 million (zero at 31 December 2013) for the non-current portion of a Euro 7.000 million financing given by a leading bank on 6 October 2014, to be repaid in six-monthly *tranches* payable in arrears from 30 June 2015 until 31 December 2016 and with an interest rate of three-month Euribor plus a spread of 2.90%.

Some of the financial loans described above (those given on 21 December 2012 and 6 December 2013) are governed by 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 30.

The change compared to the previous financial year is due to the gradual repayment of non-current loans taken out in the past by the Parent Company and by Fiera Milano Congressi SpA (Euro 0.454 million at 31 December 2013) in part offset by the new loans.

18) Other financial liabilities

These totalled Euro 2.001 million (Euro 3.491 million at 31 December 2013) and the breakdown was as follows:

Other non-current financial liabilities				(€'000)
	31/12/14	31/12/13	Change	
Valuation of the options on the shares to acquire Wordex	1,781	1,685	96	
Valuation of the options on the shares to acquire Fiera Milano Exhibitions Africa	-	1,421	(1,421)	
Finance leases	220	385	(165)	
Total	2,001	3,491	(1,490)	

The decrease in the put options on the shares for the acquisition of Fiera Milano Exhibitions Africa was due to the exercise in favour of the Parent Company of the put option on 10% of the share capital, and on the valuation of the amount payable to third-parties for the option on the residual shareholding of 15%.

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.

This entry includes Euro 1.781 million of related-party transactions (Euro 2.538 million at 31 December 2013). Greater detail on related-party transactions is given in Note 48.

19) Provisions for risks and charges

These were Euro 1.752 million (Euro 2.583 million at 31 December 2013) and were as follows:

Provisions for risks and charges						(€'000)
	31/12/13	Provisions	Utilisation	Reclassifications	31/12/14	
Provision for charges for "Palazzo Italia" project	981	-	-	(778)	203	
Provision for tax consolidation	286	-	-	-	286	
Other provisions for risks and charges	1,316	18	118	47	1,263	
Total	2,583	18	118	(731)	1,752	

The breakdown of the provision for risks and charges was as follows:

- 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 of Euro 0.915 million to the current provision for risks and charges. 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 0.286 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 1.263 million (Euro 1.316 million at 31 December 2013) to the provision for risks and charges related to disputes with suppliers and other disputes; the amount was calculated as the probable recoverable amount using internal valuations and those of external legal experts.

20) Employee benefit provisions

These were Euro 10.286 million (Euro 9.202 million at 31 December 2013).

They were made up of employee severance indemnities that had accrued at 31 December 2006 and 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	9,202	1,387	303	10,286
Total	9,202	1,387	303	10,286

Accrued severance indemnities	(€'000)
Personnel expenses:	
- indemnities related to defined benefit plans	
Financial expenses:	558
- actualisation charges	
Other comprehensive income	285
- Remeasurement of defined benefit plans	
	544
Total	1,387

The Group 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 (<i>Assicurazione Generale Obbligatoria</i>) 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.

Economic and financial assumption for calculation of severance indemnity provisions	31/12/14	31/12/13
Annual technical discount rate	1.60%	3.10%
Annual inflation rate	1.50%	2.00%
Annual rate of increase in total employees salary	2.50%	3.00%
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					(€ '000)
Economic and financial assumptions	Range	Base figure (excluding severance indemnities)	Increase in assumptions	Decrease in assumptions	
Annual technical discount rate	+/- 0.5%	10,233	9,933	10,552	
Annual rate of increase in total employees salary	+/- 0.5%	10,233	10,277	10,189	
Economic and financial assumptions					
Life expectancy	+/- 1 year	10,233	10,297	10,170	

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

21) Deferred tax liabilities

Deferred tax liabilities	(€ '000)		
	31/12/14	31/12/13	Change
Deferred tax liabilities	7,147	7,949	(802)

These were Euro 7.147 million (Euro 7.949 million at 31 December 2013) and were the balance of deferred tax assets and deferred tax liabilities recognised at the level of each individual company included in the consolidation.

They included:

- a deferred tax provision for IRES of Euro 1.462 million;
- a deferred tax provision for IRAP of Euro 0.730 million;
- other deferred tax provisions of Euro 4.955 million; Euro 3.555 million for Cipa FM, Euro 1.100 million for Fiera Milano Exhibitions Africa and Euro 0.300 million to Interteks.

An analysis of the changes in deferred tax liabilities is given in Note 46 to the Income Statement.

22) Other non-current liabilities

These totalled Euro 0.055 million (Euro 1.195 million at 31 December 2013).

Changes during the financial year were as follows:

Other non-current liabilities	(€ '000)		
	31/12/14	31/12/13	Change
Non-current trade payables	-	925	(925)
Non-current portion of payables for non-compete agreement in acquisition of Cipa FM	-	235	(235)
Other non-current liabilities	55	35	20
Total	55	1,195	(1,140)

Non-current payables to suppliers were reclassified to current liabilities.

The non-compete clause was extinguished with the resignation of the Managing Director of the non-controlling interests in Cipa FM.

This entry includes no related party transactions (Euro 0.235 million at 31 December 2013).

CURRENT LIABILITIES

23) Bank borrowings

The breakdown of bank borrowings and changes in the financial year were as follows:

Bank borrowings	(€ '000)		
	31/12/14	31/12/13	Change
Bank accounts	548	300	248
Bank advances	2,500	-	2,500
Bank overdrafts	59,524	42,032	17,492
Loans - current portion	20,322	13,073	7,249
Total	82,894	55,405	27,489

The entry for Bank advances of Euro 2.500 million refers to Nolostand SpA and is for advances on accounts receivable.

Euro 59.524 million (Euro 42.032 million at 31 December 2013) million at 31 December of the entry for Bank overdrafts were credit lines given to the Parent Company for its cash management requirements;

The entry for Loans of Euro 20.322 million (Euro 13.073 million at 31 December 2013) is mainly short-term bank borrowings taken out by the Parent Company for cash management requirements as described in Note 17.

The increase in bank borrowings reflected operational cash flows that were impacted by a decrease in negative net working capital, lower cash flows generated by the normal business, and investments made to upgrade the MiCo Congress Centre.

(€ '000)						
Current bank borrowings	Fiera Milano	Fiera Milano Congressi	Fiera Milano Media	Nolostand	Interteks	Total
Bank accounts	507	-	41	-	-	548
Bank advances	-	-	-	2,500	-	2,500
Bank overdrafts	59,524	-	-	-	-	59,524
Loans - current portion	19,531	454	-	-	337	20,322
Total	79,562	454	41	2,500	337	82,894

Bank borrowings are subject to floating rate interest.

24) Trade payables

These were Euro 36.160 million (Euro 43.830 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 reflects a lower number of transactions with suppliers due to the lower level of activity caused by the exhibition calendar and to a different trend in payments compared to the previous financial year.

25) Pre-payments

Pre-payments totalled Euro 39.641 million (Euro 37.047 million at 31 December 2013). They were mainly pre-payments invoiced to clients for exhibitions to be held after the end of the financial year. Recognition as revenue is delayed until the exhibition is held.

The table below 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
Exposec	597	751	(154)
Bit	579	563	16
Made in Steel	522	-	522
Simac tanning Tech	519	-	519
Mifur	478	583	(105)
Euroluce	460	-	460
Tubotech	387	115	272
Promotion trade exhibition	269	233	36
Evento Nowadays	140	-	140
Art for me	143	-	143
Meat Tech	135	-	135
Fisp	133	1,337	(1,204)
Converflex	116	-	116
Fire Show	25	280	(255)
Sicurezza	21	107	(86)
Expodetergo	-	344	(344)
Eurocucina	-	335	(335)
Bimu	-	325	(325)
Beauty & Care Istanbul	-	195	(195)
Salone Internazionale del Bagno	-	166	(166)
Esposizione Internazionale Canina	-	162	(162)
Xylexpo	-	122	(122)
The innovation cloud	-	100	(100)
Pet Show	-	85	(85)
Other	4,291	3,506	785
Total	39,641	37,047	2,594

This entry included no related-party transactions (Euro 0.025 million at 31 December 2013).

26) Other current financial liabilities

Other current financial liabilities	(€ '000)		
	31/12/14	31/12/13	Change
Financial payables to the controlling shareholder	21,683	20,410	1,273
Valuation of the options on the shares to acquire Fiera Milano Exhibitions Africa	300	-	300
Finance leases	167	162	5
Total	22,150	20,572	1,578

These totalled Euro 22.150 million (Euro 20.572 million at 31 December 2013).

Euro 21.850 million refers to the Parent Company and the entry Financial payables to the controlling shareholder shows the figure in the current account held with Fondazione Fiera Milano, which was mainly for the payment of the rent for the second semester of the financial period under review.

The entry includes Euro 21.983 million (Euro 20.410 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 48.

27) Current provisions for risks and charges

Current provisions for risks and charges	(€ '000)				
	31/12/13	Provisions	Utilisation	Reclassifications	31/12/14
Palazzo Italia project	1,492	-	1,355	778	915
Loss on exhibitons	111	-	111	-	-
Other provisions for risks and charges	441	118	101	(47)	411
Total	2,044	118	1,567	731	1,326

These were Euro 1.326 million (Euro 2.044 million at 31 December 2013).

The breakdown was as follows:

- Euro 0.915 million for the current portion of the provision for the Palazzo Italia project in Berlin, already commented in Note 19;
- Euro 0.411 million for other risk provisions for disputes with employees, disputes with suppliers and others.

28) Current tax liabilities

Current tax liabilities	(€ '000)		
	31/12/14	31/12/13	Change
Income tax payable for employees (IRPEF)	1,386	1,374	12
Income tax payable for temporary employees and project workers (IRES)	152	190	(38)
Income tax payable on profits for the year	310	146	164
Other tax liabilities	243	335	(92)
Total	2,091	2,045	46

These were Euro 2.091 million (Euro 2.045 at 31 December 2013).

29) Other current liabilities

These were Euro 20.549 million (Euro 21.772 million at 31 December 2013) and the breakdown was as follows:

Other current liabilities	(€ '000)		
	31/12/14	31/12/13	Change
Payables to exhibition organisers	6,740	8,283	(1,543)
Payables to employees	4,570	3,971	599
Payables to pension and social security entities	2,491	2,502	(11)
Payables to Fondazione Fiera Milano	2,183	1,723	460
Earn-out of Fiera Milano SpA for Worldex acquisition	-	1,785	(1,785)
Earn-out of Fiera Milano SpA for Fiera Milano Exhibitions Africa acquisition	-	266	(266)
Group VAT payables	1,945	974	971
Payables to directors and statutory auditors	92	67	25
Other payables	2,177	1,877	300
Deferred income	351	300	51
Accrued liabilities	-	24	(24)
Total	20,549	21,772	(1,223)

The main changes were:

- lower payables of Euro 1.543 million from cash received on behalf of the organisers of exhibitions;
- lower payables of Euro 2.051 million from deferred payments and earn outs for the investments made in foreign companies;
- higher Group VAT payables of Euro 0.971 million.

This entry also included Euro 4.128 million for related-party transactions (Euro 2.697 million at 31 December 2013). Further details on related-party transactions are given in Note 48.

30) Financial assets and liabilities

At 31 December 2014 the Group had net debt of Euro 121.667 million (net debt of Euro 101.825 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.

Group Net Financial Position	31/12/14	31/12/13 restated *	Change
(Amounts in € '000)			
A. Cash (including bank balances)	12,276	11,416	860
B. Other cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Cash and cash equivalents (A+B+C)	12,276	11,416	860
E. Current financial assets	-	635	(635)
F. Current bank borrowings	62,908	42,706	20,202
G. Current portion of non-current debt	19,986	12,699	7,287
H. Other current financial liabilities	22,150	20,572	1,578
- H.1 of which Other current financial liabilities to the controlling shareholder	21,683	20,410	1,273
- H.2 of which Other current financial liabilities to other related parties	300	-	300
I. Current financial debt (F+G+H)	105,044	75,977	29,067
J. Current net financial debt (cash) (I-E-D)	92,768	63,926	28,842
K. Non-current bank borrowings	26,898	34,408	(7,510)
L. Debt securities in issue	-	-	-
M. Other non-current liabilities	2,001	3,491	(1,490)
- M.1 of which Other non current liabilities to other related parties	1,781	3,106	(1,325)
N. Non-current financial debt (K+L+M)	28,899	37,899	(9,000)
Net financial debt/(cash) from continuing operations (J+N)	121,667	101,825	19,842
Net financial debt/(cash) from discontinued operations	-	-	-
O. Net financial debt/(cash)	121,667	101,825	19,842

* Some figures in the Consolidated Financial Statements at 31 December 2013 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014, as shown in Note 2.

Net debt increased by Euro 19.842 million and reflected operational cash flows that were impacted by a decrease in negative net working capital, lower cash flows generated by the normal business, and investments made to upgrade the MiCo Congress Centre.

Additional information on the financial instruments of the Group 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 Group 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 2014 and 31 December 2013 are shown in the following table.

Risk class (€'000)	Notes	FY 31/12/2014	FY 31/12/2013	Liquidity risk	Interest rate risk	Credit risk
NON-CURRENT ASSETS						
1) Trade and other receivables	10	13,275	14,228			X
CURRENT ASSETS						
2) Trade and other receivables	12	50,604	53,546			X
3) Current financial assets	14	-	635	X		
4) Cash and cash equivalents	15	12,276	11,416	X		
NON-CURRENT LIABILITIES						
5) Bank borrowings	17	26,898	34,408	X	X	
6) Other financial liabilities	18	2,001	3,491	X	X	
7) Other non current liabilities	22	55	1,195	X		
CURRENT LIABILITIES						
8) Bank borrowings	23	82,894	55,405	X	X	
9) Trade payables	24	36,160	43,830	X		
10) Other financial liabilities	26	22,150	20,572	X	X	
11) Other current liabilities	29	20,549	21,772	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 & loss	Loans and receivables	Investments held to maturity	Liabilities at amortised cost	Fair value	Impact on Income Statement
NON-CURRENT ASSETS								
1) Trade and other receivables	10	14,228	-	14,228	-	-	14,228	342
CURRENT ASSETS								
2) Trade and other receivables	12	53,546	-	53,546	-	-	53,546	(1,715)
3) Current financial assets	14	635	-	635	-	-	-	11
4) Cash and cash equivalents	15	11,416	-	11,416	-	-	11,416	276
NON-CURRENT LIABILITIES								
5) Bank borrowings	17	34,408	-	-	-	34,408	34,408	(1,070)
6) Other financial liabilities	18	3,491	-	-	-	3,491	3,491	(87)
7) Other non current liabilities	22	1,195	-	-	-	1,195	1,195	
CURRENT LIABILITIES								
8) Bank borrowings	23	55,405	-	-	-	55,405	55,405	(1,946)
9) Trade payables	24	43,830	-	-	-	43,830	43,830	(2)
10) Other financial liabilities	26	20,572	-	-	-	20,572	20,572	(999)
11) Other current liabilities	29	21,772	-	-	-	21,772	21,772	-
(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 & loss	Loans and receivables	Investments held to maturity	Liabilities at amortised cost	Fair value	Impact on Income Statement
NON-CURRENT ASSETS								
1) Trade and other receivables	10	13,275	-	13,275	-	-	13,275	134
CURRENT ASSETS								
2) Trade and other receivables	12	50,604	-	50,604	-	-	50,604	(1,510)
3) Current financial assets	14	-	-	-	-	-	-	-
4) Cash and cash equivalents	15	12,276	-	12,276	-	-	12,276	242
NON-CURRENT LIABILITIES								
5) Bank borrowings	17	26,898	-	-	-	26,898	26,898	(1,725)
6) Other financial liabilities	18	2,001	-	-	-	2,001	2,001	(96)
7) Other non current liabilities	22	55	-	-	-	55	55	
CURRENT LIABILITIES								
8) Bank borrowings	23	82,894	-	-	-	82,894	82,894	(1,559)
9) Trade payables	24	36,160	-	-	-	36,160	36,160	(2)
10) Other financial liabilities	26	22,150	-	-	-	22,150	22,150	(1,197)
11) Other current liabilities	29	20,549	-	-	-	20,549	20,549	
(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.

31) Financial and market risk management

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

Fiera Milano Group has a favourable cash management cycle due to the financial nature of the companies that organise exhibitions and congresses. The organisers of exhibitions and congresses request a pre-payment from their clients as confirmation of their participation at an event and the balance is usually received before the event is held or at its conclusion. Suppliers of goods and services are paid under the payment terms generally used. This generates negative working capital for the organisers, which gives a cash surplus.

Fiera Milano SpA, the Parent Company, which in turn rents the exhibition space to the organisers, carries out administrative and cash management services for the organisers, receiving on behalf of the latter 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 and for the services provided. This also allows Fiera Milano SpA to receive its payments in advance, as it does the organisers. Therefore, within Fiera Milano Group, those companies that benefit from this favourable cash management cycle are the companies that organise exhibitions and the Parent Company.

The situation is different for the companies in the Stand-fitting Services and Media segments where the cash management cycle is typical of that of a company that manufactures and supplies goods and services. They generate working capital requirements which are met by recourse to bank borrowings.

The exposure of the Group to different types of risk is as follows.

31.1 Credit risk

Credit risk is represented by Group 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 which characterises the business of the Group. Fiera Milano hosts and organises exhibitions that are leaders in their sector and, therefore, the loyalty of exhibitors is high. For the Parent Company, 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.

As regards the companies operating in the Stand-fitting Services and Media segments, part of the services supplied to exhibition organisers is invoiced and received on behalf of the individual Group companies by Fiera Milano SpA. In all cases the companies of the Stand-fitting Services and Media segments carry out the normal solvency checks on potential clients and any amount due is constantly monitored by the relevant departments in order to implement any recovery action deemed necessary.

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 the Parent Company, Fiera Milano SpA, manages the cash flows of all the exhibitions at the two sites. The 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.

In some cases the Group will ask for bank guarantees as a further means of minimising credit risk.

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)	FY 31/12/2013 Receivables	Due	Breakdown of late payments (days)					Provision
Class			Overdue	0-90	91-180	181-270	>270	
Organisers	6,593	3,178	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	20,148	9,203	16,895	8,969	723	775	6,428	5,950
Total	45,253	14,754	39,766	26,341	1,295	1,526	10,604	9,267

(€'000)	FY 31/12/2014 Receivables	Due	Breakdown of late payments (days)					Provision
Class			Overdue	0-90	91-180	181-270	>270	
Organisers	5,611	2,280	4,686	1,756	426	141	2,363	1,355
Exhibitors	15,735	317	17,341	12,349	844	632	3,516	1,923
Other	16,607	10,097	12,321	4,262	871	543	6,645	5,811
Total	37,953	12,694	34,348	18,367	2,141	1,316	12,524	9,089

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)	Balance at 31/12/2012 Provision	Provisions	Utilisation	Other changes	Balance at 31/12/2013 Provision
Organisers	1,678	181	737	-	1,122
Exhibitors	2,302	447	553	-	2,195
Other	6,046	1,069	1,054	(112)	5,950
Total	10,026	1,697	2,344	(112)	9,267

(€'000)	Balance at 31/12/2013 Provision	Provisions	Utilisation	Other changes	Balance at 31/12/2014 Provision
Organisers	1,122	233	-	-	1,355
Exhibitors	2,195	402	674	-	1,923
Other	5,950	795	946	12	5,811
Total	9,267	1,430	1,620	12	9,089

31.2 Liquidity risk

Although the Group has taken measures to ensure that it has adequate levels of working capital and liquidity, a drop in the volumes of business caused by the seasonality and cyclicity 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 Group 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 Parent Company now finds itself in the situation under Article 2446 of the Italian Civil Code.

As already described in Note 30, the level of indebtedness at 31 December 2014 increased compared to the end of the previous financial year and went from Euro 101.825 million to Euro 121.667 million 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 mainly reflects an 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 Parent 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 Parent Company reasonably expects to continue this strategy in the 2015 financial period to cover its financial requirements that also stem from the expiry of some bank loans in the course of the current financial year.

As described in Note 17, some of the loans received by the Parent 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 for 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 change in the financial covenants mentioned above.

In the absence of extraordinary transactions, maintaining the financial equilibrium of the Group is linked to attaining 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 31 December 2014.

Financial liabilities (€'000)	Balance at 31/12/2013	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Current bank borrowings	55,405	44,744	4,283	6,378	-	-	-	-	-
Current interest payable		588	398	711	-	-	-	-	-
Other current financial liabilities	20,572	20,493	-	79	-	-	-	-	-
Current interest payable		94	-	8	-	-	-	-	-
Non-current bank borrowings	34,408	-	-	-	6,399	6,468	10,583	10,958	-
Non-current interest payable		-	-	-	601	502	684	368	-
Trade payables	43,830	43,830	-	-	-	-	-	-	-
Other non-current financial liabilities	3,491	-	-	-	84	82	170	3,155	-
Non-current interest payable		-	-	-	107	40	78	106	-
Total	157,706	109,749	4,681	7,176	7,191	7,092	11,515	14,587	-

Financial liabilities (€'000)	Balance at 31/12/2014	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Current bank borrowings	82,894	64,900	7,900	10,094					
Current interest payable		474	469	613					
Other current financial liabilities	22,150	11,084	10,984	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	
Trade payables	36,160	36,160							
Other non-current financial liabilities	2,001				86	85	49	1,781	
Non-current interest payable					97	35	68	26	
Total	170,103	112,738	19,419	10,794	10,540	6,543	9,150	4,009	-

31.3 Market risk

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

a) Interest rate risk

The Group has access to credit lines at competitive rates and is able to manage interest rate fluctuations. Moreover, the Group constantly monitors market conditions so as to intervene promptly should conditions change.

Reference should be made to Notes 17 and 23 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)	Total at 31/12/13	Balance * (debt)	Income (expense)	Rate	+0.5%	-0.5%
Current accounts	11,285	13,373	276	2.06%	342	209
Current financial liabilities	(42,405)	(55,381)	(1,918)	3.46%	(2,193)	(1,639)
Current account with the controlling shareholder Fondazione Fiera Milano	(20,410)	(31,336)	(980)	3.13%	(1,137)	(824)
Current and non-current bank borrowings	(47,408)	(33,497)	(1,076)	3.21%	(1,243)	(908)
Other current and non-current financial liabilities	(3,653)	(3,728)	(106)	2.84%	(125)	(87)

*average for the financial year

(€'000)	Total at 31/12/14	Balance * (debt)	Income (expense)	Rate	+0.5%	-0.5%
Current accounts	12,114	13,939	242	1.74%	312	173
Short-term advances	(2,500)	(68)	(2)	2.94%	(2)	(2)
Current financial liabilities	(59,524)	(47,049)	(1,490)	3.17%	(1,727)	(1,256)
Current account with the controlling shareholder Fondazione Fiera Milano	(21,683)	(39,042)	(1,183)	3.03%	(1,378)	(988)
Current and non-current bank borrowings	(47,768)	(50,547)	(1,767)	3.50%	(2,022)	(1,516)
Other current and non-current financial liabilities	(2,468)	(2,202)	(110)	5.00%	(121)	(99)

*average for the financial year

b) Exchange rate risk

This was in line with the previous financial year and remains relatively insignificant, even though the Group increased its exposure to international business in 2014, and was because the Group took out no financing in foreign currencies. Furthermore, as regards the foreign activities of the Group, the exchange rate risk is relatively limited as costs and revenues are both in the exchange rate of the country of operations and are mainly due to infragroup transactions for payments for cost sharing agreements, which give rise to exchange rate risks in the company that uses a different exchange rate from that of the infragroup transaction.

c) Risk of changes in raw material prices

The Group 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.

32) Disclosure on guarantees given, undertakings and other potential liabilities

Guarantees given

These totalled Euro 2.392 million and were as follows:

- US\$ 1.500 million, equivalent to Euro 1.235 million, for the guarantee given by the Parent Company to Ing Bank Istanbul on behalf of the subsidiary Interteks to cover bank loans given by the bank;
- Euro 0.597 million for guarantees on lease agreements;
- Euro 0.320 million for the guarantee given by Fiera Milano Congressi SpA to the Tax Authority to offset the VAT as part of the Group payment;
- Euro 0.156 million for guarantees given by the Parent Company to the Tax Authority for payments made as part of the Group VAT consolidation;
- Euro 0.084 million for other guarantees.

Potential liabilities

An adverse outcome to the legal procedures in which the Group is currently involved where the result is currently uncertain could, according to the legal advice taken, result in potential costs of approximately Euro 0.800 million.

INCOME STATEMENT

REVENUES

33) Revenues from sales and services

Revenues from sales and services were Euro 245.457 million (Euro 245.057 million at 31 December 2013).

The breakdown of revenues was as follows:

Revenues from sales and services	(€'000)		
	2014	2013	Change
Sales of exhibition space	69,706	60,758	8,948
Rental of stands, fittings and equipment	47,654	42,058	5,596
Exhibitor fees	47,175	68,211	(21,036)
Catering and canteen services	21,973	21,031	942
Revenues from exhibition and congress organisation services	15,693	9,725	5,968
Advertising space and services	16,830	15,217	1,613
Miscellaneous fees and royalties	6,919	6,204	715
Exhibition site services	6,381	6,314	67
Supplementary exhibition services	3,538	4,947	(1,409)
Access surveillance and customer care services	2,503	2,169	334
Exhibition insurance services	2,284	2,389	(105)
Administrative, telephone and internet services	2,066	1,459	607
Congress organisation	1,183	1,541	(358)
Ticket office sales	942	1,986	(1,044)
Multimedia and on-line catalogue services	610	1,048	(438)
Total	245,457	245,057	400

The increase in revenues was mainly attributable to the use of the MiCo Congress Centre during the six-month Italian presidency of the European Union and the strong demand for exhibition space outside Italy as the biennial exhibitions Fesqua and FISP were held in Brazil. The increase was nevertheless slight because of the decline in square metres of exhibition space occupied in Italy. This was caused by the unfavourable exhibition calendar following 2013 when the biennial exhibitions TUTTOFOOD, HOST and Made Expo (which became a biennial exhibition starting from 2013) held in uneven-numbered years took place 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 hosted exhibitions such as the Salone del Mobile and the exhibitions in the fashion sector. There was an increase in the entries for Revenues from exhibition and congress organisation services and Sales of exhibition space 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 entry Exhibitor fees.

Revenues from sales and services included Euro 0.078 million (Euro 0.228 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 48.

OPERATING COSTS

34) Costs of materials

These were Euro 2.440 million (Euro 3.662 million at 31 December 2013).

The breakdown was as follows:

Cost of materials	(€'000)		
	2014	2013	Change
Subsidiary materials and consumables	1,477	2,529	(1,052)
Printed materials, forms and stationery	689	871	(182)
Raw materials	279	259	20
Finished goods and packaging	8	23	(15)
Change in inventories of raw materials	(13)	(20)	7
Total	2,440	3,662	(1,222)

The decrease of Euro 1.222 million mainly due to lower purchases of subsidiary materials that reflected the lower stand-fitting services sold as part of the collaboration with Expo 2015.

35) Costs for services

These totalled Euro 137.400 million (Euro 128.220 million at 31 December 2013).

The breakdown was as follows:

Cost of services	(€'000)		
	2014	2013	Change
Equipment hire	22,574	18,084	4,490
Stands and equipment for exhibitions	21,888	20,721	1,167
Catering services	17,061	16,678	383
Maintenance	10,530	8,493	2,037
Technical, legal, commercial and administrative services	9,529	8,569	960
Energy costs	9,392	10,000	(608)
Collateral events connected to exhibitions	7,385	5,300	2,085
Security and gate services	5,413	5,235	178
Cleaning and waste disposal	4,854	4,817	37
Advertising	3,856	3,415	441
Insurance	3,268	3,339	(71)
Telephone and internet expenses	2,149	1,932	217
Ticketing	1,712	2,001	(289)
Transport	1,529	1,570	(41)
Technical assistance and ancillary services	1,481	1,591	(110)
IT services	1,226	1,494	(268)
Conference and congress services	656	793	(137)
Remuneration of Statutory Auditors	183	206	(23)
Expenses for statutory bodies	128	121	7
Change in suspended costs for future exhibition	(982)	(703)	(279)
Other	13,568	14,564	(996)
Total	137,400	128,220	9,180

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 equipment hire and in stands and equipment for exhibitions mainly linked to the increase in revenues for stand-fitting services and organisation for the six-month Italian presidency of the European Union;
- an increase in advertising costs for exhibitions caused by higher costs for the relaunch and internationalisation of the exhibition HOMI;
- an increase in maintenance costs for the upgrading of the MiCo North congress centre.

The entry includes Euro 1.838 million (Euro 2.493 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 48.

36) Cost of use of third-party assets

This totalled Euro 57.875 million (Euro 63.062 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	52,545	58,244	(5,699)
Other rental expenses	4,528	4,012	516
Vehicle hire	620	680	(60)
Lease of company division	140	39	101
Office equipment and photocopier hire	42	81	(39)
Operating lease expenses and other lease expenses	-	6	(6)
Total	57,875	63,062	(5,187)

The item, rent and expenses for exhibition sites, included the rent of Euro 52.340 million 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 agreement. The rental payments are recognised on a straight-line basis over the length of the agreement.

The entry includes Euro 52.363 million (Euro 57.791 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 48.

37) Personnel expenses

These totalled Euro 49.276 million (Euro 47.587 million at 31 December 2013) and the breakdown was as follows:

Personnel expenses	(€'000)		
	2014	2013	Change
Salaries	33,479	31,626	1,853
Social Security payments	10,480	9,888	592
Defined contribution plan charges	1,609	1,533	76
Directors' remuneration	1,418	1,809	(391)
External and temporary employees	906	753	153
Defined benefit plan charges	558	514	44
Early retirement incentives	101	661	(560)
Other expenses	725	803	(78)
Total	49,276	47,587	1,689

The breakdown of the average number of employees (including those on fixed-term contracts) was as follows:

Breakdown of personnel by category	2014	2013	Change
Managers	47	45	2
Middle managers and white collar workers	792	757	35
<i>of which proportionally consolidated companies:</i>			
<i>Managers</i>	2	2	-
<i>Middle managers and white collar workers</i>	61	51	10
Total personnel	839	802	37

38) Other operating expenses

These were Euro 6.783 million (Euro 7.631 million at 31 December 2013) and the breakdown was as follows:

Other operating expenses	(€'000)		
	2014	2013	Change
Local taxes	2,068	2,471	(403)
Doubtful receivables	1,700	2,328	(628)
Contributions and donations	597	608	(11)
Taxes other than income tax and taxes	593	490	103
Copyright royalties (SIAE)	275	296	(21)
Municipal tax on advertising	272	276	(4)
Gifts and promotional merchandise	129	97	32
Balancing item from closure of prior year exhibition accounts	70	45	25
Other expenses	1,079	1,020	59
Total	6,783	7,631	(848)

The entry includes Euro 1.064 million (Euro 0.985 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 48.

39) Other income

This was Euro 3.531 million (Euro 5.088 million at 31 December 2013) and the breakdown was as follows:

Other income	(€'000)		
	2014	2013	Change
Office rent and expenses	1,530	1,511	19
Other recovered costs	954	862	92
Recovery of expenses for seconded employees	281	304	(23)
Insurance indemnities	27	197	(170)
Capital gains on non-current assets	6	22	(16)
Share of contributions to internationalisation initiative	-	1,200	(1,200)
Other income	733	992	(259)
Total	3,531	5,088	(1,557)

The decrease in this item of Euro 1.557 million was mainly due to the item Share of contributions to internationalisation initiatives, which, in the previous financial year, included the one-off payment from Fondazione Fiera Milano for its share of the initiatives for the exhibition Host.

The entry includes Euro 0.307 million (Euro 1.547 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 48.

40) Results of equity accounted associates and joint ventures

This entry totalled Euro 1.448 million (Euro 2.172 million at 31 December 2013) and was almost exclusively due to the investment in the joint venture with Deutsche Messe AG.

Further details are given in paragraph 2, Disclosure on subsidiaries, joint ventures and associates.

41) Depreciation and amortisation

Depreciation of property, plant and equipment

This was Euro 6.814 million (Euro 7.484 million at 31 December 2013).

Details of depreciation are given in the Notes to the Accounts under the entry Property, plant and machinery.

This item includes no depreciation of leased property, plant and equipment.

Amortisation of intangible assets

This was Euro 6.643 million (Euro 6.661 million at 31 December 2013).

Details of amortisation are given in the Notes to the Accounts under the entry Intangible assets with a finite useful life.

42) Adjustments to asset values

These were Euro 3.637 million (Euro 6.591 million at 31 December 2013).

The breakdown is given in the following table:

Adjustments to asset values	(€'000)		
	2014	2013	Change
Write-downs of Property, Plant and Equipment	11	22	(11)
Impairment of goodwill on acquisitions	500	-	500
Impairment of exhibition trademarks and publications	3,126	6,569	(3,443)
Total	3,637	6,591	(2,954)

Comments on the adjustments to asset values may be found in Notes 4, 6 and 7.

43) Write down of doubtful receivables and other provisions

These increased to Euro 1.639 million (from Euro 1.494 million at 31 December 2013).

Changes in this entry are shown in the following table:

Write down of doubtful receivables and other provisions	(€'000)		
	2014	2013	Change
Write-downs of receivables	(190)	(613)	423
<i>provisions</i>	<i>1,430</i>	<i>1,693</i>	<i>(263)</i>
<i>utilisation</i>	<i>(1,620)</i>	<i>(2,306)</i>	<i>686</i>
Palazzo Italia project	(1,355)	206	(1,561)
<i>provisions</i>	<i>-</i>	<i>1,864</i>	<i>(1,864)</i>
<i>utilisation</i>	<i>(1,355)</i>	<i>(1,658)</i>	<i>303</i>
Personnel disputes	45	(20)	65
<i>provisions</i>	<i>66</i>	<i>276</i>	<i>(210)</i>
<i>utilisation</i>	<i>(21)</i>	<i>(296)</i>	<i>275</i>
Provisions for personnel reorganisation	-	(475)	475
<i>provisions</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>utilisation</i>	<i>-</i>	<i>(475)</i>	<i>475</i>
Losses on future exhibitions	(111)	(627)	516
<i>provisions</i>	<i>-</i>	<i>111</i>	<i>(111)</i>
<i>utilisation</i>	<i>(111)</i>	<i>(738)</i>	<i>627</i>
Other legal disputes	(28)	35	(63)
<i>provisions</i>	<i>161</i>	<i>171</i>	<i>(10)</i>
<i>utilisation</i>	<i>(189)</i>	<i>(136)</i>	<i>(53)</i>
Total	(1,639)	(1,494)	(145)

Further details on changes in provisions for risks and charges are given in Notes 19 and 27.

44) Financial income and similar

This was Euro 0.958 million (Euro 1.125 million at 31 December 2013) and the breakdown was as follows:

Financial income and similar	(€'000)		
	2014	2013	Change
Exchange rate gains	530	306	224
Interest income from cautionary deposits related to the rent of the exhibition site	117	320	(203)
Interest income on bank deposits	242	276	(34)
Interest income on receivables from the controlling shareholder	11	-	11
Other financial income	58	223	(165)
Total	958	1,125	(167)

This entry includes Euro 0.117 million (Euro 0.320 million at 31 December 2013) for related-party transactions. Further details on related-party transactions are given in Note 48.

45) Financial expenses and similar

These totalled Euro 5.857 million (Euro 4.970 million at 31 December 2013) and the breakdown was as follows:

Financial expenses and similar	(€'000)		
	2014	2013	Change
Interest payable on bank accounts	3,284	3,016	268
Interest payable on the current account with the controlling shareholder Fondazione Fiera Milano	1,183	980	203
Exchange rate losses	696	345	351
Charges on discounting defined benefit plans	285	259	26
Discounting of liabilities to present value	186	137	49
Other financial expenses	223	233	(10)
Total	5,857	4,970	887

The change mainly reflected higher financial expenses due to the higher average level 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 48.

46) Income tax

The entry for taxes was positive for Euro 4.586 million (positive for Euro 4.307 million at 31 December 2013) due to deferred tax assets.

The breakdown was as follows:

Income tax	(€'000)		
	2014	2013	Change
Current income tax	482	1,189	(707)
Deferred income tax	(5,068)	(5,496)	428
Total	(4,586)	(4,307)	(279)

A breakdown of the current taxes at 31 December 2014 is given below:

Current income tax	(€'000)		
	2014	2013	Change
Current income tax (IRAP)	497	752	(255)
Other current income tax	1,153	644	509
Income from tax consolidation	(1,168)	(207)	(961)
Total	482	1,189	(707)

Since the 2007 financial period, the Parent Company 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 in the Note to the entry, provision for tax consolidation, in the Statement of Financial Position.

The Euro 1.168 million of income from the tax consolidation was the effect of offsetting the tax assets with the tax charge for the financial period of the companies within the tax consolidation.

Other current tax payables included IRES, payable as part of the tax consolidation gross of receivables from the tax consolidation, and also the current tax payables of the foreign Group subsidiaries.

At 31 December 2014, deferred taxes for the year were positive for Euro 5.068 million and comprised deferred tax assets (of Euro 3.954 million) and deferred tax liabilities (of Euro 1.114 million).

The deferred tax liabilities at 31 December 2014 were mainly for trademarks of the companies acquired and tax amortisation of goodwill in the Parent Company. Deferred tax assets reflected the recognition in profit and loss of tax losses in the year net of provisions for risks and charges, the tax deductibility of which will be recognised in future financial periods.

The changes in these entries were as follows:

Deferred income taxes				(€'000)
	31/12/13	Recognised in the Income Statement	Other changes	31/12/14
Deferred tax assets				
Excess amortisation, depreciation and write-downs	1,198	(298)	-	900
Provisions for risks and charges	1,809	(552)	-	1,257
Doubtful receivables	2,122	(31)	-	2,091
Tax losses carried forward	12,770	4,963	-	17,733
Other temporary differences	291	(128)	-	163
Total	18,190	3,954	-	22,144
Deferred tax liabilities				
Goodwill amortisation and deferred taxes on acquisition of intangible assets	23,845	(960)	-	22,885
Defined benefit plan charges	123	(35)	(136)	(48)
Other temporary differences	116	(119)	-	(3)
Total	24,084	(1,114)	(136)	22,834
Net deferred income taxes	5,894	(5,068)	(136)	690
<i>of which: Deferred tax assets</i>	<i>2,055</i>			<i>6,457</i>
<i>Deferred tax liabilities</i>	<i>7,949</i>			<i>7,147</i>

The breakdown of total theoretical deferred taxes relating to tax losses carried forward from previous financial years was:

- losses prior to tax consolidation: Euro 1.817 million;
- losses on tax consolidation: Euro 15.783 million;
- losses from foreign Group companies: Euro 0.133 million.

Reconciliation of theoretical and effective corporation tax charge (IRES) (€'000)

Consolidated profit/(loss) before income tax	(23,692)
Percentage applicable for corporation income tax (IRES)	27.5%
Theoretical IRES tax charge (corporation income tax)	(6,515)
Difference between theoretical and effective tax charges:	
Taxes on intragroup dividends	37
Taxes on foreign subsidiaries	384
Non-deductible write downs	138
Non-deductible operating expenses and other	846
Effective IRES tax charge	(5,110)

Reconciliation of theoretical and effective corporation tax charge (IRAP) (€'000)

Net operating result (EBIT)	(18,793)
Personnel expenses	49,276
Consolidated taxable base for purposes of IRAP	30,483
Statutory rate applicable for corporation income tax (IRAP)	3.9%
Theoretical IRAP tax charge (corporation income tax)	1,189
Difference between theoretical and effective tax charges:	
Tax wedge	(625)
Non-deductible write downs	20
Taxes on foreign subsidiaries	(75)
Non-deductible operating expenses and other	15
Effective IRAP tax charge	524

Group profit/(loss)

At 31 December 2014, the Group made a net loss of Euro 18.955 million, compared to a net loss of Euro 16.498 million at 31 December 2013.

47) Earnings/(losses) per share

In the 2014 financial year, the loss per share was Euro 0.4565 compared to a loss of Euro 0.3973 per share at 31 December 2013; the figure was calculated by dividing the net result for the period by the average weighted number of Fiera Milano SpA shares in circulation during the financial year.

	2014	2013
Profit/(loss) (€'000)	(18,955)	(16,498)
Average no. of shares in circulation ('000)	41,521	41,528
Basic earnings/(losses) per issued share (€)	(0.4565)	(0.3973)
Earnings/(losses) per fully diluted no. of shares (€)	(0.4565)	(0.3973)

The number used as the numerator to calculate basic earnings/ losses per share and diluted earnings/ losses per share was a loss of Euro 18.955 million in the financial year to 31 December 2014 (a loss of Euro 16.498 million at 31 December 2013).

The average weighted number of ordinary shares used to calculate basic earnings/ losses per share and diluted earnings/ losses per share, and the relative reconciliation of the two figures, was the following:

('000)	2014	2013
Weighted average no. of shares used for calculation of EPS	41,521	41,528
+ Potential no. of shares issued without payment	-	-
Weighted average no. of shares used to calculate diluted EPS	41,521	41,528

In the financial year under review, no equity instruments were issued, including shares that could potentially be issued, that could dilute future basic earnings per share and, since the end of the reporting period, no transactions involving the ordinary shares or the potential issue of ordinary shares has been concluded.

48) Related-party transactions

The companies that are part of Fiera Milano Group carried out transactions at market conditions with Group companies and with other related parties.

As part of its corporate governance, Fiera Milano SpA has adopted the *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.

Commercial transactions concern the organisation and management of exhibitions and other events managed by the Group. Fiera Milano SpA provides administrative services to some subsidiaries, with the aim of optimising the use of professional resources and competencies, and also communication services in order to ensure the uniformity of the Group image.

All the Italian subsidiaries, the consolidated companies, opted for the Italian tax consolidation procedure for IRES, which has a mandatory duration of three financial years.

The tax consolidation procedure gives Fiera Milano Group a definite economic and financial benefit, particularly in allowing the immediate use of the tax losses of the Group generated in the financial years in which the option is available, to offset the profits of the consolidated companies, giving an immediate tax saving.

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 by the companies involved.

In the Statement of Financial Position and the Income Statement, 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, the Group has decided that Euro 2.000 million is the material threshold above which separate disclosure must be made for equity items and Euro 1.000 million for economic items.

Detailed information on transactions is given below with different sections covering related-party transactions with the controlling shareholder Fondazione Fiera Milano and other related-party transactions that are not consolidated.

Related-party transactions with the controlling shareholder Fondazione Fiera Milano

Recurring transactions are summarised below.

I. Real estate lease agreements with Fiera Milano SpA

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 of 1 January 2006 in the contracts for both exhibition areas. The lease agreement for both exhibition areas 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 exhibition 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 rental agreements have 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 current 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 regarding 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 S.p.A. acting for Fiera Milano SpA.

II. Real estate lease agreement with Fiera Milano Congressi SpA

On 24 January 2000, Fondazione Fiera Milano signed a contract with Fiera Milano Congressi SpA, valid until 31 December 2012, relating to the availability of part of Pavilion 17 (equal to about 15,000 square metres of gross exhibition space) within the downtown site. This area was granted for the use of Fiera Milano Congressi SpA at no charge until 31 December 2002 (in view of the substantial restructuring operations carried out by Fiera Milano Congressi on the aforementioned area) while, since 1 January 2003, Fiera Milano Congressi SpA has paid an annual rent determined as a percentage of revenues, excluding revenues from activities conducted outside the downtown site.

On 15 March 2005, this contract was updated to reflect the expansion of the congress centre activities hosted in Pavilion 17 of the downtown site. The new agreement between the controlling shareholder Fondazione Fiera Milano and Fiera Milano Congressi SpA was valid until 30 June 2011 and renewable until 30 June 2017. At the first lease expiry date, the cancellation option, which expired on 30 June 2011, was not exercised. Under the new agreement, Fiera Milano Congressi SpA pays a fixed annual rent to which is added a variable portion that is dependent on achieving a specified level of revenues.

On 18 May 2009, Fondazione Fiera Milano signed a preliminary contract with Fiera Milano Congressi SpA for the use of Pavilions 5 and 6 within the downtown site; this area was used to build the new congress centre, called MiCo – South Wing, which was inaugurated in May 2011 and which is integrated with the congress areas of Pavilion 17 and called MiCo – Milano Congressi.

The final lease agreement for the area known as MiCo – Milano Congressi South Wing (the former pavilions 5 and 6) was agreed in 2012 and is effective for nine years with the initial period running from 1 May 2011 (the date on which Fiera Milano Congressi SpA took charge of the new congress centre). The contract is automatically renewed for a further nine years unless terminated by one of the parties. The full annual rent was fixed at Euro 3.000 million with a variable component of 5% of the excess revenues realised by Fiera Milano Congressi SpA in the centre compared to the revenue targets in its 2011–2014 industrial plan.

The rent is adjusted annually by an amount equal to 100% of the change in the ISTAT index reported for the previous year. Under the contract there was a reduction in the full rent for the first

four years of the contract. The rent for the first year was fixed at Euro 0.750 million with the rent rising annually by Euro 0.750 million in the following three years to reach the agreed full rent of Euro 3.000 million.

III. 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.

IV. Group tax consolidation with the controlling shareholder Fondazione Fiera Milano

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.

V. 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.

VI. 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 business division "Exhibition Management Activity" 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.

VII. Current account with Fiera Milano SpA

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

Related-party transactions

These are transactions carried out in pursuit of normal operations and regulated by market conditions.

The financial, capital and economic transactions conducted with related parties are shown in the following table.

Related party entries in the Statement of Financial Position and Income Statement in the financial year to 31 December 2014 (€'000)												
	Trade and other non-current receivables	Trade and other receivables	Other non-current financial liabilities	Other current financial liabilities	Other current liabilities	Revenues from sales and services	Cost of services	Cost of use of third-party assets	Other operating expenses	Other income	Financial income and similar	Financial expenses and similar
Controlling shareholder and other Group companies												
Fondazione Fiera Milano	12,389	6,656		21,683	4,128	78	1,225	52,340	1,064	307	127	1,183
Other related parties												
Christine Cashmore				300								
Yilong QI			1,781									
Cipa Publicações - Graphic services							177					
Cipa Publicações - Rent/Lease contract								23				
Nextur Ltda - Travel agency							93					
Separ A.S.		139					343					
Total related parties transactions	12,389	6,795	1,781	21,983	4,128	78	1,838	52,363	1,064	307	127	1,183
Total reported	13,275	50,604	2,001	22,150	20,549	245,457	137,400	57,875	6,783	3,531	958	5,857
% Rel. party transactions/Total reported	93%	13%	89%	99%	20%	-	1%	90%	16%	9%	13%	20%

Information on the remuneration paid to the Administrative and Control Bodies, to the General Directors and to the Executives with Strategic Responsibilities in the financial year to 31 December 2014 is given in the table included in the section below on other information.

(€'000)

Statement of related party cash flow	2014	2013	
Cash flow from operating activities			
Revenues and income	385	1,775	
Costs and expenses	(55,265)	(61,269)	
Interest receivable	127	320	
Interest payable	(1,183)	(980)	
Changes in trade and other receivables	(4,010)	(455)	
Change in trade and other payables	1,171	1,366	
Total	(58,775)	(59,243)	
Cash flow from investment activities			
Investments in non-current activities			
. Tangible and intangible	-	-	
. Other non-current assets	-	-	
Total	-	-	
Cash flow from financing activities			
Change in financial (assets)/liabilities	816	21,641	
Total	816	21,641	
Cash Flow in the period	(57,959)	(37,602)	
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	(9,861)	(9,122)	19,276
Related party transactoins	(58,775)	-	816
FY to 31.12.13:			
Total	1,426	(9,683)	10,041
Related party transactoins	(59,243)	-	21,641

49) Other information

Non-recurring events and transactions

Given the total amount of Statement of Financial Position and Income Statement items, the Group has decided that Euro 2 million is the material threshold above which separate disclosure must be made.

In the financial year under review there were no non-recurring transactions.

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, the Parent Company 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 million³). 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 Parent Company's shareholding moves from 85% to 100%

Remuneration of the Administrative and Control Bodies, General Managers and Executives with strategic responsibilities

Executives with strategic responsibilities are those that have the power and responsibility, both direct and indirect, for the planning, management and control of Group activities.

Within the Parent Company, the following have been identified as Executives with strategic responsibilities: the Directors, the Statutory Auditors and the members of the Steering Committee.

For subsidiaries, the Executives with strategic responsibilities are the Managing Directors, Sole Directors and executive managers.

The total remuneration for this category of Executives was Euro 4.568 million at 31 December (Euro 3.780 million at 31 December 2013) and the breakdown was as follows:

Remuneration	2014		
	Directors	Statutory Auditors	Others
Short-term benefits	1,817	156	2,060
Post-employment benefits	10	-	121
Other non current benefits	-	-	-
Staff-leaving indemnities	404	-	-
Notional income from stock option plans	-	-	-
Total	2,231	156	2,181

(€'000)

³ Figures in Euro have been translated using the exchange rate on 24 February 2015 (EUR/ZAR = 13.149)

Remuneration	2013		
	Directors	Statutory Auditors	Others
Short-term benefits	1,982	130	1,534
Post-employment benefits	31	-	103
Other non current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Notional income from stock option plans	-	-	-
Total	2,013	130	1,637

At 31 December 2014, the residual amount payable to this category was Euro 0.196 million (Euro 0.269 million at 31 December 2013).

Information under article 149-duodecies of the Consob Listing Rules

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

			(€'000)
	Service provider	Client	Fees for financial year 2014
Auditing	Reconta Ernst & Young	Parent Company - Fiera Milano SpA	189
		Subsidiaries	161
Other services	Reconta Ernst & Young	Parent Company - Fiera Milano SpA *	29
		Subsidiaries *	14
		Subsidiaries **	22
Total			415

* Agreed procedures

**Other professional services related to environment, health and safety

Rho (Milan), 20 March 2015

For the Board of Directors
The Chairman
Michele Perini

List of companies included in the area of consolidation and other equity investments at 31 December 2014

Company name and registered office	Main activity	Share capital (000) (*)	Shareholding %			Shareholding of Group companies
			Group total	Directly held by Fiera Milano	Indirectly held through other Group companies	%
A) List of companies included in the area of consolidation						
Parent Company						
Fiera Milano SpA						
Milan, p.le Carlo Magno 1	Organisation and hosting of exhibitions	42,147				
Fully consolidated companies						
Fiera Milano Media SpA						
Milan, p.le Carlo Magno 1	Media services	2,803	100	100		100 Fiera Milano SpA
Fiera Milano Congressi SpA						
Milan, p.le Carlo Magno 1	Conferences and special events	2,000	100	100		100 Fiera Milano SpA
Nolostand SpA						
Milan, p.le Carlo Magno 1	Stand fitting services	7,500	100	100		100 Fiera Milano SpA
Eurofairs International Consultoria e Participações Ltda						
São Paulo Brasil, na Avenida Angélica, nº 2350, Sala B, Consolação,	Exhibitions and other events outside of Italy	R \$ 36,014	100	99.98	0.02	99.98 Fiera Milano SpA 0.02 Nolostand SpA
CIPA Fiera Milano Publicações e Eventos Ltda						
São Paulo Brasil, Av. Angelica	Exhibitions and other events outside of Italy	R \$ 941	75		75	75 Eurofairs International Consultoria e Participações Ltda
Fiera Milano India Pvt Ltd						
New Delhi, Barakhamba Road, Connaught Place	Exhibitions and other events outside of Italy	INR 20,000	99.99	99.99		99.99 Fiera Milano SpA
Limited Liability Company "Fiera Milano"						
Moscow, 24 A/1 ul. B. Cherkizovskaya	Exhibitions and other events outside of Italy	RUB 10,000	100	100		100 Fiera Milano SpA
Fiera Milano Interteks Uluslararası Fuarçılık A.Ş.						
Istanbul, Mim Kemal Öke Cd No 6 Nişantaşı	Exhibitions and other events outside of Italy	TRY 1,308	60	60		60 Fiera Milano SpA
Fiera Milano Exhibitions Africa Pty Ltd						
Cape Town, The Terraces, Steenberg Office Park, Tokai	Exhibitions and other events outside of Italy	ZAR 100	85	85		85 Fiera Milano SpA
Worldex (China) Exhibition & Promotion Ltd						
Guangzhou, 538 Dezheng Bei Road, Yuexiu District	Exhibitions and other events outside of Italy	CNY 5,380	75	75		75 Fiera Milano SpA
Haikou Worldex Milan Exhibition Co. Ltd						
Haikou, 12 Lantian Road West	Exhibitions and other events outside of Italy	CNY 200	74.25		99	99 Worldex Ltd
B) List of jointly controlled companies equity-accounted						
Hannover Milano Global Germany GmbH						
Hannover Germany, Messegeleende	Exhibitions and other events outside of Italy	25	49	49		49 Fiera Milano SpA
Hannover Milano Fairs Shanghai Co. Ltd						
Shanghai China, Pudong Office Tower	Exhibitions and other events outside of Italy	USD 500	49		100	100 Hannover Milano Global Germany GmbH
Hannover Milano Fairs China Ltd						
Hong Kong China, Golden Gate Building	Exhibitions and other events outside of Italy	HKD 10	49		100	100 Hannover Milano Global Germany GmbH
Hannover Milano Fairs India Pvt Ltd						
East Mumbai, Andheri	Exhibitions and other events outside of Italy	INR 274,640	48.99		99.99	99.99 Hannover Milano Global Germany GmbH
Global Fairs & Media Private Ltd						
New Delhi, Bahadur Shah Zafar Marg 9-10	Exhibitions and other events outside of Italy	INR 207,523	24.5		50	50 Hannover Milano Fairs India Pvt Ltd
Milan International Exhibitions Srl under liquidation						
Rho, S.S.Sempione 28	Other	120	20	20		20 Fiera Milano SpA
C) List of companies accounted at cost						
Company name and registered office	Main activity	Share capital (000) (*)	Group total	Directly held by Fiera Milano	Indirectly held through other Group companies	Shareholding of Group companies %
Esperia SpA						
Rose (Cosenza)	Other	1,403	2		2	2 Fiera Milano Media SpA
Uktas Uluslararası Kongre Sarayı Tesisleri İşletmeciliği Tic. A.Ş.						
Istanbul	Other	TRY 17,700	0.07		0.07	0.07 Fiera Milano Interteks Uluslararası Fuarçılık A.Ş.

(*) Euro or other currencies as specifically indicated

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, taking note of the provisions of article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 24 February 1998, no. 58:
 - the suitability in relation to the characteristics of the business and
 - the effective application of the administrative and accounting procedures for the preparation of the Consolidated 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 Consolidated Financial Statements to 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 Consolidated Financial Statements to 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 and all of the companies included in the consolidation.

 - 3.2 the report on operations includes a reliable analysis of the trend and results of operations and the situation of the Issuer and all of the companies included in the consolidation together with a description of the main risks and uncertainties to which it is exposed.

20 March 2015

Signed
Chief Executive Officer
Enrico Pazzali

Signed
**Manager responsible for preparing the
Company's financial statements**
Flaminio Oggioni

**Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)**

To the Shareholders
of Fiera Milano S.p.A.

1. We have audited the consolidated financial statements of Fiera Milano S.p.A. and its subsidiaries, (the "Fiera Milano Group") as of 31 December 2014 and for the year then ended, comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related explanatory and supplementary notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Fiera Milano S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements of the prior year are presented for comparative purposes. As described in the explanatory and supplementary notes, Directors have restated certain comparative data related to the prior year with respect to the data previously presented, on which other auditors issued their auditor's report dated 31 March 2014. We have examined the method used to restate the comparative financial data and the information presented in the explanatory and supplementary notes in this respect, for the purpose of expressing our opinion on the consolidated financial statements as of 31 December 2014 and for the year then ended.

3. In our opinion, the consolidated financial statements of the Fiera Milano Group at 31 December 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Fiera Milano Group for the year then ended.
4. As a matter of emphasis, we draw attention to the following matters:
 - a) the consolidated financial statements show a loss of Euro 19.1 million. Reference should be made to the section "Business outlook and assessment of the Company as a going concern" of the Board of Directors' Management Report and in points 1.5 "Use of estimates" and 31.2 "Liquidity Risk" of the explanatory and supplementary notes to the financial statements with reference to the results of operations for the year, the financial performance, the business outlook, as well as to the conclusions of the Directors on the adoption of the going concern assumptions used by them in the preparation of the consolidated financial statements;
 - b) as indicated in point 48 of the explanatory and supplementary notes to the consolidated financial statements, the Fiera Milano Group undertakes significant transactions with related parties.

5. The Directors of Fiera Milano S.p.A. are responsible for the preparation of the Board of Directors' Management Report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Board of Directors' Management Report and the specific section on Corporate Governance and Ownership Structure regarding the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Board of Directors' Management Report and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the specific section of the report, are consistent with the consolidated financial statements of the Fiera Milano Group at 31 December 2014.

Milan, 30 March 2015

Reconta Ernst & Young S.p.A.
Signed by: Federico Lodrini, partner

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

Fiera Milano SpA Financial Statements to 31 December 2014

- **Financial Statements**
- **Explanatory and supplementary notes to the Financial Statements**
- **Attachments:**
 1. **List of equity investments in subsidiaries and joint ventures for the financial year ended 31 December 2014**

Summary of key figures of the last financial statements of subsidiaries and associates included in the area of consolidation

		(Euro)	
notes	Fiera Milano SpA Statement of Financial Position	31/12/14	31/12/13
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	<i>of which from related parties</i>	<i>12,388,585</i>	<i>12,783,813</i>
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	<i>of which from related parties</i>	<i>9,164,681</i>	<i>6,451,987</i>
9-42	Inventories	4,466,326	2,754,441
	Contracts in progress	-	-
10	Current financial assets	2,724,827	2,144,518
42	<i>of which from related parties</i>	<i>2,724,827</i>	<i>2,144,518</i>
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	<i>of which to related parties</i>	<i>21,683,296</i>	<i>20,409,675</i>
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	<i>of which to related parties</i>	<i>13,049,709</i>	<i>12,660,369</i>
	Total	186,929,226	164,548,727
Liabilities held for sale			
	Liabilities held for sale	-	-
	Total	-	-
	Total liabilities	243,414,598	260,511,315

		(Euro)	
notes	Fiera Milano SpA Statement of Comprehensive Income	2014	2013
28	Revenues from sales and services	181,098,308	194,522,546
42	<i>of which with related parties</i>	<i>4,918,877</i>	<i>4,757,820</i>
	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	<i>of which with related parties</i>	<i>33,562,873</i>	<i>29,853,280</i>
31	Cost of use of third-party assets	51,897,839	58,809,232
42	<i>of which with related parties</i>	<i>49,319,642</i>	<i>55,755,710</i>
32	Personnel expenses	34,990,305	34,180,257
42	<i>of which with related parties</i>	<i>1,007,595</i>	<i>934,283</i>
33	Other operating expenses	4,756,578	5,811,622
42	<i>of which with related parties</i>	<i>1,309,715</i>	<i>1,373,392</i>
	Total operating expenses	200,391,302	206,838,577
34	Other income	6,405,941	7,327,206
42	<i>of which with related parties</i>	<i>3,857,967</i>	<i>4,794,088</i>
	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	<i>of which with related parties</i>	<i>2,018,511</i>	<i>2,448,013</i>
38	Financial expenses and similar	4,739,379	4,235,303
42	<i>of which with related parties</i>	<i>1,183,180</i>	<i>979,835</i>
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	<i>of which with related parties</i>	<i>(1,167,540)</i>	<i>(206,622)</i>
	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	<i>of which with related parties</i>	(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 investment 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	<i>of which with related parties</i>	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)

	2014	2013
Cash generated from operating activities		
Result including non-operating activities	(30,674,121)	(12,663,683)
<i>Adjustments for:</i>		
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/(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 determining 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
Nobstand 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 Uluslararası Fuarçılık 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 Uluslararası Fuarçılık 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 million⁴) 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.

⁴ 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 Participações 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 Participações Ltda	16.42%
- Fiera Milano Interteks Uluslararası Fuarcılık 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 Media 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 Participações 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 exhibition 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:

	31/12/13	Provisions	Uses	31/12/14
Provision 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 Participações 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	-
<i>of which treasury shares</i>	<i>(627)</i>	<i>(627)</i>	-
Share premium reserve	1,783	14,447	(12,664)
<i>of which treasury shares</i>	<i>(2,913)</i>	<i>(2,913)</i>	-
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				Number of shares
	at 31 December				
	2013	Increase in capital	Purchase	Sale	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)					
	Balance	Possible uses	Amount available	Summary of uses	
				to cover losses	for other reasons
Share capital <i>of which treasury shares</i>	41,521 (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	Utilisation	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 (<i>Assicurazione Generale Obbligatoria</i>) 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	
Annual technical discount rate	+/- 0.5%	6,157	6,014	6,307	
Annual rate of increase in total employees salary	+/- 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 exhibition	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	Utilisation	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 temporary employees 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	Impact 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	-
<i>(a) Fair value at the recognition date</i>								

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	Impact 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	-
<i>(a) Fair value at the recognition date</i>								

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	Overdue	Breakdown of late payments (days)				Provision
				0-90	91-180	181-270	>270	
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	Breakdown of late payments (days)					Provision
			Overdue	0-90	91-180	181-270	>270	
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 Provision	Provisions	Utilisation	FY 31/12/2014 Provision
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 cyclicity 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 photocopier 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 subsidiaries	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 initiatives	-	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
<i>provisions</i>	758	1,160	(402)
<i>utilisation</i>	(1,039)	(1,503)	464
Palazzo Italia project	(1,355)	206	(1,561)
<i>provisions</i>	-	1,864	(1,864)
<i>utilisation</i>	(1,355)	(1,658)	303
Disputes with personnel	-	(250)	250
<i>provisions</i>	-	46	(46)
<i>utilisation</i>	-	(296)	296
Personnel reorganisation	-	(475)	475
<i>provisions</i>	-	-	-
<i>utilisation</i>	-	(475)	475
Losses on future exhibitions	(111)	(627)	516
<i>provisions</i>	-	111	(111)
<i>utilisation</i>	(111)	(738)	627
Other disputes	(165)	(43)	(122)
<i>provisions</i>	-	79	(79)
<i>utilisation</i>	(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 Fondazione Fiera Milano	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 write-downs	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
<i>of which: Tax assets for deferred taxes</i>	<i>13,300</i>			<i>17,322</i>
<i>Deferred tax liabilities</i>	<i>11,128</i>			<i>10,984</i>

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 Participações 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 Uluslararası Fuarçılık 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 Shanghai 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 million⁵). 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:

⁵ 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.

Rho (Milan), 20 March 2015

On behalf of the Board of Directors
The Chairman
Michele Perini

Attachment 1**List of investments in subsidiaries and joint ventures for the financial year ended 31 December 2014**
(art. 2427, paragraph 1, no.5 of the Italian Civil Code)

(€'000)

Company name	Registered Office	Share capital	Equity		Net profit/(loss)		% held	Carrying value
			Total	Pro-quota	Total	Pro-quota		
Subsidiaries:								
Fiera Milano Congressi SpA	Milan	2,000	6,751	6,751	2,258	2,258	100.00%	12,200
Fiera Milano Media SpA	Milan	2,803	4,103	4,103	(786)	(786)	100.00%	18,170
Nolostand SpA	Milan	7,500	6,433	6,433	89	89	100.00%	13,390
Fiera Milano Exhibitions Africa Pty Ltd	Westlake	-	3,234	2,749	(269)	(229)	85.00%	5,567
Eurofairs International Consultoria e Participações Ltda	São Paulo Brazil	11,182	8,830	8,828 2	(697)	(697) -	99.98% +0,02% ind.	9,949
Fiera Milano India Pvt Ltd	New Delhi	261	248	248	38	38	99.99%	125
Fiera Milano Intertek Uluslararası Fuarçılık A.S.	Istanbul	462	1,064	638	(307)	(184)	60.00%	2,560
Limited Liability Company Fiera Milano	Moscow	138	(147)	(147)	(219)	(219)	100.00%	261
Worldex (China) Exhibition & Promotion Ltd	Guangzhou	714	1,515	1,136	391	293	75.00%	7,826
Total								70,048
Joint Venture:								
Hannover Milano Global Germany GmbH	Hannover Germany	25	18,119	8,878	3,302	1,618	49.00%	10,990
Milan International Exhibitions Srl under liquidation	Rho, Milan	120	110	22	(37)	(7)	20.00%	29
Total								11,019

*For subsidiary companies the indirect percentage held in the share capital has also been shown

Attachment 2**Summary of key figures of the last financial statements of subsidiaries and associates included in the area of consolidation (Art. 2429, paragraph 4 of Italian Civil Code). Italian GAAPs:**

(amounts in € '000)

Fiera Milano Congressi SpA	31/12/14	31/12/13
Revenues from sales and services	37,835	24,546
Net profit/(loss)	2,258	97
Equity	6,751	4,585
Net financial debt/(cash)	(4,670)	(1,012)
Fiera Milano Media SpA	31/12/14	31/12/13
Revenues from sales and services	12,373	11,991
Net profit/(loss)	(786)	(216)
Equity	4,103	4,889
Net financial debt/(cash)	723	1,314
Nolostand SpA	31/12/14	31/12/13
Revenues from sales and services	33,389	33,609
Net profit/(loss)	89	(328)
Equity	6,433	6,344
Net financial debt/(cash)	2,122	(37)

Summary of key figures of the last financial statements of subsidiaries and associates included in the area of consolidation (Art. 2429, paragraph 4 of Italian Civil Code). IAS/IFRS:

Fiera Milano Exhibitions Africa Pty Ltd	31/12/14	31/12/13
(amounts in South African rand '000)		
Revenues from sales and services	25,821	27,393
Net profit/(loss)	(3,868)	(1,128)
Equity	45,393	49,261
Net financial debt/(cash)	(2,335)	(6,142)
Eurofairs International Consultoria e Participações Ltda	31/12/14	31/12/13
(amounts in Brazilian reais '000)		
Revenues from sales and services	-	-
Net profit/(loss)	(2,176)	1,033
Equity	28,438	30,614
Net financial debt/(cash)	1,125	(974)
Fiera Milano India Pvt Ltd	31/12/14	31/12/13
(amounts in rupees '000)		
Revenues from sales and services	5,092	995
Net profit/(loss)	3,048	(1,304)
Equity	19,064	16,016
Net financial debt/(cash)	(8,479)	(10,638)
Fiera Milano Interteks Uluslararası Fuarçılık A.S.	31/12/14	31/12/13
(amounts in Turkish Lira '000)		
Revenues from sales and services	7,981	5,582
Net profit/(loss)	(893)	(1,458)
Equity	3,014	2,812
Net financial debt/(cash)	917	1,074
Limited Liability Company Fiera Milano	31/12/14	31/12/13
(amounts in roubles '000)		
Revenues from sales and services	27,928	2,570
Net profit/(loss)	(11,169)	(5,655)
Equity	(10,664)	505
Net financial debt/(cash)	5,156	(500)
Worldex (China) Exhibition & Promotion Ltd	31/12/14	31/12/13
(amounts in yuan renminbi '000)		
Revenues from sales and services	21,769	14,149
Net profit/(loss)	3,204	3,913
Equity	11,416	3,831
Net financial debt/(cash)	(9,901)	(3,690)

**Summary of key figures of the last financial statements of joint ventures
included in the area of consolidation (Art. 2429, paragraph 4 of Italian Civil Code). Italian GAAPs:**

(amounts in € '000)

Milan International Exhibitions Srl under liquidation	31/12/14	31/12/13
Revenues from sales and services	-	353
Net profit/(loss)	(37)	(697)
Equity	110	147
Net financial debt/(cash)	(126)	(85)

**Summary of key figures of the last financial statements of joint ventures
included in the area of consolidation (Art. 2429, paragraph 4 of Italian Civil Code) - IAS/IFRS:**

(amounts in € '000)

Hannover Milano Global Germany GmbH	31/12/14	31/12/13
Revenues from sales and services	28,645	28,776
Net profit/(loss)	3,310	4,699
Equity	18,119	18,010
Net financial debt/(cash)	(16,195)	(16,384)

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

Report of the Board of Statutory Auditors to the Shareholders' Meeting pursuant to Article 2429 of the Italian Civil Code and Article 153 of Legislative Decree of 24 February 1998 no. 58.

Dear Shareholders,

Under Article 153 of Legislative Decree of 24 February 1998 no. 58 (the "Consolidated Finance Act") the Board of Statutory Auditors is required to report to the Meeting called to approve the Financial Statements on its auditing and supervisory duties and any reprehensible acts or omissions noted. It also has the authority to make proposals to the Meeting regarding the Financial Statements, their approval, and any other items within its authority.

In the 2014 financial year, the Board of Statutory Auditors fulfilled the requirements under Article 2429, paragraph 2 of the Italian Civil Code, the provisions of Legislative Decree of 27 January 2010 no. 39 (Legislative Decree 39/2010), the regulations and recommendations governing listed companies issued by the National Committees of Registered Tax Advisors and of Accountants and the indications of Consob regarding corporate governance and the work of the Board of Statutory Auditors: Communication no. DAC/RM/97001574 of 20 February 1997, Communication no. DEM/1025564 of 6 April 2001 (of which more detail is given below), Communication no. DEM/3021582 of 4 April 2003, Resolution no. 15185 of 5 October 2005 and Communication no. DEM/6031329 of 7 April 2006.

The present report has been prepared in accordance with enacted law governing companies listed on the stock market and because the Company shares have been listed on the STAR segment of the market regulated by Borsa Italiana SpA.

In the 2014 financial year, the requirements under Article 149 of the Consolidated Finance Act (TUF) were observed thereby allowing it to comment, in particular, on the matters below.

The Board of Statutory Auditors acquired the information necessary for carrying out its work of general supervision both by interviewing management and various company executives and by regular attendance at the Board of Directors' meetings and at those of the other internal Committees.

The Financial Statements of the Company at 31 December 2014 show a net loss for the financial year of Euro 30.674 million compared to a net loss of Euro 12.664 million at 31 December 2013. The Consolidated Financial Statements show a net loss of Euro 18.955 million compared to a consolidated net loss of Euro 16.498 million in the preceding financial year.

As a result of the accumulated losses, the net worth of the Company has fallen by over one-third and the Company now finds itself in the situation provided for under Article 2446 of the Italian Civil Code. Therefore, on 20 March 2015, the Board of Directors of the Company proposed that the Agenda of the ordinary shareholders' Meeting on 29 April 2015 include an item pertaining to and resulting from the requirements of Article 2446 of the Italian Civil Code. The Board of Directors on the basis of the contents of the report, which has been prepared in compliance with Article 2446 of the Italian Civil Code and Article 74 of the Listing Rules, and which will be presented at the Meeting and, together with the comments of the Board of Statutory Auditors, will be published within the time required by law, will propose a further resolution.

1. Comments on the main financial, economic and equity transactions and on their compliance with law and the Company's articles of association.

The Board of Statutory Auditors attended the meetings of Shareholders, of the Board of Directors and, in the person of the Chairman or a person delegated by him to replace him, of the internal committees of the Board and obtained from the Directors, pursuant to Article 150, paragraph 1, Legislative Decree 58/98 information on business carried out and on the main financial, economic, and equity transactions of the Company or of companies under its control. With regard to these activities, the Board of Statutory Auditors considers that decisions deliberated and taken complied with the law and the Company's Articles of Association and were not manifestly imprudent, risky, created potential conflicts of interest or differed from the resolutions of the Shareholders' Meeting or were such as to compromise the integrity of the Company's net worth.

The main transactions included the following:

- on 31 March 2014 new rental agreements for the Rho and Milan exhibition sites 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. 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 for the Milan exhibition site.

The lease agreements constitute a related-party transaction as Fondazione Fiera Milano owns a controlling shareholding in the Company equal to 62.062% of the share capital of Fiera Milano.

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 on behalf of Fiera Milano SpA.

- on 10 January 2014, Fiera Milano SpA paid Euro 0.407 million as the first tranche of a share capital increase in Worldex (China) Exhibition & Promotion Ltd.

- on 14 February 2014, the Board of Directors of the Parent Company 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 a share capital increase in Fiera Milano Interteks.

- on 5 March 2014, the deferred payment of Euro 1.800 million was made under the acquisition agreement of 15 May 2013 for 75% of the share capital of the Chinese exhibition company Worldex (China) Exhibition & Promotion Ltd.

- 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%.

2. Atypical and/or unusual transactions, including intergroup and related-party transactions:

2.1 with related parties or which could have a material impact on the economic, financial or equity situation;

2.2 with third parties or with group companies:

In 2014, the Board of Statutory Auditors was not aware of and received no information of any atypical or unusual transactions, as defined in Consob Communication of 28 July 2006, among Group companies, with third-parties or with related parties.

2.3 ordinary intragroup or related-party transactions:

As described by the Directors in the Notes to the Financial Statements, intragroup and related-party transactions are recurring transactions of a commercial, administrative and financial nature, which include the service agreements between the Company, the controlling shareholder Fondazione Fiera Milano and the subsidiaries. The Directors state that these transactions were done at market conditions with a view to increasing efficiency in the management and organisation of events and optimising the use of resources and professional competences while maintaining a uniform Group image. As part of the corporate restructuring

aimed at improved the efficiency of the organisational processes and strengthening the centralisation and single management of strategic services, Fiera Milano SpA supplies the following services to some of the subsidiaries under Italian law:

- administration, finance, cash and tax management;
- planning and control;
- legal services;
- personnel management;
- procurement;
- Information Communication Technology.

No conflicts of interest or transactions that could be considered manifestly imprudent or risky or that contravened the decisions of the Shareholders' Meeting, or such as to cause damage to the economic, financial or equity situation of the Company or the Group were reported or found. Whilst passing no judgement on the executive decisions of the Directors, to the knowledge of the Board of Statutory Auditors, any transactions carried out were based on rational economic criteria.

It should be noted that the Company adopted the Procedure for Related-party Transactions pursuant to Article 4 of Consob Regulations adopted by Consob with resolution no. 17221 of 12 March 2010 and subsequent additions and amendments.

The Procedure identifies rules and regulations aimed at guaranteeing the transparency and substantial correctness of procedures for related-party transactions carried out directly by Fiera Milano SpA or through subsidiaries.

The Board of Statutory Auditors checked that the Procedure complied with the principles of Consob Rule no.17221 of 12 March 2010 and of the Procedure itself.

3. Assessment of the adequacy of the information given in the Board of Directors Management Report with regard to atypical and/or unusual transactions, including intragroup and related-party transactions.

In compliance with the law, the Board of Directors gave the Board of Statutory Auditors the interim financial report at 30 June 2014 and published it as required by Consob rules and also complied with the legal requirements regarding quarterly reports.

The Board of Statutory Auditors maintains that the information given by the Directors in the Financial Statements for the 2014 financial year for intragroup and related-party transactions is both exhaustive and complete given the structure and size of the Company and of the Group.

4. Comments and proposals on remarks and comments made in the report of the independent audit firm.

The independent audit firm Reconta Ernst & Young SpA, with whom the Board of Statutory Auditors met periodically during the 2014 financial year, published their reports today on the Financial Statements and the Consolidated Financial Statements to 31 December 2014 for the Company and for the Group; these have been prepared in accordance with Articles 14 and 16 of Legislative Decree 39/2010. Each contains two comments on information given by the Directors' regarding the application of the going concern principle and on the existence of material related-party transactions.

The aforementioned reports also include the opinion that the contents of the Board of Directors' Management Report and the specific section on corporate governance and the

ownership structure and the information given under paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of Article 123-bis of Legislative Decree no. 58/98, were consistent with the Financial Statements of the Company and the Consolidated Financial Statements of the Group.

5. *Indications of any denunciations under Article 2408 of the Italian Civil Code, of any initiatives taken and any related outcomes.*

The Board of Statutory Auditors is unaware of any denunciations under Article 2408 of the Italian Civil Code that it should bring to the attention of the Shareholders' Meeting.

6. *Indications of any petitions filed and of any initiatives taken and any outcomes.*

The Board of Statutory Auditors has not been apprised of any petitions filed, initiatives taken or the outcome of any such initiatives that are required to be brought to the attention of the Shareholders' Meeting.

7. *Indication of any additional assignments given the independent audit firm and the related costs.*

During the financial year ended 31 December 2014 the Company incurred costs of Euro 0.029 million from fees for assignments given to Reconta Ernst & Young SpA for agreed upon procedures.

8. *Indication of any assignments given to entities linked to the independent audit firm through ongoing business contacts and their relative costs.*

During the financial year ended 31 December 2014, the Company incurred no costs for fees relating to work assigned to entities linked to the independent audit firm responsible for the continued audit of the Company accounts.

In compliance with Legislative Decree 39/2010, the audit firm confirmed to the Board of Statutory Auditors its independence and gave notification of any services other than the legal audit supplied to the Company by the audit firm and by entities that are part of its network in the financial year to 31 December 2014.

The Board of Statutory Auditors, in accordance with enacted law, discussed with the audit firm any risks relating to the latter's independence and the measures taken to mitigate such risks.

Taking into account the above and the information in the preceding section and given the type and scope of the services provided and the regulatory and professional requisites governing the auditing of accounts, we believe that Reconta Ernst & Young SpA maintained an independent and objective position with regard to Fiera Milano SpA and the Fiera Milano Group in the financial year to 31 December 2014.

9. Indication of the existence of opinions given in accordance with law during the financial year.

The Board of Statutory Auditors made a reasoned proposal under Article 13 of Legislative Decree no. 39/2010 that the firm Reconta Ernst & Young SpA be given the mandate to carry out the legal audit for the financial years 2014-2022.

10. Frequency and number of meetings of the Board of Directors and of the Board of Statutory Auditors.

During the financial year, the Board of Directors met nineteen times and the Board of Statutory Auditors was always present. The Board of Statutory Auditors was present at the Shareholders' Meeting of 29 April 2014. The Board of Statutory Auditors met fourteen times. Moreover, the Chairman of the Board of Statutory Auditors, either in person or through a Statutory Auditor delegated by him, attended eleven out of the eleven meetings of the Control and Risk Committee and three out of the three meetings of the Remuneration Committee as requested.

11. Comments on the observance of the principles of good administration.

The Board of Statutory Auditors monitored and supervised the observance of the principles of good administration falling within its competence and has no comments in this respect. This activity was carried out through interviews, information gathered from executives responsible for running and managing the Company, meetings with the Head of Internal Audit, with the Control and Risk Committee, with the Manager responsible for preparing the Company Accounts, as required by Article Legislative Decree 262/05, and with the representatives of the independent audit firm.

Specifically, regarding the decision-making process of the Board of Directors, the Board of Statutory Auditors, through its presence at meetings of the Board of Directors, also monitored that the executive decisions of the Directors complied with the law and the Company's Articles of Association.

On 20 March 2015, the Board of Statutory Auditors, together with the Board of Directors of the Company, communicated to Consob as required by Article 149, paragraph 3, of the Consolidated Finance Act, that the confidentiality of the Company records had been breached with specific reference to the contents of the minutes of a meeting of the Board of Directors held on 28 July 2014 parts of which were published in two articles in the newspaper *Il Corriere della Sera* on 23 and 24 February 2015. Although the enquiries made by the Board of Statutory Auditors revealed no indications of a violation of the applicable corporate processes and procedures, which comply with best practice, and the Board of Statutory Auditors found that the Company was in no way responsible, because Fiera Milano S.p.A. is an issuer of listed shares and because of the potential impact of the news on the performance of the shares, it was considered appropriate to inform the Regulatory Authorities for any eventual subsequent initiative considered suitable.

12. Comments on the adequacy of the organisational structure.

The organisational structure of the Company appears to be adequate for its size, complexity and importance.

13. Comments on the adequacy of the internal audit process and, in particular, on the activities of those involved in the internal audit and notification of any remedial measures taken and/or to be taken.

The Board of Statutory Auditors has assessed and monitored the adequacy of the internal audit process, its compliance with the principles of diligence and correct administrative conduct, through regular meetings with management and with the Head of Internal Audit; the Manager responsible for preparing the Company accounts under Legislative Decree 262/05; analyses of company documents; of information acquired from the independent audit firm; through the presence of the Chairman, or a Statutory Auditor delegated by him, at meetings of the Control and Risk Committee, which also permitted the Board of Statutory Auditors to coordinate with this Committee the functions of the Internal Audit and the accounting procedures in compliance with Article 19 of Legislative Decree 39/2010.

The periodic meetings with the Head of Internal Audit and the Manager responsible for preparing the Company accounts and an analysis of the reports prepared by these persons regarding their activities allowed the Board of Statutory Auditors to monitor the financial information process and the efficacy of the internal control systems and the internal audit and risk management, as required by Article 19 of Legislative Decree 39/2010.

As the members of the Boards of Statutory Auditors of the subsidiaries are the same as that of the Board of Statutory Auditors of the Parent Company it was not necessary, under Article 151 of the Consolidated Finance Act, to have meetings and discussions with the members of the Boards of Statutory Auditors of the subsidiaries. In any case, no matters arose that need to be drawn to the attention of the Shareholders' Meeting.

The Board of Statutory Auditors verified that the Management and Control Model pursuant to Legislative Decree no. 231/2001, was periodically updated - the most recent update being approved by the Board of Directors on 14 March 2014.

The Report on Corporate Governance and Ownership Structure, in compliance with Article 123-bis of the Consolidated Finance Act, gives analytical data on the risk management and internal control system for financial information.

The Board of Statutory Auditors has a favourable opinion of the adequacy of the internal audit as a process aimed at verifying the adequacy and effective compliance with the rules, procedures and organisational structures by which it can identify and manage the main risks to the Company so as to guarantee that the conduct of business is healthy, correct and consistent with the pre-established objectives.

14. Comments on the adequacy of the information and accounting system and on its reliability to provide a true and fair picture of the business.

The accounting and management system is adequate for the Company structure both in terms of the equipment and competent personnel; the system may therefore be judged to be reliable and capable of giving a true and fair representation of the business.

15. Comments on the adequacy of the instructions given by the Company to its subsidiaries pursuant to Article 114, paragraph 2 of the Consolidated Finance Act.

The Company gave adequate instructions to the subsidiaries so that they could supply in timely fashion all the information necessary to comply with communication requirements under the law.

16. Comments on any significant matters that emerged from meetings with the independent audit firm pursuant to Article 150, paragraph 3 of the Consolidated Finance Act.

Pursuant to Article 150, paragraph 3 of the Consolidated Finance Act, periodic meetings were held with the independent audit firm to verify the reliability of the administrative and accounting system and of the internal audit process. No significant matters necessitating further investigation were found nor were any irregularities reported.

With specific reference to the duties assumed under Article 19 of Legislative Decree 39/2010, the Board of Statutory Auditors, also in its meetings with the audit firm, examined the work plan adopted, received information on the accounting standards used, on the accounting presentation of the more material transactions of the financial year under review, on the outcome of the audit, and on any fundamental questions that emerged from the legal audit regarding the financial information process; no significant failings emerged in the internal audit system concerning the financial information process.

The Board of Statutory Auditors also received analytical data on the impairment tests carried out by the Company on the value of goodwill and of investments recognised in the Financial Statements. The Directors have provided the relevant information in the Notes to the Financial Statements as required by international accounting standards and Consob regulations.

17. Indication of the Company's adherence to the Self-regulatory Code of the Corporate Governance Committee for listed companies.

The Company adhered to the Self-Regulatory Code for listed companies approved by the Corporate Governance Committee in March 2006 and introduced by Borsa Italiana SpA, and its most recent update of July 2014. The Board of Statutory Auditors found irrefutable evidence that the Company adhered to the corporate governance rules of the Self-Regulatory Code as described in the Report on Corporate Governance and Ownership Structure that the Board of Directors has prepared, which gives more detailed and complete information on this matter.

Six members of the current Board of Directors of the Company meet the requisites of independence as defined in the Self-regulatory Code for listed companies.

The Board of Statutory Auditors verified the correct application of the criteria and procedures adopted by the Board of Directors to evaluate the independence of its members and the Chairman of the Board of Statutory Auditors, together with the Chairman of the Board of Directors, has vouchsafed the existence of the requisite independence on the basis of the declarations made in accordance with stock market regulations. During the financial year, the Board of Statutory Auditors also verified the requisite independence of its own members as required by the Self-Regulatory Code.

18. Final assessments of the audit carried out and of any omissions, irregularities or reprehensible acts found in the course of the same.

The Board of Statutory Auditors believes the audit carried out to have been both material and thorough and found no reprehensible acts, omissions or irregularities except as described in paragraph 11.

19. Indications of any proposals to be made to the Shareholders' Meeting pursuant to Article 153, paragraph 2 of The Consolidated Finance Act.

The Board of Statutory Auditors has no comments to make pursuant to Article 153, paragraph 2 of the Consolidated Finance Act on the proposals of the Directors concerning the Financial Statements, their approval, and other matters that fall within its competence. In compliance with the law, the Board of Statutory Auditors will comment on the report made by the administrative body regarding the net worth of the Company at 31 December 2014 prepared as required by Article 2446 of the Italian Civil Code and Article 74, first paragraph, of the Consob Listing Rules.

On the basis of the supervisory activities carried out during the financial year, the Board of Statutory Auditors finds no reason why you should not approve the Financial Statements at 31 December 2014 and the proposals to cover the loss for the financial year put forward by the Board of Directors.

Rho (Milan), 30 March 2015

The Board of Statutory Auditors
Stefano Mercorio
Alfredo Mariotti
Damiano Zazzeron

**Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)**

To the Shareholders
of Fiera Milano S.p.A.

1. We have audited the financial statements of Fiera Milano S.p.A. (the "Company") as of 31 December 2014 and for the year then ended, comprising the statement of financial position, the statement of comprehensive income, the statement of cash flows the statement of changes in equity and the related explanatory and supplementary notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Fiera Milano S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to the report issued by another auditor dated 31 March 2014.

3. In our opinion, the financial statements of Fiera Milano S.p.A. at 31 December 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Fiera Milano S.p.A. for the year then ended.
4. As a matter of emphasis, we draw attention to the following matters:
 - a) the financial statements show a loss of Euro 30.6 million, which together with the accumulated losses configures the case provided for in the article 2446 of the Italian Civil Code. In this context, reference should be made to the section "Business outlook and assessment of the Company as a going concern" of the Board of Directors' Management Report and in points 1.5 "Use of estimates" and 26.2 "Liquidity Risk" of the explanatory and supplementary notes to the financial statements with reference to the results of operations for the year, the financial performance, the business outlook, as well as to the conclusions of the Directors on the adoption of the going concern assumption used by them in the preparation of the financial statements;
 - b) as indicated in point 42 of the explanatory and supplementary notes to the financial statements, the Company undertakes significant transactions with related parties.

5. The Directors of Fiera Milano S.p.A. are responsible for the preparation of the Board of Directors' Management Report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Board of Directors' Management Report and the specific section on Corporate Governance and Ownership Structure regarding the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the specific section of the report, are consistent with the financial statements of Fiera Milano S.p.A. at 31 December 2014.

Milan, 30 March 2015

Reconta Ernst & Young S.p.A.
Signed by: Federico Lodrini, partner

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

Resolutions passed by the Ordinary Meeting of Shareholders

The Ordinary Shareholders' Meeting held on 29 April 2015 in Rho (Milan) at the Auditorium of the Centro Servizi of the Exhibition Site, Strada Statale del Sempione no. 28,

passed a resolution

1)

- to approve Financial Statements for the year to 31 December 2014, that show a net loss of Euro 30,674,121.31, as presented by the full Board of Directors, and each individual item with the proposed allocations, and the Board of Directors' Management Report;
- to cover the net loss for the financial year of Euro 30,674,121.31 by using available reserves for Euro 11,068,097.46 and carrying forward the remaining losses of Euro 19,606,023.85 as shown in the table below:

Losses for the year	30,674,121.31
<i>Covered by:</i>	
- Legal reserve	7,865,332.59
- Share premium reserve	1,783,076.48
- Other reserves	1,419,688.39
<i>Residual amount:</i>	
- Losses carried forward	19,606,023.85

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

2)

- to establish nine as being the number of members of the Board of Directors and the term of office as being three years, therefore until the approval of the financial statements for the financial year ending on 31 December 2017;
- to appoint Directors persons indicated in the list presented at the registered office, with no exemption to the non-competition clause in Article 2390 of the Italian Civil Codes:
 - Roberto Rettani, as Chairperson
 - Attilio Fontana, as Deputy Vice Chairperson
 - Licia Ronzulli, as Vice Chairperson
 - Corrado Arturo Peraboni
 - Pier Andrea Chevallard
 - Renato Borghi
 - Joyce Victoria Bigio
 - Vincenza Patrizia Rutigliano
 - Romeo Robiglio
- to determine the remuneration payable to the Board of Directors as follows: (i) fixed annual

remuneration for the Chairperson of Board of Directors of Euro 107,000; (ii) fixed annual remuneration for each Board Director of Euro 35,000, for a maximum total of Euro 280,000, both (i) and (ii) hypothesis pro rata temporis and (iii) an attendance fee of 350 for each Board meeting attended by the same and also reimbursement of any documented expenses incurred in carrying out his/her role.

3)

- to appoint the Board of Statutory Auditors for three financial years and, therefore, until the approval of the Financial Statements to 31 December 2017, persons indicated in the list presented at the registered office and therefore:

a) Statutory Auditors

- 1) Federica Nolli, as Chairperson
- 2) Carmine Pallino
- 3) Antonio Guastoni

b) Substitute Auditors

- 1) Francesco Maria D'Alessandro
- 2) Alessandro Carlo Galli

- to determine the remuneration of Board of Statutory Auditors as follows: (i) Euro 37,500 as gross annual fixed remuneration for the Chairperson of the Board (ii) Euro 25,000 as gross annual remuneration of each standing auditor. Members of the Board of Statutory Auditors will also have the right to be refunded for documented expenses incurred during performance of their function.

4)

- to approve the Report on Remuneration pursuant to Article 123 -ter of Legislative Decree 58/98 and, in particular, Section One of the Report.