ANNUAL REPORT 2015

GRUPPO MONDADORI

ARNOLDO MONDADORI EDITORE S.p.A.

Share Capital Euro 67,979,168.40

Registered Office in Milan
Administrative Offices in Segrate (Milan)

ANNUAL
REPORT
2015

Mondadori Group
Consolidated Financial Statements
and
Arnoldo Mondadori Editore S.p.A.
Financial Statements
at 31 December 2015

NOTICE OF ANNUAL GENERAL MEETING

Those entitled to attend and exercise their voting rights are summoned to the Ordinary Shareholders' Meeting, in first call on 21 April 2016 at 10.00 a.m. in Via Mondadori 1, Segrate (MI), or, if necessary, in second call on 22 April 2016, at the same time and place, to resolve on the following:

Agenda

1. Company financial statements at 31 December 2015, Directors' Report on Operations and the reports from the Board of Statutory Auditors and the Independent Auditing Firm. Presentation of the Group consolidated financial statements at 31 December 2015. Resolutions on the approval of the financial statements at 31 December 2015.
2. Resolutions on the allocation of the 2015 results.
3. Remuneration Report; resolutions on Section One, pursuant to art. 123-*ter*, par. 6, of Legislative Decree no. 58 of 24 February 1998.
4. Authorization for the purchase and sale of treasury shares, pursuant to the combined provisions of articles 2357 and 2357-*ter* of the Italian Civil Code.

Integration to the agenda or presentation of new proposals

Pursuant to art. 126-*bis* of Legislative Decree no. 58 of 24 February 1998 ("Finance Consolidation Act" or TUF"), shareholders who, individually or jointly, represent at least 2.5% of the share capital with voting rights, may request in writing, within ten days after the publication of this call for notice, integrations to the list of matters to be discussed, and specify the additional items to discuss in the relevant request, or submit proposals on the items already on the agenda. The requests to add items on the agenda or to submit proposals may be presented by those shareholders in relation to which Arnoldo Mondadori Editore S.p.A. ("the Company") has received a specific communication certifying the relevant right to participation, made by an authorized intermediary, pursuant to art. 23 of the Regulations approved by joint decision of the Bank of Italy and of Consob on 22 February 2008. The requests shall be made in writing, within the abovementioned term, and sent by registered mail to the Company's registered office in Via Bianca di Savoia 12, Milan, addressed to the Department of Legal and Corporate Affairs, or by certified electronic mail to the following address: societario@pec.mondadori.it, together with a copy of the communication confirming ownership of the shares issued by the intermediaries who manage the accounts containing the applicant's shares. Within the abovementioned term and with the same criteria, any applying shareholders are invited to present a report specifying the motivation of the proposals submitted in relation to the new items they wish to be discussed, or the motivation underlying the additional proposals submitted on items already on the agenda. Integrations to the agenda or the presentation of additional proposals must be notified according to the same procedures that apply to the notification of meetings, at least fifteen days prior to the date set for the Shareholders' Meeting in first call. Concurrent to the publication of the integrations to the agenda or presentation of additional proposals on items already on the agenda, the abovementioned reports submitted by the applying shareholders shall be made available to the public according to the same criteria envisaged for the presentation of the documentation relating to the Shareholders' Meeting, along with any valuations from the Board of Directors. It should be noted that integrations are not admitted for items upon which the Shareholders' Meeting resolves, pursuant to law, on proposals put forward by members of the Board of Directors or based on a project or report drafted by them, other than those provided for in art. 125-*ter*, par. 1, of the TUF.

Entitlement to attend the Shareholders' Meeting and to exercise voting rights

Holders of voting rights are entitled to attend the Shareholders' Meeting, in compliance with the provisions set out by current legislation and regulations. In this respect, pursuant to art. 83-*sexies* of the TUF and to art. 11 of the Company by-laws, entitlement to attend and to exercise voting rights in the Shareholders' Meeting is certified by a communication made to the Company by the intermediary, based on the accounting entries, in favour of the party holding the voting rights, based on evidence relating to the end of the accounting day on the seventh market trading day prior to the date set for the Shareholders' Meeting in first call (namely, 12 April 2016). Those who are confirmed to be holding Company shares only after such date, shall not be deemed entitled to attend and to exercise voting rights in the Shareholders' Meeting. The communication by the intermediary as per this point shall be served to the Company by the end of the third market trading day prior to the date set for the Shareholders' Meeting in first call (namely, by 18 April 2016), without prejudice to the entitlement to attend and to exercise voting rights in the case in which the communications are served to the Company after such term, provided that this is made before the beginning of the Shareholders' Meeting in first call. In this regard, those entitled to attend the Shareholders' Meeting are invited to arrive before the meeting time in order to facilitate registration procedures, which will begin at 09.00 a.m.

Representation in the Shareholders' Meeting

Ordinary proxy

Under art. 12.1 of the Company by-laws, any person entitled to attend the Shareholders' Meeting may be represented by giving proxy in writing, pursuant to current legislation. To this end, the specifically authorized form may be used, which is made available at the Company's registered office, on the Company's website www.mondadori.it (Governance section) and at the authorized intermediaries. The proxy may be notified to the Company by means of registered mail sent to the Company's registered office, or by certified electronic mail to the following address: societario@pec.mondadori.it. Any prior notice does not relieve the proxy holder from the obligation to confirm compliance with the original copy notified and the identity of the delegating person, upon accreditation to access the Shareholders' Meeting.

Proxy to the Company's Appointed Representative

Pursuant to art. 12.3 of the Company by-laws, the proxy may be granted, with voting instructions on all or part of the proposals on the items on the agenda, to Computershare S.p.A., with registered office in via Lorenzo Mascheroni n. 19, 20145 Milan, appointed if necessary by the Company, pursuant to art. 135-*undecies* of the TUF, by using the specific proxy form, prepared by the Appointed Representative, in agreement with the Company, available on the website www.mondadori.it (Governance section).The original proxy, with the voting instructions, shall be received in the original form by Computershare S.p.A. in via Lorenzo Mascheroni n. 19, 20145 Milan, by the end of the second market trading day before the date set for the Shareholders' Meeting, even in second call (i.e., no later than 19 April 2016 or 20 April 2016). A copy of the proxy, accompanied by a statement that certifies its conformity with the original, may be sent in advance, within the above deadline, by telefax to no. +39 02 46776850 or as an e-mail attachment to ufficiomilano@pecserviziotitoli.it . The proxy, granted in such manner, shall be effective only for those proposals for which voting instructions have been given. The proxy and the voting instructions may be revoked within the same deadline as above.

The proxy form, with the relating instructions for completion and transmission of the form, are available at the Company's registered office and on its website www.mondadori.it (Governance section). Any prior notice does not relieve the proxy holder from the obligation to confirm compliance with the original copy notified and the identity of the delegating person, upon accreditation to access the Shareholders' Meeting.

Share capital and voting rights

The share capital amounts to €67,979,168.40 and is divided into 261,458,340 ordinary shares with a nominal value of euro 0.26 each.

No treasury shares are currently held by the Company. Any change in treasury shares will be communicated at the beginning of the Shareholders' Meeting.

Right to submit questions on the items on the agenda before the Shareholders' Meeting

Those entitled to voting rights may submit questions on the items on the agenda also before the Shareholders' Meeting, in any case, in accordance with the provisions of art. 127-*ter*, par. 1-*bis*, of the TUF, by the final deadline of 18 April 2016, by registered mail at the Company's registered office in Via Bianca di Savoia 12, Milan, addressed to the Department of Legal and Corporate Affairs, or by sending a communication to the certified email address societario@pec.mondadori.it.

Entitlement to exercise voting rights is certified by the transmission to the Company to the abovementioned addresses, of a copy of the communication issued by the intermediaries who manage the accounts in which the ordinary shares owned by each shareholder are registered.

Questions received before the Shareholders' Meeting shall be answered during the Meeting at the latest. The Company may provide a single answer to multiple questions regarding the same issue. It should be noted that answers provided in writing distributed to all Shareholders with voting rights at the beginning of the Shareholders' Meeting shall be considered as given.

Documentation

The Directors' reports on the items on the agenda and on the relevant proposals, the annual financial report and any additional documentation relating to the Shareholders' Meeting prescribed by law, are made available to the public, within the time limits provided by law, at the Company's registered office, on the "1Info" authorized storage mechanism at www.1info.it, and on the Company's website www.mondadori.it (Governance section).

Shareholders may view and ask a copy of such documentation.

This call of notice was published on the Company's website www.mondadori.it (Governance section) on 22 March 2016, in accordance with the provisions of art. 125-*bis*, par. 2, of the TUF, and in summary form on the same date in the daily newspaper "*Il Giornale*"; the notice will also be available on the "1Info" authorized storage mechanism at www.1info.it.

The head offices of the Company are open to the public for consultation and/or delivery of the abovementioned documentation on work days from Monday to Friday, 9.00 a.m. - 6.00 p.m.

Segrate, 22 March 2016

For the Board of Directors
The Chairman
Marina Berlusconi

Marina Berlusconi

INDICE

Notice of Annual General Meeting	7
Mondadori Group Highlights 2015	13
Composition of Corporate Bodies	14
Mondadori Group Organization	15
Mondadori Group Organization Chart	16
Overview of Group Activities	17
Group History Milestones	20
Investor Relations	22
Summary of the 2015 Sustainability Report	26

DIRECTORS' REPORT ON MONDADORI GROUP OPERATIONS IN 2015

General economic climate and trends in Mondadori core sectors	34
Main elements in Mondadori Business Areas	35
Consolidated Financial Highlights in 2015	36
Consolidated Financial Highlights in 4Q15	44
Performance by business area	47
Financial position	65
Personnel	70
Performance of Arnoldo Mondadori Editore S.p.A.	75
Main risks and uncertainties to which the Mondadori Group is exposed	76
Significant events during the year	81
Significant events after year end	85
2015 Full Year Outlook	86
Other information	87
Proposed resolutions by the Board of Directors	92

MONDADORI GROUP CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

Consolidated balance sheet	96
Consolidated income statement	98
Consolidated comprehensive income statement	99
Consolidated income statement in 4Q15	100
Statement of changes in consolidated equity	102
Consolidated cash flow statement	104
Consolidated balance sheet and income statement pursuant to Consob Resolution no. 15519 of 27 July 2006	106
Accounting standards and explanatory notes	110
Certification of the Group's consolidated financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and supplements	211

ARNOLDO MONDADORI EDITORE S.P.A.
FINANCIAL STATEMENTS AT 31 DECEMBER 2015

Balance sheet	214
Income statement	216
Comprehensive income statement	217
Statement of changes in equity	218
Cash flow statement	220
Balance sheet and income statement pursuant to Consob Resolution no. 15519 of 27 July 2006	222
Accounting standards and explanatory notes	226
Annexes	296
Certification of the Company's financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and supplements	325
Statutory Auditors' report to the Shareholders' Meeting called for the approval of the financial statements at 31 December 2015	328
Auditors' Report pursuant to art. 14 and art. 16 Legislative Decree no. 39 of January 27, 2010	332

MONDADORI GROUP HIGHLIGHTS 2015

(euro/milions)	2015	2014	Var. %*
Mondadori Group			
Revenue	**1,122.8**	**1,169.5**	**(4.0%)**
EBITDA before non-recurring items	**73.0**	**67.9**	**7.5%**
% EBITDA on revenue	*6.5%*	*5.8%*	
EBITDA	**81.6**	**71.5**	**14.0%**
% EBITDA on revenue	*7.3%*	*6.1%*	
EBIT	**54.5**	**48.2**	**13.0%**
% EBIT on revenue	*4.9%*	*4.1%*	
Profit from continuing operations	**15.1**	**5.3**	**n.s.**
Business Areas			
Revenue	**1,122.8**	**1,169.5**	**(4.0%)**
Books	320.8	340.1	(5.7%)
Magazines Italy	296.3	302.7	(2.1%)
Magazines France	334.6	340.9	(1.9%)
Retail	196.0	211.2	(7.2%)
Other Business, Corporate and Digital Innovation	35.8	29.0	23.2%
Intercompany	(60.6)	(54.4)	11.5%
EBITDA	**81.6**	**71.5**	**14.0%**
Books	45.9	45.1	1.9%
Magazines Italy	2.6	(1.0)	n.s.
Magazines France	32.4	35.0	(7.5%)
Retail	1.8	8.9	n.s.
Other Business, Corporate and Digital Innovation	(1.3)	(16.5)	n.s.
Balance Sheet	**31/12/2015**	**31/12/2014**	**Var. %***
Equity	295.6	289.1	2.2%
Net financial position	(199.4)	(291.8)	(31.7%)
Human Resources			
End-of-year headcount	3,076	3,123	(1.5%)

* Changes in this report were calculated on amounts expressed in euro thousands

COMPOSITION OF CORPORATE BODIES

CORPORATE OFFICES AND BOARDS

Board of Directors

CHAIRMAN
Marina Berlusconi

CEO
Ernesto Mauri

DIRECTORS
Pier Silvio Berlusconi
Pasquale Cannatelli
Bruno Ermolli
Alfredo Messina
Martina Forneron Mondadori*
Danilo Pellegrino
Roberto Poli
Oddone Pozzi
Angelo Renoldi*
Mario Resca
Cristina Rossello*
Marco Spadacini*

* Independent Director pursuant to the Corporate Governance Code for Listed Companies

Board of Statutory Auditors

CHAIRMAN
Ferdinando Superti Furga

STANDING STATUTORY AUDITORS
Francesco Antonio Giampaolo
Flavia Daunia Minutillo

SUBSTITUTE AUDITORS
Annalisa Firmani
Ezio Maria Simonelli
Francesco Vittadini

The Board of Directors and the Board of Statutory Auditors currently in office were appointed by the Shareholders' Meeting of 23 April 2015

MONDADORI GROUP ORGANIZATION

ARNOLDO MONDADORI EDITORE S.P.A.

Books

- Mondadori Libri S.p.A. **100%**
  - Giulio Einaudi editore S.p.A. **100%**
    - Edizioni EL S.r.l. **50%**
  - Sperling & Kupfer Editori S.p.A. **100%**
  - Edizioni Piemme S.p.A. **100%**
  - Mondadori Education S.p.A. **100%**
  - Mondadori Electa S.p.A. **100%**
  - Mach 2 Libri S.p.A. **34.91%**

Magazines Italy

- Mondadori International Business S.r.l. **100%**
  - Mondadori UK Ltd **100%**
- Attica Publications S.A. **41.98%**
- Mondadori Independent Media LLC **50%**
- Press-Di S.r.l. **100%**
- Mondadori Scienza S.p.A. **100%**
- Mondadori Pubblicità S.p.A. **100%**
  - Mediamond S.p.A. **50%**
  - Mondadori Seec (Beijing) Advertising Co.Ltd **50%**

Magazines France

- Mondadori France S.a.s. **100%**

Retail

- Mondadori Retail S.p.A. **100%**

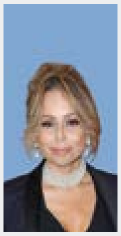
Other business

- Cemit Interactive Media S.p.A. **100%**
- Società Europea di Edizioni S.p.A. **36.89%**
- Monradio S.r.l. **20%**

Legenda:

Società controllate | Società collegate

MONDADORI GROUP ORGANIZATION CHART



Marina Berlusconi*

Chairman

Ernesto Mauri*

Chief Executive

Federico Angrisano

Communications and Media Relations

Simonetta Bocca

Group Human Resources and Organisation

Oddone Pozzi*

Group Finance, Procurement and IT Systems

Enrico Selva Coddè

Trade Books

Antonio Porro

Educational

Mario Maiocchi

Retail

Carlo Mandelli

Magazine Italy

Carmine Perna

Magazine France

* Board of Directors members

As at the date of approval of this 2015 Annual Financial Report (17 March 2016)

OVERVIEW OF GROUP ACTIVITIES

Mondadori is one of Europe's top publishing groups: it is the leading publisher of books and magazines in Italy and ranks third in the consumer magazines segment in France. The Group also operates in the retail business with a network of over 600 stores throughout the country.

BOOKS

The Mondadori Group is Italy's market leader in the Trade Books Area, holding a 24.0% market share at end 2015; the publishing products that traditionally make up its core business are fiction, non-fiction, and books for young readers, both in print and electronic format.

The Group operates on this market under five brands: Mondadori, Giulio Einaudi editore, Piemme and Sperling & Kupfer (which includes Frassinelli).

The Mondadori Group also has operations in the school textbooks segment through Mondadori Education, boasting a prominent role in the Italian market, with a 12.5% share, in the field of art and illustrated books, in the provision of services for the management of museum concessions, and in the organization and management of exhibitions and cultural events through Mondadori Electa S.p.A.

MAGAZINES ITALY

With a 31.2% market share in terms of circulation at end 2015, Mondadori is Italy's leading magazine publisher, with a portfolio of 28 magazines, up versus end 2014, following the acquisition of the titles formerly published by the joint venture Gruner+Jahr/Mondadori (now Mondadori Scienza).
Over the years, Mondadori has strengthened its foothold in the magazines segment, by publishing weekly and monthly magazines in hard and soft copy, sold at newsstands or by subscription, and by developing websites and portals that have contributed to increasing readership figures, while enhancing the brands.

Through the subsidiary Press-Di Distribuzione Stampa e Multimedia, the Group distributes its own magazines and third party magazines at the national level.

Mondadori also operates internationally through its subsidiary Mondadori International Business, with 39 international editions published in 33 countries, through joint ventures, on-the-ground presence or licensing agreements with international publishers. *Grazia* is the most prominent brand abroad. Today it counts 24 successful editions throughout the world, over 10 million copies sold on a monthly basis, more than 17 million readers and 16 million unique users per month.

MAGAZINES FRANCE

The Mondadori Group has been operating in France since 2006 through Mondadori France, one of the major publishers in the country, ranking third in terms of circulation and second in advertising. With a portfolio of 31 magazines, Mondadori France boasts some of the most popular women's, men's and TV magazines, such as *Grazia, Closer*, *Pleine Vie*, *Science & Vie*, and *Télé Star,* in addition to *Auto Plus*, leader in the car segment published by EMAS, the joint venture with German publisher Axel Springer.

RETAIL

The Mondadori Group operates across Italy through Mondadori Retail, which manages the largest network of bookstores in the country, with over 600 stores and more than 20 million customers every year. Activities are carried out under four different formats: megastores, directly-owned and franchised bookstores, and Mondadori Point, plus the online sales channels (mondadoristore.it) and the bookclub.

OTHER BUSINESS

Other business includes Marketing Services, run by Cemit Interactive Media, as well as the equity interest in Società Europea di Edizioni, publisher of daily *Il Giornale* and, from 1 October 2015, the 20% interest in Monradio, active on the national radio broadcasting market through *R101*.

CORPORATE AND DIGITAL INNOVATION

The Corporate segment includes - besides the Group top management organizations - Parent Company functions providing services to Group companies and the different business areas.

These services are mainly associated with activities regarding IT, Administration, Management Control and Planning, Treasury and Finance, Human Resources, Legal and Corporate Affairs, General Services, and External and Institutional Relations.

Revenue is mainly referred to amounts billed to subsidiaries and associates as well as other entities using the above services.

Activities carried out by the Digital Innovation Area aim not only to expand the reach on the digital market, but also to organize innovation processes and identify new opportunities to develop the business.

GROUP HISTORY MILESTONES

1907

Arnoldo Mondadori establishes ***Luce!***, the first magazine with which he started his publishing house in Ostiglia (Mantua).

1920

1929 - Launch of **Gialli Mondadori**, the first Italian series of crime novels.

1930

1938 - Launch of ***Grazia***, the first large distribution women's weekly.

1940

1948 - Mondadori publishes **Biblioteca Moderna Mondadori**, the first series of quality books at budget prices designed to reach a large number of readers, mainly young people.

1990

1991 - Mondadori becomes part of the Fininvest Group.

1995 - Following the launch of **Miti**, Italy's first series of budget paperbacks, Mondadori launches a new mass-market strategy designed to expand the book market in Italy.

1998 - Development of the franchising sector through the acquisition of the Gulliver series and the opening of a chain of franchised Mondadori book shops.

2000

2002 - Leonardo Mondadori passes away. Marina Berlusconi is appointed Group Chairman.

2003 - Mondadori acquires 70% of Piemme and an interest in Attica Publishing, a leader in the Greek magazines sector.

2005 - Mondadori lands in the radio industry with **R101.**

2006 - The Group further expands in the international market, acquiring Emap France, France's third magazine publisher. Establishment of Mondadori France. Mondadori's international expansion policy aims also at single brand licensing, in particular, ***Grazia*** which, starting with the English edition in 2005, grows into a broad global network in just few years.

2007 - Mondadori celebrates its 100th anniversary.

1950

1954 - The Mondadori per Voi book shop chain is established, to re-launch domestic book circulation.

1960

1962 - Mondadori launches Italy's first newsmagazine: ***Panorama.***

1965 - The Italian book market is swept by the launch of the **Mondadori Oscar** series: the first budget price paperbacks sold also at newsstands.

1970

1975 - Inauguration of the new Mondadori headquarters at Segrate, designed by one of the most renowned architects of the 20th century, Oscar Niemeyer.

1980

1982 - The Group is listed on the Milan Stock Exchange.

1988 - Mondadori establishes Elemond, a publishing house that controls the established Electa and Einaudi brands.

2010

2011 - The development strategy in the digital publishing market, launched in the previous year, picks up speed with the forging of new agreements with Amazon and Apple for the distribution of e-books.

2013 - The Group reorganizes its operating and top management structures, to concentrate on core activities (trade and educational books; magazines in Italy, France and international network; retail) and breathe new life into the development of the digital business.

2014 - Incorporation in Mediamond, the equally-held joint venture established with Publitalia '80, of Mondadori Pubblicità advertising sales activities focusing on magazines and radio stations; establishment of Mondadori Libri S.p.A., at the head of the Books Area.

2015

Non-core assets disposed of (80% in Monradio, interest in the Harlequin Mondadori JV, and a property in Rome) in order to focus on the core business: agreement signed for the acquisition of RCS Libri, with interest in Gruner+Jahr/Mondadori JV (publisher of *Focus*) increased to reach 100%.

INVESTOR RELATIONS

Arnoldo Mondadori Editore S.p.A. ordinary shares have been listed on the Milan Stock Exchange since 1982 (ISIN Code: IT0001469383). Mondadori stock is listed in the following indexes:

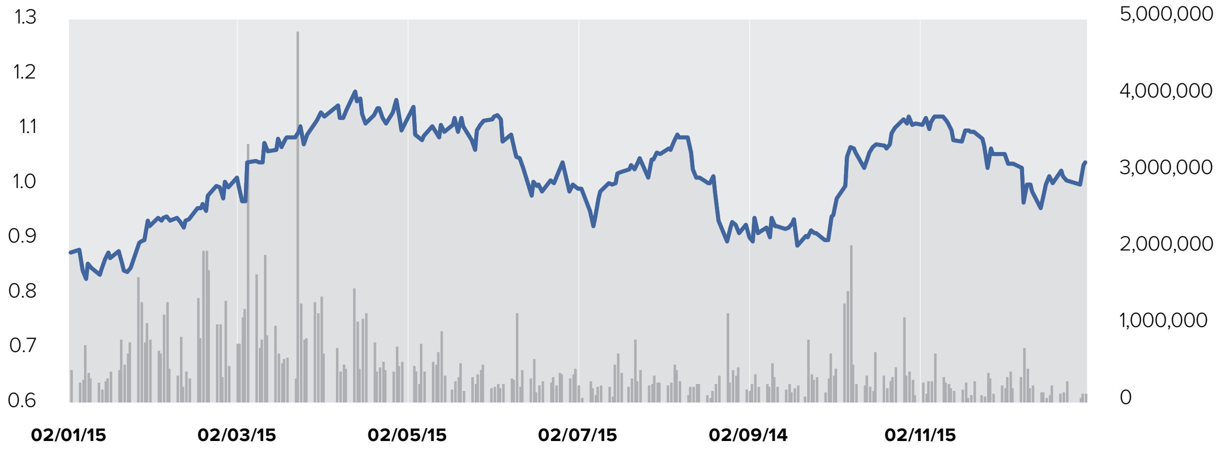
- Borsa Italiana indexes: FTSE Italia All Share and FTSE Italia Small Cap;
- Industry specific: FTSE Italia Servizi al consumo and FTSE Italia Media;
- National ethical: FTSE ECPI Italia SRI Benchmark and FTSE ECPI Italia SRI Leaders.

In 2015, Mondadori's share traded at an average price of 1.02 euro (average market capitalization 266 million euro). On 30 December 2015, the last trading day of the year, Mondadori's share recorded a closing price of 1.04 euro, with a market capitalization of 272 million euro.

Share price and share trading data	2015
Closing price on 30/12/2015 (euro)	1.039
Average price in euro	1.019
Maximum price in euro (13/04)	1.169
Minimum price in euro (07/01)	0.825
Average volume (thousands)	498
Maximum volume (thousands, 24/03)	4,835
Minimum volume (thousands, 18/08)	42
No. of ordinary shares (mn)*	261,458,340
Average market capitalization in euro millions*	266.4
Market capitalization at 30/12/2015 in euro millions	271.7

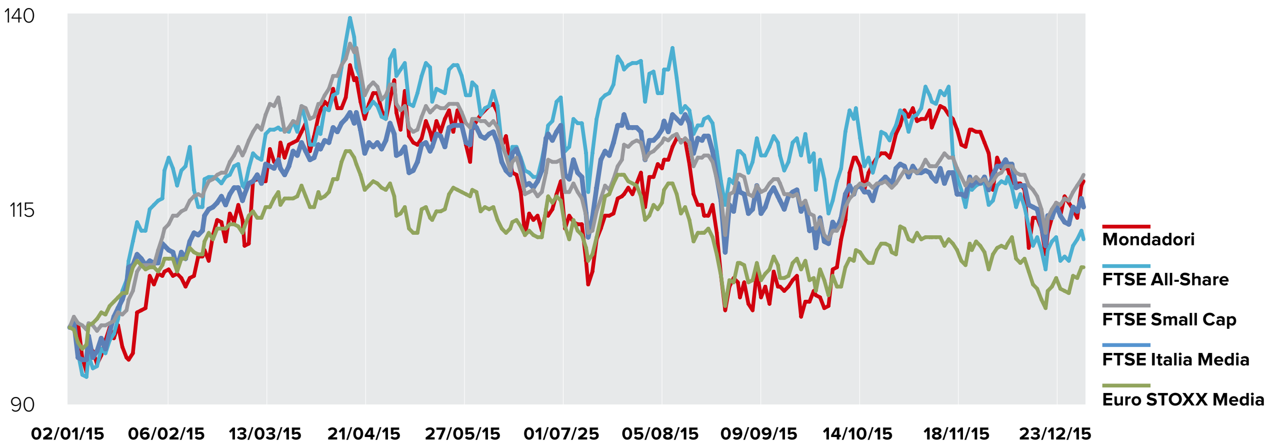
Source: Borsa Italiana
* Number of shares issued at 31 December 2015

MONDADORI SHARE PRICE PERFORMANCE
Year 2015



Source: Bloomberg

MONDADORI SHARE PRICE PERFORMANCE AGAINST MAIN SE INDEXES IN 2015



Source: Bloomberg

THE INTERNATIONAL ECONOMY

The international macroeconomic scenario in the last few months of 2015 witnessed an improvement in the prospects of advanced countries, but weakness in the emerging economies, which contributed to the slowdown of trade worldwide. Oil prices fell below the minimum levels reached in the most severe moment of the 2008-2009 crisis.

OECD projections on world business, released in November, forecast modest progress globally for the current year versus 2015[1], though expecting a downturn of the previous growth projections for some markets viz.: China, Russia, Brazil and Japan.

In the **euro area**, economic growth continued in 2015 with dissimilar trends nationally: overall economic recovery and an improvement in financial conditions positively impacted on the components of domestic demand and reduction of the unemployment rate.

The accentuation of the ECB's monetary policy, undertaken through a euro system programme for the purchase of securities, demonstrated to be effective in supporting economic activity overall. This policy, together with a start of an interest rates rise in the United States, is reflected in the euro exchange rate, which fell by about 10% in 2015 against the dollar.

OECD projections in November estimated a +1.7% increase in GDP for the euro area in 2016 (compared to +1.5% in 2015)[2], with economic expansion driven mainly by an increase in internal consumption.

In **Italy**, 2015 was defined by a more favourable cyclical context that promoted a phase of gradual economic recovery: domestic demand progressively replaced the exports push, which, after having supported activity in the last four years, suffered from weakness in the non-European markets. In the fourth quarter of the year, the increase in

[1] Sources: Economic Bulletin no.1, Banca d'Italia, January 2016
[2] Source: Economic Outlook 98, OECD, November 2015

GDP, +0.1% compared to the previous quarter, slowed compared to the first three quarters, taking 2015 to an overall growth of 0.7%, just below the government's expectations of 0.8%[3]. According to the Bank of Italy, the forecast for a rise in 2016 is around 1.5%, to which the recovery in the services sector, supported by higher disposable income and more favourable signals originating from the reinforcement of the labour market, should also contribute[4]. More prudent forecasts of around 1% were, instead, announced by the OECD in February 2016, as the recovery of the Italian economy should continue, but to a significantly more limited extent than hoped for in November 2015.

The unemployment rate in December 2015 stood at 11.4%[5], the lowest level since the end of 2012, and is expected to remain steady throughout 2016. On an annual basis, unemployment recorded an overall fall of 8.1% (equal to 254 thousand less persons seeking work).

In **France**, a country that ended 2015 with a growth rate of 1.1% and an unemployment rate that remained stable at around 10.4%[6], a progressing GDP is expected of around 1.3% (OECD estimate is +1.2%) and an unemployment rate substantially in line with last year's figure[7].

FINANCIAL MARKETS

With regard to the **international financial markets**, the share indices of the main advanced countries recovered a good part of the losses suffered during the summer period between early October and the end of November; a new phase of uncertainty had a negative influence from December 2015: pressures also emerged on the financial market in China, accompanied by fears on the growth in the country triggered by less favourable than forecast macroeconomic data, which further accentuated the volatility of the financial markets that registered significant losses on all the main world stock exchanges.

The **Italian financial market** posted a rise of 15% in 2015 compared to 2014.

In the same period, **Mondadori** posted a **positive performance** of about 19% from the end of 2014, higher than both the Italian (FTSE Italia Media +11%) and European indices (Euro STOXX Media +8%), and substantially in line with the trend registered by the FTSE Italia Small Cap index for shares of Italian medium/small capitalization companies (up by 20%).

In 2015, Mondadori shares traded on the market managed by Borsa Italiana S.p.A. reached the average equivalent of over 500 thousand euro (the maximum registered on 24 March 2015 was 5.3 million euro).

[3] Source: ISTAT, February 2016
[4] Sources: Economic Bulletin no.1, Banca d'Italia, January 2016
[5] Sources: Monthly note on the performance of the Italian economy, ISTAT, January 2016
[6] Sources: Insée preliminary estimate, January 2016
[7] European Commission estimate, 4 February 2016

OWNERSHIP STRUCTURE

At 31 December 2015, the Company's share capital amounts to 67,979,168.40 euro, corresponding to 261,458,340 ordinary shares with a nominal par value of euro 0.26 each.

SHAREHOLDER BASE

At the same date, to the knowledge of the Company, based on the disclosures received pursuant to art. 120 of the TUF (Finance Consolidation Act) and other available information, the Company shareholding structure includes the following relevant equity investments.

Shareholders	**Equity investment at 31/12/2015**
Fininvest S.p.A.	50.4%
Silchester International Investors Llp	11.5%
Norges Bank	2.0%

INVESTOR RELATIONS

The Mondadori Group pursues a policy of communication vis-à-vis the financial market players, hinged upon the disclosure of complete and correct news on corporate results, initiatives and strategies, in accordance with the rules set by Consob and Borsa Italiana and by confidentiality requirements that certain information may need, paying particular attention to ensure transparent and timely information in support of the relations with the financial community.

Communication and development of the relations with shareholders, institutional investors and financial analysts continued during 2015 through numerous meetings organized in Milan and the main European markets.

The site dedicated to Investors is a key tool for channeling information on the Company to the public, including financial results, developments, stock market performance and events calendar. Furthermore, a Governance section is available, where users can access all relevant information on the corporate governance system, corporate bodies and shareholders' meetings.

SUMMARY OF THE 2015 SUSTAINABILITY REPORT

The Mondadori Group renews its commitment in 2015 with the Sustainability Report, prepared in accordance with the GRI-G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative (one of the leading independent international rule-setting bodies for sustainability reporting), including the G4 Media Sector Disclosures. The "in accordance" option as declared by Mondadori is 'in accordance - core'.

The 2015 Sustainability Report highlights Mondadori's strengths and weaknesses, as well as the prospects for improvement. As in previous editions, the reporting scope refers to Arnoldo Mondadori Editore S.p.A. and its consolidated subsidiaries on a line-by-line basis operating in Italy; activities carried out abroad are excluded. Data was collected with the aim of giving a balanced and clear picture of the Company's actions and characteristics. The information and quantitative data collection process is structured in such a way as to guarantee that data can be compared over several years, to enable accurate reading of the information and a complete overview to all stakeholders interested in Mondadori's performance.

As every year, in 2015 Mondadori updated its materiality analysis in accordance with the GRI-G4 Guidelines.

Material issues for the Company and its stakeholders were identified together with the Sustainability Committee at a workshop, placing issues in order of relevance for both Mondadori and its stakeholders, and giving due consideration to the relevance of the impact of each issue both within and outside the reporting scope, i.e. along the Mondadori value creation chain.

As well as the Sustainability Committee's perception of the relevance of each sustainability issue for Mondadori, other assessment criteria were also applied:
- an analysis of the commitment and the policies adopted by Mondadori for each issue;
- an analysis of the impact of each issue on the Company's capitals.

Regarding the relevance of sustainability issues for stakeholders, the criteria applied considered the results of the preliminary analysis, namely:
- media analysis focused on media relevance and public attention to each sustainability issue. The analysis was performed on Mondadori's industry, on recent events affecting the Company, and on the supply chain players (paper mills, printing service providers), to assess the impact of each issue also outside the company scope;
- benchmarking with Italian and foreign media businesses, which highlighted the sustainability issues considered relevant for these companies and critical at the sector level.

Based on previous analyses, Mondadori's priority sustainability areas were therefore identified by matching the relevance for the Company and its stakeholders.

These are the main findings:
- the top issues in terms of materiality for Mondadori and its stakeholders are: **information and content quality**, **focus on core businesses, digital evolution** and **management of human capital**;
- most of the issues related to Mondadori's specific business were considered to be material (**responsible advertising**, **output**

accessibility, **freedom of expression**, **publishing independence**, **information and content quality**, **privacy** and **data protection**);
- in keeping with the focus on its core businesses, and in accordance with the GRI-G4 Guidelines that suggest extending reporting to the outer boundaries, the Company decided to include the environmental impacts associated with the life cycle of the print product from a single viewpoint (**life cycle of the print product**) which proved to be significant for both Mondadori and its stakeholders.

The fifth public edition of Mondadori's Sustainability Report, subject to review by an independent firm, will be published also this year in conjunction with the Annual Financial Report and made available at the AGM.

MAIN FINDINGS OF THE 2015 SUSTAINABILITY REPORT

Material issue	Indicator / disclosure
Information and content quality	Mondadori is well aware of the great responsibility it has towards its readers and users. Which explains its commitment to ensuring, through its publishing products - books, magazines, websites, digital media/products - accurate, meticulous and fair information respectful of the tastes and sensitivity of the public. The values that inspire the Company, as set forth in the Code of Ethics, are the cornerstones of the publishing business, and take the form of general duties of diligence, fairness and loyalty. To offer quality content to a widely differing audience base, giving voice to originality from different realities, while respecting pluralism and public sensitivity: these are the obligations of a responsible media company. Complementing these duties: focus on the new demands produced by the changes in society, by the use of technology, and by the removal of once critical language and geographical barriers. The sheer immediacy of the web and of social networks requires even greater attention to issues such as freedom of expression, responsible advertising, and information on the suitability of certain content to the most vulnerable users. They also offer Mondadori countless opportunities to unleash its expertise and experience in projects hinged on "networking" with other prominent counterparts and on offering the general public free, yet high-quality initiatives. As a media company, Mondadori deals every day with a unique matter: creativity. It feels the responsibility to nurture it, spread it, and reward it sustainably to everyone's benefit. Mondadori distributes about 96% of the economic value it generates, 75% of which to its content, goods and services providers.

Material issue	Indicator / disclosure
Focus on the core businesses	2015 marked a significant milestone for the Group: a goal it had set itself back in 2013, and a new start at the same time. A year ahead of schedule, Mondadori managed to bring all its activities back to profit, a condition deemed essential to move on to the next stage of investment and development. These positive results were achieved by creating a business model based on three areas - books, retail and magazines - the implementation of which has increased the availability of financial resources to support Group strategies and the competitive edge in its core businesses.

In redefining the activities portfolio, two aspects contributed systematically to the achievement of this goal: awareness of Mondadori's history, of its accomplishments as a publisher, and the need to innovate in an industry which, more than others, is overwhelmed by the pace of change, not only of media, but also of how media are used and the users themselves.

Tradition and innovation, loyalty to its mission and the ability to offer a future to the Company are the guidelines that have led the management of the Company and, together with the improvement in the financial results, have produced a new corporate identity.

Mondadori's contribution to the sustainable development of local communities is one of the cornerstones of the Group's culture and social responsibility. In keeping with this objective, Mondadori offers support to the communities in which it operates, through sponsorship projects and targeted social initiatives, involving a wide range of areas: sports, culture, social aid and healthcare, education and training. In 2015, the Group allocated over 600,000 euro to the community, in the following manner:

Investments in local communities	46%
Donations	42%
Commercial initiatives with a social impact	12%

Material issue	Indicator / disclosure
Management of human capital	Over the past few years, the process of focusing on the core businesses has been supported by the analysis of the organizational and educational needs applied to the different areas in which Mondadori is structured. For greater knowledge and enhancement of human resources, an ongoing updating process of the Performance Management System was launched in 2012, aimed to provide middle management with a performance development and guidance system that reflects the Company's objectives. In 2015, the process involved 280 resources. The system enables the organization to keep its managers and staff focused on the link between performance and strategy, even when the need arises to make and implement difficult decisions or respond to changing markets. The Journalist Mapping project, the second edition of which was launched at end 2015 with a view to ongoing monitoring, has outlined the professional characteristics and skills possessed and actually used by the Mondadori journalists. The mapping results provided an immediate and in-depth insight into the population of journalists in terms of both skills and the analysis of the activities carried out by each one, with focus on professional and extra-curricular interests. This has improved the efficiency and organization of the editorial teams and, in particular, has allowed the alignment of the editorial organizational process in a multi-channel perspective (paper and digital). Specifically, in 2015, a project was launched on the analysis and organizational development of the editorial processes of *Donna Moderna*, *Starbene* and *TV Sorrisi e Canzoni*. The findings of the Performance Management and Journalist Mapping surveys allow the training plan to be constantly updated, adapting it to meet the needs for ongoing evolution of the Company and personnel characteristics and ambitions. Constructive interaction with the representatives of the Mondadori Group activity areas, in order to identify needs and requirements within the structures and business areas, resulted in the creation of "tailor-made" training programs developed in line with the Group's growth objectives and strategies. In 2015, specialist-managerial training involved 385 employees for a total of 7,500 hours.

Material issue	Indicator / disclosure
Life cycle of the paper product: the raw material	In 2015, as a result of the procurement policy that started in 2014, the purchase of paper was managed directly by Mondadori. This has allowed the Group to increase its commitment to rationalizing the use of paper in the printing of its products, and to have greater control over the supplier selection process, to ensure that their work is consistent with the sustainability principles of the Group. Supplier selection criteria require that paper be certified according to the two main international systems regarding its environmental sustainability, FSC and PEFC. In 2015, the overall consumption of paper for the Mondadori Group in the printing of its publications was about 68,500 tonnes, down by 13% versus 2014 and 18% versus 2013. The direct management of paper purchasing has allowed the Group to significantly increase the amount of certified paper used in the printing of its products; in 2015, certified paper accounted for almost all (97.6%) the paper consumed by the Group. Versus 2014, in fact, the consumption of traditional (uncertified) paper in 2015 decreased by 92%, from 20,095 tonnes in 2014 to 1,554 tonnes in 2015, while the consumption of certified paper increased by 14%, from 58,641 tonnes in 2014 to 66,918 tonnes in 2015.

Material issue	Indicator / disclosure

Climate change

Greenhouse gas emissions (tonnes CO_2)	2013	2014	2015[2]
Direct (scope 1)	1,930	1,193	1,002
Indirect energy (scope 2)[1]	11,341	10,302	9,520
Other indirect emissions (scope 3)[1]	36,722	34,611	30,010
Emissions related to paper production	35,182	33,140	28,785
Emissions related to business travel	1,540	1,471	1,225
Total emissions	**49,993**	**46,106**	**40,532**

1 The 2013 and 2014 indirect energy emission (scope 2) and scope 3 indirect emission values were re-calculated with respect to the 2014 Sustainability Report, following updates to the emission factors available for calculation.
2 The 2015 indirect energy emission (scope 2) values take into account electricity consumption by Monradio for the full year, and electricity consumption by Mondadori Scienza from July 2015. Regarding indirect emissions related to business travel, journeys made by Monradio employees were calculated until 30 September 2015, while those by Mondadori Scienza were calculated from July 2015.

In the 2013-2015 three-year period, Mondadori cut its greenhouse gas emissions by about 19%.

The emission measurement process implemented in recent years has allowed the Company to establish the calculation criteria and was used as a baseline for raising awareness within Mondadori on possible internal policies for the reduction of greenhouse gases generated by its activities. In this regard, the Group has already launched a number of projects to mitigate its emissions, both in 2015 and in the past, such as, for instance, the implementation of energy efficiency measures in buildings and the renewal of the car fleet with lower emission models.

Directors’ Report on Mondadori Group Operations in 2015

GENERAL ECONOMIC CLIMATE AND TRENDS IN MONDADORI CORE SECTORS

Dear Shareholders,

2015 was a truly important year in the history of the Mondadori Group, a year in which we laid the structural foundations to address the challenges of our new phase of growth.

To start with, we confirmed the positive outcome of the path taken for some years now which, thanks to the steadfast commitment to the reduction in operating and overhead costs, brought a **sharp improvement in our results**, and in Mondadori's ability **to generate financial resources**.

We continued to successfully **focus on our core businesses**, through the **strategic rationalization of the activities portfolio**: the extraordinary transactions for the disposal of a number of non-strategic assets completed in 2015 (in particular, the transfer of the majority interest in the *R101* radio), have further increased available financial resources. These positive results were used to reduce consolidated debt - which was almost halved in less than 24 months - and to provide adequate resources to the strategic lines of the Group's development.

2015, in fact, was a year of transition to a new phase for Mondadori, in which the Company returned to investing in order to strengthen its competitive edge in the Group's strategic businesses and sustain the growth process of the Company.

In July, Mondadori increased its stake in Gruner+Jahr/Mondadori to 100%, adding even further value to its portfolio with a successful brand such as *Focus*, in line with its strategy to strengthen Group leadership in the magazine market by focusing on the key titles with the highest growth potential in the digital segment.

In October, the Group took a crucial step in its strategic development, signing the agreement to **acquire RCS Libri**, which will allow Mondadori, from 2016, to extend its foothold in the Italian Trade books and school textbooks market, and in the international illustrated books business (USA in particular).

MAIN ELEMENTS IN MONDADORI BUSINESS AREAS

- In the **Trade Books** Area, in a market that increased by 0.9% versus 2014 after years of persisting decline, the Group retained its leadership position in Italy with a 24.0% market share, and with 5 of its books appearing in the top ten bestselling titles of 2015 (*Grey, La ragazza del treno, È tutta vita, After* and *Cinquanta sfumature di grigio*).
  In the **school textbooks** market, Mondadori Education held firmly to its third place in the segment, with a 12.5% share, adoptions-wise. Mondadori Electa gave a solid performance in the management of museum concessions and the organization of exhibitions, thanks also to the extraordinary contribution of EXPO Milano 2015.

- **Magazines Italy** outperformed the relevant segment in terms of advertising figures, and was basically in line for circulation. Mondadori retained its market leader position with a 31.2% share at 31 December 2015. **International activities**, through Mondadori International Business, increased revenue by approximately 2% versus 2014, thanks mainly to the performance of the *Grazia* International Network and the launch of the international editions of *Il mio Papa*.

- In 2015, **Magazines France**'s circulation figures improved versus 2014, thanks in particular to the good performance of subscriptions, and to advertising sales that outperformed the relevant segment. Overall, the area saw a decline in traditional activities, dropping from -4.5% in 2014 to -2.9%, while digital activities enjoyed significant growth and rose by 27%, driven by the digital activities of the properties (digital advertising sales contributed almost 15% of the total) and of NaturaBuy (+31%).

- In the **Retail Area**, the Group continued to implement strategic actions to align the organization and the sales channels to the developments of the market, which showed the first signs of recovery in 2015, focusing on operating costs reduction and format and network revision. In the Books segment, which made for 77% of store revenue, Mondadori Retail had a 14.2% market share.

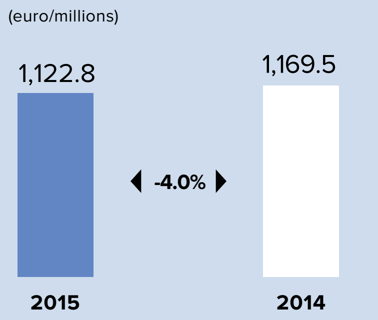
CONSOLIDATED FINANCIAL HIGHLIGHTS IN 2015

Summary of 2015 consolidated financial highlights versus the figures of 2014.

(euro/millions)	2015	% growth on revenue	2014	% growth on revenue	Var. %
Revenue from sales and services	1,122.8	100.0%	1,169.5	100.0%	(4.0%)
Cost of sold items	436.0	38.8%	480.1	41.1%	(9.2%)
Variable costs	279.4	24.9%	272.5	23.3%	2.6%
Fixed costs	116.8	10.4%	129.1	11.0%	(9.5%)
Cost of personnel	214.6	19.1%	222.2	19.0%	(3.4%)
Other costs/(income)	2.6	0.2%	(2.4)	(0.2%)	n.s.
Result - associates	(0.3)	0.0%	(0.1)	0.0%	n.s.
EBITDA net of non-recurring items	**73.0**	**6.5%**	**67.9**	**5.8%**	**7.5%**
Restructuring costs	(12.7)		(6.5)		94.4%
Positive/(negative) extraordinary items	21.2		10.1		n.s.
EBITDA	**81.6**	**7.3%**	**71.5**	**6.1%**	**14.0%**
Amortization, depreciation and impairment	27.1	2.4%	23.3	2.0%	16.1%
EBIT	**54.5**	**4.9%**	**48.2**	**4.1%**	**13.0%**
Net financial income (costs)	(16.0)	(1.4%)	(23.0)	(2.0%)	(30.2%)
Income (costs) from other investments	(0.1)	0.0%		0.0%	
Profit before taxes for the year	**38.3**	**3.4%**	**25.2**	**2.2%**	**52.0%**
Income tax	20.5	1.8%	16.7	1.4%	22.5%
Minority shareholders' result	2.7	0.2%	3.1	0.3%	(13.0%)
Result from continuing operations	**15.1**	**1.3%**	**5.3**	**0.5%**	**n.s.**
Result from discontinued operations	(8.7)	(0.8%)	(4.7)	(0.4%)	n.s.
Net result	**6.4**	**0.6%**	**0.6**	**0.1%**	**n.s.**

On 30 September 2015 the transfer of 80% of the share capital of Monradio S.r.l. to RTI S.p.A. was completed. Pursuant to IFRS 5 (“Non-current assets held for sale”), the Group’s radio business was classified as “discontinued operations” and as such entered in these consolidated financial statements. As a result, in the income statement for 2015 and in the comparative 2014 year, the results achieved in the period, along with the depreciation of operations made in order to bring their value in line with the consideration from the transfer, were classified under “Profit/(loss) from discontinued operations”.

INCOME STATEMENT

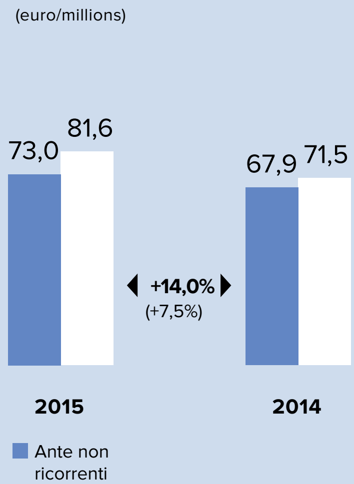


In 2015 **consolidated net revenue** came to 1,122.8 million euro, **down by 4.0%** versus 1,169.5 million euro in 2014. The Magazines Italy Area includes revenue generated by Gruner+Jahr/Mondadori, consolidated as from 1 July 2015 (9.0 million euro) following the acquisition of 50% of its share capital by Mondadori: net of this change, the reduction in revenue at the Group level would be equal to approximately 4.7%, in line with the performance posted in the first half of the year.

Revenue by Business Area (euro/millions)	**2015**	**2014**	**Var. %**
Books	320.8	340.1	(5.7%)
Magazines Italy	296.3	302.7	(2.1%)
Magazines France	334.6	340.9	(1.9%)
Retail	196.0	211.2	(7.2%)
Other Business, Corporate and Digital Innovation	35.8	29.0	23.2%
Total aggregate revenue	**1,183.5**	**1,223.9**	**(3.3%)**
Intercompany revenue	(60.6)	(54.4)	11.5%
Total consolidated revenue	**1,122.8**	**1,169.5**	**(4.0%)**

Sales by geographical area (euro/millions)	**2015**	**2014**	**Var. %**
Italy	766.5	808.5	(5.2%)
France	314.9	321.0	(1.9%)
Other EU countries	35.1	33.0	6.2%
Other extra EU countries	6.4	6.9	(7.3%)
Total consolidated revenue	**1,122.8**	**1,169.5**	**(4.0%)**

EBITDA



In 2015, **consolidated EBITDA** improved strongly by **14%,** reaching **81.6 million euro** versus 71.5 million euro in 2014, due also to the benefits from non-recurring items, such as the gains from the disposal of a property in Rome and from 50% of the Harlequin Mondadori JV.
Even net of non-recurring items, EBITDA **grew by 7.5%**, from 67.9 million euro in 2014 to **73.0 million euro** in 2015, increasing its percentage on revenue from 5.8% to 6.5%. The consolidation of Gruner+Jahr/Mondadori as of 1 July 2015 contributed positively for 0.4 million euro, while the disposal of the Harlequin Mondadori JV resulted in a negative 0.2 million euro in 4Q15.

The quarter-by-quarter results confirm the Group's **increasing efficiency**, despite the challenging market scenario in which it operates, deriving from the industrial revision actions and re-organization launched and implemented in the last two years, while still maintaining continuous improvement in the publishing quality of its brands as a key objective.

EBITDA by Business Area before non-recurring items (euro/millions)	**2015**	**2014**	**Var.**
Books	42.7	46.0	(3.3)
Magazines Italy	5.8	(0.7)	6.5
Magazines France	36.0	35.8	0.3
Retail	2.2	0.2	2.1
Other Business, Corporate and Digital Innovation	(13.7)	(13.3)	(0.4)
Total EBITDA	**73.0**	**67.9**	**5.1**

EBITDA improved (net of non-recurring items), thanks to:

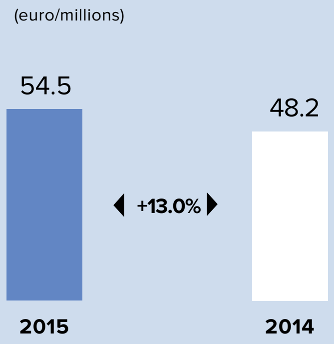
- the lower percentage of the cost of goods sold by over 2% (from 41.1% to 38.8% of revenue), resulting in an improved performance in all business areas and, specifically, in the Books Area, due to greater efficiency in the management of operating processes and to targeted pricing policies, and, in the Magazines Italy Area, to effective publishing revision actions;
- the rising percentage of variable costs on revenue from 23.3% to 24.9% is mainly attributable to the Magazines France Area and regards increased mail tariffs for subscriptions;
- the reduction in fixed costs (from 11.0% to 10.4% of revenue) exceeded the reduction in revenue and was achieved through ongoing cost containment measures implemented across all corporate areas;
- the headcount at end 2015 dropped by 1.5% versus end 2014, on a like-for-like basis by -3.0% (94 units), as a result of the ongoing review of the organizational process in Italy and in France; net of non-recurring restructuring costs, the cost of personnel in 2015 fell by 3.4% versus 2014 (-5.3% on a like-for-like basis).

EBITDA by Business Area (euro/millions)	**2015**	**2014**	**Var.**
Books	45.9	45.1	0.8
Magazines Italy	2.6	(1.0)	3.6
Magazines France	32.4	35.0	(2.6)
Retail	1.8	8.9	(7.1)
Other Business, Corporate and Digital Innovation	(1.3)	(16.5)	15.3
Total EBITDA	**81.6**	**71.5**	**10.0**

EBIT

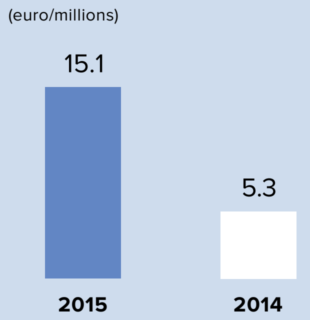
In 2015, **consolidated EBIT** amounted to **54.5 million euro**, **up by** approximately **13%** versus 48.2 million euro in 2014, as a result of the abovementioned increase in EBITDA, despite increased amortization, depreciation and impairment mainly from the impairment of the interest held in the Greek Attica Publications subsidiary (in the Magazines Italy Area), and from the impairment of goodwill of Kiver (merged in Cemit at 31 December 2015) and Mondadori UK, amounting to 3 million euro. With regard to Attica Publications, the deteriorated macroeconomic scenario in the country, especially during the summer months, resulted in an increase in interest rates above the levels applied in the impairment test carried out in December 2014, and thus with a negative impact on the performance of the advertising market. Against this backdrop, Management revised the medium-long term plan approved in January 2015 and updated the impairment test, which resulted in an impairment of the interest of 4 million euro (previously accounted for in the Interim Report on Operations at 30 September 2015).

Depreciation of tangible assets (6.9 million euro versus 9.8 million euro in 2014) and amortization of intangible assets (13.1 million euro versus 13.5 million euro in 2014) continued to decline as a result of lower capital expenditure.



Consolidated EBIT by Business Area (euro/millions)	2015	2014	Var.
Books	42.5	42.2	0.3
Magazines Italy	(3.7)	(1.8)	(1.9)
Magazines France	21.0	23.7	(2.7)
Retail	(1.2)	3.6	(4.7)
Other Business and Corporate	(4.2)	(19.5)	15.3
Total EBIT	**54.5**	**48.2**	**6.3**

PROFIT FROM CONTINUING OPERATIONS



Consolidated profit before taxes came to a positive 38.3 million euro, **up by 52%** versus 25.2 million euro in 2014; **financial costs** in 2015 amounted to 16.0 million euro, **falling sharply** versus 23.0 million euro in 2014, as a result of reduced average net debt and average total cost of debt, and of the contribution of 1.6 million euro from the derecognition of a number of put options (Kiver, MUK and NaturaBuy).

Tax costs in the reporting period came to 20.5 million euro (16.7 million euro in 2014), and include the impairment of deferred tax assets on prior-years' losses, following the tax rate reduction introduced by the 2016 Stability Law (IRES rate from 27.5% to 24% as of 1 January 2017).
Consolidated profit from continuing operations, after minority interests, came to a **positive 15.1 million euro**, **up by almost 10 million euro** versus 5.3 million euro at 31 December 2014.

PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

Profit/(loss) from discontinued operations, which came to a negative 8.7 million euro in 2015, included the period net result of the Radio Business Area (up from -4.7 million euro at 31 December 2014 to -3.1 million euro), as well as the capital loss of 5.6 million euro from the depreciation of Monradio operations, disposed of in September 2015.

PROFIT

Group profit at 31 December 2015, net of the result from discontinued operations, **came to a positive 6.4 million euro**, up by 5.8 million euro versus 0.6 million euro in 2014, despite the inclusion of the depreciation of Monradio operations.

FINANCIAL RESULTS

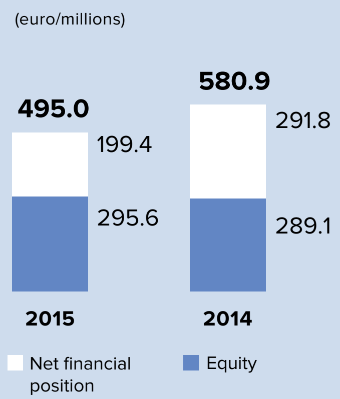
NET INVESTED CAPITAL

The **Group net invested capital** at 31 December 2015 came to 495.0 million euro, **down by approximately 15%** versus 580.9 million euro at 31 December 2014.

At 31 December 2015 the **Group's net working capital** (net of the radio business) **dropped** by 39.1 million euro, as a result of improved collection of trade and tax receivables and greater efficiency in the management of the relevant items.

Fixed assets, including discontinued operations, dropped by 50 million euro, as a result of the disposals made during the year (80% of Monradio, 50% held in the Harlequin Mondadori JV, and the property in Rome).

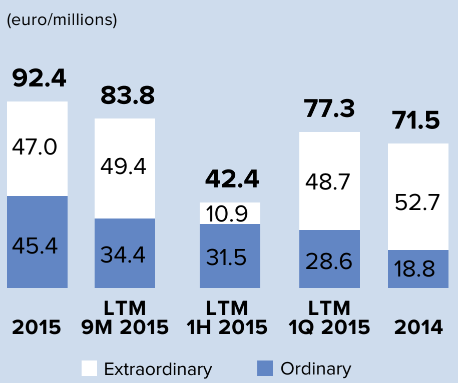
The **Group's net financial position** at 31 December 2015 came to **-199.4 million euro**, **rising sharply** by over 90 million euro versus **-291.8 million euro** at 31 December 2014, as a result of the Group's twelve-month cash generation, deriving both from improved ordinary operations and extraordinary operations.



CASH FLOW

At 31 December 2015, **cash flow from operations** came to a **positive 70.0 million euro**; **ordinary cash flow** (after the cash-out for financial charges and taxes for the year) amounted to **45.4 million euro,** continuing the **improvement** witnessed in the previous five quarters (LTM: 34.4 million euro in September, 31.5 million euro in June, 28.6 million euro in March, 18.8 million euro in December 2014, and 9.8 million euro in September 2014).

Cash flow from extraordinary operations came to a **positive 47.0 million euro**, mainly as a result of the cash-in from the disposals completed in the period, amounting to 54.8 million euro, from the transfer of 80% of Monradio and 50% of the Harlequin Mondadori JV, previously accounted for at 30 September 2015, as well as a property in Rome completed in December.



CONSOLIDATED FINANCIAL HIGHLIGHTS IN 4Q15

(euro/millions)	4Q 2015	% growth on revenue	4Q 2014	% growth on revenue	Var. %
Revenue from sales and services	**304.8**	**100.0%**	**315.0**	**100.0%**	**(3.3%)**
Cost of sold items	121.5	39.9%	135.6	43.1%	(10.4%)
Variable costs	71.8	23.6%	69.6	22.1%	3.1%
Fixed costs	30.2	9.9%	30.6	9.7%	(1.2%)
Cost of personnel	54.8	18.0%	57.8	18.4%	(5.3%)
Other costs/(income)	2.7	0.9%	(0.9)	(0.3%)	n.s.
Result - associates	1.3	0.4%	2.1	0.7%	(36.4%)
EBITDA net of non-recurring items	**25.1**	**8.2%**	**24.3**	**7.7%**	**3.1%**
Restructuring costs	(6.2)		(2.2)		n.s.
Positive/(negative) extraordinary items	13.9		9.2		50.9%
EBITDA	**32.8**	**10.8%**	**31.3**	**9.9%**	**4.7%**
Amortization, depreciation and impairment	8.3	2.7%	7.1	2.3%	15.9%
EBIT	**24.5**	**8.0%**	**24.1**	**7.7%**	**1.4%**
Net financial income (costs)	(2.3)	(0.8%)	(5.2)	(1.6%)	(55.7%)
Income (costs) from other investments	-	0.0%	-	0.0%	
Profit before taxes for the year	**22.2**	**7.3%**	**19.0**	**6.0%**	**17.0%**
Income tax	12.7	4.2%	8.8	2.8%	45.4%
Minority shareholders' result	0.9	0.3%	1.1	0.4%	(17.0%)
Result from continuing operations	**8.5**	**2.8%**	**9.1**	**2.9%**	**(6.0%)**
Result from discontinued operations	0.7	0.2%	(0.9)	(0.3%)	n.s.
Net result	**9.2**	**3.0%**	**8.2**	**2.6%**	**13.0%**

Consolidated net revenue in 4Q15 came to 304.8 million euro, down by 3.3% versus 315.0 million euro in 4Q14; the Magazines Italy Area included revenue from Gruner+Jahr/Mondadori, consolidated as of 1 July 2015, which was previously recognized at equity; net of this variation (3.7 million euro in the quarter) at the Group level, the reduction in revenue would be equal to 4.4%, while revenue for the area would be down by 4.3% versus the 0.8% growth.

Revenue by Business Area (euro/millions)	**4Q 2015**	**4Q 2014**	**Var. %**
Books	87.7	98.7	(11.2%)
Magazines Italy	71.8	71.2	0.8%
Magazines France	87.8	86.7	1.2%
Retail	64.5	66.3	(2.8%)
Other Business, Corporate and Digital Innovation	10.4	8.1	27.9%
Total aggregate revenue	**322.1**	**331.1**	**(2.7%)**
Intercompany revenue	(17.4)	(16.0)	8.4%
Total consolidated revenue	**304.8**	**315.0**	**(3.3%)**

Consolidated EBITDA was **up by** approximately **5%** to 32.8 million euro in 4Q15 versus 31.3 million euro in 4Q14. The quarter under review benefited from the gain generated by the disposal of a property in Rome (in Other business, Corporate and Digital Innovation), while 4Q14 had benefited from the gain (in the Retail Area) generated by the disposal of the megastore in corso Vittorio Emanuele in Milan.

In 4Q15, the contribution of the consolidation of Gruner+Jahr/Mondadori in the Magazines Italy Area came to a negative 0.3 million euro; the disposal of the Harlequin Mondadori JV in the Books Area came to a negative 0.2 million euro.

EBITDA by Business Area (euro/millions)	**4Q 2015**	**4Q 2014**	**Var.**
Books	6.4	10.3	(3.9)
Magazines Italy	(0.6)	(1.4)	0.8
Magazines France	12.4	12.8	(0.4)
Retail	4.6	14.9	(10.3)
Other Business, Corporate and Digital Innovation	10.1	(5.3)	15.3
Total EBITDA	**32.8**	**31.3**	**1.5**

Net of non-recurring items, margins **grew by 3.1%** from 24.3 million euro to 25.1 million euro in the quarter under review. The most significant variation is attributable in the Books Area to the different scheduling of the releases of a number of best sellers, especially in 4Q14 and, specifically, of Ken Follett's latest novel, *I giorni dell'eternità*.

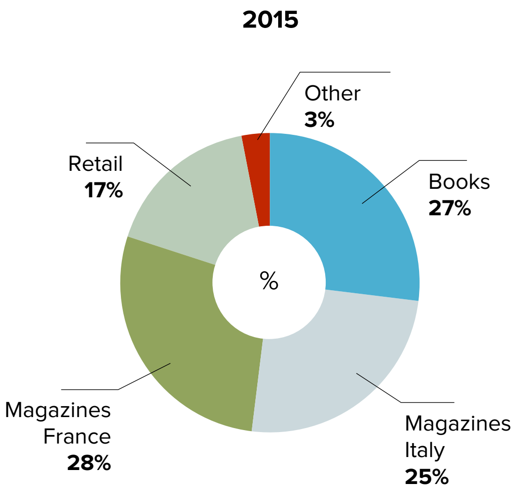
PERFORMANCE BY BUSINESS AREA

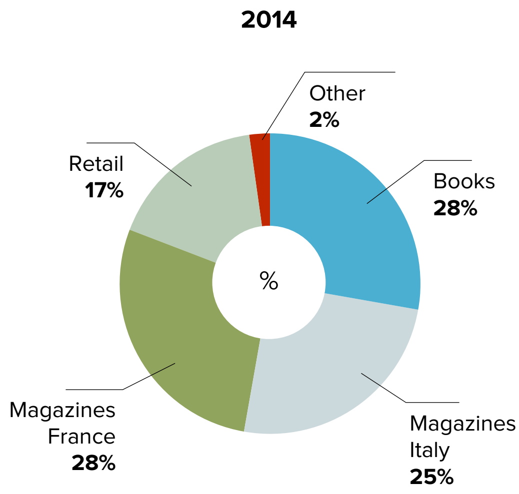
PERFORMANCE BY BUSINESS AREA

(euro/millions)	Revenue		EBITDA before non-recurring items		EBITDA		Amortization, depreciation and impairment		EBIT	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Books	320.8	340.1	42.7	46.0	45.9	45.1	3.4	2.9	42.5	42.2
Magazines Italy	296.3	302.7	5.8	(0.7)	2.6	(1.0)	6.4	0.8	(3.7)	(1.8)
Magazines France	334.6	340.9	36.0	35.8	32.4	35.0	11.4	11.3	21.0	23.7
Retail	196.0	211.2	2.2	0.2	1.8	8.9	3.0	5.4	(1.2)	3.6
Other Business, Corporate and Digital Innovation	35.8	29.0	(13.7)	(13.3)	(1.3)	(16.5)	2.9	2.9	(4.2)	(19.5)
Adjustments and cancellations	(60.6)	(54.4)								
Total	**1,122.8**	**1,169.5**	**73.0**	**67.9**	**81.6**	**71.5**	**27.1**	**23.3**	**54.5**	**48.2**

The breakdown of performance by business area reflects the system used by Management to oversee Group performance, according to IFRS 8. In this respect, the transfer of the business unit to Mediamond S.p.A., relating to advertising sales in magazines and properties, led to the incorporation of Advertising Area activities into the Magazines Italy Area starting from 2015.

REVENUE





BOOKS

As of 1 January 2015, the newly-established **Mondadori Libri** S.p.A. is the company that heads up all Group activities in the Books Area.
The Mondadori Group is Italy's market leader in the **Trade Books** Area through four publishers: Edizioni Mondadori, Giulio Einaudi editore, Edizioni Piemme and Sperling & Kupfer (which includes Frassinelli).
The Group is also present in the **Educational** segment with Mondadori Education, Italy's third largest player in the school textbooks market, and in the provision of services for the management of museum concessions and the organization and management of exhibitions and cultural events.

Relevant market performance

In 2015, after years of constant decline, the Italian **Trade** Books market rose by 0.9% versus 2014.
Looking at the sales channels[8]:

- bookstore chains and independent bookstores (which jointly make for approximately 72% of the total) grew by +1.9% and +0.4%, respectively, versus 2014;
- e-commerce posted the strongest performance, increasing by 6.6%, today making for about 14% of the total market;
- large retailers confirmed a bearish trend, dropping by a further -5.9% to the same level - 14% - contributed by e-commerce to the total market.

As for the digital book market, 2015 grew by an overall 23%, bringing the e-book penetration on the total physical market to 4.2%[9].

As to **products**[8], hardcovers (making for over 80% of the total market) rose by 1.8%, while paperbacks, accounting for the remaining 20%, fell by 3.0%.

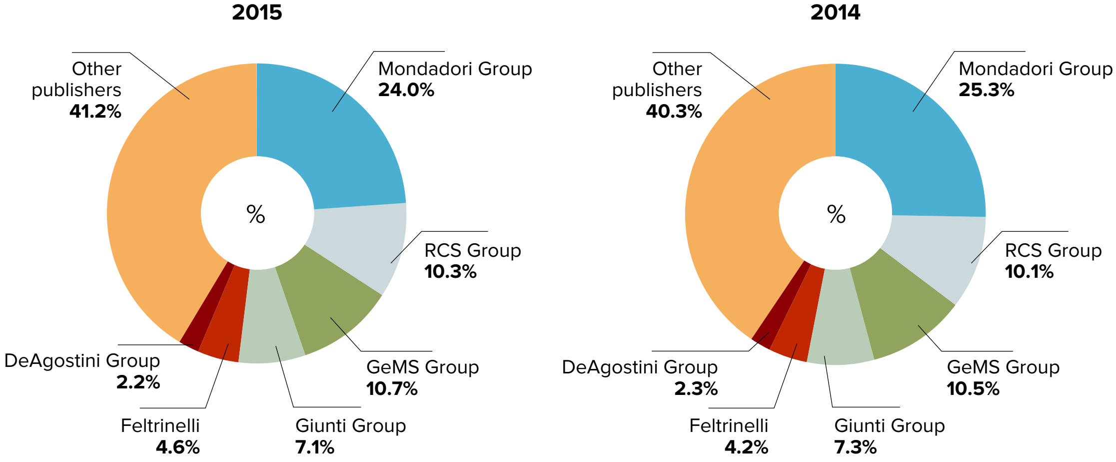
In this context, the Mondadori Group confirmed its leadership position in the Trade Area with a 24.0% market share (25.3% at December 2014). In the reporting period, the Group had 5 titles in the ranking of the 10 top bestsellers of the year[10] *(Grey, La ragazza del treno, È tutta vita, After, Cinquanta sfumature di grigio*) and was awarded the *Strega Prize 2015* for *La ferocia* written by Nicola Lagioia (Einaudi) and the *Strega Giovani Prize 2015* for *Chi manda le onde* written by Fabio Genovesi (Mondadori).

The loss of market share is the result of a selective strategy that prioritizes publishing quality, as confirmed by the rankings and awards achieved, while scrapping the production of less profitable titles.

In the **school textbooks** market, Mondadori Education retained its third place in the segment (dropping slightly versus 13.0% in 2014), with a 12.5% share, adoptions-wise. The aggregate market share of the five top players, making for approximately 70% of the total market, held ground in the primary segment and dropped in the two secondary school levels, to the benefit of smaller publishers[11].

[8] Source: GFK, December 2015; data collection in 2015 based on 53 weeks (52 in 2014)
[9] Source: internal estimates, in terms of value (cover price)
[10] Source: GFK, December 2015, figures in terms of copies
[11] AIE, ministerial data based on textbook adoption (number of sections)

TRADE BOOKS



Performance of the Books Area

(euro/millions)	2015	2014	Var. %
Revenue	320.8	340.1	(5.7%)
EBITDA before non-recurring items	*42.7*	*46.0*	*(7.2%)*
EBITDA	45.9	45.1	1.9%
EBIT	42.5	42.2	0.7%

Revenue

In 2015, revenue amounted to 320.8 million euro, down by 5.7% versus 2014, with a good performance by the Educational Area (+2.8%), while the Trade segment fell by 12%.
New titles produced in the year amounted to 2,458, of which 1,932 Trade, which includes the newsstand channel (-15.6 versus 2,291 in 2014); 206 Mondadori Electa (175 in 2014), and 320 Mondadori Education (329 in 2014); copies produced were approximately 40 million.

Books (euro/millions)	2015	2014	Var. %
Mondadori	72.6	91.8	(21.0%)
Einaudi	36.5	39.7	(8.2%)
Piemme	28.7	28.2	1.7%
Sperling & Kupfer	22.7	22.6	0.5%
Trade Books	**160.4**	**182.4**	**(12.0%)**
Mondadori Electa	42.1	35.8	17.5%
Mondadori Education	70.3	73.5	(4.3%)
Educational Books	**112.4**	**109.3**	**2.8%**
Distribution and other services - Third-party publishers	48.0	48.4	(0.8%)
Total consolidated revenue	**320.8**	**340.1**	**(5.7%)**

Trade Books Revenue

The reduction in revenue witnessed in 2015 is attributable to the selective publishing policy focused on improving efficiency, therefore, profitability; specifically, in 2015, the amount of new titles and average print run was cut to reduce future unsold stock.

These targeted actions have and will be taken maintaining the priority objective of research and ongoing improvement of the quality of the publishing schedule, as shown by the ranking of the top ten bestselling titles in 2015, with 5 of the Group's titles in the charts.

In 2015, **Mondadori** confirmed its prominent position as the leading player, closing the year with an 11.1% market share (12.3% at 31 December 2014), despite posting lower revenue than the previous year, mainly as a result of the selective publishing schedule and the presence in the second half of 2014 of Ken Follet's latest novel, *I giorni dell'eternità*.

The **Hardcover** segment counts two titles in the top ten best-selling books of 2015: first place overall, with over 350,000 copies sold and 43,000 downloads comes E.L. James with *Grey. Cinquanta sfumature di grigio raccontate da Christian* (with the original *Cinquanta sfumature di grigio* ranking tenth), while Fabio Volo's new novel *È tutta vita*, published on 18 November, ranks fourth with 280,000 copies sold and 12,000 downloads in just over a month.

As for Non-Fiction, female power in Italy across twenty centuries was the common thread of the new book by Bruno Vespa entitled *Donne d'Italia*, in bookstores from November, with a distribution of over 110,000 copies.

The **Paperback** segment lost ground versus 2014, due partly to the sweeping rationalization process involving the publishing schedule, implemented particularly in the *Oscar* series, aimed at maintaining profitability while removing inefficiencies in the offering and cutting the number of new titles produced in 2015.

The main drivers of the Paperback segment in 2015 continued to be the co-marketing initiatives with Italian film distributors on the occasion of the launch of films based on Mondadori novels, as was the case for the revival of the trilogy *Cinquanta sfumature*, of *Nessuno si salva da solo* by Margaret Mazzantini and of *Hunger Games* by Suzanne Collins.

In the classics segment, the *I Meridiani* catalogue was enhanced by new titles spanning from poetry to prose, and from non-fiction to fiction, a segment that continues to feature the finest publishing tradition of the Mondadori brand.

In the **Children's Books** segment, the *Oscar Ragazzi* series enjoyed good results; the most successful titles include Rick Riordan with the last episode of the *Eroi dell'Olimpo* series, and the line dedicated to the animated film *Il Piccolo Principe*.

In 2015, **Einaudi** confirmed its third position in Italy with a 5.4% market share, in line with 2014, despite the drop in revenue, due to the combined effect of:

- the good performance of **Hardcovers,** which outperformed the market and, in particular, of *Uomini senza donne* by Haruki Murakami in foreign fiction; *Momenti di trascurabile infelicità* by Francesco Piccolo, *Tempi glaciali* by Fred Vargas, and *La ferocia* by Nicola Lagioia, which won the Strega Prize for 2015 for Italian fiction; in September, Niccolò Ammaniti published his new novel, *Anna,* which was welcomed enthusiastically by the public;
- the reduction in the **Paperback** segment, penalized by the comparison with the previous year, due to the support provided by the restyling of the *Einaudi Tascabili* line, despite the good performance of a number of titles such as *Open* by Andre Agassi.

At end 2015, **Piemme** increased its market share to 4.2% (4.1% at end 2014), thanks to the good performance especially of *La ragazza del treno* by new author Paula Hawkins, the most coveted thriller of the year in Italy, after its resounding international success, which ranked second overall in the best-selling titles of 2015.

Other top titles were - in fiction - *La scatola nera* by Michael Connelly and *Still Alice* by Lisa Genova (the book on which the Oscar-winning film was based).

Sperling & Kupfer, during the reporting period, saw a slight increase in revenue (+0.5%) and a market share firmly at 3.2%, due to the combined effect of:

- in the **Hardcover** segment, of the good performance of the five volumes of the *After* series by new author Anna Todd, the first of which came sixth in the 2015 ranking, and of the new novel by Sveva Casati Modignani *La vigna di Angelica;*
- a drop in the **Paperback** line of the Superbestseller, Wellness and NumeriPrimi series.

March saw the comeback of the Frassinelli brand, which enjoyed the extended success of *Storia di una ladra di libri* by Markus Zusak, the best-selling book of 2014.

Educational Books Revenue

In this segment, the Group achieved revenue of 112.4 million euro in 2015, up by 2.8% versus 2014, thanks to the good performance of Mondadori Electa (+17.5%), as part of the management of museum concessions and the organization of exhibitions, driven also by EXPO Milano, which more than offset the decline in revenue in the school textbooks segment (-4.3%).

Mondadori Education

Mondadori Education is the Mondadori Group company operating in two areas of publishing activities:

- as for school textbooks, the key sector, Mondadori Education offers textbooks, courses, teaching tools and multimedia content for all school levels, from primary school to the primary and secondary high school, through thirteen proprietary brands and two distributed in English;
- as for miscellaneous, Mondadori Education offers textbooks for universities under the Mondadori Università and Le Monnier Università brands, language books for the teaching of Italian, and dictionaries under the Le Monnier trademark.

In 2015, Mondadori Education retained its high-ranking position in the school textbooks segment, firmly third for number of sections in terms of books adopted, despite the slight drop in the market share versus 2014 (12.5% from 13.0%). The year closed with a 4.3% fall in revenue, due mainly to the increase in the percentage of second-hand books:

- in **primary** schools, despite the growth in revenue versus 2014, Mondadori Education's market share dropped from 13.6% to 11.7%, as a result of the reduction in textbooks adopted;
- in **primary high schools**, Mondadori Education posted a good performance in terms of adoptions, which allowed it to regain the market share levels of 2011 (11.6% versus 11.3% in 2014); in **secondary high schools**, it lost half a percentage point of its market share, dropping to 13.1%;
- **miscellaneous** results were steady versus 2014.

The sale of digital books brought no significant impact and remained steady versus 2014.

Mondadori Electa

Mondadori Electa publishes Art & Architecture books under the Electa trademark, including exhibition catalogues, museum guides and sponsor guides and, under the Mondadori brand, in the Tourist Guides Area and in the Non-Fiction Illustrated Area.

As to the **management and organization of exhibitions**, revenue rose sharply versus 2014 (+21.4%), thanks to the increased number of visitors at the archaeological sites, where the company operates on a concession basis (Pompeii and the Colosseum first and foremost), and the great success in exhibitions and bookstore management (including merchandising), also related to EXPO Milano, such as the exhibitions on *Giotto* and *Mito e Natura* at Palazzo Reale.

In 2015, as part of the activities revolving around the **publication of books and catalogues**, Mondadori Electa managed to retain its market share thanks to a repositioning strategy that started in 2011 and developed over the last two years; the slight drop in revenue (-1.7% versus 2014) was offset by higher efficiency and process and structural rationalization, despite the market challenges in the **Arts, Illustrated Books and Tourist Guides** segments, where Electa has a solid position as third publisher in the field. In the **Sponsor** segment, the line of books on order saw revenue grow (+20%). The **Kids** series for children launched three years ago has earned itself a strong position in the publishing world, thanks to the quality of its products and the informative slant. 2015 also saw the launch of a new line dedicated to teenagers, **ElectaYoung**, for the age group with the most avid readers in Italy.

In 2015, Electa's revenue rose by **17.5%** overall versus 2014.

Revenue from activities carried out on behalf of Third Publishers

In 2015, revenue generated by activities carried out on behalf of Third Publishers slightly dropped versus 2014 (-0.4%), as a result of the lower distribution of products of publishers managed.

The Mondadori Education sales and distribution network continued to develop during the year, increasing its product distribution activity in drop point mode, and increasing its presence across the country, with a positive impact on the level of customer service offered and on logistics costs.

Digital

In 2015, revenue from the download of e-books, amounting to 10.0 million euro, rose by 15% versus 2014, with digital sales accounting for **6.2%** of total Trade (4.8% at 31 December 2014).

The increase in the year is explained mainly by the contribution of several titles that reported above-average digital results: specifically, *La ragazza del treno*, *Grey* and the *After* series had a total of almost 200,000 downloads. Downloads totaled 2.2 million, with a daily average of over 6,000; the segment is marked by high seasonality of sales in the summer months and at Christmas time, which recorded a daily average of nearly 8,000 downloads.

Regarding sales platforms, in 2015 the Amazon store continued its growth trend, followed by Kobo and iBookstore.

At 31 December 2015, the e-book catalogue counted over 10,200 titles. The digitization process of most of the Group's catalogue has thus come to completion.

EBITDA

EBITDA, net of non-recurring items, fell by 7.2%, **from 46.0 million euro to 42.7 million euro**, parallel to the drop in revenue. The figure was **basically steady percentage-wise** (13.3% versus 13.5%) versus 2014, as a result of the good performance in the Educational Area, and of greater efficiency in managing operating processes, achieved thanks to the deep organizational and product review implemented in the year in the Trade segment.

Reported EBITDA for the area came to **45.9 million euro**, up from 45.1 million euro in 2014, and includes the capital gain of 7.6 million euro from the transfer of the interest held in the Harlequin Mondadori JV (completed on 30 September 2015), and a higher amount of restructuring costs versus 2014 (4.3 million euro in 2015 versus 0.9 million euro in 2014).

MAGAZINES

Mondadori is **Italy**'s leading publisher by market share (31.2%[12]) and number of magazines (28), and ranks third in **France** (with a portfolio of 31 magazines). It has expanded its presence in the sector over time, covering different segments of activity.

On 1 July 2015, Mondadori acquired 50% of the share capital of Gruner+Jahr/Mondadori S.p.A., a joint venture in which it already owned 50% (today Mondadori Scienza), from Gruner + Jahr Management, a company belonging to the Bertelsmann Group, thus consolidating the Group's leadership in the Italian magazines market, thanks to the inclusion in the portfolio of titles such as *Focus* (the most widely read magazine in Italy), *Focus Storia, Focus Junior, Focus Pico, Geo* and *Wild*.

In addition to the publication of weekly and monthly magazines sold at newsstands or in digital version, and by subscription, the Group has developed add-on sales and has created websites and portals that enable it to reach a larger number of Mondadori readers by leveraging on the relevant brands.

Through its subsidiary Press-Di Distribuzione Stampa e Multimedia, the Group is the second player in the Newsstand channel and leader in the Large Retailer and Subscription channels in Italy. The customer portfolio includes both publishers belonging to the Mondadori Group and independent publishers (which account for over 55% of total revenue). The most important customers include Bonelli, RBA, Panini-Disney and Sprea for magazines, and *Libero*, *Il Giornale* and *Avvenire* for newspapers in the Newsstand and Large Retailer channels; Panini-Disney, Condè Nast, Hearst and RCS in the Subscription channel.

Mondadori also has an **international presence**, operating directly through joint ventures or through licensing agreements with international publishers: there are 44 international editions of Mondadori magazines (*Grazia International Network* accounts for 24 of them and *Il mio Papa* 9).

[12] internal source: Press-Di figure at December 2015

MAGAZINES ITALY

Relevant market performance

2015 was equally characterized by dropping sales in the relevant markets, although the reduction was less sharp than in previous years:

- revenue from **advertising sales** fell by a total of 0.5%, with Magazines and Internet down by 4.1% and 0.7%, respectively[13];
- revenue from **sales of magazines at newsstands** dropped by 7.3% (in terms of value), with a sharp fall posted by on-pack initiatives (-12.4%), net of which the market would have dropped by -6.6%. Against this backdrop, Mondadori, whose circulation in the newsstand channel was basically in line with the market, as a result of the focus on the publishing quality of its magazines, secured its leadership with a 31.2% market share (31.3% at December 2014)[14];
- revenue from **add-on sales** was marked by the resilience of dailies (-1%) and the decline in magazines (-8.1%), reporting an overall decrease by 4.1%[14]. Mondadori's performance was in line with the magazine trend; regarding the market as a whole (newspapers + magazines), it holds a 30.4% share, slightly lower than in 2014 (30.9%).

Performance of Magazines Italy

(euro/millions)	2015	2014	Var. %
Revenue	296.3	302.7	(2.1%)
EBITDA before non-recurring items	*5.8*	*(0.7)*	*n.s.*
EBITDA	2.6	(1.0)	n.s.
EBIT	(3.7)	(1.8)	n.s.

Revenue

In 2015, Magazines Italy revenue came to 296.3 million euro, down by 2.1% versus 2014 (-4.9% on a like-for-like basis, net of the 50% acquisition of Gruner+Jahr/Mondadori, consolidated as from 1 July 2015).

[13] Source: Nielsen, December 2015
[14] Internal source: Press-Di, December 2015

Magazines Italy (euro/millions)	**2015**	**2014**	**Var. %**
Circulation	127.2	129.4	(1.7%)
Add-on sales	50.4	55.2	(8.8%)
Advertising	75.5	76.9	(1.8%)
Other revenue	43.2	41.1	5.0%
Total revenue	**296.3**	**302.7**	**(2.1%)**

- **Circulation revenue** dropped by 1.7%; on a like-for-like basis, the drop was 7.5%, in line with the market, due also to the decline in the subscription channel caused by the rationalization of low-profit subscriptions;
- revenue from **add-on products** (DVDs, CDs, books and gadgets) sold in attachment to Mondadori magazines dropped by 8.8% versus 2014, as a result of the project rationalization process aimed at preserving profitability (-10.6% on a like-for-like basis);
- total **advertising** revenue fell by 1.8% in 2015; on a like-for-like basis, gross advertising sales on Mondadori brands in Italy dropped by 3.7%: print advertising sales declined by 3.7%, outperforming the relevant market, thanks also to the good performance of local events such as "Expo City events" and "Panorama d'Italia", while advertising sales on **websites** were down by 3.5%.

In 2015, net revenue generated by **Press-Di**, on a like-for-like basis, was up by 1.9% versus 2014, despite the reduction in the circulation of dailies and magazines across all channels, due to the Group's ongoing commitment to developing third publisher portfolios.

International Activities posted revenue of 10.7 million euro, up by 2.4% versus 10.5 million euro in 2014, and include those under Mondadori International Business, which manages the licensing contracts and advertising sales generated by Italian investors on Mondadori magazines published on license worldwide. Good results were achieved despite the challenging European macroeconomic environment, which continues to adversely affect the magazine market, and the hardships in Russia. Activities in 2015 included the launch of *Grazia* Morocco, the launch of several international editions of *Il mio Papa*, the weekly that chronicles the daily life of the Holy Father (currently in 8 countries in Central and South America), and the third edition in China of *Interni,* following Russia and Thailand.

The Mondadori Group also holds foreign investments consolidated at equity:

- **Attica Publications**, the leading publisher on the Greek market of magazines (18) and radio stations (3), and magazine publisher in Bulgaria and Serbia. The publisher was affected in 2015 by the macroeconomic environment and by the issues revolving around the Greek public debt renegotiation with Europe, which impacted on the advertising market trend, especially during the summer; Management responded readily to the situation by adopting cost-cutting measures, managing to offset the decline in revenue and closing the year with a profit (contribution of 0.3 million euro);
- **Mondadori Seec Advertising**, a joint venture launched in 2009 and exclusive agency for the sale of advertising spaces in the Chinese edition of *Grazia*, posted a 10% increase in revenue versus 2014, despite the sharp slowdown in growth in the second half of the year caused by the sudden deceleration of the Chinese economy (contribution of 1.7 million euro);

- ***Grazia* Russia**, launched in 2007, posted revenue of 2.2 million euro in 2015, a marked decline versus 2014, attributable to the difficult political climate in the country, which impacted negatively on the EUR/RUB exchange rate and on the advertising investment market (contribution of 0.1 million euro).

The overall **contribution** of **international** operations in the year came to a **positive 2.0 million euro**, down by 3% versus 2.1 million euro in 2014.

EBITDA

EBITDA for the Magazines Italy Area, net of non-recurring items, posted a **remarkable improvement**, rising from -0.7 million euro to a positive **5.8 million euro** (0.4 million euro of which contributed by the consolidation of Gruner+Jahr/Mondadori as of 1 July 2015), despite the decline in revenue caused by the market situation and by the implementation of targeted project selection policies, as a result of the effective **review** of the publishing and operating organization, and the containment of promotional activities, while retaining the traditional focus on the publishing quality of the titles.

Reported EBITDA in the area confirmed the **growth trend**, rising from -1 million euro to +2.6 million euro, as a result of the abovementioned actions and of the lower reduction in advertising sales, despite higher restructuring costs and non-recurring items amounting to approximately 1 million euro in 2014, deriving from the contribution to Mediamond.

Digital and diversification activities

The reporting period saw the continued commitment to strengthen the brands through local-based activities, which include:

- *Sale&Pepe - Sapori e Profumi dal mondo*, an event developed along a web, print and local-based path, where the magazine and the Cooking School gave a sneak preview of the EXPO Milano clusters to the public and press;
- *Interni* retained its leadership in the professional living segment of architecture and design, with the success of "*energy for creativity*", a major exhibition event held during FuoriSalone, in partnership with EXPO Milano and with the patronage of the Municipality of Milan. In April, a special edition of *Icon* dedicated to design was added to the segment;
- Panorama d'Italia continued its tour in 2015, with events in eight Italian cities, which were highly publicized by the national and local press and had a large turnout in terms of public and local leading companies;
- at the beginning of May, *La5* was launched in association with Magnolia, a new "Donna Moderna Live" TV programme presenting - for the first time - content and styles typical of magazines on television. This initial experiment received such a great welcome by the audience that the decision was taken to continue to showcase the brand on TV in 2016.

Additionally, in order to increase the number of readers using and retrieving information through the new devices, the Group focused on further improving the portfolio of its web portals by gradually developing the multimedia platforms.

Traffic data showed an overall **audience rate** of **9.5 million unique users**[15], up by 16% versus 2014, despite discontinuity on the DonnaModerna.com site, caused by the presence in its network of 3BMeteo until June 2014 (a 3% increase on a like-for-like basis), due also to the inclusion in the scope of Gruner+Jahr/Mondadori and of its exclusively digital brand Nostrofiglio.it, which boasted over 1.3 million unique users in December 2015 (+19% versus 2014).

The most significant activities and brands in 2015 were:

- the release of the new Grazia.it website (+15% unique users versus 2014), which, with a view to interpreting user needs, is based on a mobile-first approach that optimizes use and user experience on mobile devices (70% of total accesses), through a new reading flow and content sharing options;
- just one year after its launch, Salepepe.it reached 2 million unique users in December, doubling the figure of December 2014;

[15] Source: Audiweb, December 2015

- Sorrisi.com, with a publishing plan of weekly appointments with artists and live news;
- with the launch of Panorama TV in the Panorama network, Panorama.it has expanded its range of publishing initiatives with a generous schedule of video interviews, photo galleries and theme analysis, including news, lifestyle and engines, in addition to video stories on the "Panorama d'Italia" event;
- as for design and interior design, the new Casafacile.it site was launched, and internimagazine.com was restyled;
- Starbene.it was enriched by new functionalities and the "Ask Starbene" service, with over 100 experts answering user queries.

MAGAZINES FRANCE

Relevant market performance

In 2015, the relevant markets of Mondadori France continued to drop:

- sales in the newsstand channel fell (-4.5%, excluding the extraordinary edition of *Charlie Hebdo*)[16];
- traditional advertising sales: -6.3%[17],

except for the digital publishing market, which grew by 5.5%[18] in 2015.

Advertising revenue

Against a sliding market backdrop and despite a rather poor start to the year following the January terrorist attacks, Mondadori France's aggregate advertising revenue (print + digital) dropped by 3.3% versus 2014.

- **Revenue from traditional advertising sales** in the French magazines was down by 5.0% in value versus 2014, outperforming the market; relating volumes were down by 2.6% versus 2014, in line with the market trend, allowing Mondadori France to retain its position as the second player on the magazine advertising market, with its share firmly at 10.9%.
- Revenue from the **digital segment** rose by almost 30%, making for almost 15% of total revenue from advertising sales, as a result of the sharp increase in audience (+20%) and the rather strong performance in sponsored link activities, which partly offset the decrease from print advertising sales.

Performance of Magazines France

(euro/millions)	2015	2014	Var. %
Revenue	334.6	340.9	(1.9%)
EBITDA before non-recurring items	*36.0*	*35.8*	*0.8%*
EBITDA	32.4	35.0	(7.5%)
EBIT	21.0	23.7	(11.3%)

Revenue

In this context, Mondadori France revenue came to 334.6 million euro in 2015, down by 1.9% versus 2014 (340.9 million euro), halving last year's decline (-3.7%). The drop in revenue from traditional activities stopped at 2.9%, while digital activities stepped up their growth by 27%, thanks to the development of the digital activities on the properties (+26%, both advertising revenue and revenue from sales of digital copies) and of NaturaBuy (+31%).

Magazines France (euro/millions)	2015	2014	Var. %
Advertising	79.7	82.4	(3.3%)
Circulation	238.1	242.5	(1.8%)
Other revenue	16.8	16.0	5.2%
Total revenue	**334.6**	**340.9**	**(1.9%)**

[16] Internal source, figures at December
[17] Source: Kantar Media, figures at December
[18] Source: SRI-Udecam-PwC

Circulation revenue
Circulation revenue (newsstands and subscriptions), which accounts for more than 70% of the total, showed an overall 1.8% decline, slightly improving versus 2014, thanks to the performance of subscriptions, which make for over half the total. Specifically:

- the newsstand channel dropped by 5.8%; the comparison with 2014 results is affected, on the one hand, by the poor start of the market in 2015, as a result of the challenging national environment and, on the other, by the outstanding performance of January 2014, driven by the publication of the "Hollande scoop" on *Closer*; the weeklies *Télé Poche* (+1.0%) and *Auto Plus* (+4.3%), and monthlies *Top Santé* (+2.2%) and *Pleine Vie* (+12.9%) all performed well;
- on the other hand, the subscription channel posted a 0.8% growth versus 2014, thanks to the good trend in volumes, propelled by the ongoing promotional initiatives and steady prices, confirming the strategic opportunity to further invest in this channel; the weeklies *Closer* (+7.7%) and *Auto Plus* (+5.2%) and monthlies *Top Santé* (+11.8%) and *Pleine Vie* (+1.0%), as well as *Science & Vie* as a whole (+2.3%) all performed well in the year.

These positive performances were achieved thanks to the constant attention paid to publishing quality and innovation. In 2015, Mondadori France, in fact, continued to improve the quality of its products by restyling six titles (*Réponses Photo, L'Auto-Journal, Les Cahiers de Science & Vie, Modes & Travaux, Pleine Vie* and *L'Ami des Jardins*) and strengthening its brands by making a few additions to the relevant vertical (in the car segment by launching *Auto-Plus Utilitaires* and *L'Auto-Journal Maxi-Tests*, and in gaming by launching the new bimonthly magazine *Questions pour un champion* in February and *Télé-Poche Jeux* in June).

EBITDA
EBITDA, net of non-recurring items, was basically steady versus 2014, amounting to **36.0 million euro**, with margins on revenue again above 10% (10.8% in 2015 versus 10.5% in 2014). A positive result achieved by Mondadori France, which continued to rationalize structures and curb publishing costs, while retaining its ability to invest in publishing quality and in diversification, with a view to further adjusting the organization to market changes and to sustaining profitability.

Specifically, two projects were launched in 2015, critical to countering the market downturn and to transforming the company into a truly digital organization:

- a restructuring plan based on voluntary acceptance, which started in May;
- reorganization of the editorial teams, to be finalized starting from end 2016.

As forecast, a **positive EBITDA** was achieved in 2015 by **digital activities**.

Reported EBITDA, amounting to 32.4 million euro, was down by 7.5% versus 2014 (35.0 million euro), due to higher restructuring costs of approximately 2.8 million euro resulting from the above outstanding plan.

Digital and diversification activities
Digital and diversification activities (about 8% of total revenue in 2015) increased by **14%** thanks mainly to the growth of **digital activities** (**+26.9%**), regarding the titles (+26.2%) and the website NaturaBuy (+30.9%).

The total number of readers of Mondadori France magazines reached **8.8 million** unique users[19], up by over 20% versus the average figure of 2014, also as a result of the steady digitization of the editorial teams, which enabled the daily production of new content in parallel for both offline and online magazines; the project (to be completed in late 2016) was launched in 2013 and has so far reached 75% of its completion rate. In December, a peak of over 10 million unique visitors was reached, thanks especially to four titles that topped the **1 million** mark: closermag.fr (UV[20] 2.6 mn), telestar.fr (UV 1.6 mn), topsante.com (UV 1.4 mn) and autoplus.fr (UV 1.3 mn).

In the reporting period, parallel to their print versions, the **web sites** of the following magazines were also re-launched: *L'Auto-Journal, Modes* & *Travaux, Pleine Vie* and *L'Ami des Jardins.*

Mondadori France also explored new opportunities for business **diversification**, including the development of a partnership with AB Group for the launch of a TV adaptation of *Science & Vie,* on air in France and in Africa starting from the end of March. A second theme TV channel - *Mon Science & Vie Junior* - was also launched in February 2016.

[19] Source: Médiamétrie Netratings (MNR), average figure January-December 2015
[20] UV: Unique Visitors

RETAIL

The Mondadori Group operates in Italy with a network of approximately 600 stores composed of directly managed stores (29), including bookstores (20) and megastores (9), and other franchised stores, including bookstores (316), Mondadori Points (232), and shop-in-shops (50), in addition to web channels (www.mondadoristore.it) and book clubs.

Relevant market performance

In general, the retail market, despite the lingering signs of weakness in consumption, especially in the large retailer segment, closed 2015 with a slight increase.

Books

The relevant market for the Retail Area is books (77% of revenue[21]), which showed signs of recovery in 2015 versus the previous year. In this context, the market share of Mondadori Retail stood at 14.2%, dropping from 15.0% at 31 December 2014, as a result of the disposal of the flagship store in corso Vittorio Emanuele in Milan, completed at the end of 2014.

Non-book

The non-book segment showed different performance patterns based on the product. In particular, consumer electronics reversed the trend, growing by 2.8% (in November), while showing high volatility among the different product categories: tablets and e-readers recorded a double-digit reduction, while telephony products confirmed the positive trend of the last months of 2014. The entertainment segment continued its good performance versus 2014, with a 5.8% increase (in November), thanks to the rebound in the sales of music media and gift boxes.

Performance of the Retail Area

(euro/millions)	2015	2014	Var. %
Revenue	196.0	211.2	(7.2%)
EBITDA before non-recurring items	*2.2*	*0.2*	*n.s.*
EBITDA	1.8	8.9	n.s.
EBIT	(1.2)	3.6	n.s.

[21] Store revenue

Revenue

In 2015, Retail Area revenue fell by 7.2% versus 2014, mainly as a result of the transfer of the flagship store in corso Vittorio Emanuele in Milan (which had contributed 14.2 million euro in 2014).

Revenue - Retail (euro/millions)	**2015**	**2014**	**Var. %**
Megastores	50.5	57.2	(11.7%)
Direct bookstores	31.2	33.0	(5.3%)
Franchised bookstores	83.9	85.9	(2.4%)
Online	10.5	11.1	(5.7%)
Stores	**176.0**	**187.1**	**(5.9%)**
Book clubs and other	20.0	24.1	(16.8%)
Total revenue	**196.0**	**211.2**	**(7.2%)**

Store revenue by product type is broken down as follows:

- **Books** were the predominant product category, making for 77% of the total, up by approximately 0.5 percentage points on a like-for-like basis; this result confirms once again the effectiveness of the actions undertaken in terms of product penetration and assortment and, also, in terms of communication and promotion campaigns;
- **non-book** revenue - specifically Consumer Electronics/Media - showed signs of recovery after two weak years and the relevant market trend, as a result of the actions undertaken in the field of organization, sales network training and promotions.

The analysis by channel showed the following:

- an increase by directly managed bookstores (+2.0%) on a like-for-like basis;
- franchised bookstores: slight downturn in the revenue of the Books category, but a slight increase overall of stores on a like-for-like basis (+0.8%);
- net of the transfer of the flagship store in corso Vittorio Emanuele in Milan, books in megastores recorded a good performance (+6.8%) and consumer electronics returned to growth (+2.3%);
- online products showed an overall reduction of 5.7% (better in the Books category and equal to -1.8%), as a result of a temporary slowdown following the relocation of a warehouse;
- book clubs performed in line with the structural reduction expected in the medium-term development plan (-14.3%).

EBITDA

In 2015, Mondadori Retail posted a **positive EBITDA,** net of non-recurring items, of 2.2 million euro, **improving sharply** versus 0.2 million euro in 2014. The one percentage point rebound in profitability was driven by two main elements:

- the improved product margin, especially in the Books category - thanks to actions aimed at network review and promotion containment activities - and in consumer electronics, thanks to a more targeted and well-studied product assortment focused on accessories and services, and renewed promotional initiatives;
- the extended implementation of cost reduction measures determined a lower percentage of fixed and personnel costs.

The improved result versus 2014, reached despite the negative impact from the structural reduction in the book club channel, is reflected in the majority of the Group's sales channels.

Reported EBITDA in 2015 amounted to 1.8 million euro versus 8.9 million euro in 2014, which included the contribution of 9.3 million euro from the gain generated by the disposal of the flagship store in corso Vittorio Emanuele in Milan.

Ongoing activities

In 2015, numerous actions were taken to gain back market shares and sustain profitability. Specifically:

- **communication activities for the book product and co-marketing initiatives** with leading partners in the banking and telephony industries;
- the **ongoing network and format revision**: 33 franchised stores were shut down in the reporting period, and in June a new megastore was opened in via S. Pietro all'Orto in Milan, the first store in line with the new concept and the gradual renewal of the entire network;
- within the context of a broader refurbishment project completed during summer, the Duomo megastore (Milan) introduced an exclusive innovation in Italy, i.e. a print-on-demand service, which allows customers to receive an immediate printout on request of over 7 million international and Italian titles (and within 24-48 hours in the remaining chain stores);
- a project aimed at improving the productivity of the directly managed stores through the optimization of working hours, in order to ensure top customer service and compliance with the principles of efficient cost-efficient management;
- the launch of the new "Mondadori Store Book Club", with the aim of creating a new concept of club, by building the loyalty of current customers and increasing the competitive value of the stores;
- reorganization and integration of the central functions of the Segrate, Milan and Rimini offices, to be completed in early 2016.

OTHER BUSINESS, CORPORATE AND DIGITAL INNOVATION

Other Business

Other Business includes the results from Digital Marketing Service (Cemit and Kiver, merged on 31 December 2015), and from the equity investments in Monradio S.r.l. (20%) and Società Europea di Edizioni S.p.A., publisher of the daily *Il Giornale*.

The offering of the **Digital Marketing Service** Area was expanded in 2015 to better respond to the needs of increasingly demanding customers interested in innovative digital marketing solutions.
In this context, the segment achieved total revenue of 13.8 million euro in 2015, up by 12% versus 2014, thanks also to the contribution from the acquisition of Kiver at end 2014.

EBITDA, before non-recurring items, came to -0.3 million euro, slightly improving versus -0.4 million euro in 2014.

Monradio: EBITDA achieved by *R101*, 80% of which was sold to RTI S.p.A. on 30 September 2015, for the share attributable to the Mondadori Group, came to -0.2 million euro in 4Q15.

Società Europea di Edizioni: in 2015, the publisher of *Il Giornale* reported a loss, for the share attributable to Mondadori and before non-recurring items, of 1.5 million euro, confirming last-year's figure.
Including the effects of an extraordinary transaction from the disposal of a portal, Mondadori's share of EBITDA came to a positive 0.1 million euro.

Corporate and Digital Innovation

The **Corporate** segment includes - besides the Group top management organizations - Parent Company functions providing services to Group companies and the different business areas.

These services are mainly associated with activities regarding: Information Technology, Administration, Management Control and Planning, Finance, Human Resources, Legal and Corporate Affairs, General Services, Procurement, and External and Institutional Relations.

Revenue is mainly referred to amounts billed to subsidiaries and associates as well as other entities using the services described above.

Digital Innovation: the structure of this area, which became operational at the end of 2013, is mainly concentrated on developing non-traditional activities with the objective of supporting all Group Areas in developing new business and strengthening the Group's presence in the digital market.

In 2015, new technology was implemented in order to expand and supplement the Group's editorial contents (in particular, properties in Italy) as well as adjust user management platforms in the framework of the CRM systems adopted, through a series of initiatives aimed at populating the database and increasing the competencies of existing profiles.

EBITDA, before non-recurring items, of **Other Business, Corporate and Digital Innovation**, came to -13.7 million euro versus -13.3 million euro in 2014, rising slightly as a result of investments made to strengthen the operating structure of the Digital segment.

Reported EBITDA amounted to -1.3 million euro (-16.5 million euro in 2014), which included the gain from the disposal of the property in Rome in December 2015.

FINANCIAL POSITION

In 4Q15, the 3-month Euribor continued its downward trend, dropping to a low of -0.133% in December, below the average of -0.020% in 2015; the average cost of debt of the Mondadori Group on the interest rate component in 2015 was 3.74% versus 4.06% in 2014, down by about 8%.

The Mondadori Group's financial position at 31 December 2015 showed a debt of -199.4 million euro, improving significantly from -291.8 million euro at December 2014.

Net financial position (euro/millions)	**31/12/2015**	**31/12/2014**
Cash and cash equivalents	30.7	13.0
Assets (liabilities) from derivative instruments	-	(1.7)
Other financial assets (liabilities)	(1.2)	(7.4)
Loans (short and medium/long term)	(228.9)	(295.7)
Net financial position	**(199.4)**	**(291.8)**

In December 2015, the Mondadori Group renegotiated the existing Committed credit lines, underwriting a new amortizing loan contract with a pool of major banks (BNP Paribas, Banca Popolare di Milano, Intesa Sanpaolo, Mediobanca, UniCredit, UBI) for a total of 515 million euro, coming to maturity in December 2020. The contract envisages improved financial conditions in terms of interest rate and commissions. The initial margin for the Term Loan line is 3.25%, with a reduction of about 90 bps compared to the cost in previous loan contracts. In addition, the rate may fall further, on an annual basis and in accordance with the reduction in the NFP/EBITDA ratio.

The overall credit lines of the Group at 31 December 2015 amounted to 709.4 million euro, of which 515.0 million euro committed.
The Group's short-term loans, amounting to 194.4 million euro, 0.9 million euro of which drawn down at 31 December, include overdraft credit lines on current accounts, advances subject to collection and "hot money" flows.

At 31 December 2015, the 515.0 million euro pool consisted of:

(euro/millions)	Bank pool		of which: unutilized	of which: with interest rate hedge
Term Loan A1 (Refinancing)	232.5	(1)	-	150.0
Term Loan A2 (Line for acquisition of RCS Libri)	132.5	(2)	132.5	
Revolving Facility B	100.0	(3)	100.0	-
Acquisition Line C	50.0	(4)	50.0	
Total loans	**515.0**		**282.5**	**150.0**

Maturity	2016	2017	2018	2019	2020
1	6.4 million euro	19.1 million euro	25.5 million euro	25.5 million euro	156.0 million euro
2	3.6 million euro	10.9 million euro	14.5 million euro	14.5 million euro	89.0 million euro
3					Bullet loan, maturity December
4					Bullet loan coming to maturity in December, increasable up to 105.0 million euro, with concurrent reduction of A1 or A2 lines for the amount in excess of 50 million euro

At 31 December 2015, the net financial position of the Mondadori Group improved significantly versus 31 December 2014, as a result of the overall cash flow of 92.4 million euro.

Following the classification of Monradio activities as “discontinued operations” the cash generation impact from the radio business and the relevant financial costs and taxes were booked separately in the cash flow statement of 2015 (and also for 2014 for comparison purposes).

The cash flow in the reporting period is detailed below:

Group cash flow (euro/millions)	**31/12/2015**	**31/12/2014 (restated Radio)**
NFP beginning of period	**(291.8)**	**(363.2)**
EBITDA before non-recurring items	73.0	67.9
Effect of shareholdings/dividends	(3.7)	(3.8)
NWC + provision variation	14.2	0.2
Capex	(13.5)	(11.9)
Cash flow from operations	**70.0**	**52.4**
Financial costs	(17.6)	(21.3)
Taxes	(6.9)	(7.0)
CF Radio		(5.2)
Cash flow from ordinary operations	**45.4**	**18.8**
Capital increase/(Dividend payout)		31.1
Restructuring costs	(21.2)	(20.3)
Extraordinary costs/previous years	8.0	15.2
Acquisitions/asset disposals	60.2	26.6
Cash flow from extraordinary operations	**47.0**	**52.6**
Total cash flow	**92.4**	**71.4**
NFP end of period	**(199.4)**	**(291.8)**

Cash flow from operations, *which* **in 2015 generated 70.0 million euro (25%)**, is attributable to the good performance of operations net of non-recurring items (73.0 million euro), and to net working capital (including provisions), which generated cash flows of 14.2 million euro, as a result of increased focus on the management of receivables and other working capital items. Capital expenditure in 2015 increased slightly versus 2014 (+1.6 million euro) and included: the costs to develop new publishing products (3.8 million euro) in the Educational Area; improvements and new openings, as well as for software and office automation (6.3 million euro) in the Retail Area; the new headquarters of Mondadori France, which underwent, *inter alia*, plant adaptation (2.2 million euro).

Cash flow from ordinary operations, including cash-outs for taxes and financial costs, came to a **positive 45.4 million euro**, confirming the strongly improving trend of cash flow generation at December 2015 versus the trend of the last twelve months measured in September 2015 (34.4 million euro), June 2015 (31.5 million euro), March 2015 (28.6 million euro) and December 2014 (18.8 million euro).

Cash flow from extraordinary operations came to **a positive 47.0 million euro**, despite cash-outs for restructuring costs (21.2 million euro), and was attributable to the capital gain from the disposals completed in the year for a total of 54.8 million euro (from the disposals of 80% of Monradio, of 50% of the Harlequin Mondadori joint venture, and of a property in Rome) and to the partial collection of tax receivables (VAT and IRES on IRAP refund application) accrued in the previous years (8.0 million euro).

These items resulted in an **overall cash flow generation of 92.4 million euro** with a consequent equivalent reduction in debt, down by over 30% versus 2014.

At 31 December 2015, Monradio assets/liabilities were booked separately under "Discontinued assets/liabilities".

component, from 27% to 25% of the total, as a result of more favourable payment conditions (DPO from 113.2 to 114.8[22]);

- other assets (liabilities), down by about 16 million euro in the year, reflect the decrease in assets, amounting to 23.5 million euro as a result mainly of lower receivables from authors of 7.5 million euro, and partial collection of VAT and IRES

(euro/millions)	31.12.2015	31.12.2014 restated Radio	Var.	31.12.2014
Net trade receivables	242.1	259.3	(17.1)	264.6
Inventory	108.2	108.4	(0.2)	108.4
Trade payables	(349.6)	(343.4)	(6.2)	(347.4)
Other assets/(liabilities)	(30.5)	(14.9)	(15.6)	(11.2)
NET WORKING CAPITAL	**(29.7)**	**9.4**	**(39.1)**	**14.3**
Intangible assets	552.3	553.7	(1.4)	601.6
Tangible assets	31.2	32.4	(1.2)	37.1
Investments	44.9	39.5	5.4	39.6
NET FIXED ASSETS	**628.5**	**625.6**	**2.9**	**678.3**
Provisions	(59.7)	(64.5)	4.8	(65.0)
Post-employment benefits	(44.1)	(46.2)	2.1	(46.7)
Discontinued assets/(liabilities)	-	56.6	(56.6)	-
NET INVESTED CAPITAL	**495.0**	**580.9**	**(86.0)**	**580.9**
Share capital	68.0	68.0	-	68.0
Minority shareholders' reserves and equity	221.2	220.5	0.7	220.5
Net result	6.4	0.6	5.8	0.6
EQUITY	**295.6**	**289.1**	**6.5**	**289.1**
TOTAL EQUITY	**199.4**	**291.8**	**(92.4)**	**291.8**
TOTALE FONTI	**495.0**	**580.9**	**(86.0)**	**580.9**

Greater efficiency in the management of receivables and of payables conditions led to a significant **reduction in working capital** versus 2014:

- trade receivables dropped sharply by over 17 million euro, due to the combined effect of the revenue trend and the improved management of collections (DSO from 75.9 to 74.6 days[22]);
- trade payables, including payables to authors, workers and agents, increased by about 6 million euro, despite the marked reduction in the overdue receivables accrued in the past financial years for 7.6 million euro.

Net fixed assets, net of discontinued operations, which contributed 50 million euro, increased by approximately 3 million euro:

- **equity investments** increased by 5.4 million euro, the combined effect of the recognition of the 20% interest in Monradio held at 31 December (9 million euro), and of the impairment of 4 million euro of the

[22] Calculated with the count back method

investment in Greek company Attica Publications, in the Magazines Italy Area, previously booked in the balance sheet at 30 September;

- **intangible assets** decreased by approximately 1.4 million euro, mainly as a result of:
  - amortization of magazines and of the Mondadori France customer list (8.7 million euro);
  - write-off of 3 million euro of goodwill from the acquisition of London-Boutiques and Kiver;

  despite
  - recognition of goodwill of Gruner+Jahr/Mondadori (now Mondadori Scienza) amounting to 7.7 million euro;
  - capitalization of the costs for the development of new publishing products in the school textbooks area (3.2 million euro);
- the reduction in **tangible assets** is attributable to period depreciation (6.9 million euro) and to investments during the year, referring mainly to the replacement of office machines, furnishing for the French headquarters and improvements in lease assets of 5.8 million euro.

Provisions and post-employment benefits dropped by a total of 6.9 million euro, mainly as a result of:

- utilization of the provision for risks on restructuring costs (3.3 million euro) for the payment of indemnities to employees;
- utilization of the provision for equity investment risks (3.8 million euro), following the capital increase subscribed by Mondadori France for EMAS Digital;
- utilization of the provision for risks on legal costs (1.0 million euro) for the settlement of a number of disputes;
- post-employment benefit and severance payments and supplementary customer allowance payment recognized to employee and agents following termination of the relevant employment or agency contract (2.1 million euro, net of provisions for the year).

The 86 million euro reduction in the Group's net invested capital, in addition to the 6.5 million euro increase in equity, led to the over **92.4 million euro improvement in the net financial position**.

PERSONNEL

HUMAN RESOURCES

Employees with a fixed-term or permanent labour contract working with the Group at 31 December 2015 amounted to **3,076** people, down by 1.5% versus December 2014 (3,123 employees).

Headcount movements show a change in the corporate scope at end 2015 versus the previous year, as a result of two extraordinary transactions that took place in the second half of 2015:

- acquisition of the full control of the Gruner+Jahr/Mondadori JV (now Mondadori Scienza), publishers of *Focus*, with a staff of 88 employees (74 at 31 December 2015);
- transfer of the control (80% of the share capital) of Monradio, owner of the *R101* radio station.

On a like-for-like basis, the decrease in headcount would be 3.0% versus end 2014.

The Group's actual personnel data at 31 December 2015, broken down by company and business area, are listed below:

Personnel - actual	**31/12/2015**	**31/12/2014**
Arnoldo Mondadori Editore S.p.A.:		
- Managers, journalists, office staff	813	939
- Blue collars	5	90
	818	**1,029**
Italian subsidiaries:		
- Managers, journalists, office staff	1,282	1,147
- Blue collars	100	20
	1,382	**1,167**
Foreign subsidiaries:		
- Managers, journalists, office staff	876	927
- Blue collars	-	-
	876	**927**
Total	**3,076**	**3,123**

In 2015, the new company Mondadori Libri S.p.A., spun off in January from the Parent Arnoldo Mondadori Editore S.p.A., was included in the subsidiary companies.

Personnel by Business Area	31/12/2015	31/12/2014	Var. %
Books*	581	558	4.1%
Magazines Italy	606	615	(1.5%)
Magazines France	851	908	(6.3%)
Retail	523	566	(7.6%)
Digital Innovation	95	99	(4.0%)
Corporate	346	350	(1.1%)
Total on a like-for-like basis	**3,002**	**3,096**	**(3.0%)**
Radio		27	
Mondadori Scienza (former G+J/Mondadori)	74		
Total	**3,076**	**3,123**	**(1.5%)**

* At 31 December 2015, the Books Area had converted 48 employment positions into permanent contracts

The cost of personnel in 2015, before restructuring costs, amounted to 214.6 million euro, down by 3.4% versus 2014; the reduction amounted to 5.3% (-12 million euro) on a like-for-like basis (including the effects of the acquisition of Kiver and Mondadori UK in 2014).

The reduction in cost of personnel is the result of the ongoing actions aimed at achieving greater efficiency through the implementation of restructuring and rationalization projects in all Group companies, both in Italy and in France. In the past year, these actions, after intense industrial relations

(Euro/millions)	31/12/2015	31/12/2014	Var. %
Cost of personnel (before restructuring)	**214.6**	**222.2**	**(3.4%)**
Cost of personnel (before restructuring) **on a like-for-like basis**	**209.5**	**221.3**	**(5.3%)**
Cost of personnel (including restructuring)	**227.3**	**228.7**	**(0.6%)**

activity, resulted in a reduction in the headcount across all business areas, including:
- closure of the previous crisis plan for **Magazines** and immediate opening of a 24-month period with the application of solidarity contracts;
- reorganization in the **Trade Books** Area, with full renewal of top management and revision of organizational structures;
- renewal of solidarity contracts in **Cemit**;
- renewal of solidarity contracts in the **Retail** Area and special redundancy scheme at the Rimini offices;
- continuation of the social plan at the foreign subsidiary **Mondadori France**.

These results were achieved despite the advantages taken by the Mondadori Group in terms of contribution discounts on new hires, from the Jobs Act, converting, in the final months of the year, some of the more stable freelance positions into permanent staff positions.

INDUSTRIAL RELATIONS

2015 was a year marked by intense activities with the trade unions. This led, in a continually constructive manner, to the definition of important agreements for the simplification and rationalization of the business structures.

In the Magazines Area, as anticipated, the previous restructuring plan that allowed the exit of 44 journalists through the early retirement tool, in addition to cost saving from the solidarity contracts for all the editorial staff, expired in June 2015. The status of crisis was therefore renewed in July for the following 24 months, in order to manage a further 38 journalist redundancies, as early retirement was uncertain to be applied owing to a shortage of available resources in government entities and directives.

The integration of former Gruner+Jahr/Mondadori (now Mondadori Scienza), acquired in July 2015, took place in the frame of the organizational restructuring plan aimed at minimizing the duplication of staff functions, and was formalized with the agreement of 13 October 2015, which endorsed the start of redundancy payments (CIGS) until January 2017 for 23 employees, of whom 14 had already left the company in December following staff leaving incentives.

Trade union activities also regarded the Retail Area and were mainly directed at improving the efficiency of the central staff in the Segrate head office and the integration of the Rimini administrative centre. For that purpose, agreements were concluded in January 2015 for the introduction of solidarity contracts for central staff, and in April 2015 for management of the future transfer of 60 persons employed at the Rimini offices, by resorting to redundancy payments (CIGS) with voluntary transfers.

Lastly, trade union agreements were also reached to downsize the headcounts of the Genoa and Rome Lunghezza stores.

Cemit of Turin was also involved in the signing of a solidarity agreement for about 50 persons in July 2015.
Finally, the transfer of the control of Monradio resulted in the consequent exit of 28 radio *R101* employees.

The subsidiary Mondadori France carried out significant and constant trade union activities that allowed a reduction of over 50 employees, with significant savings achieved in labour costs.

To complete the overview on trade union relations, the role of Mondadori should also be noted in the attendance in the negotiations for National Collective Labour Agreements for the Graphics Industry and for Journalists, both in the renewal phase, which involved about 1,400 people in the Group, including managers, employees and workers and over 300 journalists, respectively.

ORGANIZATIONAL DEVELOPMENT

The redefinition of the organizational structures of the Group, entwined as they are with trade union and M&A activities, was characterized in 2015 by the development of strategic projects that concerned all Group businesses.

In the Books Area, the segment owned by the Parent Company Arnoldo Mondadori Editore was transferred in January into the newly set-up Mondadori Libri, which controls all the book publishing companies of the Group through two separate, independent areas, Trade Books and Educational Books.

The Trade Area was the subject of a general redesigning of the organizational macro-structures, following on from the creation of a new corporate set-up and renewal of the senior management of the area. Additionally, a new operational organization structure was implemented with the purpose of increasing control over costs and enhancing integration of processes among the publishing houses, while preserving their publishing identity. This brought together the operational functions under a single cross brand responsibility, as is the case for all the companies under a sole Managing Director.

In the Educational Books Area, specifically in Electa, a number of operational activities were concentrated in December at the Milan offices, concerning the production of catalogues for museum management, with the resulting transfer from the Naples offices.

In the magazine publishing segment, the project for integrating digital and print activities was completed by merging the organizations of the properties of the titles in the areas of their traditional structures, in order to develop maximum synergy and a common vision of the publishing product, with a view to enhancing the brand and multi-channelling.

Additionally, an experimental project to analyze and redesign work processes of editorial offices was set in motion and completed at *Donna Moderna*, *TV Sorrisi e Canzoni* and *Starbene*, for the purpose of streamlining operational and decision-making flows and to recover efficiency and resources to apply to development initiatives.

In the Retail Area on the other hand, the foundations were laid for an organizational project to be completed in 2016, for bringing together and rationalizing the activities of staff located in Rimini (former Mondadori Franchising) in the Segrate Offices.

In February 2015, the Central offices of the Parent Company equally witnessed the implementation of a project to reorganize the Group Administrative Offices, structured by Area Administrative Offices (Magazines and Corporate, Books and Retail) and cross Shared Services.

Finally, in December, with a view to optimizing functions, a project for reorganizing the Digital Innovation Area was launched, which saw in January 2016 the establishment of the Digital Magazine Area in the Magazines Italy Area, with the purpose of guiding its digital transformation together with the brand managers concerned and identifying, again in the Magazines Area, a Content and Data Market structure.

TRAINING

In line with the changes in the scope and business of the Group, and in keeping with the evidence coming to light from the Performance Management and skill mapping systems of the population of journalists, in 2015 the tailor-made training programs evolved, adding to the specialist-managerial courses and to language training, a new package tailored to journalists, Academy Mondadori, operating with effect from 2016. This is a dynamic and integrated training environment, which aims to develop individual skills strategically, highly focused on the use of new technologies.

The specialist-managerial training projects involved a total of 385 participants, for a total of 7,500 hours delivered.

The training structure is shaped on the need for constant refreshing of managerial and business skills, in addition to supporting integration among the different areas of the Group through cross pathways. It follows that attention is focused on pathways of awareness on matters of digital publishing and new media writing techniques, and on the analysis of social media and web marketing. Regarding the project for organizational analysis and development of publishing processes at *Donna Moderna*, *Starbene*, and *TV Sorrisi e Canzoni*:

starting from the analysis and mapping of all work processes (As-Is) of the organizational model through active contribution by the journalists of the editorial staff and adjacent functions, the working parties have drawn up and set in motion recommendations for improvement (To-Be) which immediately led to results in terms of greater efficiency. Additionally, a number of tools were adopted by way of experiment which have increased organizational awareness and optimized process flows.

Within the framework of the organizational actions undertaken by Mondadori Retail, in addition to the training programs for sales points staff launched in 2014, a Master qualification in Book Retail Management at the University of Parma Campus was inaugurated in February 2015 with the aim of enhancing the managing and process skills of management staff in the Mondadori retail sector.

RISKS CONNECTED WITH HEALTH AND SAFETY

Employee health and safety in the workplace have always been key priorities for the Mondadori Group. In 2015, the Group fulfilled all the periodic obligations envisaged by Italian Legislative Decree 81/08, particularly focusing on the periodic meetings on safety, evacuation drills from the offices, training provided in relation to firefighting and first aid (approximately 1,300 training hours in class) and inspections of working environments by authorized competent physicians selected by each company.

Particular attention was paid to the office evacuation drills, with a view to testing and improving safety procedures to be implemented in case of emergency, integrating the relevant evacuation plans and planning all the necessary activities to improve procedures.

The Risk Evaluation Documents were duly updated for each individual company and/or operating unit in order to include the new aspects introduced during the year of reference.

The IT system for health and workplace safety management adopted by the Mondadori Group, in addition to overseeing compliance with legal obligations under the relevant regulations, is also used to monitor and manage staff training issues and to define/plan the visits performed on those employees under health vigilance.

In 2015, activities continued on the planning (launched in 2013 for the entire staff) and management, including in e-learning mode, of the “general and specific area” of the mandatory safety training program for all new employees at Mondadori; this was made possible following the approval of an experimental project submitted to the relevant AUSL (local health unit).

Thanks to this training program, more than 400 courses were organized in 2015, attended not only by newly-hired staff for the general and specific part regarding safety, but also by store managers, the Heads of the Prevention and Protection Service, and the Workers’ Health and Safety Representatives for their respective refresher sessions.

PERFORMANCE OF ARNOLDO MONDADORI EDITORE S.P.A.

The financial statements of the Parent Company, Arnoldo Mondadori Editore S.p.A., show a loss of 32 million euro (12.9 million euro in 2014) for the year ended 31 December 2015.

As a result of the transfer of the business unit relating to publishing and distribution operations in the Books Area, effective 1 January 2015, the two years are not comparable. The net result in 2014 included operating profit of 11.7 million euro from the transferred BU, in addition to over 20.1 million euro in dividends received from a number of subsidiaries in the Books segment.

The net result was also affected by:

- EBITDA before non-recurring items amounting to -7.5 million euro, as a result of the structural costs of the Digital and Corporate Area (-12.2 million euro), offset by the good results in the Magazines Area (4.8 million euro);
- the adjustment to equity of the measurement of subsidiaries and associates, amounting to 24.7 million euro versus 28.2 million euro in 2014, in addition to the charges from the disposal of Monradio and resulting exit from the radio business, amounting to 1.9 million euro;
- positive non-recurring items of 7.2 million euro, as a result of the gain from the disposal of the property in Rome, net of restructuring costs for incentives granted to employees and contractors.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE MONDADORI GROUP IS EXPOSED

Since 2008, the Mondadori Group has been defining and implementing a process aimed at identifying and managing the main risks and uncertainties it is exposed to in accordance with the guidelines of its Internal Control and Risk Management System, pursuant to the provisions of the Corporate Governance Code of listed companies and to Italian Legislative Decree 195/2007 on transparency. Concurrently, the Group's risk appetite was calculated, i.e. the risk the company is ready to undertake in pursuing its objectives, thus delineating the Group's risk profile.

The internal model developed for the identification, assessment and management of risks is based on the principles of "COSO - Enterprise Risk Management" (COSO ERM), one of the most authoritative and widely adopted approaches at the Italian and international level.

Risks are identified and assessed through a self-assessment process by the heads of the business unit or function, who concurrently devise any necessary mitigating actions aimed at reducing the impact of risk factors. The assessment parameters are the likelihood that the event will occur and its impact. The latter is measured also against the potential impact on financial performance, market share, competitive advantage and reputation. The Internal Audit function is responsible for verifying the reliability and efficiency of the identified mitigating actions.

The effects of every risk factor are connected to strategic goals both at the Group level, identified by the CEO, and at the function level, according to the procedures defined by the first line management.

The results of the process are submitted to the specific evaluation of the Risk and Control Committee, the Board of Auditors and the Board of Directors and additional in-depth analyses by competent structures and bodies may be requested.

The risk situation is reviewed and updated on a yearly basis, according to the criteria described above.

Based on the results of the analyses carried out, the following is a brief summary of the main risks and uncertainties the Group is exposed to, in the following risk spheres:
- risks related to the economic scenario;
- financial and credit risks;
- business risk: competitive scenario and strategic risk;
- regulatory risk;
- risk associated with brand protection.

RISKS RELATED TO THE ECONOMIC SCENARIO

The U.S. economy is sending mixed signals: alongside the strong rise in the dollar and international slowdown in international demand, with adverse effects on foreign sales, improvements in employment and wage increases are being seen, which together with low inflation and a continuing modest level in interest rates, continue to keep consumption up.

In the euro area, the latest figures indicate a phase of more moderate increase in growth, led by a slight increase in consumption, whereas investment dynamics are stagnating owing to the persisting weak cycle in the world trade in goods.

In Italy, the economic cycle in the fourth quarter continues to show mixed signals, while in the presence of a moderately favourable trend: feeble positive notes are coming from manufacturing, but construction business remains weak.

A climate of confidence among consumers is improving, thanks also to the drop in the unemployment rate, whose figures, however, were affected by an increase in the inactive population.

Against this market backdrop, which has a significant direct impact on the sectors of business in which the Group operates, a fall in consumption still continues to be the main risk being faced.

Main risks	Mitigation actions
Lower consumption in the markets of reference may reverberate on Group performance.	Ongoing focus on product quality and innovation of the publishing offering also through targeted integration strategies with the development of digital activities, concentrating on the power and value of essential assets like the brand and contents.

FINANCIAL AND CREDIT RISKS

The current market context, which has been set out in detail in the foregoing paragraph, is mirrored in additional elements of risk tied to trade receivables, arising from lengthened average collection times, potential contract non-fulfilment and cases of insolvency of counterparties, to poor warehousing in terms of misguided planning processes in purchasing and print runs, and to inadequate support given to the assets of the Company's balance sheet.

The Board of Directors of Mondadori recently updated its "General Policy on the management of financial risks", which governs how financial risks deriving from Group activities are dealt with, by defining guidelines that set objectives, hedging mechanisms, counterparties and operational limits. This update, however, kept to the core principles of the Policy: to perform transactions in derivatives only with a hedging purpose, and to give priority to less complex technical forms, and simpler contract structures and risk yield profiles.

Main risks	**Mitigation actions**
Inadequate support to the assets on the Company's balance sheet, in light of the current and future market trend and of the Group's financial results.	Ongoing monitoring of assets and write-off in order to ensure that the economic-financial performance is in line with the company plans.
Risk related to ineffective warehousing, in terms of erroneous procurement/print run planning processes, with possible reverberations on stock breakage or high quantities of stock to be depreciated.	Improvement in publishing efficiency and process rationalization.
Trade receivables: longer payment collection time and increased counterparty defaults.	Continuous monitoring of customers' credit exposure and resort to adequate hedging instruments. Preventive analysis of customer solvency. Introduction of financial balance among management incentives parameters.

BUSINESS RISK: COMPETITIVE SCENARIO AND STRATEGIC RISK

The publishing and media industries are still facing considerable uncertainties. The persisting negative economic scenario, on the one hand, and the essential transition towards new business models, on the other, including the digital development represent elements of discontinuity that may have reverberations on the traditional market balance.

In this context, the risk generated by the increased level of competition in the main relevant markets remains a priority, especially in the digital market, as well as the risk correlated to the unavailability of blockbuster bestsellers in the trade area.

Main risks	Mitigation actions
Growing competition in the Group's markets, due to fiercer competition from existing players and/or to new players coming into the market.	Ongoing investment in improving publishing content and product quality. Integration of the sale network to target cost and revenue synergies.
Risk correlated to the unavailability of blockbuster bestsellers in the trade area.	Control actions in the market for the acquisitions of rights and publishing efficiency improvement.

REGULATORY RISK

The Mondadori Group operates in a complex regulatory context given the variety of the business areas in which it operates.
The introduction of new regulations as well as changes to existing regulations may have an impact in terms of affecting competitiveness and market conditions in specific business areas in addition to generating higher charges in the internal compliance processes with regard to specific issues at the governance level, including, among others, Italian Legislative Decree 231/2001, Italian Legislative Decree 196/2003 on Privacy and Italian Law 262/2005 in the matter of protection of savings and fiscal fulfilments.

In this respect, Mondadori Group, in line with the requirements set out in the Governance Code of listed companies, defined an adequate internal control and risk management system which, through the identification and management of the main company risks, contributes to ensuring the protection of the company assets, the efficiency and effectiveness of company processes, the reliability of financial disclosures, the compliance with laws and regulations, the company by-laws and internal procedures.

Main risks	Mitigation actions
Criticalities associated with regulatory developments on specific business topics inherent to the activity areas in which the Group operates.	Constant control and active participation in discussions for the issuance of new regulatory provisions also thanks to the involvement of the main trade associations (e.g. Fieg). Timely adjustment of business activities and products to amendments made, including through the implementation of the new provisions in the Group’s internal policies.

RISKS ASSOCIATED WITH BRAND PROTECTION

The value and the prestige of the brands, contents, authors and reader communities represent a relevant asset for the Group to develop and grow also in the new business areas of the publishing industry.

Consequently, the Group’s policies and activities are geared to maintaining and improving the value of such intangible assets.

Main risks	Mitigation actions
The occurrence of events that may damage the Group’s image and brands could result in the loss of customers, profits and reputation.	Monitoring and prompt actions on different information sources through appointed functions (external relations, sustainability, and social media).

SIGNIFICANT EVENTS DURING THE YEAR

APPOINTMENTS TO THE BOARD OF DIRECTORS OF MONDADORI LIBRI S.P.A.

On **21 January 2015** the Board of Directors of Mondadori Libri S.p.A. defined its composition as follows: Ernesto Mauri, Chairman; Enrico Selva Coddè, Gian Arturo Ferrari, Antonio Porro and Oddone Pozzi, Directors.

Reporting to the Group's CEO Ernesto Mauri, Enrico Selva Coddè was appointed CEO of Mondadori Libri S.p.A. Trade Area and Antonio Porro was confirmed Managing Director of the Educational Area. Gian Arturo Ferrari, Deputy Chairman of Mondadori Libri S.p.A., will work in cooperation with Enrico Selva for the implementation and publication of the publishing programmes.

NON-BINDING EXPRESSION OF INTEREST FOR RCS LIBRI S.P.A.

On **18 February 2015** upon request made by Consob, Mondadori Editore S.p.A. informed that RCS MediaGroup S.p.A. had been subjected to a non-binding expression of interest relating to a possible acquisition transaction of the entire interest owned by RCS MediaGroup S.p.A. in RCS Libri S.p.A., equal to 99.99% of the company capital as well as the additional assets and activities making up the RCS MediaGroup book repertoire.

On **6 March 2015** RCS MediaGroup S.p.A. granted the Company a period of exclusivity until 29 May 2015 in order to conduct an in-depth analysis of the transaction terms and conditions.

SHAREHOLDERS' MEETING 2015: APPOINTMENTS OF THE NEW CORPORATE BODIES AND RELEVANT RESOLUTIONS

On **23 April 2015**, in addition to approving the financial statements of Arnoldo Mondadori Editore S.p.A. at 31 December 2014 and renewing the authorization to the purchase and disposal of treasury shares, the Shareholders' Meeting appointed a new Board of Directors composed as follows: Marina Berlusconi (Chairman), Ernesto Mauri, Pier Silvio Berlusconi, Oddone Maria Pozzi, Pasquale Cannatelli, Bruno Ermolli, Roberto Poli, Danilo Pellegrino, Alfredo Messina, Martina Forneron Mondadori, Marco Spadacini, Angelo Renoldi, Mario Resca and Cristina Rossello.

The Shareholders' Meeting appointed a new Board of Auditors, composed of the following members: Ferdinando Superti Furga (Chairman), Francesco Antonio Giampaolo and Flavia Daunia Minutillo (Standing Statutory Auditors); Francesco Vittadini, Annalisa Firmani and Ezio Maria Simonelli (Substitute Statutory Auditors).

Both corporate bodies, which will remain in office for three financial years, i.e. until the Shareholders' Meeting called for the approval of the Group's financial statements at 31 December 2017, were appointed based on the only slate presented for the Meeting, filed by Fininvest S.p.A., the majority shareholder.

The Board of Directors confirmed Ernesto Mauri as CEO, vesting him with the relevant powers of management. The following committees were also appointed:

- Control and Risk Committee: Angelo Renoldi (Chairman), Marco Spadacini and Cristina Rossello;

- Remuneration and Appointment Committee: Marco Spadacini (Chairman), Bruno Ermolli and Cristina Rossello;
- Committee for Related Parties Transactions: Angelo Renoldi (Chairman), Cristina Rossello and Marco Spadacini.

Oddone Maria Pozzi was confirmed as Executive Manager, responsible for the drafting of the corporate accounting documentation.

BINDING OFFER FOR RCS LIBRI S.P.A.

On **29 June 2015** Arnoldo Mondadori Editore S.p.A. informed that it submitted a binding offer to RCS MediaGroup S.p.A. regarding the acquisition of the entire interest owned in RCS Libri S.p.A., equal to 99.99% of the company capital as well as the additional assets and activities making up the RCS MediaGroup book repertoire.

INCREASE OF INTEREST IN GRUNER+JAHR/MONDADORI TO 100%

On **1 July 2015** Arnoldo Mondadori Editore S.p.A. acquired from Gruner und Jahr Management GmbH - a Bertelsmann Group company - the remaining 50% of the Gruner+Jahr/Mondadori S.p.A. joint venture's capital.

TRANSFER OF 80% OF MONRADIO'S CAPITAL TO RTI

On **30 June 2015** the Board of Directors of Arnoldo Mondadori Editore S.p.A. granted the CEO the power to proceed with the acceptance of the expression of interest, received from RTI S.p.A., a subsidiary of Mediaset S.p.A., for the acquisition of 80% of the share capital of Monradio S.r.l., a company fully owned by Arnoldo Mondadori Editore S.p.A., which also owns the *R101* radio station. The offer included a period of exclusivity until maximum 20 September 2015.

On **24 September 2015** the Company's Board of Directors (following the motivated favourable opinion expressed by the Committee of independent directors for related parties transactions pursuant to Consob Regulation and the procedures adopted) approved the information document relating to the aforementioned transaction (transaction of greater relevance with related parties), which was therefore disclosed pursuant to art. 5 of Consob Regulation no. 17221/2010 and subsequent amendments.

On **30 September 2015**, the contract regarding the transfer to RTI S.p.A. of Monradio S.r.l.'s capital was completed for a price (cash/debt free) equal to 36.8 million euro.

APPOINTMENT OF A NEW GROUP HEAD OF HUMAN RESOURCES AND ORGANIZATION

On **14 September 2015** Simonetta Bocca was appointed Head of Human Resources and Organization for the Mondadori Group, reporting directly to the CEO Ernesto Mauri.

Born in Biella in 1963, Simonetta Bocca graduated in mathematics and information science at the University of Turin. She started her professional career at Alenia Aeronautica in 1987 with increasing responsibilities in planning and control, total quality, business process, re-engineering and organization. She joined Fiat Auto in 1998 as Head of processes, organization and IT for the supplier and production areas and was appointed Head of sales and marketing for Italy and Europe in 2000. In 2002 she joined the Aprilia and Moto Guzzi - Piaggio Group as Head of Human Resources, Organization and Strategic Planning. Subsequently, she was appointed Head of HR, staff and organization, development, training and internal communication at Trenitalia; then joined the Coin-Upim Group as Head of HR and organization, ICT and legal affairs.

In 2011 she was appointed vice president of HR and organization at Seda International Packaging Group for the establishment of a newco in the United States; in 2015 she was appointed vice president of HR, organization and ICT of the Nicotra Gebhardt CBI Group and managing director of Industrie CBI and CBI Service.

TRANSFER OF HARLEQUIN MONDADORI

On **30 September 2015**, the agreement was signed to transfer the entire interest (50%) held by Arnoldo Mondadori Editore in Harlequin Mondadori, through Mondadori Libri, to Harlequin Italia (HarperCollins Publishers). Harlequin Mondadori, an equally-owned joint venture formed in 1980, is active in the novels segment, mainly with the sale at newsstands of the Harmony series.

The consideration from the transaction was 8.3 million euro, inclusive of an adjusted positive net financial position in 2015 of 1.6 million euro.

AGREEMENT FOR THE ACQUISITION OF RCS LIBRI

On 4 October 2015, following approval by the Company's Board of Directors, the agreement relating to the acquisition of RCS Libri S.p.A. was signed. This agreement will enable the Mondadori Group to consolidate its presence in Italy in the Trade Books Area and in the school textbooks segment and illustrated books at the international level.

The perimeter of the transaction includes the entire interest, equal to 99.99%, owned by RCS MediaGroup S.p.A. in RCS Libri S.p.A. with the underlying shareholdings, which include 94.71% of Marsilio Editore S.p.A. at closing and excludes 58% of interest held in Adelphi Edizioni S.p.A. In 2014 this perimeter recorded the following pro-forma results: revenue of 221.6 million euro, EBITDA before non-recurring items of 8.8 million euro and investments of 11 million euro, of which 1.7 million euro destined to the refurbishment of Rizzoli book stores.

The transaction price was equal to 127.5 million euro and reflected an average (in order to neutralize the effects of the business seasonality) adjusted (also including the re-purchase of Marsilio's minorities) NFP equal to -2.5 million euro. Since the price reflects the expectations about the result for the current year, price adjustment mechanisms will be applied ranging to maximum +/-5 million euro indexed to the achievement of pre-established economic targets in 2015. An earn-out is also expected in favour of RCS MediaGroup S.p.A. up to 2.5 million euro depending on the achievement in 2017 of certain results in the Books Area.

The transaction includes the usual warranties and guarantees in favour of the buyer.

Through this transaction Mondadori will acquire an exclusive title on all the brands in the books market, including Rizzoli. The agreement also envisages that RCS MediaGroup magazines can continue their book activities in line with the currently performed ones.

The acquisition, whose price will be settled in cash at closing, will be financed through the use of credit lines; the Group has recently signed an agreement with the lending banks to renegotiate the current credit lines in relation to the envisaged transaction, including a revision of the relevant maturity dates and conditions. The completion of the transaction is subject to approval by the competent regulatory authorities; any conditions attached to the authorization will not prevent the transaction from being completed.

DISPOSAL OF A PROPERTY

On **16 December 2015**, Arnoldo Mondadori Editore, in keeping with the strategy pursued by the Group to strengthen and develop its core business, also with the disposal of strategic assets, concluded the disposal of a property located in Rome for an aggregate sum of 14 million euro.

RENEGOTIATION
OF A LOAN CONTRACT

On **18 December 2015**, the Group renegotiated committed credit facilities amounting to 515 million euro by signing a new amortizing loan contract, coming to maturity in five years (December 2020) with a pool of six major banks (BNP Paribas, Banca Popolare di Milano, Intesa Sanpaolo, Mediobanca - Banca di Credito Finanziario, UniCredit, UBI Banca), to replace the previous loan requiring repayments at closer intervals (2016-2017-2108).

The new loan contract, which also includes credit facilities required for the acquisition of RCS Libri, has better financial conditions for the Group in terms of lower interest rates and commissions: the initial cost of these credit facilities for 2016 will amount to 325 bps - to be added to the Euribor benchmark - reduced by about 90 bps as compared to the current cost. This rate may fall annually, based on a favourable pattern in the net debt/EBITDA ratio.

To support the Group's growth process in its core businesses, new levels of covenants (NFP/EBITDA) were negotiated for 2016 (4.50x) and 2017 (3.75x), as compared to the current 3.50x, which will be applied once the RCS Libri acquisition is completed.

SIGNIFICANT EVENTS AFTER YEAR-END

On **22 January 2016**, the Antitrust Authority announced the opening of an investigation into the acquisition of RCS Libri. The investigation will be completed within 45 days from 21 January 2016. An additional 30 days will be needed to receive an opinion from the Communications Authority.

On **17 March 2016**, the Company announced it had submitted an offer to Banzai S.p.A. for the acquisition of Banzai Media Holding (Vertical Content Division), and had obtained an exclusive negotiation period until 30 April 2016.

2015 FULL YEAR OUTLOOK

In 2015, the Group continued to vigorously implement its **efficiency measures**, consistent with the dynamics of its relevant markets, and the **strategic rationalization** of its portfolio of activities. The success of these strategies, coupled with the **improvement of business performance**, allowed it to achieve EBITDA of **over 80 million euro** and a **positive net profit**, **on the rise** versus 2014, as well as a strong **reduction in net debt**.

In 2016, the Group will continue to **strengthen its core businesses** - which also includes the mentioned agreement on the acquisition of **RCS Libri** - through constant focus on **publishing quality** and on the **optimization** of operating processes and cost structure, in order to further strengthen its competitive position and implement the development plan in the digital segment.

In light of the current relevant context and the Group's positive performance in the opening months, it is reasonable to expect for the current year basically steady revenue (on a like-for-like basis) versus 2015 and a "high-single digit" **growth of EBITDA** (on a like-for-like basis), with a resulting increase in margins.

In line with the above and notwithstanding a recovery in investments, the **net financial position** (on a like-for-like basis) is expected to **further improve** versus 31 December 2015.

To date, these projections do not include the consolidation of RCS Libri and the relating synergies from the integration, the impact on the outlook for the current year of which will be disclosed to the market once the transaction is completed.

OTHER INFORMATION

In the reporting period, Arnoldo Mondadori Editore S.p.A. did not carry out any research & development activities. At closure or during the period, it did not hold any shares in parent companies, not even through trusts or trustees.

RELATIONSHIP BETWEEN PARENT COMPANY EQUITY AND RESULTS AND GROUP CONSOLIDATED EQUITY AND RESULTS

(euro/000)	Equity	Net result for the year
Balance - Parent Company's financial statements	**160,618**	**(31,982)**
Dividends received by the Parent Company from subsidiaries and associates		(87)
Eliminations of intercompany income	(7,221)	(21)
Equity and financial contribution from direct associates	6,470	2,101
Equity and financial contribution from subsidiaries and indirect associates, net of the aforementioned items	104,120	36,354
Balance - Group's consolidated financial statements	**263,987**	**6,365**

TRANSACTIONS WITH RELATED PARTIES

In compliance with the provisions set out in art. 5, par. 8 and art. 13, par. 3, of the "Regulation in the matter of transactions with related parties" issued by Consob through Resolution 17221 of 12 March 2010 (the "Consob Regulation"), the following is reported relating to the period of reference:

a) a transaction of greater relevance was concluded for the transfer of 80% of Monradio S.r.l. to RTI S.p.A.
   Details on the transaction appear in the "Significant events occurred in the period" section in this Directors' Report on Operations, and in the information document published pursuant to art. 5 of Consob Regulation on 24 September 2015, available on the company website at www.mondadori.it - Governance Section, and on the authorized storage mechanism 1Info www.1info.it;
b) a further transaction of greater relevance was concluded with a related party, classified as such in that it exceeds the relevance indexes.

The transaction is excluded from application of the provisions of the Consob Regulations in the terms of art. 13, paragraph 3 letter c) mentioned and the Procedures adopted by Arnoldo Mondadori Editore S.p.A., in compliance with art. 4 of the Regulations, as it can be classified as indicated below as an ordinary transaction concluded at arm's length conditions.

Main elements of the transaction:
Counterparty: Mediobanca - Banca di Credito finanziario S.p.A., as Lender Bank.

Subject: New loan contract with a pool of banks (Intesa Sanpaolo, UniCredit, Mediobanca, BNP Paribas, Banca Popolare di Milano, and UBI Banca), underwritten on 18 December 2015, for a credit facility of 515,000,000 euro (the "Pool"), to replace all existing credit facilities, including the loan contract with Mediobanca originally for 100,000,000 euro, most recently modified on 13 November 2013. The Pool is split into an Amortizing Term Loan (A1) line of 232,500,000 euro (refinancing purpose), an Amortizing Term Loan (A2) line of 132,500,000 euro (for the acquisition of RCS Libri), a Revolving (B Line) line of 100,000,000 euro and an acquisitions line (Line C) of 50,000,000 euro. The share of the Pool taken up by Mediobanca is equal to 17.57% of the total commitment (i.e. 90,472,972.97 euro).

Consideration:

a) **Interest:**

- annual interest rates corresponding to the period Euribor, plus a margin calculated on the basis of the annual trend in the Leverage Ratio:

Leverage Ratio = (LR)	Margin Credit Line A and Margin Credit Line C	Margin Credit Line B
LR > 4x	325 basis points p.a.	300 basis points p.a.
3.5x < LR <= 4x	300 basis points p.a.	275 basis points p.a.
3x< LR <= 3.5x	275 basis points p.a.	250 basis points p.a.
2.5< LR <= 3x	250 basis points p.a.	225 basis points p.a.
LR<= 2.5x	225 basis points p.a.	200 basis points p.a.

b) **Commission on undrawn amounts:**

- quarterly commission applied to the undrawn amount of Line B amounting to 35% of the Line B Margin applicable from time to time.

c) **Upfront commission** of 75 basis points on the amount of the credit facilities, payable as follows:

- 5 bps on the entire amount of the facilities granted with effect from the date of disbursement of the Term Loan A1 (22/12/2015) Line;
- 60 bps applying to the part of the Term Loan A1 Line for refinancing purposes and Revolving (B) and Acquisition (C) Lines, with effect from the date of disbursement of the Term Loan A1 Line;
- 60 bps applying to the Term Loan A2 Line for the acquisition of RCS Libri, with effect from the date of disbursement;
- 10 bps on the residual amount of the facilities as at November 2018.

The transaction is excluded from application of the provisions of Regulations in the terms of art. 13, paragraph 3 letter c) mentioned and the procedures adopted by Arnoldo Mondadori Editore S.p.A., in compliance with art. 4 of the Regulations, as it can be classified as an ordinary transaction concluded at arm's length conditions.

Mention should be made that:

- use of the credit facility will be incidental to the carrying on of operational activities of the Group;
- the conditions applied, in terms of interest in respect of the Euribor and commissions, are in line with similar transactions defined or negotiated with other banks that cannot be classified as related parties;
- the transaction is not of a size greater than those of similar transactions defined or negotiated with other banks that cannot be classified as related parties;
- no transactions with related parties as defined in the terms of art. 2427, par. 2 of the Italian Civil Code, were concluded, which had a significant impact on equity or on the results of the Company;
- no changes or developments relating to the transactions with related parties illustrated in the

last Annual Report are reported, which had a significant impact on equity or on the results of the Company in the reporting year.

Additionally, also in relation to art. 2427, par. 22-*bis* and *ter* of the Italian Civil Code, no atypical or unusual operations are reported outside the Company's ordinary management of operations.

Transactions with related parties were regulated under normal market conditions: those concluded with Mondadori Group companies are intercompany current account trade and financial transactions, managed by Arnoldo Mondadori Editore S.p.A., to which the various subsidiaries and associates contributed based on their relevant debt and credit positions.

For further details, reference should be made to the Explanatory Notes to the Financial Statements of Arnoldo Mondadori Editore S.p.A. and to the Group's Consolidated Financial Statements.

TAX CONSOLIDATION

In relation to the tax consolidation regime pursuant to art. 117 and following of Italian Presidential Decree 917/1986, Arnoldo Mondadori Editore S.p.A. renewed the option in 2013 to adhere to the tax consolidation regime with Fininvest S.p.A. as consolidating company for the three-year period ending on 31 December 2015. The consolidation agreement contains a protection clause according to which Arnoldo Mondadori Editore S.p.A. and its subsidiaries adhering to tax consolidation shall not be required to pay more income tax than the Group would have paid if Arnoldo Mondadori Editore S.p.A. and its subsidiaries had created its own tax consolidation agreement. Therefore, this protection clause is aimed at only accounting the tax amount that would have been paid by the subsidiaries excluded from the fiscal unit belonging to Fininvest S.p.A. as a result of the application of the so-called "demultiplier".

The agreement explicitly excludes the right of each company adhering to the tax consolidation regime to preventively deduct past losses (use of the same based on the proportional principle), as the currently applicable reporting principle envisages the compensation between current tax receivables and payables (i.e. referred to the same year in which the tax payment is due), paid by the adhering companies. Pursuant to the currently applicable regulations in the matter, the agreement allows the transfer, within the consolidation area, of tax benefits enjoyed by the adhering companies, which are transferred or made available to the fiscal unit against recognition of a compensation (paid at a rate corresponding to the ordinary IRES tax value) by the companies benefiting from it.

Any tax receivables or payables resulting from adherence to such tax consolidation agreement are posted as receivables or payables to holding companies, with the latter acting as "clearing house".

TAX TRANSPARENCY

With reference to art. 115 of Italian Presidential Decree 917/1986, the "tax transparency" option was exercised jointly by Arnoldo Mondadori Editore S.p.A., Società Europea di Edizioni S.p.A., and by Mondadori Pubblicità S.p.A. and Mediamond S.p.A.

After exercising this option, the taxable income and tax losses of the aforementioned companies concur to form the taxable income of Arnoldo Mondadori Editore S.p.A. and Mondadori Pubblicità S.p.A., in proportion to their shareholding.

As a result of the transfer of the shareholding in Harlequin Mondadori S.p.A., the option with this company was discontinued in the year.

DIRECTION AND COORDINATION ACTIVITIES (ART. 2497 AND FOLLOWING OF THE ITALIAN CIVIL CODE)

Although Fininvest S.p.A. holds a controlling stake pursuant to art. 2359 of the Italian Civil Code, it does not exert any direction and coordination activity as

defined in art. 2497-*bis* and following of the Italian Civil Code on Arnoldo Mondadori Editore S.p.A.; it manages the interest held in Arnoldo Mondadori Editore S.p.A. merely from a financial standpoint.
In relation to the companies controlled by Arnoldo Mondadori Editore S.p.A., the Board of Directors ascertained - pursuant to law requirements and bearing in mind that the Board of Directors defines the general strategic and organizational orientation for the subsidiaries as well - the exercise of direction and coordination activities pursuant to art. 2497 and following of the Italian Civil Code in relation to the following subsidiaries, pursuant to art. 2359 of the Italian Civil Code:
Cemit Interactive Media S.p.A.
Edizioni Piemme S.p.A.
Giulio Einaudi editore S.p.A.
Glaming S.r.l. in liquidation
Mondadori Retail S.p.A.
Mondadori Education S.p.A.
Mondadori Electa S.p.A.
Mondadori International Business S.r.l.
Mondadori Libri S.p.A.
Mondadori Pubblicità S.p.A.
Mondadori Scienza S.p.A.
Press-Di Distribuzione Stampa e Multimedia S.r.l.
Sperling & Kupfer Editori S.p.A.

The abovementioned companies consequently fulfilled their respective disclosure obligations pursuant to art. 2497-*bis* of the Italian Civil Code.

DOCUMENTO PROGRAMMATICO SULLA SICUREZZA (PRIVACY) (ITALIAN SAFETY AND SECURITY POLICY)

Despite the regulatory changes introduced by Italian Legislative Decree no. 5 of 9 February 2012, converted into Italian Law no. 35 of 4 April 2012, which eliminated the obligation regarding the preparation of a Documento Programmatico sulla Sicurezza (Italian Safety and Security Policy) in the matter of treatment of personal data, the Mondadori Group and, specifically, Arnoldo Mondadori Editore S.p.A., in any case prepares and updates periodically the Documento Programmatico sulla Sicurezza (Italian Safety and Security Policy) provided for in rule no. 19 of the minimum technical safety and security specifications (Annex B to Italian Legislative Decree 196/2003).

TRANSACTIONS RELATING TO TREASURY SHARES

Renewal of the authorization to purchase and sell Treasury Shares

Pursuant to art. 2357 and following of the Italian Civil Code, the Shareholders' Meeting of 23 April 2015 resolved upon the renewal of the authorization to purchase and sell Treasury Shares, following the expiry of the preceding authorization resolved upon on 30 April 2014, with the aim of retaining the applicability of law provisions in the matter of any additional re-purchase plans and, consequently, of picking up any investment and operational opportunities involving Treasury Shares.
Here below are the main elements of the repurchase plan authorized by the Meeting.

Motivations
- to use the treasury shares purchased as compensation for the acquisition of interests within the framework of the Company's investments;
- to use the treasury shares purchased against the exercise of option rights, including conversion rights, deriving from financial instruments issued by the Company, its subsidiaries or third parties and to use the treasury shares for exchange or transfer transactions or to support extraordinary transactions on the Company's capital or financing transactions that imply the transfer or sale of treasury shares;
- to possibly rely on investment or divestment opportunities, if considered strategic by the Company, also in relation to available liquidity;
- to sell treasury shares against the exercise of option rights for the relevant purchase granted to the beneficiaries of the Stock Option Plans established by the Shareholders' Meeting.

Duration
Until the Shareholders' Meeting called to approve the financial statements at 31 December 2015 and, in any case, for a period not exceeding 18 months from the effective date of the resolution made by the Shareholders' Meeting.

Maximum number of purchasable Treasury Shares
The authorization refers to the purchase of a maximum number of ordinary shares with a nominal value of euro 0.26 each up to a cap of 10% of the Company's share capital.
Given that no treasury shares were directly or indirectly held by the Company at the date of approval, shares subject to purchase amount to a maximum number of 26,145,834, or 10% of the share capital.

Criteria for purchasing Treasury Shares and indication of the minimum and maximum purchasing cap
Purchases shall be made on the regulated markets pursuant to art. 132 of Legislative Decree n. 58 of 24 February 1998, and art. 144-*bis*, par. 1, letter B of Consob Regulation 11971/99 according to the operating criteria established in the organization and management regulations of the same markets, which do not allow the direct combination of the purchase negotiation proposals with pre-determined sale negotiation proposals and also in compliance with any additional applicable regulations.

The minimum and maximum purchase price is determined under the same conditions established by the preceding Shareholders' Meeting authorizations and, therefore, at a unit price not lower than the official Stock Exchange price of the day preceding the purchase transaction, reduced by 20%, and not higher than the official Stock Exchange price of the day preceding the purchase transaction, increased by 10%.

In terms of prices and volumes the purchase transactions would be completed in compliance with the conditions established in art. 5 of EC Regulation no. 2273/2003, and, specifically:

- the Company shall not purchase Treasury Shares at a price higher than the higher between the price of the latest single transaction and that of the highest single bid traded in the regulated market in which such purchase takes place;
- in terms of daily purchase volumes, the Company shall not purchase a quantity of shares higher than 25% of the daily average volume of Arnoldo Mondadori Editore S.p.A. shares traded in the regulated market in the 20 trading days preceding the dates of purchase.

Following the resolution made by the Shareholders' Meeting, Arnoldo Mondadori Editore S.p.A. did not proceed, either directly or indirectly, with the purchase or sale of treasury shares through its subsidiaries.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE (ART. 123-*BIS* OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998)

The report on corporate governance and ownership structure containing information on the adoption by Arnoldo Mondadori Editore S.p.A. of the Corporate Governance Code of listed companies established by Borsa Italiana S.p.A., as well as further information pursuant to art. 123-*bis*, par. 1 and 2 of the Italian Legislative Decree no. 58 of 24 February 1998 is available - together with this report on operations on the www.mondadori.it website under the Governance section, and through the storage mechanism www.1info.it.

ADHESION TO THE LEGISLATIVE SIMPLIFICATION PROCESS ADOPTED BY CONSOB RESOLUTION NO. 18079 OF 20 JANUARY, 2012. DISCLOSURE PURSUANT TO ART. 70, PAR. 8, AND ART. 71, PAR. 1-*BIS* OF CONSOB REGULATION NO. 11971/99 AND SUBSEQUENT AMENDMENTS

On and with effect from 13 November 2012, the Board of Directors of Arnoldo Mondadori Editore S.p.A., pursuant to art. 3 of Consob Resolution no. 18079 of 20 January 2012 and in relation to the provisions set out in article. 70, par. 8, and art. 71, par. 1-*bis* of Consob Regulation no. 11971/1999, resolved to avail itself of the faculty of waiving the obligation of disclosure envisaged by the aforementioned Consob Regulation on the occasion of significant transactions relating to mergers, spin-off and capital increases through contribution of assets in nature, acquisitions and transfers.

PROPOSED RESOLUTIONS BY THE BOARD OF DIRECTORS

The Financial Statements as at 31 December 2015 show a loss for the year of 31,981,679.37 euro.

First resolution:
The Shareholders' Meeting of Arnoldo Mondadori Editore S.p.A., ordinarily convened, having acknowledged the Statutory Auditors' report and the Independent Auditors' report

resolves

to approve the Board of Directors' Report on Operations and the Financial Statements as at 31 December 2015, including all the information and results contained therein.

Second resolution:
The Shareholders' Meeting of Arnoldo Mondadori Editore S.p.A., ordinarily convened, with reference to the loss of 31,981,679.37 euro resulting from the Financial Statements as at 31 December 2015

resolves

to entirely cover the loss for the year of 31,981,679.37 euro as follows:
- 1,100,690.02 euro by fully resorting to the Stock Option reserves under "Other reserves and profit/(loss) carried forward";
- 30,880,989.35 euro by partially resorting to the available portion of the extraordinary reserve under "Other reserves and profit/(loss) carried forward";

For the Board of Directors
The Chairman
Marina Berlusconi

Mondadori Group
Consolidated Financial Statements
at 31 December 2015

CONSOLIDATED BALANCE SHEET

Assets (euro/000)	**Notes**	**31/12/2015**	**31/12/2014**
Intangible assets	12	**552,340**	**601,593**
Property investments	13	**3,028**	**3,133**
Land and buildings		6,032	7,895
Plant and equipment		9,028	8,853
Other tangible assets		13,148	17,187
Property, plant and equipment	14	**28,208**	**33,935**
Investments booked at equity		44,457	39,201
Other investments		443	443
Total investments	15	**44,900**	**39,644**
Non-current financial assets	22	**293**	**316**
Deferred tax assets	16	**62,076**	**78,882**
Other non-current assets	17	**1,466**	**1,848**
Total non-current assets		**692,311**	**759,351**
Tax receivables	18	**39,814**	**50,040**
Other current assets	19	**77,650**	**87,687**
Inventory	20	**108,221**	**108,365**
Trade receivables	21	**242,121**	**264,605**
Other current financial assets	22	**2,700**	**11,916**
Cash and cash equivalents	23	**30,684**	**12,966**
Total current assets		**501,190**	**535,579**
Discontinued assets		**-**	**-**
Total assets		**1,193,501**	**1,294,930**

Liabilities (euro/000)	Notes	31/12/2015	31/12/2014
Share capital		**67,979**	**67,979**
Share premium reserve		**-**	**12,000**
Treasury shares		**-**	**-**
Other reserves and profit/(loss) carried forward		**189,643**	**176,706**
Profit (loss) for the period		**6,365**	**618**
Group equity	24	**263,987**	**257,303**
Minority shareholders' equity and reserves	25	**31,522**	**31,818**
Total equity		**295,509**	**289,121**
Provisions	26	**58,559**	**64,978**
Post-employment benefits	27	**44,076**	**46,709**
Non-current financial liabilities	28	**222,553**	**266,327**
Deferred tax liabilities	16	**67,969**	**81,657**
Other non-current liabilities		**-**	**-**
Total non-current liabilities		**393,157**	**459,671**
Income tax payables	18	**5,446**	**139**
Other current liabilities	29	**196,237**	**204,224**
Trade payables	30	**292,610**	**291,079**
Payables due to banks and other financial liabilities	28	**10,542**	**50,696**
Total current liabilities		**504,835**	**546,138**
Discontinued liabilities		**-**	**-**
Total liabilities		**1,193,501**	**1,294,930**

CONSOLIDATED INCOME STATEMENT

(euro/000)	Notes	2015	2014 (*)
Revenue from sales and services	31	**1,122,831**	**1,169,524**
Decrease (increase) of inventory	20	429	13,752
Cost of raw and ancillary materials, consumables and goods	32	210,420	199,374
Cost of services	33	618,261	663,347
Cost of personnel	34	227,273	228,711
Other (income) costs	35	(5,905)	(7,992)
Income (costs) from investments valued at equity	36	9,213	(802)
EBITDA		**81,566**	**71,530**
Depreciation and impairment loss on property, plant and equipment	13-14	6,862	9,797
Amortization and impairment loss on intangible assets	12	16,229	13,543
Impairment loss on investments valued at equity and other enterprises	15	4,000	-
EBIT		**54,475**	**48,190**
Financial income (costs)	37	(16,036)	(22,979)
Income (costs) from other investments		(125)	-
Profit before taxes for the year		**38,314**	**25,211**
Income tax	38	20,476	16,718
Profit from continuing operations		**17,838**	**8,493**
Result from discontinued operations	11	(8,738)	(4,730)
Net profit		**9,100**	**3,763**
Attributable to:			
- Minority shareholders	25	**2,735**	**3,145**
- Parent Company's shareholders		**6,365**	**618**
Net earnings per share (in euro units)	39	0.024	0.002
Diluted net earnings per share (in euro units)	39	0.024	0.002

(*) 2014 data were reclassified following the application of IFRS 5 relating to Discontinued Operations.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(euro/000)	Notes	2015	2014
Net profit		**9,100**	**3,763**
Items reclassifiable to income statement			
Profit (loss) deriving from the conversion of currency denominated financial statements of foreign companies	24	(128)	(62)
Other profit (loss) from companies valued at equity	24	64	(274)
Effective part of profit (loss) on cash flow hedge instruments (cash flow hedge)	22-28	(39)	(1,937)
Profit (loss) deriving from held-for-sale assets (fair value)	22-28	-	-
Tax impact on other profit (loss) reclassifiable to income statement		11	606
Items reclassified to income statement			
Profit (loss) on cash flow hedge instruments		968	1,106
Profit (loss) deriving from held-for-sale assets (fair value)		-	-
Tax impact on other profit (loss) reclassified to income statement		(479)	(304)
Items not reclassifiable to income statement			
Actuarial profit/(loss)	27	921	(2,224)
Tax impact on other profit (loss) not reclassifiable to income statement		(256)	696
Total other profit (loss) net of tax effect		**1,062**	**(2,393)**
Comprehensive profit for the year		**10,162**	**1,370**
Attributable to:			
- Parent Company's shareholders		**7,430**	**(1,708)**
- Minority shareholders		**2,732**	**3,078**

For the Board of Directors
The Chairman
Marina Berlusconi

CONSOLIDATED INCOME STATEMENT IN 4Q15

(euro/000)	4Q 2015	4Q 2014
Revenue from sales and services	**304,768**	**315,033**
Decrease (increase) of inventory	1,974	4,025
Cost of raw and ancillary materials, consumables and goods	57,170	58,941
Cost of services	164,770	170,356
Cost of personnel	60,931	60,062
Other (income) costs	(10,711)	(7,663)
Income (costs) from investments valued at equity	2,129	1,968
EBITDA	**32,763**	**31,280**
Depreciation and impairment loss on property, plant and equipment	1,804	3,616
Amortization and impairment loss on intangible assets	6,467	3,520
Impairment loss on investments valued at equity and other enterprises	-	-
EBIT	**24,492**	**24,144**
Financial income (costs)	(2,296)	(5,181)
Income (costs) from other investments	-	-
Profit before taxes for the year	**22,196**	**18,963**
Income tax	12,763	8,752
Profit from continuing operations	**9,433**	**10,211**
Result from discontinued operations	673	(935)
Net profit	**10,106**	**9,276**
Attributable to:		
- Minority shareholders	**924**	**1,113**
- Parent Company's shareholders	**9,182**	**8,164**

For the Board of Directors
The Chairman
Marina Berlusconi

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(euro/000)	Notes	Share capital	Share premium reserve	Treasury shares	Stock option reserve	Cash flow hedge reserve
Balance at 01/01/2014		**64,079**	**170,625**	**(73,497)**	**1,101**	**(2,455)**
- Allocation of result			(170,625)			
- Dividend payout						
- Changes in consolidation area						
- Capital increase		3,900	12,000			
- Transactions on treasury shares				73,497		
- Stock options						
- Other changes						
- Comprehensive profit (loss)						(529)
Balance at 31/12/2014		**67,979**	**12,000**	**0**	**1,101**	**(2,984)**

(euro/000)	Notes	Share capital	Share premium reserve	Treasury shares	Stock option reserve	Cash flow hedge reserve
Balance at 01/01/2015		**67,979**	**12,000**	**-**	**1,101**	**(2,984)**
- Allocation of result			(12,000)			
- Dividend payout						
- Changes in consolidation area						
- Capital increase						
- Transactions on treasury shares						
- Stock options					(833)	
- Other changes	24					
- Comprehensive profit (loss)						461
Balance at 31/12/2015		**67,979**	**0**	**0**	**268**	**(2,523)**

Fair value reserve	Currency reserve	Post-employment discounting reserve	Other reserves	Profit (loss) for the year	Total Group shareholders' equity	Minority shareholders' equity	Total
-	**10**	**1,424**	**250,863**	**(185,415)**	**226,735**	**31,954**	**258,689**
			(14,790)	185,415	-		-
					-	(3,212)	(3,212)
					-		-
					15,900		15,900
			(58,206)		15,291		15,291
					-		-
		(68)	1,153		1,085	(2)	1,083
	(173)	(1,466)	(158)	618	(1,708)	3,078	1,370
0	**(163)**	**(110)**	**178,862**	**618**	**257,303**	**31,818**	**289,121**

Fair value reserve	Currency reserve	Post-employment discounting reserve	Other reserves	Profit (loss) for the year	Total Group shareholders' equity	Minority shareholders' equity	Total
-	**(163)**	**(110)**	**178,862**	**618**	**257,303**	**31,818**	**289,121**
			12,618	(618)	-		-
					-	(3,380)	(3,380)
					-		-
					-		-
					-		-
			833		-		-
		(60)	(686)		(746)	352	(394)
	25	652	(73)	6,365	7,430	2,732	10,162
0	**(138)**	**482**	**191,554**	**6,365**	**263,987**	**31,522**	**295,509**

For the Board of Directors
The Chairman
Marina Berlusconi

CONSOLIDATED
CASH FLOW STATEMENT

(euro/000)	Notes	31/12/2015	31/12/2014
Net profit for the year from continuing operations		16,175	618
Adjustments			
Amortization, depreciation and impairment	12-13-14	23,091	24,738
Income tax for the year	38	18,427	14,194
Stock options		-	-
Fund provisions (utilization) and post-employment benefits		(2,785)	(17,267)
Capital loss (gain) from the transfer of intangible assets, property, plant and equipment, investments		(21,271)	(11,856)
Capital loss (gain) from financial assets valuation		-	-
(Income) costs of companies valued at equity	36	2,425	802
Net financial costs on loans and transactions with derivatives	37	13,702	17,990
Cash flow generated from operations		**49,764**	**29,219**
Trade receivable (increase) decrease		23,987	16,604
Inventory (increase) decrease		403	15,214
Trade payable increase (decrease)		2,866	(7,943)
Income tax payments		(9,057)	(5,435)
Advances and post-employment benefits		(3,887)	(8,443)
Net difference for other assets/liabilities		1,262	2,063
Cash flow generated from (absorbed by) operations		**65,338**	**41,279**
Price collected (paid) net of cash transferred/acquired		35,561	(1,124)
(Purchase) disposal of intangible assets		(7,544)	19,586
(Purchase) disposal of property, plant and equipment		7,342	(2,957)
(Purchase) disposal of investments		3,535	(4,385)
(Purchase) disposal of financial assets		10,183	12,929
Cash flow generated from (absorbed by) investment activities		**49,077**	**24,049**
Net difference in financial liabilities		(80,955)	(128,386)
Payment of net financial costs on loans and transactions with derivatives		(15,742)	(20,850)
Capital increase		-	15,900
(Purchase) disposal of treasury shares		-	15,291
Dividend payout		-	-
Cash flow generated from (absorbed by) financing activities		**(96,697)**	**(118,045)**
Increase (decrease) in cash and cash equivalents		**17,718**	**(52,717)**
Cash and cash equivalents at the beginning of the period	23	**12,966**	**65,683**
Cash and cash equivalents at the end of the period	23	**30,684**	**12,966**

For the Board of Directors
The Chairman
Marina Berlusconi

CONSOLIDATED BALANCE SHEET PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

Assets (euro/000)	Notes	31/12/2015	of which related parties (note 42)	31/12/2014	of which related parties (note 42)
Intangible assets	12	**552,340**	**-**	**601,593**	**-**
Property investments	13	**3,028**	**-**	**3,133**	**-**
Land and buildings		6,032	-	7,895	-
Plant and equipment		9,028	-	8,853	-
Other tangible assets		13,148	-	17,187	-
Property, plant and equipment	14	**28,208**	**0**	**33,935**	**0**
Investments booked at equity		44,457	-	39,201	-
Other investments		443	-	443	-
Total investments	15	**44,900**	**0**	**39,644**	**0**
Non-current financial assets	22	**293**	**-**	**316**	**-**
Pre-paid tax assets	16	**62,076**	**-**	**78,882**	**-**
Other non-current assets	17	**1,466**	**-**	**1,848**	**-**
Total non-current assets		**692,311**	**0**	**759,351**	**0**
Tax receivables	18	**39,814**	**8,786**	**50,040**	**10,440**
Other current assets	19	**77,650**	**40**	**87,687**	**3,143**
Inventory	20	**108,221**	**-**	**108,365**	**-**
Trade receivables	21	**242,121**	**39,867**	**264,605**	**44,995**
Other current financial assets	22	**2,700**	**1,037**	**11,916**	**5,429**
Cash and cash equivalents	23	**30,684**	**-**	**12,966**	**-**
Total current assets		**501,190**	**49,730**	**535,579**	**64,007**
Discontinued assets		**-**	**-**	**-**	**-**
Total assets		**1,193,501**	**49,730**	**1,294,930**	**64,007**

Liabilities (euro/000)	Notes	31/12/2015	of which related parties (note 42)	31/12/2014	of which related parties (note 42)
Share capital		67,979	-	67,979	-
Share premium reserve		-	-	12,000	-
Treasury shares		-	-	-	-
Other reserves and profit/(loss) carried forward		189,643	-	176,706	-
Profit (loss) for the period		6,365	-	618	-
Group's Shareholders' equity	24	**263,987**	**0**	**257,303**	**0**
Minority shareholders' equity and reserves	25	31,522	-	31,818	-
Total equity		**295,509**	**0**	**289,121**	**0**
Provisions	26	58,559	-	64,978	-
Post-employment benefits	27	44,076	-	46,709	-
Non-current financial liabilities	28	222,553	-	266,327	48,423
Deferred tax liabilities	16	67,969	-	81,657	-
Other non-current liabilities		-	-	-	-
Total non-current liabilities		**393,157**	**0**	**459,671**	**48,423**
Income tax payables	18	5,446	4,765	139	-
Other current liabilities	29	196,237	602	204,224	1,293
Trade payables	30	292,610	16,827	291,079	20,046
Payables due to banks and other financial liabilities	28	10,542	61	50,696	5,391
Total current liabilities		**504,835**	**22,255**	**546,138**	**26,730**
Discontinued liabilities		-	-	-	-
Total liabilities		**1,193,501**	**22,255**	**1,294,930**	**75,153**

CONSOLIDATED INCOME STATEMENT PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(euro/000)	Notes	2015	of which related parties (note 42)	of which non-recurring (income) costs (note 41)	2014 (*)	of which related parties (note 42)	of which non-recurring (income) costs (note 41)
Revenue from sales and services	31	**1,122,831**	**100,728**	**-**	**1,169,524**	**106,233**	**-**
Decrease (increase) of inventory	20	429	-	-	13,752	-	-
Cost of raw and ancillary materials, consumables and goods	32	210,420	18,519	-	199,374	16,784	-
Cost of services	33	618,261	13,636	-	663,347	19,155	-
Cost of personnel	34	227,273	-	-	228,711	-	4,477
Other (income) costs	35	(5,905)	(99)	-	(7,992)	(1,560)	-
Income (costs) from investments valued at equity	36	9,213	-	-	(802)	-	-
EBITDA		**81,566**	**68,672**	**0**	**71,530**	**71,854**	**(4,477)**
Depreciation and impairment loss on property, plant and equipment	13-14	6,862	-	-	9,797	-	-
Amortization and impairment loss on intangible assets	12	16,229	-	-	13,543	-	-
Impairment loss on investments valued at equity and other enterprises	15	4,000	-	-	-	-	-
EBIT		**54,475**	**68,672**	**0**	**48,190**	**71,854**	**(4,477)**
Financial income (costs)	37	(16,036)	(2,785)	-	(22,979)	(3,302)	-
Income (costs) from other investments		(125)	-	-	-	-	-
Profit before taxes for the year		**38,314**	**65,887**	**0**	**25,211**	**68,552**	**(4,477)**
Income tax	38	20,476	-	-	16,718	-	(1,281)
Profit from continuing operations		**17,838**	**65,887**	**0**	**8,493**	**68,552**	**(3,196)**
Result from discontinued operations	11	(8,738)	5,899	-	(4,730)	9,055	-
Net profit		**9,100**	**71,786**	**0**	**3,763**	**77,607**	**(3,196)**
Attributable to:							
- Minority shareholders	25	**2,735**	**-**	**-**	**3,145**	**-**	**-**
- Parent Company's shareholders		**6,365**	**71,786**	**-**	**618**	**77,707**	**(3,196)**

(*) 2014 data were reclassified following the application of IFRS 5 relating to Discontinued Operations.

EXPLANATORY NOTES

1. GENERAL INFORMATION

The core business of Arnoldo Mondadori Editore S.p.A. and of its directly or indirectly owned companies (hereinafter jointly referred to as the “Mondadori Group” or the “Group”) is the publishing of books and magazines, and the sale of advertising space.

The Group also carries out retailing activities through directly owned stores and franchised stores present throughout Italy and a direct marketing and mail order selling activity for publishing products.

Since 2011, all of Mondadori’s business areas have been developing products and services available through the most advanced technology, thus increasing the sales offering.

Arnoldo Mondadori Editore S.p.A., with registered office in Milan, via Bianca di Savoia 12 and headquarters in Strada privata Mondadori, Segrate, Milan, is listed on the Mercato Telematico Azionario (MTA) (Italian electronic share market) of Borsa Italiana S.p.A.

The publication of Mondadori Group’s consolidated financial statements for the year ended 31 December 2015 was authorized by the Board of Directors’ resolution of 17 March 2016.

2. FORM AND CONTENT

The Group’s consolidated financial statements at 31 December 2015 were drafted based on the principle of business continuity; the Directors verified the Group’s ability, despite the persisting challenging economic, financial and industry-specific scenario, to face future commitments and believe that there is no significant uncertainty, as defined by IAS 1.25, concerning its ability to continue operating in the future.

The risks and uncertainties the Group is exposed to in relation to its business activities performed and the risk mitigation measures adopted are detailed in the dedicated section of the Directors’ Report on Operations.

These financial statements were drafted in compliance with the International Accounting Standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and approved by the EU and in compliance with the International Financial Reporting Interpretations Committee (SIC/IFRIC).

These financial statements were drafted based on the cost principle, except for some financial instruments valued at fair value, and in compliance with the accounting standards adopted for the drafting of the financial statements at 31 December 2014, considering the amendments and the new standards effective as of 1 January 2015, as per Note 6.26.

The following criteria were taken into account in the drafting of these financial statements:
in the consolidated balance sheet, current and non-current assets and current and non-current liabilities are shown separately;

- in the separate consolidated income statement, the analysis of costs is carried out on the basis of the nature of the costs, since the Group decided that this method is more representative than an analysis by function;
- the consolidated comprehensive income statement contains revenue and cost items that are not recognized under income (loss) for the year as required or allowed by the IAS/IFRS accounting standards;
- the cash flow statement has been prepared using the indirect method.

Regarding the requirements of Consob Resolution 15519 of 27 July 2006, specific supplementary tables were prepared to highlight significant transactions with “Related parties” and “Non-recurring transactions”.

The amounts shown in the tables and in these notes are expressed in euro thousands, unless otherwise stated.

3. CONSOLIDATION PRINCIPLES AND SCOPE

The financial statements of the consolidated companies are drafted with the same closing date of Arnoldo Mondadori Editore S.p.A., according to the IAS/IFRS standards.

In cases where the closing date is different from the Parent Company’s closing date, adjustments are made in order to recognize the effects of any significant transactions or events that have occurred between that date and the Parent Company’s closing date.

Mondadori Group consolidated financial statements include:

- the financial statements of the Parent Company and the financial statements of Italian and foreign companies directly or indirectly owned by Arnoldo Mondadori Editore S.p.A., according to the provisions set out in IFRS 10. In these cases the financial statements are consolidated on a line-by-line basis;
- the financial statements of Italian and foreign companies in which Arnoldo Mondadori Editore S.p.A. has joint control, either directly or indirectly, pursuant to IFRS 11. In these cases investments are recognized in compliance with the equity method;
- the financial statements of Italian and foreign companies in which Arnoldo Mondadori Editore S.p.A. has a direct or indirect investment in an associate pursuant to IFRS 11. In these cases, in compliance with the same standard, investments are valued at equity.

The application of the abovementioned consolidation policies has led to the following adjustments:

- the book value of investments in companies included in the consolidation area is cancelled out against the related net equity;

- the difference between the cost borne for the acquisition of the investment and the relevant share of net equity is recognized on the date of purchase and allocated to the specific asset and liability items at fair value. Any positive difference is recognized under goodwill; any negative difference is recognized under income statement;
- consolidated equity amounts, reserves and the financial result attributable to minority shareholders' interests are recognized under separate items in consolidated equity and income statement;
- in preparing the consolidated financial statements, receivables and payables, revenue and expenses resulting from transactions between companies included in the consolidation area are cancelled out as are any unrealized gains or losses on intercompany transactions.

Minority shareholders' equity and result for the period are recognized separately in the consolidated balance sheet and income statement.

In 2015, the consolidation scope was subject to the following changes:
- on 13 February 2015, Arnoldo Mondadori Editore S.p.A. transferred the equity interest held in Sporting Club Verona S.r.l.;
- On 4 June, as a result of the exercise of the option rights on the shareholding in Mondadori UK Ltd, corresponding to 7.87% held by minorities, Mondadori International Business S.r.l. increased its investment to 100%;
- on 1 July 2015, Arnoldo Mondadori Editore S.p.A. completed the acquisition of 50% of Gruner+Jahr Mondadori S.p.A., increasing its investment to 100%. The Company later changed its name to Mondadori Scienza S.p.A.;
- on 30 September 2015, Arnoldo Mondadori Editore S.p.A. and Mondadori Libri S.p.A. completed, the former, the transfer of 80% of the share capital of Monradio S.r.l. to Mediaset, and, the latter, of the entire interest in the equally-held joint venture Harlequin Mondadori S.p.A. to Harlequin Italia S.p.A. (Harper Collins Group);
- in the Educational Books Area, on 30 June 2015 (for accounting and tax purposes as of 1 January), Electa S.r.l. was merged into Mondadori Electa S.p.A.; on 13 October 2015, the Extraordinary Shareholders' Meeting of Milano Cultura S.c. a r.l., an equally-held joint venture with 24 Ore Cultura S.r.l., approved the voluntary liquidation of the company, completed on 17 December 2015;
- Kiver S.r.l. merged by incorporation in Cemit Interactive Media S.p.A., with accounting and tax effective date as of 1 January 2015;
- On 14 December 2015, the Shareholders' Meeting of ACI Mondadori S.p.A. was held and approved the final liquidation financial statements and the plan to distribute the net liquidation capital.

Companies in the scope of the Group consolidated financial statements and consolidation method:

Company name	**Location**	**Business**	**Currency**	**Share capital expressed in local currency**	**Group interest held % 31/12/2015**	**Group interest held % 31/12/2014**
Companies consolidated on a line-by-line basis						
Arnoldo Mondadori Editore S.p.A.	Milan	Publishing	Euro	67,979,168.40		
Italian subsidiaries						
Cemit Interactive Media S.p.A.	S. Mauro Torinese (TO)	Trade	Euro	3,835,000.00	100.00	100.00
Edizioni Piemme S.p.A.	Milan	Publishing	Euro	566,661.00	100.00	100.00
Mondadori Education S.p.A.	Milan	Publishing	Euro	10,608,000.00	100.00	100.00
Mondadori Electa S.p.A.	Milan	Publishing	Euro	1,593,735.00	100.00	100.00
Electa S.r.l.						100.00
Mondadori Retail S.p.A.	Milan	Trade	Euro	2,700,000.00	100.00	100.00
Giulio Einaudi editore S.p.A.	Turin	Publishing	Euro	23,920,000.00	100.00	100.00
Glaming S.r.l. in liquidation	Milan	Gambling	Euro	20,000.00	100.00	100.00
Mondadori Scienza S.p.A.	Milan	Publishing	Euro	2,600,000.00	100.00	
Kiver S.r.l.						75.22
Mondadori International Business S.r.l.	Milan	Publishing	Euro	2,800,000.00	100.00	100.00
Mondadori Libri S.p.A.	Milan	Publishing	Euro	30,050,000.00	100.00	100.00
Mondadori Pubblicità S.p.A.	Milan	Advert. Agency	Euro	3,120,000.00	100.00	100.00
Press-Di Distribuzione Stampa e Multimedia S.r.l.	Milan	Services	Euro	1,095,000.00	100.00	100.00
Monradio S.r.l.						100.00
Sperling & Kupfer Editori S.p.A.	Milan	Publishing	Euro	1,555,800.00	100.00	100.00
Sporting Club Verona S.r.l.						100.00
Foreign subsidiaries						
Mondadori France Group	Paris	Publishing	Euro	50,000,000.00	100.00	100.00
Mondadori UK Ltd	London	Trade	Gbp	2,895.19	100.00	92.13
Companies valued at equity						
ACI-Mondadori S.p.A. in liquidation						50.00
Attica Publications Group	Athens	Publishing	Euro	4,590,000.00	41.98	41.98
Campania Arte S.c.ar.l.	Rome	Services	Euro	100,000.00	22.00	22.00
Consorzio Covar in liquidation	Rome	Services	Euro	15,493.70	25.00	25.00
Consorzio Forma	Pisa	Services	Euro	3,615.00	25.00	25.00
Consorzio Scuola Digitale	Milan	Internet	Euro	40,000.00	25.00	25.00
Edizioni EL S.r.l.	Trieste	Publishing	Euro	620,000.00	50.00	50.00
Mondadori Scienza S.p.A.						50.00
Harlequin Mondadori S.p.A.						50.00
Mach 2 Libri S.p.A.	Peschiera Borromeo (Milan)	Trade	Euro	646,250.00	34.91	34.91
GD Media Service S.r.l.	Peschiera Borromeo (Milan)	Trade	Euro	200,000.00	46.98	46.98
Mediamond S.p.A.	Milan	Advert. Agency	Euro	2,400,000.00	50.00	50.00
Milano Cultura S.c.ar.l.						50.00
Mondadori Independent Media LLC	Moscow	Publishing	Ruble	92,232,160.00	50.00	50.00
Mondadori Seec Advertising Co. Ltd	Beijing	Publishing	Cny	40,000,000.00	50.00	50.00
Monradio S.r.l.	Milan	Radio	Euro	3,030,000.00	20.00	
Società Europea di Edizioni S.p.A.	Milan	Publishing	Euro	2,528,875.00	36.89	36.89

Company name	Location	Business	Currency	Share capital expressed in local currency	Group interest held % 31/12/2015	Group interest held % 31/12/2014
Venezia Musei Società per i servizi museali S.c.a r.l.	Venice	Services	Euro	10,000.00	34.00	34.00
Venezia Accademia Società per i servizi museali S.c.a r.l.	Venice	Services	Euro	10,000.00	25.00	25.00
Companies valued at fair value						
Aranova Freedom Società Consortile ar.l.						16.66
Audiradio S.r.l. in liquidation						2.50
Club Dab Italia S.c. per azioni						12.50
Consuledit S.r.l. in liquidation	Milan	Services	Euro	20,000.00	9.56	9.56
Consorzio Edicola Italiana	Milan	Services	Euro	60,000.00	16.67	16.67
C.E.P. Consorzio Emittente Piemonte						3.57
Consorzio Forte Montagnolo						3.85
Consorzio Riqualificazione Monte Gennaro						6.67
Consorzio Antenna Colbuccaro						4.44
Consorzio Camaldoli 1						4.76
Cons. Sistemi Informativi Editoriali Distributivi	Milan	Services	Euro	103.291.38	10.00	10.00
Editrice Portoria S.p.A.						16.78
Immobiliare Editori Giornali S.r.l.	Rome	Real Estate	Euro	830,462.00	7.88	7.88
MDM Milano Distribuzione Media S.r.l.	Milan	Trade	Euro	611,765.00	17.00	17.00
SCABEC S.p.A.	Naples	Services	Euro	1,000,000.00	10.78	10.78
Società Editrice Il Mulino S.p.A.	Bologna	Publishing	Euro	2,350,000.00	7.61	7.05

4. CONVERSION OF FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCIES

All amounts in the Mondadori Group consolidated financial statements are in euros, which is the Group's functional and presentation currency.
When the financial statements of companies are denominated in a different currency, they are converted into the entity's presentation currency as follows:
• assets and liabilities are converted at the exchange rate ruling at closing;
• income statement items are converted at the average exchange rate for the year.

Currency exchange rate differences that arise from these conversions are recognized in a specific reserve under equity.

5. SEGMENT REPORTING

The reporting required by IFRS 8 reflects the Group organizational structure which includes the following segments: Books, Magazines Italy and Magazines France, Retail, Other Business and Corporate.

This structure gives a clear representation of the Group's differentiation in terms of products sold and services rendered and is used by the Top Management as the basis for corporate reporting in the definition of corporate strategies and plans as well as in the valuation of investment opportunities and allocation of resources.

6. ACCOUNTING STANDARDS AND VALUATION CRITERIA

6.1. Intangible assets

When it is probable that costs will generate future economic benefits, intangible assets include the cost, including accessory charges, of the purchase of assets or resources, without any physical form, used in the production of goods or in the supply of services, to rent to third parties or for administrative purposes, on condition that the cost is quantifiable in a reliable manner and that the goods are clearly identifiable and controlled by the company that owns them.

Any costs incurred after the initial purchase are included in the increase of the cost of intangible assets in direct relation to the extent to which those costs are able to generate future economic benefits.

Internal costs for producing mastheads and for the launch of newspapers and magazines are recognized in the income statement for the year in question.

Subsequent to initial recognition, intangible assets are valued at cost, net of accumulated amortization and any accumulated impairment losses.

Intangible assets purchased separately and those purchased as part of business combinations that took place before the first adoption of IAS/IFRS are initially recognized at cost, while those purchased as part of business combination transactions carried out after the first adoption of IAS/IFRS are initially recognized at fair value.

Intangible assets with finite useful life

The cost of intangible assets with a finite useful life is systematically amortized over the useful life of the asset from the moment that the asset is available for use. The amortization criteria depend on how the relating future economic benefits contribute to the Company's result.

The amortization rates reflecting the useful lives attributed to intangible assets with a finite life are as follows:

Intangible assets with finite useful life	Useful life
Magazines	Duration of license /30 years
Replacement charges for lease contracts	Duration of the lease contract
Goods under concession or license	Duration of the concession and license
Software	Straight line over 3 years
Patents and rights	Straight line over 3-5 years
Other intangible assets	Straight line over 3-5 years

Intangible assets with a finite useful life are subject to an impairment test every time there is an indication of a possible loss of value. The period and method of amortization applied are reviewed at the end of each year or more frequently, if necessary.

Variations in the expected useful life or in the way future economic benefits linked to intangible assets are expected to be earned by the Company are recognized by modifying the period or method of amortization, and are treated as adjustments to accounting estimates.

Intangible assets with an indefinite useful life

Intangible assets are considered to have an indefinite useful life when, on the basis of a thorough analysis of the relevant factors, there is no foreseeable limit to the length of time the assets may generate income for the Mondadori Group.

The intangible assets identified by the Mondadori Group as having an indefinite useful life are shown in the table below:

Intangible assets with indefinite useful life
Magazines
Series
Trademarks
Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's purchased share in the fair value of the assets, liabilities and contingent liabilities acquired, as identifiable at the time of purchase.

Goodwill and other intangible assets with an indefinite useful life are not subject to amortization but to an impairment test of their book value. This test concerns the value of the individual assets or of cash generating unit and is carried out whenever it is believed that the value has decreased, and in any case at least once a year.

In cases where goodwill is attributed to a cash generating unit (or to a group of units) whose assets are partially disposed of, goodwill associated with the asset disposed of is reviewed in order to determine any capital gains or losses resulting from the transaction. In these circumstances, goodwill disposed of is measured on the basis of the value of the assets disposed of, compared with the asset still included in the cash generating unit in question.

6.2. Property investments

A property investment is recognized as an asset when it is held in order to earn income from its rental or to increase its invested capital value, on condition that the cost of the asset can be reliably measured and that future economic benefits will flow to the entity.

Property investments are valued at cost, which includes the purchase cost and all accessory charges directly connected to the purchase.

Costs which arise after the initial purchase are included in the increase of the cost of the property in direct relation to how much those costs are able to generate future economic benefits higher than those originally assessed.

The cost of property investments, except for that part pertaining to the cost of the land, is systematically amortized over the useful life of the asset. Amortization criteria depend on how the relating future economic benefits accrue to the entity.

The amortization rates reflecting the useful lives attributed to Group's property investments are as follows:

Property investments	Amortization rate
Non-instrumental buildings	3%

Both the useful life and the depreciation criteria are periodically reviewed and, if any significant changes are found in the assumptions previously adopted, the amortization rate for the period in question and for successive periods is adjusted.

Income and losses deriving from the disposal of property investments are recognized in the income statement pertaining to the year in which the transaction takes place.

Property investments are reclassified when there is a change in use following to specific events.

6.3. Property, plant and equipment

Any costs attributable to the purchase of property, plant and equipment are recognized as assets, on condition that the relevant costs can be reliably calculated and any relating future economic benefits accrue to the entity.

Assets booked to property, plant and equipment are valued based on the purchase method, including any accessory charges, and are stated net of depreciation and any impairment.

Costs which arise after the initial purchase are recognized as an increase in cost in direct relation to the extent that these costs can improve the asset's yield.

Assets booked to property, plant and equipment purchased as part of acquisitions and business combinations are initially recognized at fair value as determined at the time of purchase and, subsequently, at cost.

Assets recognized as property, plant and equipment, with the exception of land, are depreciated on a straight line basis during the useful life of the asset from the moment the assets are available for use.

If the assets include more than one significant component and the components have different useful lives, each individual component is depreciated separately.

The depreciation rates that generally reflect the useful lives attributed to Group property, plant and equipment are shown in the table below:

Property, plant and equipment	Depreciation rate
Instrumental buildings	3%
Plant	10% - 25%
Machinery	15.5%
Equipment	12.5% - 25%
Electronic office equipment	30%
Office furniture, and machines	12%
Motor vehicles and transport vehicles	20% - 30%
Other assets	20%

The residual value of assets, useful lives and depreciation criteria applied are reviewed on an annual basis and adjusted, if necessary, at year end.

Leasehold improvements are recognized as fixed assets and depreciated over the lower between the residual useful life of the asset and the residual term of the lease contract.

6.4 Finance lease assets

Assets acquired under finance leases, which transfer all the relevant risks and benefits to the Group, are recognized at current value or, if lower, at the value of the minimum lease payments, including the amount to be paid for exercising an eventual purchase option.

Liabilities arising from leasing contracts are recognized under financial liabilities.

These assets are classified in the relevant categories under properties, plant and equipment and are depreciated over the lower between the contract term and the useful life of the asset in question.

Lease contracts in which the lessor substantially retains all the risks and benefits associated with asset ownership are classified as operating leases and the relevant costs are recognized in the income statement for the entire duration of contract term.

6.5. Financial costs

The financial costs resulting from asset purchase, development or production are capitalized. In case failed identification of assets justifying capitalization, the costs are recognized under income statement in the year in which they are borne.

6.6 Impairment

The carrying value of intangible assets, investment property and property, plant and equipment is subject to an impairment test whenever it is believed that it may have decreased.

Impairment tests are carried out at least once a year on goodwill, other intangible assets with an indefinite useful life and on other assets that are not available for use, and are performed by comparing the carrying value with whichever is higher between the fair value minus the sales cost and the value in use of the asset.

If no binding sales agreement or active market for an asset exist, the fair value is calculated on the basis of the best information available as to the amount the entity would obtain at closing from the disposal of an asset in a free transaction between informed and willing parties, having deducted the costs of disposal.

The value in use of an asset is determined by discounting the cash flows expected from its use, subjecting forecasts of the relevant financial income on reasonable and sustainable assumptions used by the management to best represent the economic conditions foreseen for the remainder of the life of the asset, giving more weight to external indicators.

Discounting rates reflect current market estimates of the time value of money and the specific risks connected to the asset.

The valuation is carried out by individual asset or by the smallest Cash Generating Unit that generates cash flows from asset use.

Should the value resulting from the impairment test be lower than cost, the loss is recognized as a reduction in the value of the asset and recognized as a cost item in income statement.

If during subsequent financial years, when the impairment test is repeated, the reasons for the impairment no longer exist, the value of the asset, excluding goodwill, is reinstated to take into account the new recoverable value, which should never exceed the value that would have been stated had no loss in value been recognized.

6.7 Investments

The investments in those companies in which the Group exercises control, pursuant to IFRS 10, are consolidated on a line-by-line basis.

The IFRS's definition holds that an investor controls an investee if and only the investor has all of the following elements:

- power over the investee, that is to say, the investor has existing rights that give it the ability to direct the relevant activities;
- exposure, or rights, to variable returns from its involvement in the investee;
- the ability to use its power over the investee to affect the amount of the investor's variable returns.

Variations determined by acquisitions or disposals in the stakes held in a subsidiary, without this leading to a loss of control, are treated as transactions with shareholders. The difference between the fair value of the consideration paid or received for such transactions and the adjustment made to the minority interests is recognized directly in the parent company's equity.

Investments in companies in which strategic financial and managerial decisions on the economic activities require the unanimous consent of all of the parties that share control, pursuant to IFRS 11, are qualified as a joint operation or a joint venture, based on the evaluation of their own rights and of their own obligations.

Joint operations are valued based on the relevant share of assets and liabilities upon which the Group holds right to assets and obligations to liabilities, and the share of the relevant costs and revenue; joint ventures are consolidated at equity.

Investments in those companies in which the Group does not exercise control, but has a notable influence on the company's financial and strategic decisions, pursuant to IFRS 11, are consolidated using the equity method.

Investments in joint ventures and associates are initially recognized at cost and subsequently adjusted as a result of any changes in the interest the Group holds in the relevant equity.
The Group's share of any income and loss of such companies is recognized under income statement.
The book value of investments in joint operations, joint ventures and associates include any higher cost paid attributable to goodwill.

Investments in the companies in which the Group does not have control nor does it exercise a notable influence on the financial and strategic decisions of the company, pursuant to IAS 39, are booked at their fair value.

Information required by IFRS 12 is given on all the investments.

6.8. Inventory

Inventory is valued at the lower between the cost and the net realizable value. Inventory cost includes purchase costs, processing costs and other costs involved in bringing an item to its current location and condition, without taking financial charges into consideration.

The calculation of cost of inventory is based on the weighted average cost of raw materials, consumables and finished products purchased for sale. The FIFO method is used for finished products.

The valuation of goods under construction and semi-finished products and work in progress to order is based on the cost of the materials and other direct costs incurred, taking into account the progress of the production process.

The presumed net value for raw and ancillary materials and consumables corresponds to the cost of their replacement, while for semi-finished and finished products it corresponds to the standard estimated sales price net of estimated cost to completion and sales cost, respectively.

6.9. Financial assets

Financial assets are valued at fair value, increased by accessory purchase charges. Purchases and sales of financial assets are recognized as of the trading date, which corresponds to the date in which the Group agrees to purchase the asset in question. After initial recognition, financial assets are posted according to the relevant classification, as outlined below.

Financial assets at fair value with adjustments recognized under income statement

In accordance with IAS 39, this category includes:

- financial assets/liabilities which the Group posted at fair value through income and loss under income statement upon first recognition;
- financial assets/liabilities held for trading as:
- classified as held for trading, i.e. purchased or committed for the purpose of gaining benefits from short term price fluctuations;
- part of a portfolio of specific financial instruments that are managed en bloc and for which there is recent, reliable evidence of short term benefits.

In an active market, the fair value of these instruments is calculated by making reference to the market value at closing, while financial evaluation techniques are used in case of no active market. Profit and losses deriving from fair value evaluation of assets held for trading are recognized in income statement.

Held-to-maturity investments

Assets that envisage fixed or determinable payments with a fixed maturity date, that the Group intends to hold in its portfolio, are classified as financial assets held to maturity.

Long-term financial investments that are held to their maturity, such as bonds, are valued, after their initial recognition by using the amortized cost method based on effective interest rates, i.e. the rates that will apply to future payments or returns estimated for the entire life of the financial instrument.
Calculation of amortized cost also considers any discounts or premiums that will be applied over the period of time to maturity.

Financial assets that the Group decides to keep in its portfolio for an indefinite period do not fall into this category.

Loans and receivables

IAS 39 defines these financial assets as having fixed or determinable payments that are not listed on an active market, with the exception of those designated as being held for trading or as being available for sale. These assets are recognized at amortized cost using the discounting method. Income and loss are recognized under income statement when loans and receivables are cancelled out or in case of impairment, as well as through amortization.

The Group includes trade receivables, both financial and other receivables into this category. These are due within 12 months and are therefore recognized at face value (net of any impairment loss). This category also includes item “Cash and other cash equivalents”.

Held-for-sale financial assets

Held-for-sale financial assets include all assets which do not fall into any of the categories mentioned above.

After being initially measured at cost, held-for-sale financial assets are measured at fair value. Income and loss from valuations are recognized in a separate item under equity for as long as the assets are held in the portfolio and for as long as no impairment loss is identified.

In the case of shares widely traded on regulated markets, fair value is determined by referring to the listing reached at the end of the trading day corresponding to the closing date.

For investments where an active market does not exist, fair value is determined by valuations based on recent trading prices between independent parties, or on the basis of the current market value of a substantially similar financial instrument or on the analysis of discounted cash flows or option pricing models.

Held-for-sale financial assets also include investments in other companies, which are valued at cost since the fair value cannot be reliably calculated.

6.10 Trade receivables and other receivables

Trade receivables and other receivables are initially recognized at cost, i.e. at the fair value of the price collected upon completion of the relevant transaction. Receivables are recognized at current values when the relevant financial impact linked to the expected collection time span is significant and the collection date can be reliably estimated.
Receivables are recognized in the financial statements at their estimated realizable value.

6.11 Cash, liquidity and cash equivalents

The cash, liquidity and cash equivalents item includes cash on hand and financial investments falling due within three months and which entail only a minimal risk of variation in their face value.
They are recognized at face value.

6.12 Financial liabilities

Financial liabilities include financial payables, derivative instruments, payables associated with financial leasing contracts and trade payables. All financial liabilities other than derivative financial instruments are initially valued at fair value, increased by any transaction costs, and are subsequently valued at amortized cost using the interest rate method.

Financial liabilities hedged by derivative instruments against the risk of changes in value (fair value hedges), are valued at fair value, in accordance with IAS 39 - *Hedge accounting*. Income and loss resulting from subsequent variations in fair value are recognized under income statement. Any changes linked to the effective hedge portion are compensated for by adjusting the value of the relevant derivative instruments.

Financial liabilities hedged by derivative instruments against the risk of changes in cash flow (cash flow hedges), are valued at amortized cost in compliance with IAS 39 - *Hedge accounting*.

6.13 Derecognition of financial assets and liabilities

A financial asset or, where applicable, part of a financial asset or parts of a group of similar financial assets, is derecognized when:

- the right to receive cash flows from the asset has been extinguished;
- the Group still has the right to receive cash flows from the asset but has taken on a contractual obligation to transfer the entire cash flow promptly to a third party;
- the Group has transferred the right to receive cash flows from an asset and has transferred substantially all the risks and benefits deriving from the ownership of the financial asset or has transferred control of the financial asset.

A financial liability is derecognized when the underlying obligation has been discharged, cancelled or expired.

6.14 Impairment of financial assets

Upon closing, the Group carries out an impairment test in order to determine whether a financial asset or group of financial assets has decreased in value.

Financial assets valued at amortized cost

If there is objective evidence of a reduction in the value of loans and receivables, the loss amount is recognized under income statement and is calculated as the difference between the asset's book value and the current value of the estimated cash flows discounted based on the interest rate used initially for the asset.

If, in a subsequent period, the value loss amount decreases and such reduction can be objectively attributed to an event that has occurred after recognition of impairment, the previously recognized loss of value is reversed up to the amount the asset would have had, taking amortization into account, at the date of the reversal.

Held-for-sale financial assets

When any financial asset available for sale is subject to impairment, the accumulated value loss is recognized under income statement.

Value reversals relating to equity instruments classified as available for sale are not recognized under income statement. Value reversals relating to debt instruments are recognized under income statement if the increase in the fair value of the instrument can be objectively attributed to an event that occurred after recognition of impairment in the income statement.

Financial assets valued at cost

If there is objective evidence of a reduction in the value of an unlisted equity instrument which was not recognized at fair value, because its fair value could not be reliably measured, or of a derivative instrument associated with and regulated by delivery of such unlisted equity instrument, the value loss amount is measured as the difference between the carrying value of the asset and the current value of the expected future cash flows discounted based on the current market performance rate for similar financial assets.

6.15 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value at the date they are stipulated. When a hedge operation is entered into, the Group designates and formally documents the hedge relationship for hedge accounting purposes and its objectives for risk and strategy management purposes. The documentation includes the identification of the hedging instrument, the object or transaction subject to hedge, the nature of the risk and the criteria adopted by the Group to evaluate hedging effectiveness in compensating exposure to fair value fluctuations of the object hedged or cash flows correlated to the risk hedged.

It is assumed that such hedges are sufficiently effective to compensate for the exposure of the object hedged against fair value fluctuations or cash flows correlated to the risk hedged. The valuation of the effectiveness of such hedges is carried out on an ongoing basis over the years of application.

Transactions that satisfy hedge accounting criteria are accounted for as follows:

Fair value hedge

If a derivative financial instrument is designated as a hedge against the exposure to variations in the fair value of an asset or liability attributable to a particular risk, the income or loss deriving from subsequent variations in the fair value of the hedge instrument is recognized under income statement. The income or loss deriving from the adjustment of the fair value of the item hedged, to the extent attributable to the risk hedged, modifies the carrying value of the item and is recognized under income statement.

As for the fair value hedge of items recognized at amortized cost, the adjustment of the carrying value is amortized under income statement throughout the period before maturity. Any adjustments to the carrying value of any hedged financial instrument for which the interest rate method is applied, are amortized under income statement.

The amortization may begin as soon as an adjustment is identified but it may not be extended after the date in which the object hedged ceases to be subject to fair value adjustments attributable to the hedging risk. If the hedged object is cancelled, the fair value that has not been amortized is immediately recognized under income statement.

Cash flow hedge

If a derivative financial instrument is designated as a hedging instrument against exposure to cash flow variations of an asset or liability included in the financial statements or of a highly probable transaction, the effective portion of profit or loss deriving from fair value adjustment of the derivative instrument is recognized in a special reserve under equity.

The accumulated income or loss is written off from the equity reserve and recognized under income statement, when the results of the transaction subject to hedge are recognized under income statement.

Income and loss associated with the ineffective part of a hedge are recognized under income statement. When a hedging instrument is terminated, but the transaction subject to hedge has not yet been carried out, the accumulated income and loss are kept in the reserve under equity and will be reclassified under income statement upon completion of the transaction. Should the transaction subject to hedge be considered as no longer probable, any unrealized income and loss posted under the relevant equity reserve are recognized under income statement.

When hedge accounting is not applicable, income and loss deriving from the fair value valuation of the derivative financial instrument are recognized under income statement.

6.16 Provisions

Provisions established to cover liabilities that have been clearly identified, are certain or probable but whose amount or date of occurrence cannot be foreseen at the reporting date, are recognized when a legal or implicit obligation can be assumed which refers to past events and when it is also assumed that such obligation implies expenses that can be reliably measured.

Provisions are valued at fair value based on each individual liability item. When the financial impact associated with the assumed time span for the outlay is relevant and the payment dates can be reliably foreseen, provisions include said financial component, which is recognized in financial income (expense) in the income statement.

6.17 Post-employment benefits

Benefits due to employees upon termination of the relevant labour contract are broken down according to their economic nature as follows:
- defined contribution plans, represented by the sums accrued as of 1 January 2007 for Group companies with more than 50 employees;
- defined benefit plans, represented by the severance indemnity fund for companies with less than 50 employees and the severance indemnity fund accrued until 31 December 2006 for the other Group companies.

In the defined contribution plans, the entity's legal or implicit obligation is limited to the amount of contributions to pay; hence, the actuarial and investment risks fall upon the employee. In the defined benefit plans, the entity's obligation consists in granting and ensuring the agreed benefits to employees; hence, the actuarial and investment risks fall upon the entity.

Post-employment benefits for companies with more than 50 employees are calculated by applying actuarial criteria to the severance indemnity provision accrued until the date of the financial statements, taking into account both demographic assumptions, including mortality rates and employee turnover, and financial assumptions, relating to discounts reflecting the time value of money and the inflation rate.

Post-employment benefits for companies with less than 50 employees are calculated by applying the same actuarial criteria, taking into account current and future salary levels.

The amount recognized as a liability for defined benefit plans is represented by the current liability value at closing, net of the current value of plan assets, if any.

This liability item is listed in the income statement and includes the following components:
- social security costs relating to current labour, when fulfilling the relevant requirements;
- cost of interest.

The amounts accrued in favour of employees during the year are recognized under “Costs of personnel”, while the relevant financial component, which represents the cost the company would have to incur if it were to seek a loan on the market for the same amount, is recognized under “Financial income (costs)”.

Actuarial income and loss are recognized in a specific item under equity and in the comprehensive income statement.

The supplementary indemnity for agents is also determined on an actuarial basis. The amounts accrued in favour of agents during the year, which become payable upon termination of the labour contract only under certain conditions, is recognized under “Other costs (income)”.

6.18 Stock option plans

The Group grants additional benefits to directors and managers whose functions are strategically relevant for the attainment of the company’s results, through the provision of equity-settled stock option plans.

Stock options are stated at fair value upon delivery. Fair value is determined on the basis of a binomial model and subject to the provisions of the individual plans.

These benefits are recognized as cost of personnel in the period of reference consistently with the vesting period starting from the date of delivery with a counter-item in “Reserve for stock options” under equity.

At the end of each financial year, the previously calculated fair value of every option is neither adjusted nor updated; at closing, the estimate of the number of options expected to be exercised to maturity (and therefore the number of employees entitled to exercise these options) is consequently updated.

Any change in this estimate is recognized in item “Reserve for stock options” with a counter-item in cost of personnel under income statement.

When an option is exercised, the part of the “Reserve for stock options” relating to exercised options is reclassified under “Share premium reserve” while the part of the “Reserve for stock options” relating to cancelled out, expired options, or options coming to maturity is reclassified under “Other reserves”.

The dilution effect of options that have not yet been exercised is reflected in the calculation of diluted earnings per share.

The Mondadori Group implemented the provisions contained in IFRS 2 for all stock option plans granted after 7 November 2002.

6.19 Recognition of revenue and costs

Revenue from the sale of goods is recognized net of agency and commercial discounts, allowances and returns when it is probable that the relevant economic benefits will flow to the Group and the relevant revenue amount may be reliably determined.

Revenue from the sale of magazines and advertising spaces is recognized on the basis of the relevant date of publication.

Revenue from barter transactions is recognized at fair value when the barter deal involves dissimilar services. Dissimilar services comprise barter deals for goods and advertising, when they refer to different communications means or product positioning.

Revenue from services is recognized based on the relevant state of completion, when it is probable that the economic benefits arising from the sale flow to the Group and when the revenue amount may be reliably calculated.

Revenue from interest is recognized on an accrual basis by applying the interest method; royalties are recognized on an accrual basis and subject to the conditions of the relevant agreements; dividends are recognized when the shareholder is acknowledged the right to payment.

Costs are recognized based on similar criteria as revenue and, in any case, on an accrual basis.

6.20 Current, pre-paid and deferred taxes

Current taxes are calculated on the basis of a taxable income estimate and in accordance with the laws applicable in the individual countries in which any of the Group companies has its registered offices.

Deferred and pre-paid taxes are calculated on all the temporary differences between recognized assets and liabilities and the relevant book values booked in the financial statements for tax purposes, with the exception of the following:

- temporary taxable differences deriving from the initial recognition of goodwill;
- temporary differences resulting from the initial recognition of an asset or a liability in a transaction which does not imply business combination and which does not have any impact either on the result or the taxable income on the transaction date;
- temporary differences relating to the value of the shareholding held in subsidiaries, associates and jointly-controlled companies when:
  - the Group is in a position to control the timing for the reversal of temporary taxable differences and it is probable that such differences shall not reverse in the foreseeable future;
  - it is not probable that deductible temporary differences will reverse in the foreseeable future and that taxable income is available to cover such temporary differences.

The value of prepaid tax amounts is reviewed at closing and is reduced if it is no longer probable that sufficient taxable income will be available in the future to cover all or part of these assets.

Deferred and prepaid tax amounts are calculated on the basis of the tax rates that are expected to apply in the period in which assets are realized and liabilities are settled, considering the then applicable tax rates or the tax rates essentially used at closing.

Deferred and prepaid tax amounts relating to items directly recognized under equity are recognized directly under equity.

6.21 Transactions denominated in foreign currencies

Revenue and costs deriving from transactions denominated in foreign currencies are posted in the relevant currency at the exchange rate applied on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate ruling at closing and any exchange differences are recognized under income statement, except for the differences deriving from loans denominated in foreign currency taken out to pay for the acquisition of an interest in a foreign company. In the latter case, such differences are recognized under equity until disposal.

Non-monetary items valued at cost in a foreign currency are converted using the exchange rates applied on the relevant transaction date. Non-monetary items recognized at fair value in a foreign currency are converted using the exchange rates applied on the fair value calculation date.

6.22 Grants and contributions

Grants and contributions are recognized if there is a reasonable certainty that they will be received and if all the conditions referring to them are satisfied. When grants refer to cost items, they are recognized as revenue and systematically distributed over the years so as to reflect the cost proportion they are intended to offset. When grants refer to assets, the relevant fair value is deferred in long-term liabilities and is recognized in equal amounts under income statement over the useful life of the asset.

6.23 Earnings per share

Earnings per share refer to the Group's net profit divided by the weighted average number of outstanding shares in the period of reference.
For the purpose of calculating diluted earnings per share, the weighted average number of outstanding shares is adjusted on the assumption of converting shares with a dilution effect.

6.24 Held-for-sale assets and liabilities (discontinued operations)

Non-current assets and groups of assets and liabilities whose book value is mainly expected to be recovered through disposal instead of continuous use are recognized separately from other assets and liabilities in the Company's balance sheet. Such assets and liabilities are classified as "Held-for-sale assets" and are valued at the lower between their book value and fair value less probable costs of disposal. Income and loss, net of the related tax effect, resulting from the valuation or disposal of such assets or liabilities are recognized in a separate item in the income statement.

6.25 Accounting standards and interpretations adopted by the European Union with effect from 1 January 2015 and applied by Mondadori Group

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

- on 20 May 2013, an interpretation for IFRIC 21 - Levies - was published, providing explanations on when tax liabilities (other than income tax) imposed by government bodies need to be recognized. The standard takes into account tax liabilities that fall within the field of application of IAS 37 - Provisions, potential liabilities and assets, and tax liabilities whose timing and amount are certain. The standard is retroactive for the financial years starting from 17 June 2014 or later. The adoption of this amendment did not have any significant impact on the Group's consolidation financial statements;
- in the annual improvement process of the standards, on 12 December 2013, IASB published "*Annual Improvements to IFRSs: 2011-2013 Cycle*", which partly complement the existing standards. The adoption of these amendments did not have any significant impact on the Group's consolidation scope.

6.26 Accounting standards, amendments and IFRS and IFRIC interpretations adopted by the European Union but not yet applicable and applied beforehand by the Group at 31 December 2015

The following new and amended standards, which have been issued but have not come into effect yet, have not been applied by the Group:
- amendment to IAS 19 *Defined Benefit Plans: Employee Contributions* (published on 21 November 2013), referring to the accounting of contributions made by employees or third parties to defined benefit plans. The amendment applies from the financial years starting from 1 February 2015 or at any later date;
- amendment to IFRS 11 *Joint Arrangements - Accounting for acquisitions of interests in joint operations* (published on 6 May 2014), referring to accounting for the acquisition of interests in a joint operation that is a business. The amendments are effective as of 1 January 2016;
- amendments to IAS 16 *Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of acceptable methods of depreciation and amortization* (published on 12 May 2014), under which a revenue-based method of depreciation is not appropriate, because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, a condition which is, instead, required for depreciation. The amendments are effective as of 1 January 2016;
- amendment to IAS 1 *Disclosure Initiative* (published on 18 December 2014), referring to disclosures that may be perceived as impediments to a clear and understandable preparation of financial statements. The amendments are effective as of 1 January 2016;
- in the annual improvement process of the standards, on 12 December 2013 and 25 September 2014, IASB published the following documents: "*Annual Improvements to IFRSs*: *2010-2012 Cycle*" and "*Annual Improvements to IFRSs: 2012-2014 Cycle*", partially supplementing the already existing standards. The amendments are effective from the financial years starting from 1 February 2015 or at any later date, and for financial years beginning on or after 1 January 2016.

The Directors do not expect any significant impact on the Group's consolidated financial statements resulting from the adoption of these amendments.

6.27 Accounting standards, amendments and IFRS interpretations not yet validated by the European Union

As at the date of these Financial Statements the competent bodies of the European Union had not yet completed the validation process necessary for the adoption of the amendments and standards detailed here below.
- on 28 May 2014, IASB published IFRS 15 *Revenue from Contracts with Customers.* The standard establishes a new model for the recognition of revenue, which will be applied to all contracts stipulated with customers except for those falling within the application of other IAS/IFRS standards as leasing, insurance contracts and financial instruments. The key steps for the accounting of revenue based on this new model are:
  - identification of the contract with the customer;
  - identification of the performance obligations included in the contract;
  - pricing;
  - price allocation based on the performance obligations included in the contract;
  - the criteria for the recognition of revenue when the entity meets each performance obligations.

  The standard is applicable as of 1 January 2017 and early adoption is also possible.

  The Directors expect that the application of IFRS 15 can have an impact on revenue amounts recognized and on the relevant disclosure included in the Group's consolidated financial statements, upon valuation.

- On 24 July 2014, IASB published the final version of IFRS 9 – *Financial instruments*: The document, in relation to the impairment model, requires that the estimate of credit losses be made based on the expected losses model (and not on the incurred losses model used by IAS 39), and introduces a new hedge accounting model. The new standard must be applied as of 1 January 2018.
  The Directors are currently evaluating the possible impacts deriving from the introduction of these amendments on the Group's consolidated financial statements.
- On 13 January 2016, IASB published IFRS 16 *Leases*. The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to distinguish leases from service contracts, the differences lying in: the identification of the asset, the right to replace the asset, the right to essentially receive all the financial benefits arising from the use of the asset, and the right to control the use of the asset underlying the contract. The standard introduces a single lessee accounting model, by which an asset under a lease, including an operating lease, is recognized in assets with an offsetting financial liability. The model also provides the possibility of not recognizing as leases those contracts regarding low-value assets and leases with a term of 12 months or less. Conversely, the standard introduces no material changes for the lessor.
  The standard is applicable as of 1 January 2019; early adoption is allowed only for those companies that have applied IFRS 15 *Revenue from Contracts with Customers* in advance.
  The Directors are currently evaluating the possible impacts deriving from the introduction of these amendments on the Group's consolidated financial statements.

7. USE OF ESTIMATES

The drafting of these financial statements and the notes required the use of estimates and assumptions by the Directors, which have an impact on the value of assets and liabilities and on the disclosures relating to potential assets and liabilities at closing, based on the application of the IAS/IFRS accounting standards.

Estimates and assumptions, based on the current status of information available and including information on the shrinking markets in which the Group operates, are examined periodically and effects are reflected in income statement.

The most significant accounting estimates are outlined below.

Goodwill and intangible assets
The value reduction relating to goodwill and intangible assets is tested for impairment by comparing the book value of the Cash Generating Units and the relevant recoverable value, represented by the higher between fair value and the value in use. This process includes, among others, the application of methods such as discounted cash flow, with the relevant assumptions.

Provision for advances to authors
The Group estimates the risk that advances paid to authors of literary works published or to be published may be fully or partially offset by copyrights accrued following publication.

Depreciation of inventory
The Group estimates the amount of inventory to subject to impairment loss based on specific analyses ascertaining finished product marketability and the relevant turnover rates, and, for orders in progress, the Group considers the relevant risk of failed completion.

Provision for bad debt

The ability to recover bad debt is calculated by taking into account the risk of collection failure, the period of time receivables have been outstanding and any losses sustained in the past on similar debts.

Future returns

In the publishing sector it is accepted practice that unsold books and magazines are returned to the publisher under pre-established conditions.
Therefore, at the end of each financial year the Group measures the quantities that are expected to be returned in the following year: this estimate is based on historical statistics and takes into account also the level of circulation.

Provision for risks

Provisions made in relation to costs for judicial, fiscal and arbitration disputes are based on complex estimates that take into account the probability of losing the disputes.

Post-employment benefits

Provisions made in relation to funds in favour of employees are based on actuarial assumptions: any changes in the underlying assumptions may have significant effects on them.

Income tax

Income tax (both current and deferred) is calculated based on the applicable rates in each individual country in which the Group operates, according to a prudent interpretation of currently applicable tax laws.

8. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS

Business combinations are recognized using the purchase cost method pursuant to IFRS 3.

Upon acquisition date, assets and liabilities pertaining to the transaction are recognized at fair value, except for any anticipated and deferred taxes and assets and liabilities relating to benefits in favour of employees, any stock option plans as well as assets classified as held for sale, which are valued according to the relevant reference standard.

Accessory charges relating to the transaction are recognized under income statement in the financial year in which they are incurred.

Goodwill represents the difference between acquisition price, minority shareholders' equity and the fair value of any interest previously held in the acquired company against the fair value of the net assets and liabilities acquired upon completion of the transaction.

When the value of the net assets and liabilities purchased on the acquisition date exceeds the acquisition price, the minority shareholders' equity and the fair value of any interest previously held in the acquired company, such excess amount is recognized under income statement in the year in which the acquisition transaction is completed.

Minority Shareholders' equity may be valued, at acquisition date, either at fair value or pro-rata of the net assets recognized for the acquired company.

The valuation method is selected on a case-by-case basis.

For the purpose of calculating goodwill, any prices relating to the acquisition subject to the conditions of, and envisaged by business combination contracts, are valued at fair value as at the acquisition date and included in the relevant acquisition price.

Any subsequent changes in the fair value, referred to as adjustments deriving from additional information provided about facts and circumstances existing on the business combination completion date and in any case identified within the subsequent twelve months, are retroactively included in the value of goodwill.

In case of business combinations accomplished in subsequent steps, the interest previously held in the acquired company is subject to revaluation at fair value from the date of control acquisition and any resulting income or loss is recognized under income statement in the year in which the transaction is completed.

Should the values of the assets and liabilities acquired be incomplete as at the date of drafting of these financial statements, the Group recognizes provisional values that will be later subject to adjustments in the financial year of reference within twelve months thereafter, so as to take into account any new information about facts and circumstances existing at the acquisition date, that, if made available earlier, would have had an impact on the value of the assets and liabilities recognized on that same date.

Business combinations completed before 1 January 2010 are recognized pursuant to the provisions contained in the previous version of IFRS 3.

9. NON-RECURRING INCOME AND EXPENSES

As required by Consob resolution no. 15519 of 27 July 2006, income and expenses deriving from non-recurring transactions are recognized under income statement.
Transactions and events are considered non-recurring when, by nature, they do not occur repeatedly during normal business operations.
The relevant effects have been outlined in a separate table in these “Explanatory notes to the financial statements”.

10. ACQUISITIONS AND TRANSFERS IN THE PERIOD

The main transactions that have had an impact on the Group’s consolidation scope are outlined below:

Transfer of Sporting Club Verona S.r.l.
On 13 February 2015, Arnoldo Mondadori Editore S.p.A. transferred the entire equity interest held in Sporting Club Verona S.r.l., which resulted in a capital loss of 125 thousand euro.

The Company acted as manager of the sports centre owned by the Group named Sporting Club Verona. At the same time of the transfer, a rental agreement was signed with the buyer, under which the buyer has an option to purchase the property.

Acquisition of the minority interest in London-Boutiques
On 4 June 2015, Mondadori International Business S.r.l. exercised the option to acquire the minority interest in the share capital of Mondadori UK Ltd, for a consideration corresponding to the pro-quota amount acknowledged in the purchase/disposal of the majority of shares (92.13%) in May 2014.

The acquisition is not dealt with as a business combination under IFRS 3, and no further goodwill arose other than the goodwill recognized on the acquisition of the majority interest.

Acquisition of 50% of Gruner+Jahr/Mondadori

On 1 July 2015, Arnoldo Mondadori Editore S.p.A. completed the acquisition of 50% of Gruner+Jahr Mondadori S.p.A., publisher also of the monthly *Focus*, increasing its interest to 100%.

The consideration for the sale and purchase of the shares, adjusted at closing, amounted to 1,500 thousand euro.

The transaction is dealt with as a business combination under IFRS 3; the standard requires the acquirer to allocate the cost of the business combination by measuring the fair value of all assets, liabilities and contingent liabilities in order to meet the recognition criteria at the acquisition date.

Following identification of the assets and liabilities, an independent expert was tasked with measuring the fair value of the intangible assets acquired, specifically, of the Focus trademark and the list of subscribers to the magazine.

The Income Approach (the royalty method in particular) was used to determine the fair value of the trademark; an income approach was used to evaluate the customers/subscribers list, making an estimate of income generated by the existing subscribers list during its residual life.

On completion of the purchase price allocation process, supported in the determination of the identified intangible assets by an independent expert evaluation, the summary data of the business combination are:

(euro/000)	**Fair value**
Focus trademark	3,494
Customers/subscribers list	1,684
Other intangible assets	94
Other assets	10,432
Cash and cash equivalents	1,570
Provision for risks	(6,073)
Other liabilities	(10,452)
Goodwill	2,251
Net acquired assets	**3,000**
Consideration Paid (on 100%)	3,000

Transfer of 80% of Monradio's share capital

On 30 September 2015, Arnoldo Mondadori Editore S.p.A. transferred to Reti Televisive Italiane S.p.A., a subsidiary of Mediaset S.p.A., 80% of the share capital of Monradio S.r.l., which owns the R101 radio station.

The consideration for the transaction was 36,800 thousand euro, adjusted downwards under the agreement between the parties by 411 thousand euro.

The transaction changed the consolidation method of Monradio S.r.l. from line-by-line to equity, the recognition of the amount of the residual interest of 9,200 thousand euro, and the recognition of an impairment loss of 5,592 thousand euro under "Profit/(loss) from discontinued operations".

Transfer of Harlequin Mondadori
On 30 September 2015, Arnoldo Mondadori Editore S.p.A. completed the transfer to Harlequin Italia S.p.A. of the entire interest in the equally-held joint venture Harlequin Mondadori S.p.A., for a consideration of 8,300 thousand euro.

The transaction resulted in a gain of 7,582 thousand euro.

Acquisition of the minority interest in Kiver
On 26 October 2015, the Shareholders' Meeting of Kiver S.r.l. resolved to reduce the share capital to zero to partly cover losses incurred at 30 September 2015.
Subsequent resetting of the share capital was subscribed by Arnoldo Mondadori Editore S.p.A. alone, which became the sole shareholder of the company.

At the same time of the transaction, the option right on the purchase of the minority interest provided under the agreement for the acquisition of the control of the company lapsed, while the earn-out provisions on the purchase of majority shares were cancelled.

The acquisition is not dealt with as a business combination under IFRS 3, and no further goodwill arose other than the goodwill recognized on the acquisition of the majority interest.

11. INFORMATION RELATING TO IFRS 5

The transfer of 80% of the share capital of Monradio S.r.l., as explained in Note 10, resulted in the termination of Mondadori Group operations in the radio publishing segment; the transaction is treated as discontinued operations in the Annual Financial Report at 31 December 2015, under IFRS 5.

"Profit/(loss) from discontinued operations" classifies the net results accrued by Monradio S.r.l. in the first nine months of 2015 and the full year 2014, and impairment - amounting to 5,592 thousand euro - made to align the amounts of net assets subject to transfer to the fair value resulting from the takeover bid.

The balance entries for related parties referred mainly to revenue generated by the sale of advertising space to Mediamond S.p.A.

Result from discontinued operations (euro/000)	2015		2014	
	Discontinued operations	of which with related parties	Discontinued operations	of which with related parties
Revenue	7,732	6,838	11,687	10,628
Cost of services	9,579	827	14,258	1,551
Cost of personnel	1,398	-	1,832	-
Other costs (income)	(151)	112	(15)	22
EBITDA	**(3,094)**	**5,899**	**(4,388)**	**9,055**
Amortization, depreciation and impairment	908	-	1,398	-
EBIT	**(4,002)**	**5,899**	**(5,786)**	**9,055**
Financial income (cost)	(4)	-	(8)	-
Profit before taxes for the year	**(4,006)**	**5,899**	**(5,794)**	**9,055**
Income tax	(860)	-	(1,064)	-
Devaluation	5,592	-	-	-
Result from discontinued operations	**(8,738)**	**5,899**	**(4,730)**	**9,055**
Of which:				
- minority shareholders	**-**	**-**	**-**	**-**
- Group	**(8,738)**	**5,899**	**(4,730)**	**9,055**

12. INTANGIBLE ASSETS

"Intangible assets" decreased versus 2014, due mainly to the transfer of the interest in Monradio S.r.l. (approximately 48 million euro); investments during the year amounted to 14,876 thousand euro, amortization and impairment to 16,229 thousand euro, and disposals further to the R101 transaction, to a residual amount of 86,000 euro.

Intangible assets (euro/000)	31/12/2015	31/12/2014
Intangible assets with finite useful life	180,605	181,173
Intangible assets with indefinite useful life	371,735	420,420
Total intangible assets	**552,340**	**601,593**

Intangible assets with a finite useful life mainly comprised titles published by the Mondadori France Group, such as *TéléStar, Closer, Pleine Vie, Le Chasseur Français,* and *Auto Plus*. The useful life of these assets, each of which represents a Cash Generating Unit, is estimated in thirty years; also EMAS list of customers with subscription is included in the same CGU and the relevant value is amortized over a period of six years.

Intangible assets with finite useful life (euro/000)	**Magazines**	**Customer lists**	**Charges on shop lease contract takeovers**	**Software**	**Licenses, patents and rights**	**Cost of development**	**Other intangible assets - assets in progress and advances**	**Total**
Cost at 31/12/2013	247,200	8,000	31,442	23,799	1,912	248	5,195	317,796
Capital expenditures	-	-	-	1,586	-	3,773	2,030	7,389
Disposals	-	-	(23,999)	(1,129)	-	-	(3)	(25,131)
Changes in the consolidation area	-	-	-	341	-	-	-	341
Other changes	-	-	-	267	(288)	-	185	164
Cost at 31/12/2014	247,200	8,000	7,443	24,864	1,624	4,021	7,407	300,559
Depreciation and impairment loss provision at 31/12/2013	71,319	2,666	16,770	21,407	1,869	248	3,163	117,442
Amortization, depreciation	7,373	1,333	1,349	1,647	27	1,258	496	13,483
Impairment/ (reinstatement of value)	-	-	-	-	-	-	-	0
Disposals	-	-	(10,680)	(1,036)	-	-	(3)	(11,719)
Changes in the consolidation area	-	-	-	245	-	-	-	245
Other changes	-	-	-	221	(279)	-	(7)	(65)
Depreciation and impairment loss provision at 31/12/2014	78,692	3,999	7,439	22,484	1,617	1,506	3,649	119,386
Net book value at 31/12/2013	175,881	5,334	14,672	2,392	43	0	2,032	200,354
Net book value at 31/12/2014	**168,508**	**4,001**	**4**	**2,380**	**7**	**2,515**	**3,758**	**181,173**

The main changes in "Intangible assets with a finite useful life" in 2015 are broken down as follows:

- the acquisition of the remaining 50% in Gruner+Jahr/Mondadori S.p.A., which resulted in the recording of the value of the subscriber list of 1,684 thousand euro and trademarks of 3,494 thousand euro, is shown in "Other intangible assets, assets in progress and advances". The cost related to the subscriber list will be amortized over four years, while the cost for trademarks over twenty years, both taking effect from 2016;
- the investments in software, which concerned:
  - the management system of the network of stores of Mondadori Retail S.p.A. (1,506 thousand euro);
  - enhancement of Mondadori France web sites (970 thousand euro);
  - development of the platform for the sale of digital content and products of Mondadori Education S.p.A. (406 thousand euro);
- the capitalization of pre-printing costs relating to the creation of school textbooks content, including publishing, translation, revision and editing costs and copyrights, for a total of 1,279 thousand euro, classified under "Cost of development" and 1,966 thousand euro under "Other intangible assets". These costs are amortized over three years.

The performance of the impairment test did not reveal any value loss and, therefore, no impairment was recognized; the details appear in the specific chapter.

Intangible assets with finite useful life (euro/000)	**Magazines**	**Customer lists**	**Charges on shop lease contract takeovers**	**Software**	**Licenses, patents and rights**	**Cost of development**	**Other intangible assets - assets in progress and advances**	**Total**
Cost at 31/12/2014	247,200	8,000	7,443	24,864	1,624	4,021	7,407	300,559
Capital expenditures	-	1,684	-	3,340	-	1,279	6,322	12,625
Disposals	-	-	-	(160)	-	-	-	(160)
Changes in the consolidation area	-	-	-	78	(5)	-	13	86
Other changes	-	-	(67)	(1,786)	(527)	1,625	(1,700)	(2,455)
Cost at 31/12/2015	247,200	9,684	7,376	26,336	1,092	6,925	12,042	310,655
Depreciation and impairment loss provision at 31/12/2014	78,692	3,999	7,439	22,484	1,617	1,506	3,649	119,386
Amortization, depreciation	7,373	1,333	4	1,707	6	2,225	501	13,149
Impairment/ (reinstatement of value)	-	-	-	-	-	-	-	0
Disposals	-	-	-	(74)	-	-	-	(74)
Changes in the consolidation area	-	-	-	28	(5)	-	12	35
Other changes	-	-	(67)	(1,847)	(527)	-	(5)	(2,446)
Depreciation and impairment loss provision at 31/12/2015	86,065	5,332	7,376	22,298	1,091	3,731	4,157	130,050
Net book value at 31/12/2014	168,508	4,001	4	2,380	7	2,515	3,758	181,173
Net book value at 31/12/2015	**161,135**	**4,352**	**0**	**4,038**	**1**	**3,194**	**7,885**	**180,605**

Intangible assets with an indefinite useful life include:
• magazines deriving from the acquisition of the business of Silvio Berlusconi Editore S.p.A., including *TV Sorrisi e Canzoni* and *Chi*,
• series of the Books Area;
• trademarks acquired against payment;
• goodwill.

Intangible assets with an indefinite useful life (euro/000)	**Magazines**	**Series**	**Trademarks**	**Radio stations**	**Goodwill**	**Total**
Cost at 31/12/2013	98,158	31,509	6,695	127,041	460,597	724,000
Capital expenditures	-	-	-	248	2,957	3,205
Disposals	(1,935)	-	(3,932)	(414)	-	(6,281)
Changes in the consolidation area	-	-	-	-	373	373
Other changes	-	-	-	-	-	0
Cost at 31/12/2014	96,223	31,509	2,763	126,875	463,927	721,297
Impairment loss 31/12/2013	10,825	-	5,121	79,635	211,309	306,890
Impairment/(reinstatement of value)	-	-	98	-	-	98
Other changes/disposals	(1,935)	-	(3,932)	(244)	-	(6,111)
Impairment loss 31/12/2014	8,890	0	1,287	79,391	211,309	300,877
Net book value at 31/12/2013	87,333	31,509	1,574	47,406	249,288	417,110
Net book value at 31/12/2014	**87,333**	**31,509**	**1,476**	**47,484**	**252,618**	**420,420**

The most significant changes in "Intangible assets with an indefinite useful life" in 2015 are broken down here below:

- the deconsolidation of Monradio S.r.l., as a result of the transfer of 80% of the company shares, which led to the zeroing of the values related to radio broadcasting frequencies and of the R101 trademark, amounting to 372 thousand euro;
- the acquisition of the remaining 50% in Gruner+Jahr/Mondadori S.p.A., which led to the recognition of goodwill amounting to 2,251 thousand euro;
- the impairment, following the impairment process, of goodwill recorded upon acquisition of London Boutique Ltd (now Mondadori UK Ltd) and of Kiver S.r.l., for a total of 3,080 thousand euro.

Intangible assets with an indefinite useful life (euro/000)	**Magazines**	**Series**	**Trademarks**	**Radio stations**	**Goodwill**	**Total**
Cost at 31/12/2014	96,223	31,509	2,763	126,875	463,927	721,297
Capital expenditures	-	-	-	-	2,251	2,251
Disposals	-	-	-	-	-	0
Changes in the consolidation area	-	-	(372)	(126,875)	-	(127,247)
Other changes	-	-	(80)	-	-	(80)
Cost at 31/12/2015	96,223	31,509	2,311	0	466,178	596,221
Impairment loss 31/12/2014	8,890	-	1,287	79,391	211,309	300,877
Impairment/(reinstatement of value)	-	-	-	-	3,080	3,080
Other changes/disposals	-	-	(80)	(79,391)	-	(79,471)
Impairment loss 31/12/2015	8,890	0	1,207	0	214,389	224,486
Net book value at 31/12/2014	87,333	31,509	1,476	47,484	252,618	420,420
Net book value at 31/12/2015	**87,333**	**31,509**	**1,104**	**0**	**251,789**	**371,735**

Amortization, impairment loss and value reinstatement of intangible assets

Amortization in 2014 is shown net of the amounts from Monradio S.r.l., under IFRS 5.

Amortization is in line with the previous year: while the portion relating to "Costs of Development" has increased, for which one third of the cost incurred in 2014 and one third incurred in 2015 has been charged to the income statement, the second year of capitalization, the portion relating to charges from the taking over of the leases of stores has decreased, following the sale in December 2014 of the store in corso Vittorio Emanuele in Milan.

The amortization of the "Magazines" and of the "Customer Lists" solely concern the activities of the Mondadori France Group.

Amortization and impairment loss of intangible assets (euro/000)	**2015**	**2014**
Magazines	7,373	7,373
Customer lists	1,333	1,333
Charges on shop lease contract takeovers	4	1,349
Software	1,707	1,609
Licenses, patents and rights	6	27
Cost of development	2,225	1,258
Other intangible assets	501	496
Total amortization of intangible assets	**13,149**	**13,445**
Amortization of intangible assets	3,080	98
Value reinstatement of intangible assets	-	-
Total amortization (value reinstatement) of intangible assets	**3,080**	**98**
Total depreciation and impairment loss of intangible assets	**16,229**	**13,543**

The availability and use of intangible assets recognized in these financial statements are not subject to any lien or restriction.

Impairment test

Pursuant to IAS 36, assets with an indefinite useful life and goodwill are not subject to amortization but to an impairment test at least once a year or every time there is an indication of impairment.

Assets with a finite useful life are subject to amortization, according to the useful life of each asset, and upon closing assets items are subject to impairment test to verify occurrence of value losses.

At closing, market capitalization is lower than booked equity.
Therefore a first level impairment test was carried out on the *Cash Generating Units* individually, based on the data contained in the corresponding budget plans approved by the Board of Directors of 4 February 2016.

Considering the outcome of the test, the current turbulence in the financial markets and the irrelevant difference between market capitalization and book value, it was deemed unnecessary to proceed with a second level impairment test.

For the purpose of calculating the recoverable value of assets - whichever is higher between fair value and value in use - Mondadori Group identified Cash Generating Units, broken down by the sectors in which the Group operates, with values net of impairment losses identified in the period, as shown in the table below:

Cash Generating Unit (euro/000)	**Magazines**	**Customer lists**	**Series**	**Trademarks**	**Goodwill**	**Total**
Group of CGU magazines former Silvio Berlusconi Editore	83,579				731	84,310
Group of CGU magazines former Elemond	1,647				228	1,875
CGU Einaudi			2,991		286	3,277
CGU Sperling & Kupfer			1,817	30	731	2,578
CGU Mondadori Education			18,933		12,042	30,975
CGU Piemme			7,768	519	5,059	13,346
Group of *CGU* Mondadori France	161,135	2,668			227,711	391,514
Group of *CGU* ex Gruner+Jahr/Mondadori		1,684		3,494	2,251	7,429
Other *CGU*	2,107			555	2,750	5,412
	248,468	**4,352**	**31,509**	**4,598**	**251,789**	**540,716**

Key elements used to calculate the recoverable value:

Cash Generating Unit	**Criterion used**	**Economics**	**Growth rate on terminal value**	**Discounting rate**
Group of CGU magazines former Silvio Berlusconi Editore	Value in use	EBITDA PMT 2016-2018	g = 0	6.92%
Group of CGU magazines former Elemond	Value in use	EBITDA PMT 2016-2018	g = 0	6.92%
CGU Einaudi	Value in use	Cash flow PMT 2016-2018	g = 0	6.92%
CGU Sperling & Kupfer	Fair value	Cash flow PMT 2016-2018	g = 0	6.92%
CGU Mondadori Education	Value in use	Cash flow PMT 2016-2018	g = 0	6.92%
CGU Piemme	Value in use	Cash flow PMT 2016-2018	g = 0	6.92%
Group of *CGU* Mondadori France	Value in use Fair value	EBITDA PMT 2016-2020 Revenue PMT 2016-2020	g = 0 g = 0	6.25% 6.25%
Other *CGU*	Value in use	EBITDA PMT 2016-2018	g = 0	6.92%

Group of CGU magazines former Silvio Berlusconi Editore
The value of magazines with an indefinite useful life, each of which represents a Cash Generating Unit, refers to the acquisition of the company Silvio Berlusconi Editore, completed in 1994. The main magazines acquired are *TV Sorrisi e Canzoni, Chi and Telepiù*.

The recoverable value of the Cash Generating Unit was determined based on the calculation of the value in use which is in turn based on the projections of the cash flows deriving from the relevant budgets for the 2016-2018 three-year period and subsequently approved by the Board of Directors. The abovementioned cash flows were measured based on the current market scenario, considering also the uncertainties relating to the expectations for growth in the sector.

Data is derived from the income statements of the individual magazines, considered representative of the relevant cash flows, taking into account the immediate collection of revenue characterizing magazines. The margins from the magazines also include overhead costs and operating costs.

The economic results used for the projections include taxes; the discount rate before taxes, applied to cash flow projections, is equal to 6.92% (7.15% in 2014) and cash flows beyond the period of analytical projection deriving from medium-term plans, are always assumed as constant (g=0).

After completing the analysis, the directors did not identify any need for impairment on the activities belonging to the Cash Generating Unit under examination nor on its goodwill. The book value coverage percentage is equal to approximately 270%.

Group of CGU magazines former Elemond
The value of magazines with an indefinite useful life, each of which represents a Cash Generating Unit, refers to the acquisition of the Elemond Group, completed in more than one tranche between 1989 and 1994.
The only magazine with a book value is *Interni*.

The recoverable value of the Cash Generating Unit was determined based on the calculation of the value in use which is in turn based on the projections of the cash flows deriving from the relevant budgets for the 2016-2018 three-year period and subsequently approved by the Board of Directors. The abovementioned cash flows were measured based on the current market scenario, considering also the uncertainties relating to the expectations for growth in the sector.

Data is derived from the income statements of the individual magazines, considered representative of the relevant cash flows, taking into account the immediate collection of revenue characterizing magazines. The margins from the magazines also include overhead costs and operating costs.

The economic results used for the projections include taxes; the discount rate before taxes, applied to cash flow projections, is equal to 6.92% (7.15% in 2014) and cash flows beyond the period of analytical projection deriving from medium-term plans, are always assumed as constant (g=0).

After completing the analysis, the directors did not identify any need for impairment on the activities belonging to the Cash Generating Unit under examination nor on its goodwill. The book value coverage percentage is equal to approximately 110%.

Cash Generating Unit Einaudi

This Cash Generating Unit includes *Einaudi* series, acquired indirectly through the transaction completed in more than one instalments between 1989 and 1994 with the Elemond Group.
Considering the changes occurred over time in the structure and in the positioning of the different series of the company acquired, the entire legal entity to which also goodwill acquired upon acquisition is attributed, was considered as cash generating unit for the purpose of the impairment test.

The recoverable value of the Cash Generating Unit was determined based on the calculation of the value in use which is in turn based on the projections of the cash flows deriving from the relevant financial budgets for the 2016-2018 three-year period and subsequently approved by the Board of Directors. The abovementioned cash flows were measured based on the current market scenario, considering also the uncertainties relating to the expectations for growth in the sector.

The cash flows used for the projections include taxes and financial revenue and costs; the discount rate before taxes, applied to cash flow projections, is equal to 6.92% (7.15% in 2014) and cash flows beyond the period of analytical projection deriving from medium-term plans, are always assumed as constant (g=0).

After completing the analysis, the directors did not identify any need for impairment on the activities belonging to the Cash Generating Unit under examination. The book value coverage percentage is equal to approximately 5.150%.

Cash Generating Unit Sperling & Kupfer

This Cash Generating Unit includes the series published by Sperling & Kupfer, a company acquired in 1995.
Considering the changes occurred over time in the structure and in the positioning of the different series of the company acquired, the entire legal entity to which also goodwill acquired upon acquisition is attributed, was considered as cash generating unit for the purpose of the impairment test.

The value in use was determined based on the projections of the cash flows deriving from the relevant financial budgets for the 2016-2018 three-year period and subsequently approved by the Board of Directors. The abovementioned cash flows were measured based on the current market scenario, also considering the uncertainties relating to the expectations for growth in the sector.

The cash flows used for the projections include taxes and financial revenue and costs; the discount rate before taxes, applied to cash flow projections, is equal to 6.92% (7.15% in 2014) and cash flows beyond the period of analytical projection deriving from medium-term plans, are always assumed as constant (g=0).

After completing the analysis, the directors did not identify any need for impairment on the activities belonging to the Cash Generating Unit under examination. The book value coverage percentage is equal to approximately 1.750%.

Cash Generating Unit Mondadori Education

The Cash Generating Unit Mondadori Education includes series and publishing lines referring to the production of text books for the different levels and grades of the Italian school system.

The Cash Generating Unit groups the values deriving from acquisition transactions completed over time. In particular: some publishers acqusition through the Elemond Group transaction between 1989 and 1994 (6,483 thousand euro), the acquisition of the Le Monnier Group between 1999 and 2011 (12,070 thousand euro) and the acquisition of Texto, publisher of school textbooks under the Piemme Scuola trademark, completed in

2004 (380 thousand euro). Goodwill deriving from the abovementioned transactions as a residual portion compared to the higher price paid, and from other acquisitions completed in 1992 (Juvenilia), between 1999 and 2002 (Poseidonia), in 1999 (Mursia) and in 2008 (Edizioni Electa Bruno Mondadori) for a total of 12,042,000 euro add up to the afore indicated values.

The value of the series and goodwill relating to the Cash Generating Unit coinciding with the entire entity was considered, instead of making reference to the residual value of each business unit acquired. This is because, since the transactions were completed over time for the purpose of rationalizing publishing structures, the catalogue composition, the sales network and the business units currently included under the umbrella of Mondadori Education S.p.A. are very different from those acquired and, consequently, no longer representative of the company acquired.

The recoverable value of the Cash Generating Unit was determined based on the calculation of the value in use which is in turn based on the projections of the cash flows deriving from the relevant financial budgets for the 2016-2018 three-year period and subsequently approved by the Board of Directors. The abovementioned cash flows were measured based on the current market scenario, considering also the uncertainties relating to the expectations for growth in the sector.

The cash flows used for the projections include taxes and financial revenue and costs; the discount rate before taxes, applied to cash flow projections, is equal to 6.92% (7.15% in 2014) and cash flows beyond the period of analytical projection deriving from medium-term plans, are always assumed as constant (g=0).

After completing the analysis, the directors did not identify any need for impairment on the activities belonging to the Cash Generating Unit under examination. The book value coverage percentage is equal to approximately 500%.

Cash Generating Unit Piemme

This Cash Generating Unit includes Casa Editrice Edizioni Piemme series, acquired in more than one tranche between 2003 and 2012.
Upon acquisition, the higher price paid compared to accounting values, had not been considered in relation to the attribution to the single series and publishing lines. As a result, for the purpose of pursuing the decision made at that time, the cash generating unit coincides, for the purpose of impairment test, with the entity to which also goodwill transferred upon acquisition is allocated.

The recoverable value of the Cash Generating Unit was determined based on the calculation of the value in use which is in turn based on the projections of the cash flows deriving from the relevant financial budgets for the 2016-2018 three-year period and subsequently approved by the Board of Directors. The abovementioned cash flows were measured based on the current market scenario, considering also the uncertainties relating to the expectations for growth in the sector.

The cash flows used for the projections include taxes and financial revenue and costs; the discount rate before taxes, applied to cash flow projections, is equal to 6.92% (7.15% in 2014) and cash flows beyond the period of analytical projection deriving from medium-term plans, are always assumed as constant (g=0).

After completing the analysis, the directors did not identify any need for impairment on the activities belonging to the Cash Generating Unit under examination. The book value coverage percentage is equal to approximately 430%.

Group of CGU Mondadori France

In August 2006 Mondadori acquired a 100% interest in Emap France Group, the third largest publisher of magazines in France with over forty magazines dedicated to men, women, sports, entertainment and television programmes.
The most important magazines are: *TéléStar*, *TéléPoche*, *Top Santé*, *Biba*, *Pleine Vie*, *Le Chasseur Français*.

Following acquisition and after completion of the purchase price allocation process, the higher price paid against the accounting values acquired, was attributed to the different magazines included in the portfolio and for the residual portion to goodwill.

At first, the magazines, considered assets with an indefinite useful life, had been clustered, each identifying a cash generating unit, but already in July 2008 they have been redefined as separate cash generating units and subjected to amortization based on their useful life estimated in thirty years.

Goodwill, that had been initially allocated proportionately to the clusters, is attributed to the Cash Generating Units, coinciding with the entire French Group.

The recoverable value of the cash generating unit was determined based on the higher between value in use and fair value. In particular, the recoverable value was measured on the single magazines and then, in order to calculate the recoverable value on goodwill, a second test was performed on the entire French Group.

First the value in use was calculated based on the projections of the company's cash flows before taxes, deriving from the relevant budgets of the single magazines for the 2016-2020 period and subsequently approved by the Board of Directors. The cash flows were then calculated based on the current market scenario, considering the significant uncertainties that have had an impact on the advertising market in the last two years, as better described in the Directors' Report on Operations, which includes further details.

Data is derived from the income statements of the individual magazines, considered representative of the relevant cash flows, taking into account the immediate collection of revenue characterizing magazines. The margins from the magazines also include overhead costs and operating costs.

The economic results used for the projections include taxes; the discount rate before taxes, applied to cash flow projections, is equal to 6.25% (6.27% in 2014) and cash flows beyond the period of analytical projection deriving from medium-term plans, are always assumed as constant (g=0).

The directors also deemed it appropriate to determine the fair value of the individual magazines by applying the method of the royalties, based on estimated revenue in the medium term of each magazine.

To calculate the fair value, in addition to assumed revenue, the following parameters were taken into account:
- a royalty rate (ranging from 2% to 9%), measured on each single magazine based on the specific characteristics of the magazine and also based on similar market transactions;
- a residual useful life equal to 22.5 years, aligned with that defined for the calculation of the value in use;
- a revenue growth rate, beyond the last year included in the medium-term plan, equal to zero.

As for royalty rates used, during the year, the Group updated them, with the support of independent experts, to verify their compliance with current market conditions.

After completing the analysis, the directors did not identify any need for impairment.

Subsequently, a second level impairment test was performed with a view to verifying the recoverable value of goodwill allocated to the group of cash generating units represented by the individual magazines.

First the value in use was calculated based on the financial pre-tax result of the entire French Group, deriving from the relevant plans for the 2016-2020 period and for the projection of the relevant cash flows a pre-tax rate equal to 6.25% (6.27% in 2014).

After completing the analysis, the directors did not identify any need for impairment.

The book value coverage percentage is equal to approximately 105%.

Cash Generating Unit former Gruner+Jahr/Mondadori

Effective as of 1 July 2015, Arnoldo Mondadori Editore S.p.A. acquired control over the entire share capital of Gruner+Jahr/Mondadori S.p.A. (now Mondadori Scienza S.p.A), from its previous 50%.
The company is the publisher of several magazines, the most popular including those published under the *Focus* trademark.

Following the acquisition, upon completion of the purchase price allocation process, also supported by the valuation of intangible assets by an independent expert, the greater amount paid, compared to the acquired book values, was attributed to the *Focus* trademark (3,494 thousand euro), to the subscriber list of *Focus* (1,684 thousand euro), and the remaining portion to goodwill (2,251 thousand euro).

The assets identified in the purchase price allocation are qualified as having a finite useful life, except for goodwill; the trademark is amortized over twenty years and the subscriber list over four years, starting from 2016.

At 31 December 2015, given that the acquisition, as previously described, was completed during the year, while the analysis and valuation carried out for the purposes of the purchase price allocation were carried out in the second half of the year, an additional impairment test was considered unnecessary.

Other Cash Generating Units

This group of Cash Generating Units include the values of residual assets.
Specifically:

- Mondolibri S.p.A. bookclub member database, 50% of which was acquired in 2010, for a total of 2,500 thousand euro;
- the difference between the price paid and the fair value of the net assets acquired in 2014, following completion of the acquisition transaction of the majority stake in London-Boutiques Ltd, now Mondadori UK Ltd, and Kiver S.r.l., which was recognized under goodwill, for a total of 3,080 thousand euro.

The recoverable value of the cash generating unit was determined based on the higher between value in use and fair value.

Data used to calculate the value in use are: pre-tax results included in the medium-term plan for the 2016-2018 three-year period; pre-tax discount rate equal to 6.92% (7.15% in 2014), growth factor applied to data in addition to those indicated in the plan, equal to zero (g=0).

The results of the analysis, owing to the poorly positive cash flows, led to the recognition of an impairment loss which reduced the value of goodwill related to the acquisitions of London-Boutiques Ltd and Kiver S.r.l. to zero, for a total of 3,080 thousand euro.

Determination of the rate

The discount rate was defined in terms of weighted average cost of capital (WACC) for the individual Cash Generating Unit/country taken into account and it includes taxes, consistently with the flows used, as requested by IAS 36.55.

WACC is an adjusted risk rate, measured directly based on the cost that the company must bear to collect resources from lending entities, internal and external, to finance any specific investment. WACC expresses an opportunity cost of capital and is calculated as the weighted average of the cost of the risk capital and the cost of the debt capital.

The individual parameters that contribute to the determination of WACC are the following:

- cost of equity (ke) is quantified based on the model of CAPM (Capital Asset Pricing Model) as also requested in IAS 36. Based on CAPM, the cost of equity is determined as the sum resulting from risk free investment performance and a risk premium, determined as a function of the systematic risk on the investment under examination. The risk premium is quantified through the product resulting from the beta coefficient and the difference between the market performance (mp) and risk free (equity risk premium), determined taking into account a sufficiently large time horizon.
  For the purpose of quantification of the individual parameters, the following parameters were taken into account to properly quantify the level of risk included in the Company's cash flows. The risk free rate was determined taking into account the yield to maturity for the securities of the countries to which the Cash Generating Units are referred as at the date of the impairment test. Therefore, the reference rate is not pure risk free, but it includes a premium for the country risk, which is consequently considered and included in the model.
  This quantification considers also any market data affected by marked market speculations. To calculate the beta coefficient, it is necessary to consider Arnoldo Mondadori Editore stock price as quantified by the data provider Bloomberg (0.974 at 31 December 2015). The equity risk premium was calculated based on historical statistics in a 5%-5.75% range;
- the cost of debt (kd) was quantified by making reference to the rate that the company would pay under current market conditions in order to obtain a new medium/long-term loan. The calculation of the Cost of Debt (kd) is based on the analysis of the specific financial structure of the Cash Generating Unit/country of reference. This, considered the specific financial structures of the Cash Generating Units/countries, makes reference to the available market data;
- the average cost of debt is de-taxed as a result of deductibility of interest due from taxable income according to the specific tax rate "t" of the individual Cash Generating Unit/country;
- the weight attributed to equity and third party equity was calculated by taking into account that the financial structure of the Cash Generating Unit/country at the date of reference is that sustainable over the medium-long term and, therefore, reflecting the market average conditions.

Based on the afore described parameters it was possible to determine the WACC by individual Cash Generating Unit/country.

The discounting rate obtained is an amount net of taxes and, therefore, it was subject to conversion to include taxes as specifically requested by IAS 36.55.

Sensitivity to changes in the assumptions

A sensitivity analysis was performed on the discounting rate and the growth rate, equal to zero in the impairment test.

No sensitivity analysis was performed on future cash flows, as they were considered reasonable and achievable, deeming to be able to represent possible execution risks in the discounting rate analysis.

The findings of this analysis confirmed that the results obtained are reasonable and, consequently, confirmed the recoverability of the book values recognized in these financial statements.

13. PROPERTY INVESTMENTS

Values of non-instrumental property owned by the Mondadori Group, the most important part of which regards the Sporting di Verona property.

Property investments (euro/000)	**Land**	**Non-instrumental buildings**	**Total**
Cost at 31/12/2013	976	3,951	4,927
Capital expenditures	-	57	57
Disposals	-	-	0
Other changes	-	-	0
Cost at 31/12/2014	976	4,008	4,984
Depreciation and impairment losses at 31/12/2013	-	1,746	1,746
Amortization, depreciation	-	105	105
Impairment/(reinstatement of value)	-	-	0
Disposals	-	-	0
Other changes	-	-	0
Depreciation and impairment losses at 31/12/2014	0	1,851	1,851
Net book value at 31/12/2013	976	2,205	3,181
Net book value at 31/12/2014	**976**	**2,157**	**3,133**

The changes in 2015 are attributable to amortization and depreciation, amounting to 105 thousand euro.

Property investments (euro/000)	**Land**	**Non-instrumental buildings**	**Total**
Cost at 31/12/2014	976	4.008	4.984
Capital expenditures	-	-	0
Disposals	-	-	0
Other changes	-	-	0
Cost at 31/12/2015	976	4.008	4.984
Depreciation and impairment losses at 31/12/2014	-	1.851	1.851
Amortization, depreciation	-	105	105
Impairment/(reinstatement of value)	-	-	0
Disposals	-	-	0
Other changes	-	-	0
Depreciation and impairment losses at 31/12/2015	0	1.956	1.956
Net book value at 31/12/2014	976	2.157	3.133
Net book value at 31/12/2015	**976**	**2.052**	**3.028**

The fair value of property investments at 31 December 2015 is estimated not to be lower than the net book value.

The use of the assets classified under property investments was not subject to any lien or restriction.

14. PROPERTY, PLANT AND EQUIPMENT

The net amount of “Property, plant and equipment” decreased significantly versus 2014 (-5,727 thousand euro), due mainly to the deconsolidation of Monradio S.r.l. (-4,677 thousand euro).

Investments in the year amounted to 5,936 thousand euro, mainly concentrated in the Retail Area (4,636 thousand euro), in the Mondadori France Group (571 thousand euro) and in Arnoldo Mondadori Editore S.p.A. (384 thousand euro), while depreciation amounted to 6,757 thousand euro.

Mondadori Retail S.p.A. incurred costs for building installations, for the upgrading of leased premises, for the furnishings, furniture and electronic equipment for store sales; the French companies replaced obsolete office machinery; the Parent Company incurred costs for building installations, and office furniture and equipment.

Disposals, amounting to a residual 788 thousand euro, concerned almost fully depreciated assets, and are attributable mainly to the property in Via Sicilia in Rome, which was sold in December.
The transaction resulted in a gain of 13,792 thousand euro.

The table below shows a breakdown of "Property, plant and equipment" in 2014 and 2015:

Property, plant and equipment (euro/000)	**Land**	**Instrumental buildings**	**Plant and equipment**	**Other assets**	**Total**
Cost at 31/12/2013	1,434	19,285	49,371	122,428	192,518
Capital expenditures	-	-	785	4,447	5,232
Disposals	-	-	(8,229)	(11,283)	(19,512)
Changes in the consolidation area	-	-	58	(2,214)	(2,156)
Other changes	-	443	251	(711)	(17)
Cost at 31/12/2014	1,434	19,728	42,236	112,667	176,065
Depreciation and impairment losses at 31/12/2013	-	12,177	37,642	101,939	151,758
Amortization, depreciation	-	696	3,200	6,562	10,458
Impairment/(reinstatement of value)	-	329	-	265	594
Disposals	-		(7,875)	(10,944)	(18,819)
Changes in the consolidation area	-		51	(1,914)	(1,863)
Other changes	-	65	365	(428)	2
Depreciation and impairment losses at 31/12/2014	0	13,267	33,383	95,480	142,130
Net book value at 31/12/2013	1,434	7,108	11,729	20,489	40,760
Net book value at 31/12/2014	**1,434**	**6,461**	**8,853**	**17,187**	**33,935**

Property, plant and equipment (euro/000)	**Land**	**Instrumental buildings**	**Plant and equipment**	**Other assets**	**Total**
Cost at 31/12/2014	1,434	19,728	42,236	112,667	176,065
Capital expenditures	-	-	1,193	4,743	5,936
Disposals	-	(3,276)	(849)	(1,262)	(5,387)
Changes in the consolidation area	(321)	(1,490)	(24)	(15,002)	(16,837)
Other changes	-	-	1,750	(4,888)	(3,138)
Cost at 31/12/2015	1,113	14,962	44,306	96,258	156,639
Depreciation and impairment losses at 31/12/2014	-	13,267	33,383	95,480	142,130
Amortization, depreciation	-	529	2,661	3,567	6,757
Impairment/(reinstatement of value)	-	-	-	-	0
Disposals	-	(3,139)	(762)	(1,247)	(5,148)
Changes in the consolidation area	-	(614)	(4)	(11,536)	(12,154)
Other changes	-	-	-	(3,154)	(3,154)
Depreciation and impairment losses at 31/12/2015	0	10,043	35,278	83,110	128,431
Net book value at 31/12/2014	1,434	6,461	8,853	17,187	33,935
Net book value at 31/12/2015	**1,113**	**4,919**	**9,028**	**13,148**	**28,208**

"Other tangible assets" is broken down as follows:

Other tangible assets (euro/000)	31/12/2015	31/12/2014
Industrial and commercial equipment	471	3,704
Electronic office equipment	1,815	1,715
Office furniture, and machines	5,083	5,493
Motor vehicles and transport vehicles	2	5
Leasehold improvements	4,373	4,329
Other assets	25	63
Assets under construction and advances	1,379	1,878
Total other tangible assets	**13,148**	**17,187**

Depreciation of property, plant and equipment

Depreciation in 2014 is shown net of the amounts from Monradio S.r.l., under IFRS 5.

Depreciation dropped versus the previous year, due mainly to the disposal in December 2014 of the store in corso Vittorio Emanuele in Milan.

Depreciation of property, plant and equipment (euro/000)	2015	2014
Instrumental buildings	529	606
Plant and equipment	2,661	3,200
Equipment	152	254
Electronic office equipment	1,160	1,445
Office furniture	1,364	1,581
Motor vehicles and transport vehicles	3	6
Leasehold improvements	880	1,992
Other assets	8	14
Total depreciation of property, plant and equipment	**6,757**	**9,098**
Depreciation of tangible assets	-	594
Value reinstatement of tangible assets	-	-
Total depreciation (reinstatement of value) of tangible assets	**0**	**594**
Total depreciation and impairment loss of tangible assets	**6,757**	**9,692**

Leased assets

There are currently no leasing contracts in place; in the previous years some assets were redeemed, the most relevant being a warehouse property close to Casale Monferrato.

15. EQUITY INVESTMENTS

“Investments booked at equity” and “Investments in other companies” amounted to a total of 44,900 thousand euro, and increased as a result of the booking of the remaining 20% interest in Monradio S.r.l., now measured at equity.

Investments (euro/000)	**31/12/2015**	**31/12/2014**
Investments booked at equity	44,457	39,201
Investments in other companies	443	443
Total investments	**44,900**	**39,644**

2015 was marked by a number of extraordinary transactions that resulted in a significant change in the book value of investments:

- transfer of 80% of Monradio S.r.l. and the recording of 20% of the fair value as cost of the investment (9,200 thousand euro), which resulted in a change in the consolidation method, from line-by-line to equity;
- acquisition of 50% of Gruner+Jahr/Mondadori S.p.A., which allowed the Mondadori Group to gain control of the entire share capital, and which led to the line-by-line consolidation of the investment, in place of the equity method, adopted up until 30 June (-1,500 thousand euro);
- transfer of the interest in Harlequin Mondadori S.p.A. (-718 thousand euro);
- capital increases in favour of Mediamond S.p.A. for 1,250 thousand euro and EMAS Digital for 3,920 thousand euro.

Dividends received by the Group in 2015 amounted to 1,083 thousand euro, and were paid out by Harlequin Mondadori S.p.A., Edizioni EL S.r.l. and Mondadori Independent Media LLC.

The pro-rata results in the year of the companies booked at equity came to a positive 3,513 thousand euro and to a negative 1,938 thousand euro; Note 36 includes details broken down by company.

Equity investments - Investments booked at equity (euro/000)	Net value
Balance at 31/12/2013	38,187
Changes in 2014:	
- purchases and changes in consolidation area	2,078
- changes in consolidation method	-
- disposals and other changes	644
- revaluations	3,488
- devaluation	(4,290)
- *impairment*	-
- dividends	(906)
Balance at 31/12/2014	**39,201**
Changes in 2015:	
- purchases and changes in consolidation area	5,653
- changes in consolidation method	7,700
- disposals and other changes	(4,589)
- revaluations	3,513
- devaluation	(1,938)
- impairment	(4,000)
- dividends	(1,083)
Balance at 31/12/2015	**44,457**

Investments booked at equity - Details (euro/000)	31/12/2015	31/12/2014
Investments in joint ventures:		
- Mondadori Scienza S.p.A.	-	1,213
- Harlequin Mondadori S.p.A.	-	861
- Edizioni EL S.r.l.	3,298	3,198
- Attica Publications Group	15,575	19,306
- ACI - Mondadori S.p.A.	-	88
- Mediamond S.p.A.	2,042	1,281
- Mondadori Independent Media LLC	528	605
- Mondadori Seec Advertising Co. Ltd	4,445	2,613
Total investments in joint ventures	**25,888**	**29,165**
Investments in associates:		
Monradio S.r.l.	8,993	-
- Mach 2 Libri S.p.A.	2,120	2,959
- GD Media Service S.r.l.	182	356
- Società Europea di Edizioni S.p.A.	7,189	6,617
- Venezia Accademia Società per i servizi museali S.c.ar.l.	52	52
- Campania Arte S.c.ar.l.	23	22
- Consorzio Covar (in liquidation)	2	2
- Consorzio Forma	1	1
- Milano Cultura S.c. a r.l.	-	17
- Consorzio Scuola Digitale	7	10
Total investments in associates	**18,569**	**10,036**
Total investments booked at equity	**44,457**	**39,201**

"Investments in other companies" increased from the subscription of Mulino S.p.A. shares, left unsubscribed by other shareholders, for 96 thousand euro, and decreased by an equal amount following the deconsolidation of Monradio S.r.l., which held interests in Audiradio and a number of consortia in the radio-broadcasting sector.

Equity investments - Investments in other companies (euro/000)	**Net value**
Balance at 31/12/2013	442
Changes in 2014:	
- purchases and changes in consolidation area	1
- disposals and other changes	-
- changes in consolidation method	-
- devaluation	-
- impairment	-
Balance at 31/12/2014	**443**
Changes in 2015:	
- purchases and changes in consolidation area	96
- disposals and other changes	(96)
- changes in consolidation method	-
- devaluation	-
- impairment	-
Balance at 31/12/2015	**443**

"Investments in other companies":

Investments in other companies - Details (euro/000)	**31/12/2015**	**31/12/2014**
Investments in other companies:		
- Milano Distribuzione Media S.r.l.	164	164
- Società Editrice Il Mulino S.p.A.	197	101
- Consuledit S.r.l.	1	1
- Consorzio Sistemi Informativi Editoriali Distributivi	10	10
- Immobiliare Editori Giornali S.r.l.	52	52
- Audiradio	-	23
- Consorzio Forte Montagnolo	-	1
- Consorzio Riqualificazione Monte Gennaro	-	1
- Consorzio Camaldoli 1	-	2
- Consorzio Antenna Colbuccaro	-	8
- Aranova Freedom S.c.ar.l.	-	30
- Club Dab Italia	-	30
- Consorzio Edicola Italiana	10	10
- CTAV	6	6
- Consorzio CEP	-	1
- Sem Issy Media	3	3
Total investments in other companies	**443**	**443**

Impairment test

Mondadori Group measures the value in use in order to verify the recoverable value of equity investments; when in determining this value an impairment loss is identified, before proceeding with devaluation, the fair value is calculated after having deducted the estimated cost of disposal.

Impairment tests are carried out for each individual investment representing a separate Cash Generating Unit.

For the purpose of calculating value in use, projections contained in the 3-5-year plans drafted by the individual companies were used, as integrating part of the medium-term Plan, approved by Mondadori Board of Directors on 4 February 2016.

The expected cash flows of each individual investment was discounted based on WACC differentiated by country:

- for Italian subsidiaries, the rate applied was 6.92%;
- for French subsidiaries, the rate applied was 6.25%;
- for the investment in the Attica Group, the rate applied was 11.69%.

For the Italian and French subsidiaries, the growth rate on the terminal value was kept equal to zero (g = 0); for Attica growth rates in the range from zero to 3% were taken into account (g comprised between 0 and 3%) in order to account for the differences between businesses and the geographic areas in which the Group operates.

The performance of the impairment test required no adjustments to the value of investments, further to the impairment accounted for in the year for Attica, amounting to 4 million euro.
The book value coverage percentage is equal to approximately 100%.

16. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

“Deferred tax assets” and “Deferred tax liabilities” increased the negative balance by 463 thousand euro.

(euro/000)	31/12/2015	31/12/2014
IRES on tax losses	21,985	30,890
Pre-paid IRES	38,221	45,337
Pre-paid IRAP	1,870	2,655
Total deferred tax assets	**62,076**	**78,882**
Deferred IRES	64,275	77,258
Deferred IRAP	3,694	4,399
Total deferred tax liabilities	**67,969**	**81,657**

“Deferred tax assets” dropped from 78,882 thousand euro to 62,076 thousand euro.

- “IRES on tax losses” came to 21,985 thousand euro, dropping sharply versus the amount at 31 December 2014, as a result of the transfer of Monradio S.r.l., which contributed approximately 7.5 million euro to the balance, of the adjustments to the taxable base of the various Group companies made when preparing the UNICO tax form, and of their adjustment to the 24% tax rate:
  - deferred tax assets recognized on tax losses refer to the possible benefits resulting from the compensatory use of the losses generated by the Mondadori Group in the last financial years, transferred to the fiscal unit under the parent company Fininvest S.p.A. following the adherence to the national tax consolidation regime (pursuant to art. 117 and following of the Italian Presidential Decree no. 917/1986) for the 2013-2015 three-year period.

    As of the date of these financial statements, the conditions of renewal of the abovementioned option for the 2016-2018 three-year period are currently being defined, including the remuneration mechanisms for any transferred loss; it should be noted that the adhering companies, in the assumption of non-renewal of the option, are entitled to be assigned losses transferred and not yet used.

    With regard to the recoverability of the recorded amounts, the Directors have also considered:
    - the right to carry forward tax losses without time restrictions;
    - the projections made in the 2016-2018 three-year Plan approved by the Board of Directors and the prepared tax planning documents;

      Based on the above elements, the tax benefits that have been transferred to date have been deemed to be fully recoverable.
  - The 2016 Stability Act has provided for a reduction of the IRES tax rate, starting from tax periods following the period at 31 December 2016. In keeping with IAS 12.47, taking into account the tax planning documents prepared, the value of pre-paid taxes was updated, attributing the valuation difference with the previous year to the tax line of the income statement.

“Other pre-paid tax assets” dropped, due to:

- adjustment to the 24% IRES rate, effective from 2017, for the temporary differences estimated to arise from 2017 onwards;
- partial use of a number of taxed provisions;
- deconsolidation of Monradio S.r.l. for an amount of 338 thousand euro.

Temporary differences that led to the recognition of pre-paid taxes

(euro/000)	31/12/2015			31/12/2014		
	Amount of temporary differences	Current tax rate	Pre-paid Taxes	Amount of temporary differences	Current tax rate	Pre-paid Taxes
Differences between book and tax value of intangible assets	2,871	(*)	660	3,569	(*)	981
Difference between book and tax value of property investments and investments in property, plant and equipment	1,584	(*)	380	2,570	(*)	707
Provision for bad debt	26,874	(*)	6,675	30,285	(*)	8,406
Depreciation of inventory	14,197	(*)	3,412	13,776	(*)	3,788
Provision for advances to authors	22,979	(*)	5,519	21,617	(*)	5,945
Provisions	52,299	(*)	12,713	48,414	(*)	13,355
Post-employment benefits	11,233	(*)	3,595	14,075	(*)	4,473
Elimination of intercompany income	10,016	(*)	2,404	10,496	(*)	2,885
Other temporary differences	10,335	(*)	2,863	16,795	(*)	4,797
Total for IRES purposes	**152,388**		**38,221**	**161,597**		**45,337**
Differences between book and tax value of intangible assets	6,949	(*)	271	7,246	(*)	283
Difference between book and tax value of property investments and investments in property, plant and equipment	487	(*)	19	946	(*)	37
Depreciation of inventory	12,641	(*)	493	11,715	(*)	457
Provision for advances to authors	10,641	(*)	415	14,396	(*)	561
Provisions	3,010	(*)	117	11,403	(*)	445
Post-employment benefits	2,923	(*)	114	4,221	(*)	165
Elimination of intercompany income	10,016	(*)	391	10,496	(*)	410
Other temporary differences	1,282	(*)	50	7,629	(*)	297
Total for IRAP purposes	**47,949**		**1,870**	**68,052**		**2,655**

(*) It should be noted that, with reference to income tax, each Group company applied the tax rate applicable in the country of residence. As for IRAP, each Group company applied the tax rate in force taking into account taxable income differences by region.

“Pre-paid tax liabilities” dropped, due to:
- the deconsolidation of Monradio S.r.l. for an amount of 8,555 thousand euro;
- adjustment to the 24% IRES rate effective from 2017, for the temporary differences estimated to arise from 2017 onwards.

Temporary differences that led to the recognition of deferred taxes

(euro/000)	31/12/2015			31/12/2014		
	Amount of temporary differences	**Current tax rate**	**Deferred Taxes**	**Amount of temporary differences**	**Current tax rate**	**Deferred Taxes**
Capital gains in instalments	-	(*)	-	-	(*)	-
Differences between book and tax value of intangible assets	219,226	(*)	63,529	244,679	(*)	75,111
Difference between book and tax value of property investments and investments in property, plant and equipment	2,003	(*)	481	2,449	(*)	673
Post-employment benefits	613	(*)	148	522	(*)	143
Assets in leasing	-	(*)	-	497	(*)	137
Other temporary differences	427	(*)	117	4,342	(*)	1,194
Total for IRES purposes	**222,269**		**64,275**	**252,489**		**77,258**
Capital gains in instalments	-	(*)	-	-	(*)	-
Differences between book and tax value of intangible assets	92,682	(*)	3,615	107,872	(*)	4,207
Difference between book and tax value of property investments and investments in property, plant and equipment	1,627	(*)	63	1,718	(*)	67
Post-employment benefits	403	(*)	16	436	(*)	17
Assets in leasing	-	(*)	-	497	(*)	19
Other temporary differences	-	(*)	-	2,282	(*)	89
Total for IRAP purposes	**94,712**		**3,694**	**112,805**		**4,399**

(*) It should be noted that, with reference to income tax, each Group company applied the tax rate applicable in the country of residence.
As for IRAP, each Group company applied the tax rate in force taking into account taxable income differences by region.

It should be noted that no deferred taxes were allocated for undistributed income of subsidiaries and associates.

17. OTHER NON-CURRENT ASSETS

“Other non-current assets”, consisting mainly of deposits for leases and of guarantees for commitments undertaken with Public Entities for the organization of exhibitions and events, dropped versus 31 December 2014, as a result of the refund of a number of these activities obtained in the Retail Area.

Other non-current assets (euro/000)	**31/12/2015**	**31/12/2014**
Guarantee deposits	1,348	1,637
Confirmation deposits	2	-
Other	116	211
Total other non-current assets	**1,466**	**1,848**

18. TAX RECEIVABLES AND PAYABLES

Tax receivables (euro/000)	**31/12/2015**	**31/12/2014**
Receivables due from the Inland Revenue Office for IRAP	1,764	1,393
Receivables due from the Inland Revenue Office for IRES	212	2,890
Receivables due from Fininvest for IRES	6,107	8,625
Receivables due from Inland Revenue Office for VAT, direct taxes to recover and advances on disputes	31,731	37,132
Total tax receivables	**39,814**	**50,040**

"Tax receivables" at 31 December 2015 decreased by 10,226 thousand euro:

- the IRAP tax receivable increased versus 31 December 2014 (371 thousand euro), as a result of the effect of the changed legislation that introduced the deductibility of the cost of permanent labour for the purposes of measuring the tax. Although the Group companies followed the forecasting method to define the amount of the second advance payment for 2015, the final tax burden, as shown in Note 38, came to a much lower amount than the previous year (2,256 thousand euro versus 5,105 thousand euro);
- "Receivables due from the Inland Revenue Office for IRES" dropped significantly (2,678 thousand euro), as a result of the transfer of the interest in Monradio S.r.l.. In fact, at 31 December 2014, almost all the amount included receivables relating to Monradio S.r.l. in application of art. 2 of Italian Legislative Decree n. 225 of 29 December 2010, amended by Italian Law n. 214 of 22 December 2011, which introduced the possibility for companies with a tax loss and/or a statutory loss to "transform" pre-paid taxes resulting from misalignments relating to the value of goodwill and other intangible assets into tax receivables to be offset.
- "Receivables due from Fininvest for IRES" included:
  - IRES amount to be recovered following the partial deductibility of IRAP for the 2005-2007 and 2007-2011 periods. The relevant application forms for reimbursement were filed in 2008 and 2013 respectively (5,719 thousand euro). In 2015, the amount subject to reimbursement for 2006 and 2007 for a total of 1,986 thousand euro was collected;
  - withholdings paid for 388 thousand euro;
- the marked decrease in "Receivables due from the Inland Revenue Office for VAT, direct taxes to be recovered and advances for disputes" was mainly attributable to the VAT reimbursement collected in 2015 relating to 2009-2011 for Mondadori Retail S.p.A., and 2013 for Arnoldo Mondadori Editore S.p.A. and Edizioni Piemme S.p.A., for a total amount of 8.5 million euro. This item included:
  - VAT subject to reimbursement for 10,751 thousand euro, most of which (10,476 thousand euro) referring to 2014 VAT of Arnoldo Mondadori Editore S.p.A.;
  - VAT carried forward (4,099 thousand euro), whose application for reimbursement will be filed in 2016 for 2,936 thousand euro;
  - VAT receivable due to Fininvest S.p.A., whose tax consolidation regime became effective for Mondadori Group companies on 1 January 2014, for 2,679 thousand euro (1,815 thousand euro at 31 December 2014);
  - VAT receivable relating to Mondadori France for 2,878 thousand euro (3,500 thousand euro at 31 December 2014);

- receivables for tax disputes for a total of 11,324 thousand euro; the increase versus 31 December 2014, amounting to 2,866 thousand euro, is attributable to the payment of taxes due following the Regional Tax Commission's decision on the dispute with Arnoldo Mondadori Editore S.p.A. regarding the year 2005, described below. The amounts referred to the payment of some tax demands received by Group companies in relation to pending tax disputes. Following tax audits by the Finance Police, a few reports were made on a number of companies:
  - Arnoldo Mondadori Editore S.p.A. for the years 1996-1997-1998-1999, following inspection by the Italian Social Security Division for Journalists and the Finance Police, the Inland Revenue Office notified tax assessments containing the request for additional IRPEF amounts for a total of 186 thousand euro plus applicable ancillary charges as a result of failed payment of withholding taxes. The Company filed an appeal before the Tax Commission. In this respect, the following should be noted:
  - for the tax assessments relating to 1996 and 1998, the Provincial Tax Commission rejected the appeal filed by the Company. An appeal has been filed before the Regional Tax Commission against this decision;
- the tax assessment relating to 1999 was cancelled by the Provincial Tax Commission; the Division filed an appeal before the Regional Tax Commission; the Regional Tax Commission suspended the proceedings pending resolution of the proceedings before the labour judge.
  Arnoldo Mondadori Editore S.p.A. for the year 2004, the Central Division of the Lombardy Region submitted findings relating to the application of a 12.50% withholding tax on the interest paid on a loan stock in favour of a subsidiary for a total of 999 thousand euro, plus applicable ancillary charges; against such assessment proceedings have been filed with the Court of Cassation.
- Arnoldo Mondadori Editore S.p.A. for the year 2005, the Central Division of the Lombardy Region challenged the omitted payment of a 12.5% withholding tax for a total of 3,051 thousand euro plus applicable ancillary charges by means of a tax assessment, in relation to interest paid on a bond loan stated in 2004. Against such assessment, an appeal is currently pending before the Court of Cassation;
- Mondadori Retail S.p.A. received tax assessments for IRES, IRAP and VAT relating to the 2003-2006 tax years. All these tax assessments have been challenged before the Provincial Tax Commission, which accepted the appeals. The Office filed an appeal before the Regional Tax Commission, which confirmed the first instance ruling, annulling the contested acts. As for IRAP for 2004, the Division filed an appeal before the Court of Cassation after receiving the cancellation of the assessment notice from the Regional Tax Commission;
- as for Giulio Einaudi Editore S.p.A. the years from 2005 to 2009 are yet still pending; all tax assessments relating to these years have been challenged before the Provincial Tax Commission, which issued a resolution accepting the appeals filed by Einaudi on 25 September 2014. The Inland Revenue Office filed an appeal before the Regional Tax Commission. On 4 May 2015, the Regional Tax Commission of Rome filed a decision by which it accepted the appeal against the second level notice on the same issues pending on the 2006 fiscal year. In November, the Latium Revenue Agency filed an appeal to also overturn the decision. The appeal filed by the Inland Revenue Office before the Court of Cassation against the second instance rulings that confirmed the annulment of the payment notices of the stamp duty of the years 2005, 2006, and 2007, is still pending.

Income tax payables (euro/000)	**31/12/2015**	**31/12/2014**
Payables due to Inland Revenue Office for IRAP	303	49
Payables due to Inland Revenue Office for IRES	378	90
Payables due to Fininvest for IRES	4,765	-
Total income tax payables	**5,446**	**139**

The increase in “Income tax payables”:

- regarding payables due to the Inland Revenue Office, is basically attributable to Mondadori Libri S.p.A. which, in 2015, the first financial year, made no advance payment of taxes and does not adhere to the tax consolidation regime of Fininvest S.p.A.;
- payables to Fininvest S.p.A. increased as a result of the improved economic performance of the Group companies falling within the scope of tax consolidation.

19. OTHER CURRENT ASSETS

“Other current assets” dropped by -10,037 thousand euro, as a result of:

- fewer advances paid to authors in the year, which led to a drop in the related item;
- the increase in the adjustment provision of advances to authors for 2,217 thousand euro;
- the change in “Other receivables due from associates”, amounting to 2,917 thousand euro at 31 December 2014 from Gruner+Jahr/Mondadori S.p.A. (now Mondadori Scienza S.p.A.), consolidated on a line-by-line basis as of 1 July 2015.

Other current assets (euro/000)	**31/12/2015**	**31/12/2014**
Receivables from agents	518	317
Receivables due from authors and employees	83,798	89,155
Provision for advances to authors	(34,024)	(31,807)
Receivables due from suppliers	5,079	6,571
Receivables due from personnel	692	798
Receivables due from social security institutions	2,176	2,381
Receivables for guarantee deposits	415	176
Other receivables due from associates	42	3,081
Prepayments	2,995	2,816
Other	15,959	14,199
Total other current assets	**77,650**	**87,687**

20. INVENTORY

"Inventory" was in line with the figure at 31 December 2014.

Inventory (euro/000)	**31/12/2015**	**31/12/2014**
Raw and ancillary materials and consumables	11,052	9,884
Depreciation for raw and ancillary materials and consumables	(588)	(225)
Total raw and ancillary materials and consumables	**10,464**	**9,659**
Work in progress and semi-finished goods	12,422	13,647
Depreciation of work in progress and semi-finished goods	(1,435)	(1,232)
Total work in progress and semi-finished goods	**10,987**	**12,415**
Contract work in progress	2,487	2,671
Depreciation of contract work in progress	(66)	(102)
Total contract work in progress	**2,421**	**2,569**
Finished products and goods	98,701	98,029
Depreciation of finished products and goods	(14,352)	(14,307)
Total finished products and goods	**84,349**	**83,722**
Advances	-	-
Total inventory	**108,221**	**108,365**

"Raw and ancillary materials and consumables" increased, owing to the change in the scope of consolidation (312 thousand euro), and since some types of paper in 2014 were purchased by the printing service provider, who invoiced consumption.

Out of the value of stocks, amounting to 11,052 thousand euro, 4,506 thousand euro is attributable to the Mondadori France Group, 3,313 thousand euro to the Magazines Italy Area, and 3,175 thousand Euro to the Trade and Educational Books Area; these values were adjusted by a provision for inventory obsolescence of 588 thousand euro.

"Work in progress and semi-finished goods", amounting to 10,987 thousand euro, referred to work orders for Arnoldo Mondadori Editore S.p.A. and Mondadori Scienza S.p.A. magazines (8,004 thousand euro) and to production orders of the Books Area (5,318 thousand euro).

Most of "Contract work in progress" referred to Mondadori France S.A. orders (2,164 thousand euro).

"Finished products and goods" included books produced by the Group, third-party publishers' books purchased for re-sale in the Retail sector and merchandising, paper processing and gifts.

"Finished products and goods", amounting to 84,349 thousand euro, increased by 627 thousand euro, as a result of the increase in stock of the Retail Area (2,776 thousand euro), mitigated by the decrease in stock of the Book Area (1,652 thousand euro), due to a more selective publishing programme from a quantity and quality point of view.

Inventory depreciation was calculated separately and analytically for each Group company, taking into account finished product marketability, any failed revenue generation from orders in progress and semi-finished products, and deterioration of raw materials.

Inventory - Depreciation (euro/000)	**Raw materials**	**Work in progress and semi-finished products**	**Contract work in progress**	**Finished products and goods**
Balance at 31/12/2013	150	1,255	227	13,802
Changes in the year:				
- provisions	173	-	79	4,803
- utilizations	(98)	(23)	(204)	(4,300)
- other changes	-	-	-	2
Balance at 31/12/2014	**225**	**1,232**	**102**	**14,307**
Changes in the year:				
- provisions	476	111	114	5,349
- utilizations	(178)	-	(150)	(5,652)
- other changes	65	92	-	348
Balance at 31/12/2015	**588**	**1,435**	**66**	**14,352**

No inventory is subject to restriction to cover liabilities.

Decrease (increase) of inventory

The economic effects resulting from the changes in inventory and the provisions for their value adjustments are detailed below.

Decrease (increase) of inventory (euro/000)	**2015**	**2014**
Changes in finished products and goods	(295)	13,094
Provision for finished products and goods	5,349	4,803
Utilization of the provisions for finished products and goods	(5,652)	(4,300)
Total changes in inventory of finished products and goods	**(598)**	**13,597**
Changes in work in progress and semi-finished goods	1,369	820
Provision for work in progress and semi-finished goods	111	-
Utilization of work in progress and semi-finished goods	-	(23)
Total changes in work in progress and semi-finished goods	**1,480**	**797**
Changes for contract work in progress	184	283
Provision for contract work in progress	114	79
Utilization of contract work in progress	(150)	(204)
Total changes in contract work in progress	**148**	**158**
Changes in raw and ancillary materials and consumables	(899)	(875)
Provision for raw and ancillary materials and consumables	476	173
Utilization of the provisions for raw and ancillary materials and consumables	(178)	(98)
Total changes in inventory of raw and ancillary materials and consumables	**(601)**	**(800)**
Total decrease (increase) in inventory	**429**	**13,752**

21. TRADE RECEIVABLES

Trade receivables (euro/000)	**31/12/2015**	**31/12/2014**
Receivables due from customers	202,254	219,610
Receivables due from associates	39,481	44,341
Receivables due from parent companies	4	29
Receivables due from affiliates	382	625
Total trade receivables	**242,121**	**264,605**

“Trade Receivables” dropped sharply versus 31 December 2014, due partly to the trend of revenue of the various businesses in which the Group operates, which decreased, while those related to the organization of exhibitions and direct marketing were marked by the rapid speed of collection and by effective debt collection.

“Receivables due from associates” refers to the advertising business performed by Mediamond S.p.A. for the Magazines Area and to book distribution by large retailers performed by Mach 2 Libri S.p.A..
The item dropped versus 31 December 2014, owing to the decrease in revenue in both the above businesses; receivables due from Mediamond S.p.A. and from Mach 2 Libri S.p.A. amounted to 18,672 thousand euro and 18,346 thousand euro respectively (21,326 thousand euro and 20,159 thousand euro at end 2014).
Receivables due from associates, parent companies and affiliates are detailed in Annex “Transactions with related parties”; transactions with related parties are carried out under normal market conditions.

“Customers - returns to receive”, amounting to 131,635 thousand euro, posted an increase in the Magazines Area, both in Italy and in France, while it dropped in the Books Area, also as a result of the reduction in the range of publishing products.

Trade receivables - Receivables from customers (euro/000)	**31/12/2015**	**31/12/2014**
Receivables due from customers	374,055	387,889
Customers – returns to receive	(131,635)	(129,048)
Provision for bad debt	(40,166)	(39,681)
Total receivables from customers	**202,254**	**219,160**

“Trade receivables” did not include amounts due over five years; collection days, calculated with the count back method, amounted to 74.6 in 2015, down versus 79.5 in 2014.

With reference to the provision for bad debt, it should be noted that for each Group company, an accurate analysis is performed of each individual debt item position, considering also the customer solvency rating.

"Other changes" included the portion of the provision for bad debt regarding the risk for the chargeback of losses suffered by the advertising agency, reclassified from the "Provisions" item in liabilities, to provide a more appropriate picture on the adjustment of the value of advertising receivables.

Taking the abovementioned reclassification into account, the bad debt provision increased by 485 thousand euro versus 31 December 2014: in the Retail Area, the increase amounted to 632 thousand euro, as a result of the increase in receivables due from the affiliates of the network of franchised stores; in the Magazines Area, the increase of 894 thousand euro in Italy was partially offset by a decrease of 412 thousand euro in France; in the Books Area, the decrease amounted to 584 thousand euro, as a result of an increase in provisions for new positions and of utilizations for the closing of several significant positions.

Trade receivables - Receivables from customers - Bad debt provision (euro/000)	**31/12/2015**	**31/12/2014**
Balance at beginning of year	35,550	46,365
Changes in the year:		
- provisions	9,168	8,378
- utilizations	(8,757)	(15,024)
- changes in the consolidation area	61	(745)
- other changes	4,144	(3,424)
Total bad debt provision	**40,166**	**35,550**

22. FINANCIAL ASSETS

"Non-current financial assets", amounting to 293 thousand euro, included amounts coming due over 12 months towards third parties relating to Mondadori Magazines France S.a.s.

Non-current financial assets (euro/000)	**31/12/2015**	**31/12/2014**
Financial receivables due from associates	-	-
Financial receivables	293	316
Financial assets at fair value with adjustments recognized under income statement	-	-
Held-for-sale financial assets	-	-
Assets resulting from derivative instruments	-	-
Total non-current financial assets	**293**	**316**

"Other current financial assets", amounting to 2,700 thousand euro, includes:
• the credit positions on current accounts held by the Parent Company with a number of associates;
• the loans to Mondadori Seec Advertising Co. Ltd and Attica, amounting respectively to 378 thousand euro (2,144 thousand euro at 31 December 2014) and 500 thousand euro;
• the loans to Campania Arte S.c. a r.l. and Venezia Accademia S.c. a r.l., amounting to 560 thousand euro.

Other current financial assets (euro/000)	**31/12/2015**	**31/12/2014**
Financial receivables due from customers	-	300
Financial receivables due from associates	1,037	5,429
Financial receivables due from parent companies	-	-
Financial receivables due from affiliates	-	-
Financial receivables due from others	1,663	6,187
Total financial receivables	**2,700**	**11,916**
Financial assets at fair value with adjustments recognized under income statement	-	-
Held-for-sale financial assets	-	-
Assets resulting from derivative instruments	-	-
Total other current financial assets	**2,700**	**11,916**

Assets and liabilities resulting from derivative instruments

Assets and liabilities in derivative instruments - Details (euro/000)	**Type of derivative instrument**	**Fair value at 31/12/2015**	**Fair value at 31/12/2014**
Non-current financial assets (liabilities)			
- Rate derivatives	*Cash flow hedge*	(39)	(1,723)
Current financial assets (liabilities)			
- Currency derivatives	*Trading*	-	-

The Group has adopted a Financial Risk Management policy. The use of derivative instruments is in line with the guidelines contained in such policy. In order to verify hedging efficiency, the Group performs a series of perspective and retroactive tests at least on a quarterly basis.

Trading derivatives refer to transactions that, though established for hedging purposes, do not fully meet the requirements envisaged by the international accounting standards to qualify for hedge accounting.

In the case of the Mondadori Group, trading derivatives only referred to exchange risk management, which is not present in the Group's financial statements at 31 December 2015.

Perspective tests envisage that at the beginning of a hedge transaction and for its entire duration, each individual hedge proves highly effective. This means that any changes in the fair value or cash flow of the hedged item almost completely offset any changes in the fair value or cash flow of the hedged instrument.

Retroactive tests envisage that a hedge proves highly effective, when its results fall in a 80%-125% range. Group criteria to test effectiveness include statistic regression analyses and the Dollar Offset Method or Ratio Analysis.

In addition, the Group calculates the fair value of current hedge transactions on a quarterly basis.

At 31 December 2015, only five transactions were in place to hedge the existing interest rate risk (with BNP Paribas, BPM, Intesa Sanpaolo, Mediobanca and Unicredit), applying to the A1 Term Loan Tranche of the new amortizing pool loan contract concluded in December 2015, coming to maturity in December 2020 for a total notional amount of 150.0 million euro and an average rate of 0.157%.

The table below shows the hedge impact on income statement and equity:

Cash flow hedge reserve (euro/000)	**31/12/2015**	**31/12/2014**
Initial balance gross of the tax impact	(4,350)	(3,512)
Amount recognized in the year	1,232	(321)
Amount endorsed from reserve and recognized under income statement:		
- adjustments to expenses	(632)	(725)
- adjustments to income	-	208
Final balance gross of the tax impact	**(3,750)**	**(4,350)**
Inefficient part of hedge	0	0

23. CASH AND CASH EQUIVALENTS

The item amounted to 30,684 thousand euro, increasing sharply versus 2014; the fair value of cash and cash equivalents is equal to the relevant book value at 31 December 2015.

Cash and cash equivalents (euro/000)	**31/12/2015**	**31/12/2014**
Cash and cash on hand	950	1,117
Bank deposits	28,758	11,360
Postal deposits	976	489
Total cash and cash equivalents	**30,684**	**12,966**

Further details on the changes in cash and cash equivalents are found in the Group consolidated cash flow statement.

The table below shows the Group net financial position in accordance with Consob recommendations.

	Net financial position (euro/000)	31/12/2015	31/12/2014
A	Cash	950	1,117
	- Bank deposits	28,758	11,360
	- Postal deposits	976	489
B	Other cash and cash equivalents	29,734	11,849
C	**Cash and cash equivalents and other financial assets (A+B)**	**30,684**	**12,966**
D	Securities held for trading		
	- Financial receivables due from associates	1,037	5,429
	- Financial assets at fair value	-	-
	- Held-for-sale financial assets	-	-
	- Derivatives and other financial assets	1,663	6,487
E	Receivables and other current financial assets	2,700	11,916
F	**Current financial assets (D+E)**	**2,700**	**11,916**
G	Current payables due to banks	2,260	9,509
	- Bonds	-	-
	- Loans	-	-
	- Borrowings	6,370	35,000
H	Current portion of non-current debt	6,370	35,000
	- Financial payables due to associates	61	2,891
	- Derivatives and other financial liabilities	1,851	3,296
I	Other current financial liabilities	1,912	6,187
L	**Payables due to banks and other current financial liabilities (G+H+I)**	**10,542**	**50,696**
M	**Current net financial position (C+F-L)**	**22,842**	**(25,814)**
	- Bonds	-	-
	- Loans	-	-
	- Borrowings	220,244	260,716
N	Debt non-current portion	220,244	260,716
O	Other non-current financial liabilities	2,309	5,611
P	**Non-current net debt (N+O)**	**222,553**	**266,327**
Q	**Net debt (M-P)**	**(199,711)**	**(292,141)**

Should the balance of “Non-current financial assets”, amounting to 293 thousand euro and not included in the Consob format, be added to the above data, the Group net financial position would be negative for 199,418 thousand euro.

Further information regarding the Group’s net financial position is found in Notes 22, 23 and 28.

24. EQUITY

Equity at 31 December 2015, amounting to 295,509 thousand euro (289,121 thousand euro at 31 December 2014), increased by 6,388 thousand euro, due to the net result for the year.

Share capital

Arnoldo Mondadori Editore S.p.A. share capital amounts to euro 67,979,168.40, divided into no. 261,458,340 ordinary shares with a nominal value of euro 0.26 each.

The legal entity controlling the Mondadori Group is Fininvest S.p.A.

Other reserves and profit/(loss) carried forward

"Other reserves and profit/(loss) carried forward" at 31 December 2015 amounted to 189,643 thousand (176,706 thousand euro at 31 December 2014) and included:

- a legal reserve of 13,490 thousand euro;
- a revaluation reserve used over the years for a total of 16,711 thousand euro;
- a cash flow hedge reserve, negative for 2,523 thousand euro, net of the relevant tax impact, for the valuation of hedge derivatives;
- a stock option reserve, amounting to 268 thousand euro serving the stock option plans granted to Group directors and managers. The reserve decreased in 2015, as a result of the expiry of the stock option plan of 2009;
- a reserve for post-employment discounting, net of the relevant tax impact, for a positive 482 thousand euro;
- the conversion reserve, negative for 138 thousand euro, mainly resulting from the conversion of the financial statements of Mondadori UK, the companies belonging to the Attica Group, with offices in Eastern European countries, and of the Chinese joint-venture Mondadori Seec Advertising Co. Ltd, and the Russian joint-venture Mondadori Independent Media LLC. The exchange rates used for the conversion of financial statements denominated in foreign currencies are summarized in the table below:

Currency	Actual 31/12/2015	Actual 31/12/2014	Average 2015	Average 2014
British sterling	0.73	0.78	0.73	0.81
Russian ruble	80.67	72.34	68.11	50.90
Chinese yuan	7.06	7.54	6.97	8.19
New Romanian leu	4.52	4.48	4.45	4.44
Bulgarian leva	1.96	1.96	1.96	1.96
Serbian dinars	121.45	121.38	120.71	117.3

- the residual balance represents reserves for retained earnings from past years.

Capital management

Mondadori Group share capital is managed mainly in relation to the Group overall financial structure, taking into account a correct balance between net debt and capital.

The main index used by the Group for measuring capital adequacy compares net debt with capital to net debt. Net debt includes all liabilities (payables due to banks) net of cash and cash equivalents.

Capital mangement (euro/000)	**31/12/2015**	**31/12/2014**
Net debt	199.4	291.8
Capital (equity)	295.5	289.1
Total capital and net debt	**494.9**	**580.9**
Ratio of net debt/capital to net debt	40.3%	50.2%
Treasury shares in portfolio	-	-

25. CAPITAL, RESERVES AND RESULTS ATTRIBUTABLE TO MINORITY SHAREHOLDERS

Below is a breakdown of Minority Shareholders' equity

Capital, reserves and results attributable to minority shareholders (euro/000)	**EMAS S.n.c.**	**NaturaBuy S.a.s.**	**Mondadori UK Ltd**
Equity at 31/12/2014	31.679	253	(114)
Result for 2014	3.040	214	(109)
Equity at 31/12/2015	31.361	160	-
Result for 2015	2.831	181	-

The portion of EMAS S.n.c. and NaturaBuy S.a.s. equity is in line with 31 December 2014, as a result of the dividend distribution, amounting respectively to 3,167 thousand euro and 213 thousand euro for the Group's portion.

Mondadori UK, as a result of the acquisition of the minority stake of the share capital, is consolidated on a line-by-line basis.

26. PROVISIONS

"Provisions", amounting to 58,559 thousand euro, decreased by 6,419 thousand euro, due mainly to the partial use of provisions made in previous years for staff downsizing measures, including the payment of employee indemnities in 2015.
An amount of 5,000 thousand euro was entered in this provision in order to cover potential liabilities, identified in the purchase price allocation of the higher price paid for the acquisition of Gruner+Jahr/Mondadori S.p.A. versus the book values.

Provisions (euro/000)	**31/12/2014**	**Provisions**	**Utilizations**	**Other changes**	**31/12/2015**
Provision for agents' contractual risks	5,108	247	(721)	(7)	4,627
Provision for personnel downsizing risks	16,983	6,281	(14,598)	5,006	13,672
Provision for legal risks	22,106	1,037	(3,203)	1,155	21,095
Provision for equity investment risks	5,114	-	-	(3,829)	1,285
Provision for tax disputes	3,528	2,250	(201)	-	5,577
Provision for onerous contracts	-	2,769	(706)	1,950	4,013
Other risk provisions	12,139	2,408	(2,721)	(3,536)	8,290
Total provisions	**64,978**	**14,992**	**(22,150)**	**739**	**58,559**

"Provisions for agents' contractual risks" refers to a number of disputes pending in the Books Area: Mondadori Libri, Mondadori Education S.p.A. and Giulio Einaudi Editore S.p.A. have over 200 agency contracts in place.

"Provision for legal risks" is set up mainly to cover losses generated from actions for libel associated with articles published in magazines and requests for compensation by authors and third parties in general.

The "Provision for equity investment risks" decreased, mainly as a result of the use of the provision made by Mondadori France SA for the associate Emas Digital S.a.s. (3,829 thousand euro), due to the capital increase concluded in the year.

The residual balance refers to the impairment performed by Arnoldo Mondadori Editore S.p.A. on the interest held in Editrice Portoria in liquidation (972 thousand euro), and by Mondadori Electa S.p.A. in relation to a number of associates for a total of 313 thousand euro.

For information sake, the amount of the provision for onerous contracts was isolated, pursuant to IAS 37: the balance, amounting to 4,013 thousand euro, refers to commitments underwritten within the context of museum concessions with Public Agencies and Institutions, which envisage investments to be made in 2016 for the enhancement of Rome's archaeological heritage.

"Other risk provisions" includes the amounts set aside for existing tax and contribution disputes; "Other changes" includes the re-classifications to the "Provision for legal risks" of 1,155 thousand euro, to the "Provision for onerous contracts" of 1,950 thousand euro, and to the "Provision for contractual charges to the advertising agency", entered in adjustment of trade receivables, of 4,131 thousand euro.

27. POST-EMPLOYMENT BENEFITS

The item, amounting to 44,076 thousand euro, dropped by 2,633 thousand euro.

Post-employment benefits (euro/000)	31/12/2015	31/12/2014
Provision for post-employment benefits (TFR)	36,317	39,013
Provision for supplementary agents' indemnity (FISC)	7,635	7,369
Provision for retirement and similar obligations	124	327
Total post-employment benefits	**44,076**	**46,709**

Post-employment benefits and the supplementary agents' indemnity have been determined by applying an actuarial method in compliance with IAS 19 and IAS 37.

It should be noted that for both calculations a discounting rate based on the iBoxx benchmark, euro area, rating AA and with a 10+ duration was used consistently with past valuations.

Actuarial assumptions to measure TFR	31/12/2015	31/12/2014
Economic assumptions:		
- increase in cost of living	1.5%	0.6% - 1.5%
- discounting rate	2.03%	1.49%
Demographic assumptions:		
- probability of death	IPS.55 tables	IPS.55 tables
- probability of disability	INPS 2000 tables	INPS 2000 tables
- probability of leaving for other reasons	From 4.81% to 20.09%	from 5.48% to 18.41%
- retirement age	Applicable regulations	Applicable regulations

Actuarial assumptions to measure FISC	31/12/2015	31/12/2014
Economic assumptions:		
- discounting rate	2.03%	1.49%
Demographic assumptions:		
- probability of death/disability	1.0%	1.0%
- probability of leaving service	5.0%	1.0%
- probability of voluntary resignation	1.5%	1.5%-2.0%
- average age of agency contract termination	Applicable regulations	Applicable regulations

The balance related to the severance indemnity (TFR) fund decreased significantly versus the previous year, due to:

• the drop in personnel;
• the deconsolidation of Monradio S.r.l. (539 thousand euro);
• the increase in the discounting rate used, 2.03% instead of 1.49% at 31 December 2014 (811 thousand euro).

The sensitivity analysis, obtained by increasing and decreasing the rate by 0.5%, shows a higher or lower effect on the provision for post-employment benefits of approximately 750 thousand euro.

Following the application of revised IAS 19 as of 1 January 2013, envisaging the recognition of actuarial profits (losses) under a specific reserve of equity, net of the relevant tax effect, post-employment benefits cost items, booked under income statement, include the service cost of companies with less than 50 employees for 799 thousand euro, financial costs of 594 thousand euro, and the portion paid into the supplementary pension scheme for 7,443 thousand euro.

The allocation and utilization of the “Provision for supplementary agents’ indemnity” reflects the turnover in the sales force of the Group in 2015.

“Provision for retirement” was not subject to discounting because the effects are irrelevant.

Post-employment benefits - Details (euro/000)	**TFR**	**FISC**	**Provision for retirement**
Balance at 31/12/2014	39,013	7,369	327
Changes in 2015:			
- provisions	799	1,136	-
- utilizations	(3,887)	(871)	(203)
- reversals	-	-	-
- discounting	594	-	-
- changes in the consolidation area and other changes	(202)	1	-
Balance at 31/12/2015	**36,317**	**7,635**	**124**

28. FINANCIAL LIABILITIES

Current and non-current financial liabilities, amounting to 233,095 thousand euro, dropped by 83,928 thousand euro.

Non-current financial liabilities (euro/000)	**Actual interest rate**	**Expiry 1-5 years**	**Expiry over 5 years**	**31/12/2015**	**31/12/2014**
Bonds		-	-	-	-
Convertible bonds		-	-	-	-
Borrowings	4.48%	220,244	-	220,244	260,716
Payables due to suppliers		-	-	-	-
Payables due to associates		-	-	-	-
Payables due to parent companies		-	-	-	-
Payables due to affiliates		-	-	-	-
Payables due for lease agreements		-	-	-	-
Payables for shareholders' contributions		-	-	-	-
Liabilities resulting from derivatives		39	-	39	1,723
Other financial liabilities		2,270	-	2,270	3,888
Total non-current financial liabilities		**222,553**	**0**	**222,553**	**266,327**

"Non-current financial liabilities", amounting to 222,553 thousand euro, mainly included:

- 220,244 thousand euro regarding the amortized cost of the A1 Amortizing Term Loan of the new amortizing pool loan, coming to maturity in December 2020;
- 39 thousand euro regarding the fair value of the stipulated derivative contracts;

In December 2015, the Mondadori Group renegotiated the existing committed credit lines, underwriting a new amortizing loan contract with a pool of major banks (BNP Paribas, Banca Popolare di Milano, Intesa Sanpaolo, Mediobanca, UniCredit, UBI) for a total of 515 million euro, coming to maturity in December 2020.

The contract provides improved conditions in terms of interest rate and commissions: the initial margin for the Term Loan line is 3.25%, with a reduction of about 90 basis points compared to the cost in previous loan contracts. The rate may fall further, on an annual basis and according to the reduction in the NFP/EBITDA ratio.

The significant reduction (43,774 thousand euro) versus the previous year reflected cash flow recovery and, consequently, the lower bank debt cost.

The actual interest rate relating to "Borrowings" corresponded to the weighted average of the actual rates calculated on borrowings, including the three committed loans (Pool, Intesa Sanpaolo and Mediobanca) redefined in December 2015.

Payables due to banks and other financial liabilities (euro/000)	**Actual interest rate**	**31/12/2015**	**31/12/2014**
Bank deposits		2,260	9,509
Bonds		-	-
Convertible bonds		-	-
Borrowings	1.653%	6,370	35,000
Payables due to suppliers		5	5
Payables due to associates		61	2,891
Payables due to parent companies		-	-
Payables due to affiliates		-	-
Payables due for lease agreements		-	-
Payables for shareholders' contributions		-	-
Liabilities resulting from derivatives		-	-
Other financial liabilities		1,846	3,291
Total payables due to banks and other financial liabilities		**10,542**	**50,696**

"Payables due to banks and other financial liabilities" amounted to 10,542 thousand euro and mainly included:
- 6,370 thousand euro regarding part of the A1 Term Loan of the pool loan concluded in December 2015, coming to maturity in December 2016;
- 2,260 thousand euro for the balances of current account overdrafts;
- 1,846 thousand euro for other financial liabilities.

At 31 December 2015, the Financial Covenant Leverage Ratio (Net Financial Position/EBITDA) resulting from the consolidated annual report was equal to 2.44, decreasing sharply versus 2014 and far below the cap of 3.50 envisaged in the pool loan contract.

For information relating to the financial instruments reference should be made to Note 22 – "Financial assets" in these Notes.

29. OTHER CURRENT LIABILITIES

"Other current liabilities" dropped by 7,987 thousand euro.
Specifically:
- the reduction in the balance of "Advances to customers" is mainly attributable to Mondadori France (1,652 thousand euro), to the Magazines Italy Area, as a result of the drop in subscriptions (651 thousand euro), and to Mondadori Education S.p.A., which had received, at 31 December 2014, advances on the supply of wholesaler products of 363 thousand euro;
- the drop in "Tax payables" is explained by:
  - the decrease in the number of personnel, which resulted in lower withholding taxes (560 thousand euro);
  - lower VAT payables for Mondadori France S.A. (585 thousand euro) and for Italian companies that adhere to the VAT consolidation regime of Fininvest S.p.A. (413 thousand euro);
- the drop in "Payables due to welfare and social security entities" was attributable to the headcount changes.

Other current liabilities (euro/000)	**31/12/2015**	**31/12/2014**
Advances to customers	22,776	25,639
Tax payables	12,221	13,830
Payables due to welfare and social security entities	27,415	27,921
Payables due to associates	169	452
Other payables	133,656	136,382
Total other current liabilities	**196,237**	**204,224**

The change in "Other payables" completes the drop in "Other current liabilities".

- the increase in "Payables due to authors and workers" is attributable to the top publishing successes of the year, for the Group's book publishers, for which small advances had been granted;
- the decrease in "Payables to subscription and instalment customers" stemmed from the decline in subscribers to magazines published in France (1,876 thousand euro) and, to a lesser extent, in Italy (897 thousand euro);
- the decrease in "Other payables, accrued expense and deferred income" refers to the performance of the sale of Smartbox and Box for You in the Retail Area.

Other current liabilities - Other payables (euro/000)	**31/12/2015**	**31/12/2014**
Payroll and other amounts due to personnel	27,678	27,536
Payables due to authors and workers	47,103	44,945
Payables due to agents	7,411	8,169
Payables to subscription and instalment customers	39,498	42,271
Payables to directors and statutory auditors	2,461	3,255
Deferred income for anticipated rents	-	-
Other payables, accrued expense and deferred income	9,505	10,206
Total other payables	**133,656**	**136,382**

30. TRADE PAYABLES

"Trade payables", amounting to 292,610 thousand euro, was in line with the amounts at 31 December 2014.

Trade payables (euro/000)	**31/12/2015**	**31/12/2014**
Payables due to suppliers	275,783	271,182
Payables due to associates	12,458	15,150
Payables due to parent companies	24	24
Payables due to affiliates	4,345	4,723
Total trade payables	**292,610**	**291,079**

"Payables due to suppliers" increased and included the effect of the balance of Gruner+Jahr/Mondadori S.p.A. (approximately 2 million euro), consolidated at 31 December 2014 using the equity method.

"Payables due to associates" decreased versus 31 December 2014, due to the acquisition of Gruner+Jahr/Mondadori S.p.A., through which inter-company items were eliminated.
The item includes the amounts due to:
- Edizioni EL S.r.l. (4,723 thousand euro) and Società Europea di Edizioni S.p.A. (2,037 thousand euro), regarding the distribution of publishing products;
- Mediamond S.p.A. (4,812 thousand euro) for the purchase of goods in exchange for advertising pages.

Payables due to associates, parent companies and affiliates are detailed in Annex "Transactions with related parties"; transactions with related parties are carried out under normal market conditions.

"Trade payables" did not include amounts due over five years; payment days, calculated with the count back method, amounted to 114.8 in 2015, up versus 113.2 in 2014.

Before commenting on the income statement figures, it should be noted that the values of the previous year have been classified differently, for the sake of clarity.

31. REVENUE FROM SALES AND SERVICES

Revenue from sales and services (euro/000)	**2015**	**2014**	**Var. %**
Revenue from the sale of products:			
- books	227,108	250,013	(9.2%)
- magazines	433,491	446,932	(3.0%)
- direct	17,088	18,381	(7.0%)
- retail	172,571	185,196	(6.8%)
- other assets	3,829	3,018	26.5%
Revenue from the sale of services			
- transfer of publication rights	4,049	3,960	2.2%
- sale of e-books	10,200	9,000	13.3%
- revenue from book e-commerce	10,240	10,703	(4.3%)
- advertising services	158,146	162,994	(3.0%)
- direct marketing	12,670	12,008	5.5%
- ticket sale and organization of exhibitions	22,033	16,238	35.7%
- other services	51,406	51,081	0.6%
Total revenue from sales and services	**1,122,831**	**1,169,524**	**(4.0%)**

"Revenue from sales and services", amounting to 1,122,831 thousand euro, dropped by 4% as a result of the following:
- the decline in revenue from the sale of books (-9.2%), due also to a more selective publishing programme from a quantity and quality point of view. Piemme (+1.7%), Sperling & Kupfer (+0.5%) and Electa grew, though modestly; Mondadori (-21%), Einaudi (-8.2%) and Mondadori Education (-4.3%) dropped in the school textbooks sector; revenue from the distribution of third-publishers' products fell (-0.4%);

- the decrease in circulation revenue of magazines: in Italy -1.7%, due to the fall in subscriptions (-16%); in France -1.8%, due to the negative performance of the newsstand channel;
- the 8.8% decline in revenue from add-on sales from Mondadori magazines, owing to the further rationalization of the number of initiatives;
- lower revenue from the sale of books from mail orders (-7%), in line with the dropping performance recorded in the last years;
- the decrease in revenue from the Group's network of stores located throughout Italy (-6.8%), with a smaller drop for the franchised bookstores, and a larger drop for megastores, which in 2014 included the store in corso Vittorio Emanuele in Milan, which had contributed 14.2 million euro;
- the growth of sales of digital books and through e-commerce channels (+13.3%), though increasing slightly in absolute terms;
- the fall in magazine advertising revenue: in Italy -1.8%, outperforming the relevant market thanks to the initiatives created for Expo; in France -3.3%, with a sharp increase of the Internet;
- the increase in revenue from direct marketing activities carried out by subsidiary Cemit Interactive Media S.p.A., which remains the leading company in a sector marked by a negative trend in the past few years (+5.5%);
- the increase in revenue achieved in the segment regarding the organization of exhibitions and temporary events and management of museum concessions (+35.7%).

"Other services" includes:
- revenue from royalties invoiced to foreign publishers for the licensing of *Grazia* (5 million euro);
- revenue from the management of subscriptions, distribution and processing of the returns of magazines of third publishers (20.1 million euro);
- revenue from storage, cellophane wrapping and product processing services of third publishers (10.8 million euro);
- revenue from services related to the management of museum concessions (4 million euro);
- revenue from the sale of publishing rights of photographs owned by the Group (1.2 million euro).

Revenue and performance of the different business segments in which the Group operates are further explained in the "Directors' Report on Operations".

32. COST OF RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS

Cost of raw and ancillary materials, consumables and goods (euro/000)	**2015**	**2014**
Paper	70,972	59,164
Other production materials	6	5
Total cost of raw and ancillary materials	**70,978**	**59,169**
Goods for re-sale	132,965	133,123
Consumables, maintenance and other materials	6,477	7,082
Total cost of consumption materials and goods	**139,442**	**140,205**
Total cost of raw and ancillary materials, consumables and goods	**210,420**	**199,374**

In 2014, the Mondadori Group began purchasing the paper for the printing of books and magazines, previously purchased by the printing service provider who used to charge it together with its printing services.
The process was completed in 2015, except for Mondadori France S.A. and Mondadori Education S.p.A., which have always purchased and managed their paper stocks directly.
Consequently, to enable a like-for-like comparison of the costs incurred in paper consumption, one should consider the amount of approximately 24.5 million euro entered under “Cost of services” in 2014, when the printing service provider was still buying the raw material to print all the covers of trade books, of a large part of production under the Electa trademark, and all of the coated paper for the magazines of Arnoldo Mondadori Editore S.p.A.

On a comparable basis, the cost for paper consumption fell significantly (-15.2%), due to the smaller amount of books produced (2,458 new titles versus 2,795 in 2014) and to the lower number of print runs of magazines of Mondadori and Mondadori France.

The cost of “Goods for re-sale”, referring to the distribution activities of Mondadori Libri S.p.A., to the Retail Area and, to a lesser extent, to the Mondadori Electa S.p.A. museum bookshops, was basically in line with 2014. Purchases of third-publisher books in the frame of distribution contracts decreased, while purchases for retailer activities increased.

33. COST OF SERVICES

Cost of services (euro/000)	**2015**	**2014**
Rights and royalties	92,784	94,574
Commissions and costs for agents	52,154	51,660
Printing and processing	133,961	173,345
Transport and shipping	68,818	69,513
Consultancy services and collaborations	61,185	62,906
Directors’ and statutory auditors’ fees	4,469	4,682
Advertising and promotional services	50,066	49,482
Participation in fairs and organization of exhibitions	11,847	9,703
Travel, gifts and entertainment expenses	11,410	11,680
Maintenance expenses and technical service fees	6,320	6,732
Utilities	3,759	5,114
Telephone and postal expenses	6,418	8,498
Catering and cleaning services	7,042	7,565
Market surveys, news agencies	13,818	14,107
Insurance	2,570	2,420
Subscriptions management	36,113	35,085
Publisher's share	3,299	3,715
Bank services and commissions	2,330	2,786
EDP and administrative services	7,120	6,766
Temporary work fees	8,358	9,213
Increase in (utilization of) the provision for onerous contracts	2,063	(2,082)
Rents and service expenses	25,175	28,350
Other services	7,182	7,533
Total cost of services	**618,261**	**663,347**

In keeping with the above note regarding paper consumption costs, "Cost of services" are not immediately comparable with those in 2014; "Printing and Processing" in 2014 included the amount of approximately 24.5 million euro for the charging of paper purchased by the printing service provider.

On a like-for-like basis, "Cost of services" dropped by 3.2%, as a result of:
- the decrease in variable costs, such as printing and processing, transport, rights and royalties, the publisher's share, which is in line with the revenue trend; in an opposite trend are the costs related to the sales network, which in 2014 included the release of a fund for the settlement of a dispute of approximately 1 million euro, and to the management of the subscriptions of Mondadori France magazines;
- the savings generated from the sale of the megastore in corso Vittorio Emanuele in Milan and the renegotiation of certain rental contracts in the Retail Area (approximately 2.8 million euro), as well as the new location of Mondadori France (approximately 500 thousand euro).

Activities relating to the organization of exhibitions and cultural events, which recorded a further development in 2015, and an over 37% increase in revenue, saw an increase in set-up costs, in the costs for insuring work and in the impact of commitments to reinvest in activities to enhance the archaeological heritage of Rome, in compliance with the concession contract in force, under "Increase in (utilization of) provision for onerous contracts".

"Directors' and statutory auditors' fees" comprised fees paid to Directors and Statutory Auditors for 3,987 thousand euro and 482 thousand euro, respectively.

34. COST OF PERSONNEL

Employees with a fixed-term or permanent labour contract employed by the Group companies amounted to 3,076 people, down by 1.5% versus December 2014.

The change in the scope of consolidation, the acquisition of Gruner+Jahr/Mondadori S.p.A. and the transfer of Monradio S.r.l. resulted in a net increase of 46 units.

Employees	**Actual 31/12/2015**	**Actual 31/12/2014**	**Average 2015**	**Average 2014**
Executives	105	111	108	113
White collars, middle managers and journalists	2,866	2,902	2,884	2,980
Blue collars	105	110	107	122
Total	**3,076**	**3,123**	**3,099**	**3,215**

The cost of personnel was in line with the previous year; net of restructuring costs and on a like-for-like basis, the cost variation is equal to -5.3%.

Cost of personnel (euro/000)	**2015**	**2014**
Salaries and wages	153,950	159,374
Social security charges	50,229	51,034
Post-employment benefits TFR	799	663
Supplementary pension scheme plans	7,443	7,501
Other costs	14,852	10,139
Total cost of personnel	**227,273**	**228,711**

Information about stock option plans

With reference to the stock option plans applied by parent company Arnoldo Mondadori Editore S.p.A. for the three year 2009-2010-2011 time spans and described in the Remuneration Report pursuant to art. 123-*ter* of Italian Legislative Decree no. 58 of 24 February 1998, advertised concurrently with this Annual Report, the table below summarizes the situation of the options assigned and still to be exercised at 31 December 2015.

The granting of loans or other facilities for the purchase of shares is not admitted pursuant to art. 2358, par. 3, of the Italian Civil Code.

Stock option		**2010**
In circulation at 01/01/2015	1,100,000	720,000
- assigned during the year	-	-
- cancelled during the year	(50,000)	(70,000)
- exercised during the year	-	-
- expired during the year	(1,050,000)	-
In circulation at 31/12/2015	-	650,000
Vesting period		22/07/2013-21/07/2016
Price in euro		2.4693
Exercisable at 31/12/2015		650,000

Options assigned after 7 November 2002 were measured at fair value on the basis of a binomial tree numerical calculation method using the following parameters:

Parameters for the option measuring model	**2010**
Exercise price of the option	2.4693
Option term (residual years)	0.58
Market price of the underlying shares at the grant date in euro	2.415
Expected volatility of the share price	35.40%
Dividend yield	8.28%
Risk free interest rate for the option term	2.16%

As of 2011, the Board of Directors of Arnoldo Mondadori Editore S.p.A. resolved, upon proposal made by the Remuneration Committee, to waive the assignment of options, given the availability of other forms of incentives and loyalty schemes considered appropriate to provide the Group with a significant advantage in the medium-long period.

In 2015, the 2009 Stock Option Plan expired.

The cost of share-based payments recognized in item “Cost of Personnel” under income statement in the year, deriving from share-based payments, totals euro zero.

35. OTHER (INCOME) COST

Other (income) cost (euro/000)	**2015**	**2014**
Other revenue and income	(24,708)	(27,006)
Various operating costs	18,803	19,014
Total other (income) cost	**(5,905)**	**(7,992)**

"Other revenue and income" decreased: set against the increase in capital gains, in 2015 arising from the sale of the property in via Sicilia in Rome, and in 2014 from the sale of the megastore in corso Vittorio Emanuele in Milan, contingent assets decreased, attributable to Mondadori Retail S.p.A. and the Mondadori France Group.

Other (income) cost - Other revenue and income (euro/000)	**2015**	**2014**
Year's contributions	46	38
Capital gains from the transfer of assets	13,818	13,265
Rentals	1,178	1,301
Contingent assets	1,774	4,800
Third party expense reimbursements	3,807	3,946
Other	4,085	3,656
Total other revenue and income	**24,708**	**27,006**

"Other operating costs" dropped versus the previous year, due to:
- the lower impact of the management of receivables;
- the decrease in contingent liabilities, which were mainly attributable in 2014 to the transfer of the business unit of Mondadori Pubblicità S.p.A. to Mediamond S.p.A.

Other (income) cost - Other operating costs (euro/000)	**2015**	**2014**
Receivables management	8,352	9,469
Reimbursements and settlements	(695)	(348)
Contributions and grants	1,906	1,660
Contingent liabilities	1,805	3,117
Capital loss from the transfer of assets	60	388
Other taxes and duties	5,515	5,543
Other	1,860	(815)
Total other operating costs	**18,803**	**19,014**

36. RESULT FROM INVESTMENTS VALUED AT EQUITY

In 2015, the income statement effects of consolidated companies valued at equity showed an increase versus 2014 (10,015 thousand euro), mainly as a result of:
- the capital gains realized from the disposal of the investment held in Harlequin Mondadori S.p.A., amounting to 7,582 thousand euro;
- the valuation of 50% of Gruner+Jahr Mondadori S.p.A. already held upon acquisition of the remaining 50%, which resulted in the recording of a gain of 440 thousand euro;
- the improved result of Società Europea di Edizioni S.p.A., amounting to 1,520 thousand euro, also attributable to the disposal of assets;
- limited loss from the French EMAS Digital S.a.s. joint venture.

Income (costs) from investments valued at equity (euro/000)	**2015**	**2014**
- Mondadori Scienza S.p.A.	(153)	186
- Harlequin Mondadori S.p.A.	340	541
- Monradio S.r.l.	(207)	-
- ACI - Mondadori S.p.A.	60	(694)
- Attica Publications Group	275	258
- Società Europea di Edizioni S.p.A.	90	(1,430)
- Mach 2 Libri S.p.A.	(839)	(269)
- GD Media Service S.r.l.	(167)	(128)
- Mondadori Independent Media LLC	87	165
- Edizioni EL S.r.l.	596	505
- Consorzio Scuola Digitale	(3)	-
- Mediamond S.p.A.	(466)	(686)
- Venezia Accademia Società per i servizi museali S.c.ar.l.	-	(7)
- Mondadori Seec Advertising Co. Ltd	1,677	1,678
- EMAS Digital S.a.s.	(91)	(918)
- Milano Cultura S.c. a r.l.	(8)	(3)
Badwill on acquisition of Mondadori Scienza S.p.A.	440	-
Gain from the transfer of Harlequin Mondadori S.p.A.	7,582	-
Total income (cost) from investments valued at equity	**9,213**	**(802)**

37. FINANCIAL INCOME (COSTS)

Net financial costs at 31 December 2015 improved by 6,943 thousand euro versus 2014 as a result of:
- the decrease in interest expenses (5,557 thousand euro), due to the sharp reduction of average debt (90 million euro) and to the reduction in market rates and margins applied on uncommitted lines;
- higher interest and other income (1,141 thousand euro), due mainly to the cancellation of financial debts from the minority shareholders of Kiver S.r.l. and Mondadori UK Ltd, recorded in previous financial years, in connection with the earn-out envisaged in the purchase contract of the majority stakes, and with the updated valuation of the put option envisaged in the purchase of the remaining minority interest in NaturaBuy S.a.s.;
- higher net income from currency exchange transactions for 257 thousand euro;

Financial income (costs) (euro/000)	**2015**	**2014**
Interest from banks and post offices	4	29
Financial income from derivatives	443	225
Financial income	1,860	745
Other interest	57	224
Total interest and other financial income	**2,364**	**1,223**
Interest to banks and post offices	117	159
Interest on bonds, loans and borrowings	13,222	18,278
Financial costs from derivatives	925	798
Other financial costs for discounting assets/liabilities	594	1,239
Other interest	3,926	3,854
Total interest expense and other financial costs	**18,784**	**24,328**
Realized positive currency differences	794	299
Unrealized positive currency differences	70	59
Realized negative currency differences	(446)	(176)
Unrealized negative currency differences	(35)	(56)
Total income (loss) on currency transactions	**383**	**126**
Income (cost) from financial assets	1	-
Total financial income (costs)	**(16,036)**	**(22,979)**

38. INCOME TAX

Income tax (euro/000)	**2015**	**2014**
IRES tax on income for the year	12,564	3,192
IRAP for the year	2,256	5,105
Total current taxes	**14,820**	**8,297**
Deferred/pre-paid taxes for IRES	57	7,430
Deferred/pre-paid taxes for IRES	286	586
Total deferred/pre-paid taxes	**343**	**8,016**
Other tax items	5,313	405
Total income taxes	**20,476**	**16,718**

The costs for income taxes and tax charges in 2015 increased by 3,758 thousand euro, due mainly to the improved economic performance of the various Group companies.

Specifically:
- "IRES tax on income for the year", amounting to 12,564 thousand euro, including Mondadori France Group taxes (6,613 thousand euro versus 5,777 thousand euro in 2014), increases as a result of improved performance;
- "IRAP for the year", amounting to 2,256 thousand euro, posted a sharp drop, despite the improved performance, as a result of the deductibility of permanent labour costs, introduced by the new tax legislation;
- the impact from deferred/prepaid taxes was quite limited in 2015, owing to similar values among the changes in temporary differences: the use of prepaid taxes in the reduction of a number of taxed funds was offset by the use of deferred taxes in the amortization of the value of Mondadori France magazines. In 2014, the negative effect was attributable to the realignment of various temporary differences generated in the previous year, mainly for staff downsizing costs;
- Other tax items include:
  - the effects deriving from the adjustment to the 24% IRES rate introduced by the 2015 Stability Law, effective from 2017, of deferred tax assets and deferred tax liabilities estimated to arise from such date. The amount brings a higher tax charge of 3,043 thousand euro;
  - provisions for tax disputes amounting to 2,250 thousand euro.

Reconciliation between the theoretical tax charge and the current tax charge

(euro/000)	2015			2014		
	Tax rate Pre-tax	Result - Current	Tax amount Current	Tax rate Pre-tax	Result - Current	Tax amount Current
Theoretical IRES tax amount	38,314	10,536	27.50%	19,417	5,340	27.50%
Theoretical IRAP tax amount	38,314	1,494	3.90%	19,417	757	3.90%
Total theoretical tax amount/rate		**12,030**	**31.40%**		**6,097**	**31.40%**
Actual IRES tax amount		17,407	45.43%		9,616	49.52%
Actual IRAP tax amount		3,069	8.01%		6,038	31.10%
Total actual tax amount/rate		**20,476**	**53.44%**		**15,654**	**80.62%**
Theoretical tax amount/rate		**12,030**	**31.40%**		**6,097**	**31.40%**
Effect relating to consolidation entries		1,029	2.69%		525	2.70%
Effect relating to the recognition of taxes relating to previous years		4,320	11.27%		(835)	(4.30%)
Effect relating to companies posting losses		(23)	(0.06%)		86	0.44%
Effect of differences in tax rates on taxable income of foreign subsidiaries		1,860	4.85%		1,905	9.81%
Net effect of other permanent differences		(315)	(0.82%)		2,595	13.37%
Effect of different IRAP tax base		1,575	4.11%		5,281	27.20%
Current tax amount/rate		**20,476**	**53.44%**		**15,654**	**80.62%**

39. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the year attributable to the Group by the weighted average number of outstanding ordinary shares in the period of reference.

	2015	2014
Net income for the year (Euro/000)	6,365	618
Average number of outstanding ordinary shares (no./000)	261,458	247,730
Basic earnings per share (Euro)	**0.024**	**0.002**

Diluted earnings per share are calculated by dividing net profit for the year attributable to the Group by the weighted average number of outstanding ordinary shares in the period of reference.

	2015	2014
Net income for the year (Euro/000)	6,365	618
Average number of outstanding ordinary shares (no./000)	261,458	247,730
Number of options with diluted effect (no./000)	0	0
Diluted earnings per share (Euro)	**0.024**	**0.002**

40. COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2015, Mondadori Group has commitments underwritten for a total amount of 76,764 thousand euro (88,062 thousand euro at 31 December 2014), mainly represented by guarantees issued on VAT receivables subject to reimbursement and prize contests transactions.
The reduction arises from the cash-in of VAT receivables subject to reimbursement, for which specific guarantees had previously been issued.

41. NON-RECURRING (INCOME) COST

In 2015, the Mondadori Group recorded no non-recurring income or cost, in accordance with Consob Resolution no. 15519 of 27 July 2006; in 2014, the figure amounted to 4,527 thousand euro, mainly for early retirement schemes recognized under “Cost of personnel”. The relating tax effects amounted to 1,294 thousand euro.

42. RELATED PARTIES

Transactions carried out with related parties, including intercompany transactions, do not qualify as either atypical or unusual, since they refer to standard business activities performed by Group companies. When performed out of the scope of standard conditions or when they are imposed by specific regulatory conditions, transactions with related parties are in any case carried out under market conditions.

Benefits to executives with strategic responsibilities

At 31 December 2015, the executives holding responsibilities in relation to Mondadori Group planning, direction and control activities are listed below:

Directors	
Ernesto Mauri	CEO
Oddone Pozzi	CFO, Director of Purchasing and IT
Executives	
Enrico Selva	Director of Trade Books
Mario Maiocchi	Director of Business Retail
Carlo Luigi Mandelli	Director of Magazines Italy, Advertising and International
Carmine Perna	Director of Mondadori France
Antonio Porro	Director of Educational Books
Simonetta Bocca	Group Head of Human Resources and Organization

In 2015, Riccardo Cavallero (January) and Federico Rampolla (December), respectively Head of Trade Books and Head of Digital Innovation, left the Group, while Simonetta Bocca (September), as Head of Human Resources and Organization, joined the Group, and also took over the responsibilities of Digital Innovation on an interim basis.

The whole set of compensations paid to executive managers with strategic responsibilities in 2015 amounted to 5.9 million euro, down by 18% (-2.3 million euro) versus the previous year.

Even net of the remuneration paid in 2014 to the Chief Executive Officer by way of payment of the medium- and long-term variable incentive for the previous three-year period, the whole set of remunerations paid decreases, in any case, by 8%, due essentially to the reduction in the average number of Managers present in the year.

Transactions with parent companies, associates and affiliates

On 30 September 2015, the transfer of 80% of the share capital of Monradio S.r.l. to R.T.I. S.p.A. was completed for a consideration of 36.4 million euro.

Other transactions with related parties, including intercompany transactions, do not qualify as atypical or unusual transactions, and were concluded at market conditions.

TRANSACTIONS WITH RELATED PARTIES: FIGURES AT 31 DECEMBER 2015

(euro/000)	Trade receivables	Financial receivables	Tax receivables	Other current assets
Parent companies				
- Fininvest S.p.A.	4	-	8,786	-
Associates				
- Mondadori Scienza S.p.A. (until 30/06/2015)	-	-	-	-
- Mach 2 Libri S.p.A.	18,346	-	-	-
- Venezia Musei Società per i servizi museali S.c.a r.l.	260	-	-	12
- Harlequin Mondadori S.p.A.	-	-	-	-
- Attica Publications Group	111	500	-	-
- Edizioni EL S.r.l.	826	-	-	26
- Società Europea di Edizioni S.p.A.	656	-	-	-
- ACI-Mondadori S.p.A. (in liquidation)	-	-	-	-
- Consorzio Covar (in liquidation)	-	-	-	4
- EMAS Digital S.A.S.	-	-	-	-
- Campania Arte S.c.a r.l.	20	134	-	-
- Mondadori Independent Media LLC	46	-	-	-
- Venezia Accademia Società per i servizi museali S.c.a r.l.	31	25	-	-
- Mediamond S.p.A.	18,672	-	-	-
- Mondadori Seec Advertising Co. Ltd	331	378	-	-
- GD Media Service S.r.l. (former Mach 2 Press S.r.l.)	64	-	-	-
- Monradio S.r.l. (from 30/09/2015)	118	-	-	-
Total associates	**39,481**	**1,037**	**0**	**42**

Trade payables	Financial payables	Tax payables	Other current liabilities	Revenue	Purchases of raw materials	Purchases of services	Other costs (income)	Financial income (costs)
24	-	4,765	428	4	-	61	(20)	-
-	-	-	-	940	2	131	(54)	-
56	-	-	-	13,854	-	56	(4)	-
-	-	-	-	-	-	-	-	-
-	-	-	-	368	7,613	(46)	(3)	(1)
14	-	-	-	2	-	15	-	25
4,723	-	-	3	1,613	6,477	11	(3)	-
2,037	-	-	52	2,827	230	12	(12)	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	15
45	-	-	-	20	-	48	-	-
-	-	-	-	138	-	-	(1)	(4)
48	-	-	-	5	1	52	-	-
4,812	61	-	114	84,965	3,885	5,068	150	-
105	-	-	-	739	-	168	21	-
568	-	-	-	61	388	1,263	-	-
50	-	-	-	128	-	61	(21)	-
12,458	**61**	**0**	**169**	**105,660**	**18,596**	**6,839**	**73**	**35**

TRANSACTIONS WITH RELATED PARTIES: FIGURES AT 31 DECEMBER 2015

(euro/000)	Trade receivables	Financial receivables	Tax receivables	Other current assets
Affiliates:				
- RTI - Reti Televisive Italiane S.p.A.	341	-	-	3
- Publitalia ’80 S.p.A.	12	-	-	-
- Digitalia ’08 S.r.l. (former Promoservice Italia S.r.l.)	-	-	-	-
- Banca Mediolanum S.p.A.	-	-	-	(5)
- EI Towers S.p.A.	-	-	-	-
- Isim S.p.A.	-	-	-	-
- Mediaset S.p.A.	8	-	-	-
- Il Teatro Manzoni S.p.A.	-	-	-	-
- Mediolanum Comunicazione S.p.A.	-	-	-	-
- Fininvest Gestione Servizi S.p.A.	21	-	-	-
- Milan Entertainment S.r.l.	-	-	-	-
- Mediaset Premium S.p.A.	-	-	-	-
- Promoservice Italia S.r.l.	-	-	-	-
- Mediobanca S.p.A.	-	-	-	-
Total affiliates	**382**	**0**	**0**	**(2)**
Total related parties	**39,867**	**1,037**	**8,786**	**40**
of which related parties from discontinued operations	-	-	-	-
% of incidence	**14.6%**	**38.4%**	**22.1%**	**0.1%**

Trade payables	Financial payables	Tax payables	Other current liabilities	Revenue	Purchases of raw materials	Purchases of services	Other costs (income)	Financial income (costs)
1,684	-	-	5	1,175	(70)	940	(1)	-
2,595	-	-	-	498	-	6,104	-	-
31	-	-	-	-	-	67	-	-
-	-	-	-	52	-	5	-	-
-	-	-	-	-	-	351	-	-
2	-	-	-	-	-	-	-	-
-	-	-	-	9	-	-	-	-
-	-	-	-	7	-	7	-	-
-	-	-	-	21	-	-	-	-
30	-	-	-	2	-	77	(43)	-
-	-	-	-	30	-	-	-	-
-	-	-	-	108	1	-	-	-
3	-	-	-	-	-	4	4	-
-	-	-	-	-	-	-	-	(2,820)
4,345	**0**	**0**	**5**	**1,902**	**(69)**	**7,555**	**(40)**	**(2,820)**
16,827	**61**	**4,765**	**602**	**107,566**	**18,527**	**14,455**	**13**	**(2,785)**
-	-	-	-	6,838	8	819	112	-
5.6%	**0.6%**	**87.5%**	**0.3%**	**9.0%**	**8.8%**	**2.2%**	**1.7%**	**17.4%**

TRANSACTIONS WITH RELATED PARTIES: FIGURES AT 31 DECEMBER 2014

(euro/000)	Trade receivables	Financial receivables	Tax receivables	Other current assets
Parent companies				
- Fininvest S.p.A.	29	-	10,440	-
Associates				
- Mondadori Scienza S.p.A.	386	-	-	2,917
- Mach 2 Libri S.p.A.	20,159	1	-	-
- Venezia Musei Società per i servizi museali S.c.ar.l.	260	-	-	-
- Harlequin Mondadori S.p.A.	149	-	-	151
- Attica Publications Group	119	500	-	-
- Edizioni EL S.r.l.	744	-	-	9
- Società Europea di Edizioni S.p.A.	557	-	-	-
- ACI-Mondadori S.p.A.	38	-	-	-
- Consorzio COVAR (in liquidation)	-	-	-	4
- EMAS Digital S.A.S.	-	2,625	-	-
- Campania Arte S.c.a r.l.	23	134	-	-
- Mondadori Independent Media LLC	62	-	-	-
- Venezia Accademia Società per i servizi museali S.c.a r.l.	25	25	-	-
- Mediamond S.p.A.	21,326	-	-	-
- Mondadori Seec Advertising Co. Ltd	493	2,144	-	-
- GD Media Service S.r.l. (ex Mach 2 Press S.r.l.)	-	-	-	-
Total associates	**44,341**	**5,429**	**0**	**3,081**

Trade payables	Financial payables	Tax payables	Other current liabilities	Revenue	Purchases of raw materials	Purchases of services	Other costs (income)	Financial income (costs)
24	-	-	841	5	-	70	(78)	-
1,494	22	-	166	1,911	39	710	(227)	(2)
107	-	-	-	17,085	-	123	(13)	1
-	-	-	-	-	-	-	-	-
308	2,593	-	-	475	7,185	-	(19)	(8)
10	-	-	1	1	-	21	-	26
4,232	-	-	6	1,483	5,935	9	(3)	-
2,095	-	-	123	2,829	215	-	(9)	-
-	100	-	-	171	1	3	(49)	38
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	29
42	-	-	-	20	-	51	(2)	-
-	-	-	-	194	-	-	-	-
17	-	-	-	18	2	50	(11)	-
6,426	176	-	156	90,870	3,011	7,055	(1,137)	130
67	-	-	-	710	-	95	-	-
352	-	-	-	-	395	1,100	-	-
15,150	**2,891**	**0**	**452**	**115,767**	**16,783**	**9,217**	**(1,470)**	**214**

TRANSACTIONS WITH RELATED PARTIES: FIGURES AT 31 DECEMBER 2014

(euro/000)	Trade receivables	Financial receivables	Tax receivables	Other current assets
Affiliates:				
- RTI - Reti Televisive Italiane S.p.A.	223	-	-	62
- Publitalia '80 S.p.A.	373	-	-	-
- Digitalia '08 S.r.l. (former Promoservice Italia S.r.l.)	-	-	-	-
- Banca Mediolanum S.p.A.	9	-	-	-
- Medusa Film S.p.A.	-	-	-	-
- The Space Cinema 1 S.p.A.	-	-	-	-
- Isim S.p.A.	-	-	-	-
- Mediaset S.p.A.	10	-	-	-
- Media Shopping S.p.A.	8	-	-	-
- Il Teatro Manzoni S.p.A.	-	-	-	-
- Mediolanum Comunicazione S.p.A.	-	-	-	-
- Fininvest Gestione Servizi S.p.A.	2	-	-	-
- AC Milan S.p.A.	-	-	-	-
- Milan Entertainment S.r.l.	-	-	-	-
- Alba Servizi Aerotrasporti S.p.A.	-	-	-	-
- Promoservice Italia S.r.l.	-	-	-	-
- EI Towers S.p.A.	-	-	-	-
- Mediobanca S.p.A.	-	-	-	-
Total affiliates	**625**	**0**	**0**	**62**
Total related parties	**44,995**	**5,429**	**10,440**	**3,143**
of which related parties from discontinued operations	-	-	-	-
% of incidence	**17.0%**	**45.6%**	**20.9%**	**3.6%**

Trade payables	Financial payables	Tax payables	Other current liabilities	Revenue	Purchases of raw materials	Purchases of services	Other costs (income)	Financial income (costs)
1,648	-	-	-	591	1	769	(1)	-
2,815	-	-	-	306	-	9,987	-	-
65	-	-	-	-	-	106	-	-
-	-	-	-	69	-	-	-	-
154	-	-	-	-	-	-	-	-
-	-	-	-	-	-	6	-	-
2	-	-	-	-	-	-	-	-
-	-	-	-	10	-	-	-	-
-	-	-	-	16	-	-	3	-
-	-	-	-	5	-	5	-	-
-	-	-	-	87	-	-	-	-
20	-	-	-	2	-	49	-	-
-	-	-	-	3	-	-	-	-
1	-	-	-	-	-	3	-	-
11	-	-	-	-	-	11	-	-
7	-	-	-	-	-	-	8	-
149	-	-	-	-	-	483	-	-
-	50,923	-	-	-	-	-	-	(3,516)
4,872	**50,923**	**0**	**0**	**1,089**	**1**	**11,419**	**10**	**(3,516)**
20,046	**53,814**	**0**	**1,293**	**116,861**	**16,784**	**20,706**	**(1,538)**	**(3,302)**
-	-	-	-	10,628	-	1,551	22	-
6.9%	**17.0%**	**n.s.**	**0.6%**	**9.1%**	**8.4%**	**2.9%**	**19.5%**	**14.4%**

43. FINANCIAL RISK MANAGEMENT AND OTHER INFORMATION REQUIRED PURSUANT TO IFRS 7

In carrying out its business activities, Mondadori Group is exposed to various financial risks, including interest rate risk, exchange rate risk, credit/counterparty risk, issuer risk and liquidity risk.

The Group drafted a "General Policy for Financial Risk Management" aimed at regulating and defining financial risk management. The Policy also envisaged the setting up of a Risk Committee, whose task is to identify any changes. The Policy was adopted by the Parent Company, Arnoldo Mondadori Editore S.p.A., and all Group companies.

The Company analyses and measures its exposure to financial risks for the purpose of defining management and hedge strategies. The criteria used by the Company to measure the risks include the sensitivity analysis of positions subject to risk, involving "mark to market" analysis of variations and/or future cash flow variations in relation to small variations in risk factors.

The overall Policy objective is to minimize financial risks, by using appropriate tools available on the market. Financial derivative instruments are exclusively used to hedge against financial risks directly referring to Arnoldo Mondadori Editore S.p.A. or its subsidiaries.
Financial derivative instruments may not be used for speculative purposes.

Specific company functions are responsible for risk management and monitoring and reports are drafted periodically for each type of risk.

Interest rate risk

Interest rate risk refers to the possibility that losses may be incurred in financial management, in terms of lower business activity performance or increased liability costs(existing or potential) as a result of interest rate fluctuations.

Interest rate risk is therefore correlated to interest rate uncertainty. The key objective of interest rate risk management is to protect the Group's financial margin against market interest rate fluctuations, by steadily monitoring interest rate volatility.

The Group exposure to interest rate risk mainly refers to long-term loans, specifically, to the loan granted by a pool of banks coming to maturity in December 2020.

Interest rate risk hedging is ensured through interest rate swap contracts, converting exposure from floating to fixed rate.

Specifically:
- a 0.146% fixed rate 3-month Euribor hedge, comprising an interest rate swap of a notional value of 72.3 million euro, with expiry in December 2020;
- a 0.163% fixed rate 3-month Euribor hedge, comprising an interest rate swap of a notional value of 26.9 million euro, with expiry in December 2020;
- a 0.172% fixed rate 3-month Euribor hedge, comprising an interest rate swap of a notional value of 15.9 million euro, with expiry in December 2020;
- a 0.165% fixed rate 3-month Euribor hedge, comprising an interest rate swap of a notional value of 26.9 million euro, with expiry in December 2020;
- a 0.175% fixed rate 3-month Euribor hedge, comprising an interest rate swap of a notional value of 8.0 million euro, with expiry in December 2020.

For further information on debt, reference should be made to Note 21, “Financial assets”, and Note 27, “Financial liabilities”.

The following table illustrates the findings of the sensitivity analysis with indication of the relevant impact on income statement and equity, gross of any tax effects, as requested by IFRS 7.

Sensitivity analysis (euro/million)	**Underlying**	**Interest rate increase/(decrease)**	**Income (cost)**	**Equity increase (decrease)**
2015	(185.7)	1%	(1.9)	6.2
2014	(283.7)	1%	(2.8)	3.1
2015	(185.7)	(0.2%)	0.4	(1.2)
2014	(283.7)	(0.2%)	0.6	(0.6)

While identifying potential impact correlated to positive and negative interest rate variations, floating-rate loans were also analyzed.

The basic assumptions underlying the sensitivity analysis are:
- an initial parallel shift of the interest curve of + 100/-20 base points;
- the analysis is carried out on the assumption that all the other risk variables remain constant;
- for the purpose of comparability, the same analysis is performed both on the current year and the previous year.

Currency risk

Currency risk refers to a set of negative effects on the margin or the value of an asset or a liability as a result of exchange rate fluctuations.
The Group is not particularly exposed to exchange rate risks. At 31 December 2015, there are no exchange derivatives in place.

Liquidity risk

Liquidity risk refers to the possibility that the Company may not be able to face payment obligations as a result of its inability to raise new funds (funding liquidity risk), or its inability to sell assets on the market (asset liquidity risk), thereby being forced to sustain excessively high costs for the purpose of meeting obligations.

The Company’s exposure to liquidity risk mainly refers to existing loans and borrowings. Currently, the Group has medium-long term loans (loans granted in pool) with banks.
In addition, if deemed necessary, the Group may resort to pre-authorized short-term credit lines. For further information on current and non-current financial liabilities, reference should be made to Note 28 “Financial liabilities”.

At 31 December 2015, liquidity risk was managed by Mondadori Group through the following tools:
- bank and post office deposits totaling 30.7 million euro;
- committed credit lines amounting to approximately 515.0 million euro (282.5 million euro of which not drawn down) and uncommitted credit lines of 194.4 million euro, drawn down for a total of 0.9 million euro at 31 December 2015.

The table below details the Group exposure to liquidity risk and the relevant maturity dates.

Liquidity risk (euro/million)	**Analysis of maturity periods at 31/12/2015**						
	< 6 months	**6-12 months**	**1-2 years**	**2-5 years**	**5-10 years**	**> 10 years**	**Total**
Trade payables	280.2	-	-	-	-	-	280.2
Medium/long-term loans	4.9	15.5	40.8	350.2	-	-	411.4
Other financial liabilities:							
- *committed lines*	-	-	-	-	-	-	-
- *uncommitted lines*	4.1	-	-	-	-	-	4.1
Other liabilities	71.7	-	-	-	-	-	71.7
Payables due to associates	12.5	-	-	-	-	-	12.5
Total	**373.4**	**15.5**	**40.8**	**350.2**	**-**	**-**	**779.9**
Derivatives on rate risk	0.3	0.3	0.5	(0.8)	-	-	0.3
Derivatives on currency risk	-	-	-	-	-	-	-
Total exposure	**373.7**	**15.8**	**41.3**	**349.4**	**-**	**-**	**780.2**

Liquidity risk (euro/million)	**Analysis of maturity periods at 31/12/2014**						
	< 6 months	**6-12 months**	**1-2 years**	**2-5 years**	**5-10 years**	**> 10 years**	**Total**
Trade payables	275.9	-	-	-	-	-	275.9
Medium/long-term loans	22.1	7.0	153.9	141.1	-	-	324.1
Other financial liabilities:							
- *committed lines*	-	-	-	-	-	-	-
- *uncommitted lines*	12.9	10.1	-	-	-	-	23.0
Other liabilities	74.3	-	-	-	-	-	74.3
Payables due to associates	18.0	-	-	-	-	-	18.0
Total	**403.2**	**17.1**	**153.9**	**141.1**	**-**	**-**	**715.3**
Derivatives on rate risk	0.3	0.4	0.7	0.3	-	-	1.7
Derivatives on currency risk							
Total exposure	**403.5**	**17.5**	**154.6**	**141.4**	**-**	**-**	**717.0**

Maturity dates were analyzed by using undiscounted cash flows and the amounts were accounted for by taking into account the first date upon which payment becomes due. For this reason, uncommitted credit lines are reported in the first column.

For the purpose of meeting liquidity requirements, the company relies on credit lines and liquidity, and cash flow from operations.

Credit risk

Credit risk refers to the possibility of incurring financial losses as a result of counterparty default in complying with contractual obligations.

A special type of credit risk is represented by the counterparty/replacement risk in case of derivative exposure. In this case, the risk is associated with any deferred gains as a result of the possibility that the counterparty fails to live up to its contractual obligations and thus no positive cash flow is generated in favour of the Company.

In the case of Mondadori Group this potential risk is limited, since the counterparties of derivative instrument contracts are leading financial institutions with high ratings.

The objective is to limit the risk for losses due to the unreliability of market counterparties or to the difficulty of converting or replacing existing financial positions. Hence, transactions with non-authorized counterparties are not allowed.

When approving the Policy, the Board of Directors also approved a list of authorized counterparties for financial risk hedging. Transactions with such authorized counterparties are constantly monitored and reports are periodically drafted.

Each individual Group company is responsible for the management of trade receivables in compliance with the Group financial objectives, commercial strategies and operating procedures, restricting the sale of products and services to customers whose credit profile or provision of collateral guarantees does not conform to the standards set.
The balance relating to trade receivables is monitored throughout the year, so as to ensure that the amount of exposure to losses is kept low.

Maximum risk exposure for financial items including derivative instruments: maximum risk exposure is accounted for before the effects of mitigation deriving from compensation agreements and guarantees.

Credit risk (euro/million)	**31/12/2015**	**31/12/2014**
Deposits	29.7	11.8
Receivables and loans:		
- trade receivables and other current financial assets	265.4	296.8
- trade receivables and other non-current financial assets	10.4	12.0
Held-for-sale assets	0.4	0.4
Receivables from hedge derivatives	-	-
Guarantees	-	-
Total maximum exposure to credit risk	**305.9**	**321.0**

The table below illustrates the Group's exposure to credit risk by geographical area:

	Credit risk concentration			
	Euro/milion 31/12/2015	**Euro/milion 31/12/2014**	**% 31/12/2015**	**% 31/12/2014**
by geographical area:				
Italy	192.7	210.6	79.6%	79.6%
France	49.3	54.0	20.4%	20.4%
Other countries	0.1	-	-	-
Total	**242.1**	**264.6**	**100.0%**	**100.0%**

Below is a description of management criteria used for the main segments of activity:

Books
The Company has adopted a specific procedure to assess the risk profile of any new customer. This procedure comprises the collection of commercial information to evaluate customer reliability before granting any credit line. Customer reliability is monitored on an ongoing basis.

Magazines
With reference to the Italian market, the Group's exposure relates to local distributors mainly represented by small-medium enterprises.
Given the fact that contractual provisions establish the collection of significant advances on supplies, exposure is represented by the residual amount of sales relating to the month of December.

In addition, for the purpose of limiting the credit risk, the Group stipulated an insurance.

The French market of magazines is characterized by only two national players, whose stake is also owned by the main French publishers.

Therefore, considering counterparty financial robustness and solvency, the Group does not consider credit risk relevant.

Advertising
Most of the Group's exposure is with small to medium-sized advertising investors and with media centres, constantly monitored by Mediamond S.p.A., an equally-held joint-venture with the Mediaset Group and advertising agency for Mondadori Group titles.

Mediamond S.p.A. controls the credit risk with these subjects, for significant investments, through solvency analysis and the collection of commercial information before the provision of services.

Each company performs autonomous individual assessments of the most significant positions and makes the appropriate adjustments, taking into account the estimated recoverable amount, collection dates, recovery charges and costs and any guarantees issued.

In case of positions not subject to specific losses, the Company sets up a provision based on historical data and statistics.

The table below illustrates the Group's exposure to credit risk by business area:

Credit risk concentration (euro/million)	Analysis of maturity periods at 31/12/2015					
		Net overdraft				
	Net to maturity	0-30 days	30-60 days	60-90 days	over	Bad debt provision
Books	95.2	1.2	1.4	0.7	5.2	16.8
Magazines Italy	39.5	10.0	1.1	0.5	6.1	13.9
Magazines France	39.2	6.0	2.4	1.1	0.6	3.4
Retail	14.1	2.4	0.3	0.1	9.3	5.8
Other business	4.2	1.1	0.2	0.1	0.1	0.3
Total	**192.2**	**20.7**	**5.4**	**2.5**	**21.3**	**40.2**

Credit risk concentration (euro/million)	Analysis of maturity periods at 31/12/2014					
		Net overdraft				
	Net to maturity	0-30 days	30-60 days	60-90 days	over	Bad debt provision
Books	103.3	1.6	1.1	0.7	9.1	17.4
Magazines Italy	37.1	8.5	1.2	0.5	6.6	12.7
Magazines France	38.1	7.1	2.5	1.1	5.1	3.8
Retail	13.2	3.6	1.0	0.7	10.6	5.1
Radio	5.2	-	-	-	-	0.3
Other business	4.1	1.3	0.6	0.2	0.3	0.5
Total	**201.0**	**22.1**	**6.4**	**3.2**	**31.7**	**39.8**

Other information requested pursuant to IFRS 7

The table below summarizes financial assets and liabilities classified based on the categories defined by IAS 39 and the relevant fair value.

Classification (euro/million)	Book value							
	Total		of which current		of which non-current		*Fair value*	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Financial assets valued at fair value with differences recognized under income statement, held for trading	-	-	-	-	-	-	-	-
Receivables and borrowings:								
- cash and cash equivalents	30.7	13.0	30.7	13.0	-	-	30.7	13.0
- trade receivables	202.6	220.3	198.5	215.6	4.1	4.7	202.6	220.3
- other financial assets	32.5	38.7	30.8	36.5	1.8	2.2	32.5	38.7
- receivables from affiliates and joint ventures	40.6	49.7	40.6	49.7	-	-	40.6	49.7
Held-for-sale financial assets	0.4	0.4	0.4	0.4	-	-	0.4	0.4
Derivatives	-	-	-	-	-	-	-	-
Total financial assets	**306.8**	**322.1**	**301.0**	**315.2**	**5.9**	**6.9**	**306.8**	**322.1**
Financial liabilities at fair value:								
- non-hedge derivatives	-	-	-	-	-	-	-	-
Financial liabilities at amortized cost:								
- trade payables	280.3	275.9	280.3	275.9	-	-	280.3	275.9
- payables due to banks and other financial liabilities	304.5	386.7	82.2	122.1	222.5	264.6	254.1	324.1
- payables to associates and joint ventures	12.5	18.0	12.5	18.0	-	-	12.5	18.0
Derivatives	-	1.7	-	-	-	1.7	-	1.7
Total financial liabilities	**597.3**	**682.3**	**375.0**	**416.0**	**222.5**	**266.3**	**546.9**	**619.7**

IFRS 7 requires that values regarding financial assets and liabilities are classified based on a scale of levels reflecting input significance used when calculating fair value.

At 31 December 2015, the Group has current and non-current financial liabilities represented by derivatives as defined in Note 28 “Financial liabilities”, that are classified Level 2; this scale refers to procedures to either directly or indirectly monitor inputs having a significant impact on fair value.

The table below summarizes income and expenses recognized under income statement and attributable to financial assets and liabilities, classified according to the categories defined by IAS 39.

Income and loss from financial instruments (euro/million)	**31/12/2015**	**31/12/2014**
Interest earned on financial assets not valued at fair value:		
- deposits	-	-
- other financial assets	1.9	1.0
Total income	**1.9**	**1.0**
Net loss on derivative instruments	0.5	0.6
Interest due on financial liabilities not valued at fair value		
- deposits	0.1	0.2
- bonds	-	-
- borrowings	12.2	17.4
- other	3.9	3.8
Losses from financial instrument impairment:		
- trade receivables	8.2	15.3
Expense and commissions not included in effective interest rates	1.0	0.9
Total expenses	**25.9**	**38.2**
Total	**(24.0)**	**(37.2)**

44. EVALUATIONS AT FAIR VALUE

Some of the Group's financial assets and liabilities were valued at fair value.

Financial assets (liabilities) (euro/000)	**Fair value 31/12/2015**	**Fair value hierarchy**	**Valuation method and main inputs**
Interest rate swap	(39)	Level 2	*Discounted cash flow* Projected flows are discounted based on the forward rate curve expected at year end and on the contractual fixing rates, also taking the counterparty default risk into account.
Investments in other companies	443	Level 3	Based on the nature of the interests held in other enterprises, the cost may be considered representative of the fair value.

45. OPERATING SEGMENTS

The disclosure required by IFRS 8 - Operating segments - is provided by taking into account the Group's organizational structure, based on which the periodic reporting is made, used by the Top Management to define actions and strategies, evaluate investment opportunities and allocate resources.

Except for the radio segment related to broadcasting activities, sold during the year, the situation remains unchanged versus 2014.

SEGMENT REPORTING: FIGURES AT 31 DECEMBER 2015

(euro/000)	Books	Magazines Italy
Revenue from sales and services from external customers	**284,007**	**293,585**
Revenue from sales and services from other sectors	**36,822**	**2,694**
Income (costs) from investments valued at equity	7,668	1,753
EBITDA	**45,943**	**2,644**
EBIT	**42,513**	**(3,717)**
Financial income (costs)	-	-
Result before taxes and minority interests	**42,513**	**(3,717)**
Income tax	-	-
Result attributable to minority shareholders	-	(120)
Result from discontinued operations	-	-
Net result	**42,513**	**(3,597)**
Amortization, depreciation and impairment	3,430	6,361
Non-monetary costs	12,298	7,258
Non-recurring income (costs)	-	-
Capital expenditures	4,012	7,908
Investments valued at equity	5,503	22,772
Total assets	270,577	197,207
Total liabilities	142,630	192,843

Italy
France
Other EU countries
USA
Other countries
Consolidated result

Magazines France	Retail	Other Business, Corporate and Digital Innovation	Unallocated items and consolidation adjustments	Consolidated result
334,539	**195,405**	**15,295**	**-**	**1,122,831**
13	**622**	**20,490**	**(60,641)**	**0**
(91)	-	(117)	-	9,213
32,421	**1,822**	**(1,744)**	**480**	**81,566**
21,030	**(1,167)**	**(4,664)**	**480**	**54,475**
-	-	(16,036)	-	(16,036)
21,030	**(1,167)**	**(20,825)**	**480**	**38,314**
-	-	20,476	-	20,476
3,012	-	(157)	-	2,735
-	-	-	(8,738)	(8,738)
18,018	**(1,167)**	**(41,144)**	**(8,258)**	**6,365**
11,391	2,989	2,920	-	27,091
8,684	5,364	2,917	-	36,521
-	-	-	-	0
2,242	6,142	826	-	21,130
-	-	16,182	-	44,457
467,069	103,853	180,432	(25,637)	1,193,501
137,266	86,125	354,748	(15,620)	897,992

Revenue from sales and services	Fixed assets
766,461	183,195
314,862	400,343
35,069	38
660	-
5,779	-
1,122,831	**583,576**

SEGMENT REPORTING: FIGURES AT 31 DECEMBER 2014

(euro/000)	Books	Magazines Italy	Magazines France
Revenue from sales and services from external customers	**301,598**	**300,829**	**340,855**
Revenue from sales and services from other sectors	**38,487**	**1,844**	**61**
Income (costs) from investments valued at equity	767	779	(918)
EBITDA	**45,107**	**(987)**	**35,037**
EBIT	**42,203**	**(1,792)**	**23,710**
Financial income (costs)	-	-	-
Result before taxes and minority interests	**42,203**	**(1,792)**	**23,710**
Income tax	-	-	-
Result attributable to minority shareholders	-	(109)	3,254
Result from discontinued operations	-	-	-
Net result	**42,203**	**(1,683)**	**20,456**
Amortization, depreciation and impairment	2,904	805	11,327
Non-monetary costs	9,284	7,011	5,005
Non-recurring income (costs)	(879)	(1,168)	(715)
Capital expenditures	6,530	2,268	3,340
Investments valued at equity	7,122	25,462	-
Total assets	291,173	190,900	482,208
Total liabilities	143,214	187,294	146,900

Italy
France
Other EU countries
USA
Other countries
Consolidated result

	Retail	Radio	Other Business Corporate and Digital Innovation	Unallocated items and consolidation adjustments	Consolidated result
	210,156	**-**	**16,086**	**-**	**1,169,524**
	1,046	**-**	**12,959**	**(54,397)**	**0**
	-	-	(1,430)	-	(802)
	8,918	**-**	**(16,543)**	**(2)**	**71,530**
	3,552	**-**	**(19,481)**	**(2)**	**48,190**
	-	-	(22,978)	-	(22,978)
	3,552	**-**	**(42,460)**	**(2)**	**25,211**
	-	-	16,718	-	16,718
	-	-	-	-	3,145
	-	-	-	(4,730)	(4,730)
	3,552	**-**	**(59,178)**	**(4,732)**	**618**
	5,366	-	2,938	-	23,340
	5,705	-	3,111	-	30,116
	(410)	-	(24)	-	(3,196)
	1,010	920	2,325	-	16,393
	-	-	6,617	-	39,201
	101,723	58,755	195,322	(25,151)	1,294,930
	85,337	6,057	451,662	(14,655)	1,005,809

	Revenue from sales and services	Fixed assets
	808,545	227,032
	321,005	409,493
	33,026	2,136
	747	-
	6,201	-
	1,169,524	**638,661**

46. INFORMATION PURSUANT TO ART. 149-*DUODECIES* OF CONSOB ISSUER REGULATION

Table drafted pursuant to art. 149-*duodecies* of Consob Issuer Regulation, illustrating fees paid in 2015 for auditing activities and other services provided by Deloitte & Touche S.p.A. and by other entities belonging to the same network

Service	Entity providing the service	Beneficiary of the service		Amount (Euro/million)
Auditing	Deloitte & Touche S.p.A.	Arnoldo Mondadori Editore S.p.A.		307.9
	Deloitte & Touche S.p.A.	Subsidiaries		484.5
	Deloitte & Associés S.A.	Subsidiaries		242.2
Certification	Deloitte & Touche S.p.A.	Arnoldo Mondadori Editore S.p.A.	(1)	92.7
	Deloitte & Touche S.p.A.	Subsidiaries	(2)	20.1
	Deloitte & Associés S.A.	Subsidiaries	(3)	20.5
Total				**1,167.9**

(1) Accertamento Diffusione Stampa (circulation auditing). Auditing of the Company financial statements, tax returns and auditor's stamp.
(2) Audits for underwriting of tax returns and auditor's stamp
(3) Auditing procedure for the obtaining of subsidized postal tariffs (CPAPP).

For the Board of Directors
The Chairman
Marina Berlusconi

CERTIFICATION OF THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

CERTIFICATION OF THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-*TER* OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

1. The undersigned Ernesto Mauri, in his capacity as CEO, and Oddone Pozzi, in his capacity as Executive Manager responsible for the drafting of the corporate accounting documentation of Arnoldo Mondadori Editore S.p.A., also in compliance with the provisions set out in art. 154-*bis*, par. 3 and 4, of Legislative Decree no. 58 of February 24, 1998, hereby certify:

   • the adequacy in relation to the Group's characteristics and

   • the effective application

   of the administrative and accounting procedures for the drafting of the Group's consolidated financial statements closed at 31 December 2015.

2. The valuation of the adequacy of the administrative and accounting procedures for the drafting of the Group's consolidated financial statements at 31 December 2015 was carried out based on a specific process defined by Arnoldo Mondadori Editore S.p.A. consistently with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which groups together a set of general principles of reference generally accepted at the international level.

3. We also hereby certify that:

3.1 the Group's consolidated financial statements at 31 December 2015:

   a) were drafted in compliance with the applicable international accounting standards acknowledged at the EU level pursuant to EC regulation no. 1606/2002 of the EU Parliament and Council of 19 July 2002 as well as the provisions set out for the implementation of art. 9 of Legislative Decree no. 38/2005;

   b) reflect the accounting books and entries;

   c) provide a true and fair description of the financial position and results of operations of the Company and the group of companies included in the consolidation area.

3.2 the report on operations includes a reliable analysis of the Company's performance and results, the financial position of the Company and the companies included in the consolidation area, along with the description of the main risks and uncertainties they are exposed to.

17 March 2016

The CEO
(Ernesto Mauri)

The Executive Manager responsible for the drafting
of the corporate accounting documents
(Oddone Pozzi)

Arnoldo Mondadori Editore S.p.A.
Financial Statements
at 31 December 2015

BALANCE SHEET

Assets (euro)	Notes	31/12/2015	31/12/2014
Intangible assets	1	87,015,290	90,026,180
Property investments	2	3,027,544	3,132,407
Land and buildings		5,639,777	6,281,193
Plant and equipment		1,791,512	2,357,981
Other tangible assets		770,473	1,187,659
Property, plant and equipment	3	**8,201,762**	**9,826,833**
Investments	4	210,897,642	238,752,293
Non-current financial assets	4	200,000,000	200,000,000
Pre-paid tax assets	5	24,650,617	31,804,813
Other non-current assets	6	345,051	657,384
Total non-current assets		**534,137,906**	**574,199,910**
Tax receivables	7	33,396,628	42,587,312
Other current assets	8	4,574,205	40,892,280
Inventory	9	10,039,826	30,476,954
Trade receivables	10	28,977,705	130,789,542
Other current financial assets	11	116,135,676	87,352,602
Cash and cash equivalents	12	27,676,667	10,080,584
Total current assets		**220,800,707**	**342,179,274**
Assets held for sale or transferred		-	-
Total assets		**754,938,613**	**916,379,184**

Liabilities (euro)	**Notes**	**31/12/2015**	**31/12/2014**
Share capital		67,979,168	67,979,168
Share premium reserve		-	12,000,000
Treasury shares		-	-
Other reserves and results carried forward		124,620,666	125,354,954
Profit (loss) for the year		(31,981,679)	(12,888,014)
Total equity	13	**160,618,155**	**192,446,108**
Provisions	14	35,675,055	39,077,810
Post-employment benefits	15	11,612,365	18,023,459
Non-current financial liabilities	16	220,386,726	262,535,906
Deferred tax liabilities	5	24,021,171	27,288,956
Other non-current liabilities		-	-
Total non-current liabilities		**291,695,317**	**346,926,131**
Income tax payables	17	-	-
Other current liabilities	18	42,204,805	57,832,946
Trade payables	19	80,557,359	140,533,497
Payables due to banks and other financial liabilities	16	179,862,977	178,640,502
Total current liabilities		**302,625,141**	**377,006,945**
Liabilities held for sale or transferred		-	-
Total liabilities		**754,938,613**	**916,379,184**

INCOME STATEMENT

(euro)	Notes	2015	2014
Revenue from sales and services	20	**251,963,324**	**494,877,999**
Decrease (increase) of inventory	9	937,236	(2,190,615)
Cost of raw and ancillary materials, consumables and goods	21	31,629,339	142,264,805
Cost of services	22	165,853,354	275,649,704
Cost of personnel	23	73,012,694	86,349,764
Other (income) cost	24	(19,216,626)	(4,183,309)
EBITDA		**(252,673)**	**(3,012,350)**
Depreciation of property, plant and equipment	2-3	1,639,415	2,936,625
Amortization and impairment loss of intangible assets	1	1,536,155	1,122,403
EBIT		**(3,428,243)**	**(7,071,378)**
Financial income (costs)	25	(1,024,524)	(7,901,802)
Income (costs) from investments	26	(24,715,945)	1,327,577
Result before taxes for the year		**(29,168,712)**	**(13,645,603)**
Income tax	28	961,020	(757,589)
Result from continuing operations		**(30,129,732)**	**(12,888,014)**
Income (costs) from discontinued operations	27	(1,851,947)	-
Net result		**(31,981,679)**	**(12,888,014)**

COMPREHENSIVE INCOME STATEMENT

(euro)	Notes	2015	2014
Net result		**(31,981,679)**	**(12,888,014)**
Items reclassifiable to income statement			
Effective portion of income (loss) on cash flow hedge instruments		(38,936)	(1,936,955)
Tax effect		10,708	606,169
Reclassified entries under income statement			
Effective portion of income (loss) on cash flow hedge instruments		968,275	1,105,541
Tax effect		(479,164)	(304,024)
Items that will not be later reclassified under income statement			
Actuarial income/(losses)		142,817	(406,698)
Tax effect		(39,368)	111,842
Comprehensive net result		**(31,417,347)**	**(13,712,139)**

For the Board of Directors
The Chairman
Marina Berlusconi

STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2014 AND 2015

(euro/000)	Notes	Share capital	Share premium reserve	Treasury shares	Stock option reserve	Discounting reserve - IAS 19 Post-employment benefits	Other reserves	Result for the year	Total equity
Balance at 01/01/2014		**64,079**	**170,625**	**(73,498)**	**1,101**	**783**	**327,297**	**(314,970)**	**175,417**
Changes in:									
- Allocation of result			(170,625)				(144,345)	314,970	
- Dividend payout									
- Capital increase		3,900	12,000						15,900
- Sale/cancellation of treasury shares				73,498			(58,207)		15,291
- Stock options									
- Other reserves							(450)		(450)
- Comprehensive income (loss)						(295)	(529)	(12,888)	(13,712)
Balance at 31/12/2014		**67,979**	**12,000**	**0**	**1,101**	**488**	**123,766**	**(12,888)**	**192,446**

(euro/000)	Notes	Share capital	Share premium reserve	Treasury shares	Stock option reserve	Discounting reserve - IAS 19 Post-employment benefits	Other reserves	Result for the year	Total equity
Balance at 01/01/2015		**67,979**	**12,000**	**0**	**1,101**	**488**	**123,766**	**(12,888)**	**192,446**
Changes in:									
- Allocation of result			(12,000)				(888)	12,888	-
- Dividend payout									
- Capital increase									
- Sale/cancellation of treasury shares									
- Stock options					(833)		833		-
- Other reserves							(411)		(411)
- Comprehensive income (loss)						104	461	(31,982)	(31,417)
Balance at 31/12/2015		**67,979**	**0**	**0**	**268**	**592**	**123,761**	**(31,982)**	**160,618**

For the Board of Directors
The Chairman
Marina Berlusconi

CASH FLOW STATEMENT

(euro/000)	Notes	31/12/2015	31/12/2014
Net result for the year		(31,982)	(12,888)
Adjustments			
Amortization, depreciation and impairment		26,791	32,230
Income tax for the year	28	963	(758)
Stock options	23		
Fund provisions and post-employment benefits		3,189	(17,885)
Capital loss (gain) from the transfer of intangible assets, property, plant and equipment		(11,903)	(419)
Income from investments - dividends	26	(87)	(20,588)
Net financial costs (income) on loans and transactions with derivatives		13,651	18,803
Cash flow generated from operations		**622**	**(1,505)**
Trade receivable (increase) decrease		(1,785)	20,301
Inventory (increase) decrease		853	(2,177)
Trade payable increase (decrease)		(17,144)	1,031
Income tax payments		4,790	4,354
Fund provisions and post-employment benefits increase (decrease)		(5,099)	(4,430)
Net difference for other assets/liabilities		(1,143)	16,928
Cash flow generated from (absorbed by) operations		**(18,906)**	
(Purchase) disposal of intangible assets		(885)	(2,578)
(Purchase) disposal of property, plant and equipment		12,712	(2,510)
(Purchase) disposal of investments		(9,795)	(18,321)
Income from investments - dividends	26	87	20,588
(Purchase) disposal of securities		-	-
Variation in other current financial assets	11	88,809	52,598
Net liquidity acquired/(transferred) from extraordinary transactions		-	-
Cash flow generated from (absorbed by) investment activities		**90,928**	**49,777**
Increase (decrease) of payables due to banks		(36,839)	3,027
Variation in other current financial liabilities		38,061	(9,285)
(Purchase) disposal of treasury shares	13	-	15,291
Net difference for other non-current financial assets/liabilities	16	(39,904)	(115,390)
Cash-in of net financial income (payment of net financial costs) on loans and transactions with derivatives		(15,742)	(20,850)
Dividend payout		-	-
Cash flow generated from (absorbed by) financing activities		**(54,424)**	**(127,208)**
Increase (decrease) in cash and cash equivalents		**17,598**	**(42,929)**
Cash and cash equivalents at the beginning of the period	12	**10,079**	**53,009**
Cash and cash equivalents at the end of the period	12	**27,677**	**10,080**
Cash and cash equivalents composition			
Cash, cheques and securities		5	3
Bank and postal deposits		27,672	10,077
	12	**27,677**	**10,080**

For the Board of Directors
The Chairman
Marina Berlusconi

BALANCE SHEET PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

Assets (euro/000)	**Notes**	**31/12/2015**	**of which related parties (note 30)**	**31/12/2014**	**of which related parties (note 30)**
Intangible assets	1	87,015		90,026	
Property investments	2	3,028		3,132	
Land and buildings		5,640		6,281	
Plant and equipment		1,791		2,358	
Other tangible assets		770		1,188	
Property, plant and equipment	3	**8,201**		**9,827**	
Investments	4	210,898		238,752	
Non-current financial assets	4	200,000	200,000	200,000	200,000
Advanced tax assets	5	24,651		31,805	
Other non-current assets	6	345	132	657	132
Total non-current assets		**534,138**	**200,132**	**574,199**	**200,132**
Tax receivables	7	33,397	8,366	42,588	15,578
Other current assets	8	4,574		40,892	
Inventory	9	10,040		30,477	
Trade receivables	10	28,978	24,704	130,790	53,305
Other current financial assets	11	116,135	115,324	87,353	82,482
Cash and cash equivalents	12	27,676		10,080	
Total current assets		**220,800**	**148,394**	**342,180**	**151,365**
Assets held for sale or transferred		-		-	
Total assets		**754,938**	**348,526**	**916,379**	**351,497**

Liabilities (euro/000)	**Notes**	**31/12/2015**	**of which related parties (note 30)**	**31/12/2014**	**of which related parties (note 30)**
Share capital		67,979		67,979	
Share premium reserve		-		12,000	
Treasury shares		-		-	
Other reserves and results carried forward		124,621		125,355	
Profit (loss) for the year		(31,982)		(12,888)	
Total equity	13	**160,618**		**192,446**	
Provisions	14	35,675		39,078	
Post-employment benefits	15	11,612		18,023	
Non-current financial liabilities	16	220,387	-	262,536	47,506
Deferred tax liabilities	5	24,021		27,289	
Other non-current liabilities		-		-	
Total non-current liabilities		**291,695**	**-**	**346,926**	**47,506**
Income tax payables	17	-		-	-
Other current liabilities	18	42,205		57,833	
Trade payables	19	80,557	18,373	140,533	50,062
Payables due to banks and other financial liabilities	16	179,863	171,692	178,641	133,732
Total current liabilities		**302,625**	**190,065**	**377,007**	**183,794**
Liabilities held for sale or transferred		-		-	
Total liabilities		**754,938**	**190,065**	**916,379**	**231,300**

INCOME STATEMENT PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(euro/000)	Notes	2015	of which related parties (note 30)	of which non-recurring (income) cost (note 29)	2014	of which related parties (note 30)	of which non-recurring (income) cost (note 29)
Revenue from sales and services	20	**251,963**	**252,028**		**494,878**	**336,300**	
Decrease (increase) of inventory	9	937			(2,190)		
Cost of raw and ancillary materials, consumables and goods	21	31,629	(344)		142,265	105,512	
Cost of services	22	165,853	26,383		275,649	33,807	
Cost of personnel	23	73,013			86,349		1,953
Other (income) cost	24	(19,216)	3,926		(4,183)	(3,521)	
EBITDA		**(253)**	**229,915**	**0**	**(3,012)**	**200,502**	**(1,953)**
Depreciation of property, plant and equipment	2-3	1,639			2,937		
Amortization, depreciation and impairment of intangible assets	1	1,536			1,122		
EBIT		**(3,428)**	**229,915**	**0**	**(7,071)**	**200,502**	**0**
Financial income (costs)	25	(1,025)	14,368		(7,902)	15,126	
Income (costs) from investments	26	(24,716)	(24,716)		1,327	1,327	
Income (costs) from ass./liab. held for sale		(1,852)					
Profit before taxes for the year		**(31,021)**	**219,567**	**0**	**(13,646)**	**216,955**	**0**
Income tax	28	961			(758)		(537)
Net result		**(31,982)**	**219,567**	**0**	**(12,888)**	**216,955**	**(1,416)**

ACCOUNTING STANDARDS AND EXPLANATORY NOTES

1. GENERAL INFORMATION

Arnoldo Mondadori Editore S.p.A.'s core business is the publishing of books and magazines, and the sale of advertising space. The Company has its registered office in Milan, Via Bianca di Savoia 12, and headquarters in Segrate, Milan, Strada privata Mondadori.

The Company is present through the storage device on the www.1info.it website.

The amounts shown in the tables are in euros; in these notes, the amounts are expressed in euro thousands, unless otherwise stated.

Arnoldo Mondadori Editore S.p.A.'s financial statements for the year ended 31 December 2015 were approved by the Board of Directors on 17 March 2016 and were published and made available together with the additional documents forming the Company's Annual Report, pursuant to art. 154-ter of the TUF (Finance Consolidation Act), and the Statutory Auditors' Report, as well as the Report of the Independent Auditing Firm, in compliance with the terms envisaged by law, at Borsa Italiana S.p.A. and on the Company's website.
The Company's financial statements will be filed with the Registrar of Companies within 30 days after the Shareholders' Meeting scheduled on 21 April 2016 called to approve the 2015 financial statements.

As explained in detail below, the transfer of the book business unit to the newly-formed Mondadori Libri S.p.A. came into effect on 1 January 2015. As a result of the transaction, the comparability of data appearing in these financial statements, specifically those of the income statement, is not significant. The pro forma income statement and balance sheet figures at 1 January 2015 have been prepared to provide a clearer picture of the financial statements.

2. FORM AND CONTENT

The financial statements at 31 December 2015 were drafted in compliance with the International Accounting Standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and approved by the EU, and in compliance with the International Financial Reporting Interpretations Committee (SIC/IFRIC).

The financial statements were drafted based on the historical cost, adjusted as requested to evaluate a few financial instruments, and on a going concern basis. The Company has decided that, despite the difficult economic and financial context, there is no significant uncertainty (as defined by IAS 1.25) surrounding its ability to continue operating, also as a result of the actions undertaken to adjust to the changed market scenarios and of its industrial and financial flexibility.

Arnoldo Mondadori Editore S.p.A. adopted the body of the standards applied as of 1 January 2005, following the adoption of European Regulation no. 1606 of 19 July 2002.

It should be noted that the disclosures pursuant to IFRS 1, relating to the impact of the first-time adoption of the International Accounting Standards, are contained in a separate attachment “Transition to the IAS/IFRS accounting standards”, to the 2005 Half-Year Report and the 2005 Company’s Financial Statements, to which reference should be made.

The financial statements at 31 December 2015 were prepared in accordance with the accounting standards used for the preparation of the IAS/IFRS consolidated financial statements at 31 December 2011, considering the amendments and the new standards effective as of 1 January 2011, as per Note 3.25.

The following criteria were taken into account in the drafting of these financial statements:
- current and non-current assets and current and non-current liabilities are shown separately in the balance sheet;
- in the separate income statement, the analysis of costs is carried out on the basis of the nature of the costs, since the Company decided that this method is more representative than an analysis by function;
- the comprehensive income statement contains revenue and cost items that are not recognized under income (loss) for the year as required or allowed by the other IAS/IFRS accounting standards;
- the cash flow statement has been prepared using the indirect method.

With reference to the requirements of Consob Resolution no. 15519 of 27 July 2006 concerning the tables to the financial statements, specific supplementary tables were included to highlight significant transactions with “Related parties” and “Non-recurring transactions”.

The amounts shown in the tables and in these notes are expressed in euro thousands unless otherwise stated.

3. ACCOUNTING STANDARDS AND VALUATION CRITERIA

The following is an explanation of the standards adopted by the Company in preparing the IAS/IFRS financial statements at 31 December 2015.

3.1. Intangible assets

When it is probable that costs will generate future economic benefits, intangible assets include the cost, including accessory charges, of the purchase of assets or resources, without any physical form, used in the production of goods or in the supply of services, to rent to third parties or for administrative purposes, on condition that the cost is quantifiable in a reliable manner and that the goods are clearly identifiable and controlled by the company that owns them.

Any costs incurred after the initial purchase are included in the increase of the cost of intangible assets in direct relation to the extent to which those costs are able to generate future economic benefits.

Internal costs for producing mastheads and for the launch of newspapers and magazines are recognized in income statement for the year in question.

Subsequent to initial recognition, intangible assets are valued at cost, net of accumulated amortization and any accumulated impairment losses.

Intangible assets purchased separately and those purchased as part of business combinations that took place before the first-time adoption of IAS/IFRS are initially recognized at cost, while those purchased as part of business combination transactions carried out after the first adoption of IAS/IFRS are initially recognized at fair value.

Intangible assets with finite useful life

The cost of intangible assets with a finite useful life is systematically amortized over the useful life of the asset from the moment that the asset is available for use. The amortization criteria depend on how the relating future economic benefits contribute to the Company's result.

The amortization rates reflecting the useful lives attributed to intangible assets with a finite life are as follows:

Intangible assets with finite useful life	Amortization rates and useful life
Goods under concession or license	Duration of the concession and license
Software	Straight line over 3 years
Patents and rights	Straight line over 3 -5 years
Other intangible assets	Straight line over 3 -5 years

Intangible assets with a finite useful life are subject to an impairment test every time there is an indication of a possible loss of value. The period and method of amortization applied are reviewed at the end of each year or more frequently, if necessary.

Variations in the expected useful life or in the way future economic benefits linked to intangible assets are expected to be earned by the Company are recognized by modifying the period or method of amortization, and are treated as adjustments to accounting estimates.

Intangible assets with an indefinite useful life

Intangible assets are considered to have an indefinite useful life when, on the basis of a thorough analysis of the relevant factors, there is no foreseeable limit to the length of time the assets may generate income for the Company.

The intangible assets identified by the Company as having an indefinite useful life are shown in the table below:

Intangible assets with indefinite useful life
Magazines
Trademarks
Goodwill

Goodwill represents the excess of the cost of a business combination over the Company's purchased share in the fair value of the assets, liabilities and contingent liabilities acquired, as identifiable at the time of purchase. Goodwill and other intangible assets with an indefinite useful life are not subject to amortization but to an impairment test of their book value. This test concerns the value of the individual assets or of cash generating unit and is carried out whenever it is believed that the value has decreased, and in any case at least once a year.

In cases where goodwill is attributed to a cash generating unit (or to a group of units) whose assets are partly disposed of, goodwill associated with the asset disposed of is reviewed in order to determine any capital gains or losses resulting from the transaction. In these circumstances, goodwill disposed of is measured on the basis of the value of the assets disposed of, compared with the asset still included in the cash generating unit in question.

3.2. PROPERTY INVESTMENTS

A property investment is recognized as an asset when it is held in order to earn income from its rental or to increase its invested capital value, on condition that the cost of the asset can be reliably measured and that future economic benefits will flow to the entity.

Property investments are valued at cost, which includes the purchase cost and all accessory charges directly connected to the purchase.

Costs which arise after the initial purchase are included in the increase of the cost of the property in direct relation to how much those costs are able to generate future economic benefits higher than those originally assessed.

The cost of property investments, except for that part pertaining to the cost of the land, is systematically amortized over the useful life of the asset. Amortization criteria depend on how the relating future economic benefits accrue to the entity.

The amortization rates reflecting the useful lives attributed to the Company’s property investments are as follows:

Property investments	Amortization rate
Non-instrumental buildings	3%

Both the useful life and the depreciation criteria are periodically reviewed and, if any significant changes are found in the assumptions previously adopted, the amortization rate for the year in question and for successive years is adjusted.

Income and losses deriving from the disposal of property investments are recognized in the income statement pertaining to the year in which the transaction takes place.

Property investments are reclassified when there is a change in use following to specific events.

3.3. PROPERTY, PLANT AND EQUIPMENT

Any costs attributable to the purchase of property, plant and equipment are recognized as assets, on condition that the relevant costs can be reliably calculated and any relating future economic benefits accrue to the entity.

Assets booked to property, plant and equipment are valued at cost, including any accessory charges, and are stated net of depreciation and any impairment.
Costs which arise after the initial purchase are recognized as an increase in cost in direct relation to the extent that these costs can improve the asset's yield.

Assets booked to property, plant and equipment purchased as part of acquisitions and business combinations are initially recognized at fair value as determined at the time of purchase and, subsequently, at cost.
Assets recognized as property, plant and equipment, with the exception of land, are depreciated on a straight line basis during the useful life of the asset from the moment the assets are available for use.

If the assets include more than one significant component and the components have different useful lives, each individual component is depreciated separately.

The depreciation rates that generally reflect the useful lives attributed to Company property, plant and equipment are shown in the table below:

Property, plant and equipment	Depreciation rate
Instrumental buildings	3%
Plant	10% - 25%
Plants in external offices	Based on the duration of the lease contract
Machinery	15.5%
Equipment	25%
Electronic office equipment	30%
Office furniture and machines	12%
Motor vehicles and transport vehicles	20% - 30%
Other assets	20%

The residual value of assets, useful lives and depreciation criteria applied are reviewed on an annual basis and adjusted, if necessary, at year end.

Leasehold improvements are recognized as fixed assets and depreciated over the lower between the residual useful life of the asset and the residual term of the lease contract.

3.4 Finance lease assets

Assets acquired under finance leases, which transfer all the relevant risks and benefits to the Company, are recognized at current value or, if lower, at the value of the minimum lease payments, including the amount to be paid for exercising an eventual purchase option.

Liabilities arising from leasing contracts are recognized under financial liabilities.

These assets are classified in the relevant categories under property, plant and equipment and are depreciated over the lower between the contract term and the useful life of the asset in question.

Lease contracts in which the lessor substantially retains all the risks and benefits associated with asset ownership are classified as operating leases and the relevant costs are recognized in the income statement for the entire duration of contract term.

3.5. Financial costs

Under IAS 23, the Company capitalizes the financial costs resulting from asset purchase, development or production. In case of failed identification of assets justifying capitalization, the costs are recognized under income statement in the year in which they are borne.

3.6 Impairment

The carrying value of intangible assets, investment property and property, plant and equipment is subject to an impairment test whenever it is believed that it may have decreased.

Impairment tests are carried out at least once a year on goodwill, other intangible assets with an indefinite useful life and on other assets that are not available for use, and are performed by comparing the carrying value with whichever is higher between the fair value minus the sales cost and the value in use of the asset.

If no binding sales agreement or active market for an asset exist, the fair value is calculated on the basis of the best information available as to the amount the entity would obtain at closing from the disposal of an asset in a free transaction between informed and willing parties, having deducted the costs of disposal.

The value in use of an asset is determined by discounting the cash flows expected from its use, subjecting forecasts of the relevant financial income on reasonable and sustainable assumptions used by the management to best represent the economic conditions foreseen for the remainder of the life of the asset, giving more weight to external indicators.

Discounting rates reflect current market estimates of the time value of money and the specific risks connected to the asset.

The valuation is carried out by individual asset or by the smallest Cash Generating Unit that generates cash flows from asset use.

Should the value resulting from the impairment test be lower than cost, the loss is recognized as a reduction in the value of the asset and recognized as a cost item in income statement.

If during subsequent financial years, when the impairment test is repeated, the reasons for the impairment no longer exist, the value of the asset, excluding goodwill, is reinstated to take into account the new recoverable value, which should never exceed the value that would have been stated had no loss in value been recognized.

3.7 Investments in subsidiaries, joint ventures and associates

Subsidiaries are business entities in which the Company has the power to determine, both directly and indirectly, administrative and managerial decisions and obtain the resulting benefits. Generally, control is assumed when the Company owns, directly or indirectly, more than half of the voting rights in the ordinary Shareholders' Meeting, including any potential rights to vote resulting from convertible securities.

Joint ventures are business entities in which the Company exercises, together with one or more partners, joint control over business activities. Joint control envisages that the strategic, financial and managerial decisions are made with the unanimous agreement of the parties sharing control.

Associates are business entities in which the Company has a considerable influence in the determination of the relevant administrative and managerial decisions, though not having control. Generally, a considerable influence is assumed when the Company owns, directly or indirectly, at least 20% of the voting rights in the ordinary Shareholders' Meeting.

Investments in subsidiaries, joint ventures and associates are valued at cost, subsequently adjusted as a result of any changes in value, determined by appropriate impairment tests, leading to conditions that require the adjustment of the book value to the actual value of the investment. The initial cost is recovered in subsequent years, should the reasons for the adjustments no longer apply. Adjustments and any value recoveries are recognized in the income statement.

The risk resulting from any losses exceeding cost is recognized under provisions, to the extent to which the Company is held liable for legal or implicit obligations.

3.8. Inventory

Inventory is valued at the lower between the cost and the net realizable value. Inventory cost includes purchase costs, processing costs and other costs involved in bringing an item to its current location and condition, without taking financial charges into consideration.

The calculation of cost of inventory is based on the weighted average cost of raw and consumption materials and of finished products purchased for sale. The FIFO method is used for finished products.

The valuation of goods under construction and semi-finished products and work in progress to order is based on the cost of the materials and other direct costs incurred, taking into account the progress of the production process.

The presumed net value for raw and ancillary materials and consumables corresponds to the cost of their replacement, while for semi-finished and finished products it corresponds to the standard estimated sales price net of estimated cost to completion and sales cost, respectively.

3.9. Financial assets

Financial assets are initially recognized at cost, increased by accessory purchase charges, corresponding to the fair value of the price paid. Purchases and sales of financial assets are recognized as of the trading date, which corresponds to the date in which the Company agrees to purchase the assets in question. After initial recognition, financial assets are posted according to the relevant classification, as outlined below:

Financial assets at fair value with adjustments recognized under income statement
This category includes financial assets held for trading, acquired for the purpose of sale in the short term.

Profit and losses deriving from fair value evaluation of assets held for trading are recognized in the income statement.

Held-to-maturity investments

Assets that envisage fixed or determinable payments with a fixed maturity date, that the Company intends to hold in its portfolio, are classified as financial assets held to maturity.

Long-term financial investments that are held to their maturity, such as bonds, are valued, after their initial recognition by using the amortized cost method based on effective interest rates, i.e. the rates that will apply to future payments or returns estimated for the entire life of the financial instrument.
Calculation of amortized cost also considers any discounts or premiums that will be applied over the period of time to maturity.

Financial assets that the Company decides to keep in its portfolio for an indefinite period do not fall into this category.

Loans and receivables

This item includes financial assets that do not have fixed or determinable payments and are not listed on an active market.

These assets are recognized at amortized cost using the discounting method. Income and loss are recognized under income statement when loans and receivables are cancelled out or in case of impairment, as well as through amortization.

Held-for-sale financial assets

Held-for-sale financial assets include all assets which do not fall into any of the categories mentioned above.

After being initially measured at cost, held-for-sale financial assets are measured at fair value. Income and loss from valuations are recognized in a separate item under equity for as long as the assets are held in the portfolio and for as long as no impairment loss is identified.

In the case of shares widely traded on regulated markets, fair value is determined by referring to the listing reached at the end of the trading day corresponding to the closing date.

For investments where an active market does not exist, fair value is determined by valuations based on recent trading prices between independent parties, or on the basis of the current market value of a substantially similar financial instrument or on the analysis of discounted cash flows or option pricing models.
Held-for-sale financial assets also include investments in other companies.

3.10 Trade receivables and other receivables

Trade receivables and other receivables are initially recognized at cost, i.e. at the fair value of the price collected upon completion of the relevant transaction. Receivables are recognized at current values when the relevant financial impact linked to the expected collection time span is significant and the collection date can be reliably estimated.
Receivables are recognized in the financial statements at their estimated realizable value.

3.11 Treasury shares

Treasury shares recognized to reduce equity are booked in a separate reserve.
No income or loss is recognized under income statement for the purchase, sale, issue, cancellation or any other transaction involving treasury shares.

3.12 Cash and cash equivalents

The cash, liquidity and cash equivalents item includes cash on hand and financial investments falling due within three months and which entail only a minimal risk of variation in their face value. They are recognized at face value.

3.13 Financial liabilities

Financial liabilities include financial payables, derivative instruments, payables associated with financial leasing contracts and trade payables. All financial liabilities other than derivative financial instruments are initially measured at fair value, increased by any transaction costs, and are subsequently valued at amortized cost using the interest rate method.
Financial liabilities hedged by derivative instruments against the risk of changes in value (fair value hedges), are measured at fair value, in accordance with IAS 39 - *Hedge accounting*. Income and loss resulting from subsequent variations in fair value are recognized under income statement. Any changes linked to the effective hedge portion are compensated for by adjusting the value of the relevant derivative instruments.
Financial liabilities hedged by derivative instruments against the risk of changes in cash flow (cash flow hedges), are valued at amortized cost in compliance with IAS 39 - *Hedge accounting*.

3.14 Derecognition of financial assets and liabilities

A financial asset or, where applicable, part of a financial asset or parts of a group of similar financial assets, is derecognized when:

- the right to receive cash flows from the asset has been extinguished;
- the Company still has the right to receive cash flows from the asset but has taken on a contractual obligation to transfer the entire cash flow promptly to a third party;
- the Company has transferred the right to receive cash flows from an asset and has transferred substantially all the risks and benefits deriving from the ownership of the financial asset or has transferred control of the financial asset.

A financial liability is derecognized when the underlying obligation has been discharged, cancelled or expired.

3.15 Impairment of financial assets

At the balance sheet date, the Company carries out an impairment test in order to determine whether a financial asset or group of financial assets has decreased in value.

Financial assets valued at amortized cost
If there is objective evidence of a reduction in the value of loans and receivables, the loss amount is recognized under income statement and is calculated as the difference between the asset's book value and the current value of the estimated cash flows discounted based on the interest rate used initially for the asset.
If, in a subsequent period, the value loss amount decreases and such reduction can be objectively attributed to an event that has occurred after recognition of impairment, the previously recognized loss of value is reversed up to the amount the asset would have had, taking amortization into account, at the date of the reversal.

Held-for-sale financial assets

When any financial asset available for sale is subject to impairment, the accumulated value loss is recognized under income statement. Value reversals relating to equity instruments classified as available for sale are not recognized under income statement. Value reversals relating to debt instruments are recognized under income statement if the increase in the fair value of the instrument can be objectively attributed to an event that occurred after recognition of impairment in the income statement.

Financial assets valued at cost

If there is objective evidence of a reduction in the value of an unlisted equity instrument which was not recognized at fair value, because its fair value could not be reliably measured, or of a derivative instrument associated with and regulated by delivery of such unlisted equity instrument, the value loss amount is measured as the difference between the carrying value of the asset and the current value of the expected future cash flows discounted based on the current market performance rate for similar financial assets.

3.16 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value at the date they are stipulated. When a hedge operation is entered into, the Company designates and formally documents the hedge relationship for hedge accounting purposes and its objectives for risk and strategy management purposes. The documentation includes the identification of the hedging instrument, the object or transaction subject to hedge, the nature of the risk and the criteria adopted by the Company to evaluate hedging effectiveness in compensating exposure to fair value fluctuations of the object hedged or cash flows correlated to the risk hedged.
It is assumed that such hedges are sufficiently effective to compensate for the exposure of the object hedged against fair value fluctuations or cash flows correlated to the risk hedged. The valuation of the effectiveness of such hedges is carried out on an ongoing basis over the years of application.
Transactions that satisfy hedge accounting criteria are accounted for as follows:

Fair value hedge

If a derivative financial instrument is designated as a hedge against the exposure to variations in the fair value of an asset or liability attributable to a particular risk, the income or loss deriving from subsequent variations in the fair value of the hedge instrument is recognized under income statement. The income or loss deriving from the adjustment of the fair value of the item hedged, to the extent attributable to the risk hedged, modifies the carrying value of the item and is recognized under income statement.

Cash flow hedge

If a derivative financial instrument is designated as a hedging instrument against exposure to cash flow variations of an asset or liability included in the financial statements or of a highly probable transaction, the effective portion of profit or loss deriving from fair value adjustment of the derivative instrument is recognized in a special reserve under equity. The accumulated income or loss is written off from the equity reserve and recognized under income statement, when the results of the transaction subject to hedge are recognized under income statement.
Income and loss associated with the ineffective part of a hedge are recognized under income statement. When a hedging instrument is terminated, but the transaction subject to hedge has not yet been carried out, the accumulated income and loss are kept in the reserve under equity and will be reclassified under income statement upon completion of the transaction. Should the transaction subject to hedge be considered as no longer probable, any unrealized income and loss posted under the relevant equity reserve are recognized under income statement.
When hedge accounting is not applicable, income and loss deriving from the fair value valuation of the derivative financial instrument are recognized under income statement.

3.17 Provisions

Provisions established to cover liabilities that have been clearly identified, are certain or probable but whose amount or date of occurrence cannot be foreseen at the reporting date, are recognized when a legal or implicit obligation can be assumed which refers to past events and when it is also assumed that such obligation implies expenses that can be reliably measured.

Provisions are measured at fair value based on each individual liability item. When the financial impact associated with the assumed time span for the outlay is relevant and the payment dates can be reliably foreseen, provisions include said financial component, which is recognized in financial income (expense) in the income statement.

3.18 Post-employment benefits

Benefits due to employees upon termination of the relevant labour contract are broken down according to their economic nature as follows:
• defined contribution plans, represented by the sums accrued as of 1 January 2007;
• defined benefit plans, represented by the severance indemnity (TFR) fund accrued until 31 December 2006.

In the defined contribution plans, the entity's legal or implicit obligation is limited to the amount of contributions to pay; hence, the actuarial and investment risks fall upon the employee. In the defined benefit plans, the entity's obligation consists in granting and ensuring the agreed benefits to employees; hence, the actuarial and investment risks fall upon the entity.

Post-employment benefits are calculated by applying actuarial criteria to the severance indemnity provision accrued until 31 December 2006, taking into account both demographic assumptions, including mortality rates and employee turnover, and financial assumptions, relating to discounts reflecting the time value of money and the inflation rate.

The amount recognized as a liability for defined benefit plans is represented by the current liability value at closing, net of the current value of plan assets, if any. This liability item is listed in the income statement and includes the following components:
- social security costs relating to current labour services;
- cost of interest;
- actuarial gains or losses;
- the expected return from any plans, if any

The amounts accrued in favour of employees during the year, and any applicable actuarial gains or losses, are recognized under "Costs of personnel", while the relevant financial component, which represents the cost the company would have to incur if it were to seek a loan on the market for the same amount, is recognized under "Financial income (costs)".

The supplementary indemnity for agents is also determined on an actuarial basis. The amounts accrued in favour of agents during the year, which become payable upon termination of the labour contract only under certain conditions, is recognized under "Other costs (income)".

3.19 Stock options plans

The Company grants additional benefits to a number of directors and managers whose functions are strategically relevant for the attainment of the Company's results, through equity-settled stock option plans. Pursuant to IFRS 2, stock options are stated at fair value upon their granting. Fair value is determined on the basis of a binomial model and subject to the provisions of the individual plans.

These benefits are recognized as cost of personnel under income statement in the period of reference, consistently with the vesting period starting from the granting date, with a balancing entry in "Reserve for stock options" under equity.

The benefits, directly attributed by the Parent Company Arnoldo Mondadori Editore S.p.A. to the employees/managers of subsidiaries, are recognized as an increase in the cost of the relevant investment with a balancing entry in "Reserve for stock options" under equity.

Following the granting date, any change in the number of options implies an adjustment of the overall cost for the plan to be recognized, according to the above procedure. At the end of each financial year, the previously calculated fair value of every option is neither adjusted nor updated, but remains unchanged under equity; at closing, the estimate of the number of options expected to be exercised to maturity (and therefore the number of employees entitled to exercise these options) is consequently updated

Any change in this estimate is recognized as a decreasing item in "Reserve for stock options", with a balancing entry in personnel costs under income statement or in "Investments", if referring to benefits assigned to employees/directors of subsidiaries.
When an option is exercised, the part of the "Reserve for stock options" relating to exercised options is reclassified under "Share premium reserve" while the part of the "Reserve for stock options" relating to cancelled out or, upon expiry, unexercised options, is reclassified under "Other reserves".

3.20 Recognition of revenue and costs

Revenue from the sale of goods is recognized net of agency and commercial discounts, allowances and returns when it is probable that the relevant economic benefits will flow to the Company and the relevant revenue amount may be reliably determined.

Revenue from the sale of magazines and advertising spaces is recognized on the basis of the relevant date of publication.

Revenue from services is recognized based on the relevant state of completion, when it is probable that the economic benefits arising from the sale flow to the Company and when the revenue amount may be reliably calculated.

Revenue from interest is recognized on an accrual basis by applying the interest method; royalties are recognized on an accrual basis and subject to the conditions of the relevant agreements; dividends are recognized when the shareholder is acknowledged the right to payment.

Costs are recognized based on similar criteria as revenue and, in any case, on an accrual basis.

3.21 Current, pre-paid and deferred taxes

Current taxes are calculated on the basis of a taxable income estimate and in accordance with the laws applicable in the Country in which the Company has its registered offices.

Deferred and pre-paid taxes are calculated on all the temporary differences arising between the taxable base of assets and liabilities and the relevant book values in the financial statements, with the exception of the following:
- temporary taxable differences deriving from the initial recognition of goodwill;
- temporary taxable or deductible differences resulting from the initial recognition of an asset or a liability in a transaction which does not imply business combination and which does not have any impact either on the result or the taxable income on the transaction date;
- in subsidiaries, associates and jointly-controlled companies when:
- the Company is in a position to control the timing for the reversal of temporary taxable differences and it is probable that such differences shall not reverse in the foreseeable future;
- it is not probable that deductible temporary differences will reverse in the foreseeable future and that taxable income is available to cover such temporary differences.

The value of prepaid tax amounts is reviewed at closing and is reduced if it is no longer probable that sufficient taxable income will be available in the future to cover all or part of these assets.
Deferred tax assets and liabilities are calculated on the basis of the tax rates that are expected to apply in the year in which assets are realized and liabilities are settled, considering the then applicable tax rates or the tax rates essentially used at the balance sheet date.

Taxes relating to items directly recognized under equity (cash flow hedge reserve) are recognized directly under equity and not under income statement.

3.22 Transactions denominated in foreign currencies

Revenue and costs deriving from transactions denominated in foreign currencies are posted in the relevant currency at the exchange rate applied on the transaction date.
Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate ruling at the balance sheet date and any exchange differences are recognized under income statement.
Non-monetary items valued at cost in a foreign currency are converted using the exchange rates applied on the relevant transaction date. Non-monetary items recognized at fair value in a foreign currency are converted using the exchange rates applied on the fair value calculation date.

3.23 Grants and contributions

Grants and contributions are recognized if there is a reasonable certainty that they will be received and if all the conditions referring to them are satisfied. When grants refer to cost items, they are recognized as revenue and systematically distributed over the years so as to reflect the cost proportion they are intended to offset. When grants refer to assets, the relevant fair value is deferred in long-term liabilities and is recognized in equal amounts under income statement over the useful life of the asset.

3.24 Dividends

Dividends are recognized when shareholders are given right to them. This normally corresponds to the date of the Shareholders' Meeting resolving upon dividend payout.

3.25 Held-for-sale assets and liabilities (discontinued operations)

Non-current assets and groups of assets and liabilities whose book value is mainly expected to be recovered through disposal instead of continuous use are recognized separately from other assets and liabilities in the Company's balance sheet. Such assets and liabilities are classified as "held-for-sale or discontinued", and are valued at the lower between their book value and fair value less probable costs of disposal. Income and loss, net of the related tax effect, resulting from the valuation or disposal of such assets or liabilities are recognized in a separate item in the income statement.

3.26 Accounting standards, amendments and interpretations adopted by the EU, with effect from 1 January 2015 and applicable to Arnoldo Mondadori Editore S.p.A.

The following accounting standards, amendments and interpretations have been applied for the first time by the company with effect from 1 January 2015:
- on 20 May 2013 an interpretation for IFRIC 21 - Levies - was published, providing explanations on when tax liabilities (other than income tax) imposed by government bodies need to be recognized. The standard takes into account tax liabilities that fall within the field of application of IAS 37 - Provisions, potential liabilities and assets, and tax liabilities whose timing and amount are certain. The standard is retroactive for the financial years starting from 17 June 2014 or later. The adoption of this amendment did not have any significant impact on the Group's consolidation financial statements;
- in the annual process of improvement of the standards, on 12 December 2013, IASB published Annual Improvements to IFRSs: 2011-2013 Cycle, which partly complement the existing standards. The adoption of these amendments did not have any significant impact on the Group's consolidation scope.

3.27 Accounting standards, amendments and IFRS and IFRIC interpretations adopted by the European Union but not yet applicable and applied beforehand by the Company at 31 December 2015

The following new and amended standards, which have been issued but have not come into effect yet, have not been applied by the Group:
- amendment to IAS 19 *Defined Benefit Plans*: Employee Contributions (published on 21 November 2013), referring to the accounting of contributions made by employees or third parties to defined benefit plans. The amendment applies from the financial years starting from 1 February 2015 or at any later date;
- amendment to IFRS 11 *Joint Arrangements - Accounting for acquisitions of interests in joint operations* (published on 6 May 2014), referring to accounting for the acquisition of interests in a joint-operation that is a business. The amendments are effective as of 1 January 2016;
- amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangibles Assets - Clarification of acceptable methods of depreciation and amortization* (published on 12 May 2014), under which a revenue-based method of depreciation is not appropriate, because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, a condition which is, instead, required for depreciation. The amendments are effective as of 1 January 2016;
- amendment to IAS 1 *Disclosure Initiative* (published on 18 December 2014), referring to disclosures that may be perceived as impediments to a clear and understandable preparation of financial statements. The amendments are effective as of 1 January 2016;

- in the annual process of improvement of the standards, on 12 December 2013 and 25 September 2014, IASB published the following documents: "*Annual Improvements to IFRSs: 2010-2012 Cycle* and *Annual Improvements to IFRSs: 2012-2014 Cycle*", partly supplementing the existing standards. The amendments are effective from the financial years starting from 1 February 2015 or at any later date, and for financial years beginning on or after 1 January 2016.

The Directors do not expect any significant impact in the Group's consolidated financial statements resulting from the adoption of these amendments.

3.28 Accounting standards, amendments and IFRS interpretations not yet validated by the European Union

As at the date of these Financial Statements the competent bodies of the European Union had not yet completed the validation process necessary for the adoption of the amendments and standards detailed here below.

- on 28 May 2014, IASB published IFRS 15 *Revenue from Contracts with Customers*. The standard establishes a new model for the recognition of revenue, which will be applied to all contracts stipulated with customers except for those falling within the application of other IAS/IFRS principles as leasing, insurance contracts and financial instruments. The key steps for the accounting of revenue based on this new model are:
  - identification of the contract with the customer;
  - identification of the performance obligations included in the contract;
  - pricing;
  - price allocation based on the performance obligations included in the contract;
  - the criteria for the recognition of revenue when the entity meets each performance obligations.

The standard is applicable as of 1 January 2017, but early adoption is allowed.
The Directors expect that the application of IFRS 15 can have an impact on revenue amounts recognized and on the relevant disclosure included in the Group's consolidated financial statements, upon valuation.

- on 24 July 2014 IASB published the final version of IFRS 9 – *Financial instruments.* The document, in relation to the impairment model, requires that the estimate of credit losses be made based on the expected losses model (and not on the incurred losses model used by IAS 39), and introduces a new hedge accounting model. The new standard must be applied as of 1 January 2018.
  The Directors are currently evaluating the possible impacts deriving from the introduction of these amendments on the Group's consolidated financial statements.
- on 13 January 2016, IASB published IFRS 16 *Leases*. The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to distinguish leases from service contracts, the differences lying in: the identification of the asset, the right to replace the asset, the right to essentially receive all the financial benefits arising from the use of the asset, and the right to control the use of the asset underlying the contract. The standard introduces a single lessee accounting model, by which an asset under a lease, including an operating lease, is recognized in assets with an offsetting financial liability. The model also provides the possibility of not recognizing as leases those contracts regarding low-value assets and leases with a term of 12 months or less. Conversely, the standard introduces no material changes for the lessor.
  The standard is applicable as of 1 January 2019; early adoption is allowed only for those companies that have applied IFRS 15 *Revenue from Contracts with Customers* in advance.
  The Directors are currently evaluating the possible impacts deriving from the introduction of these amendments on the Group's consolidated financial statements.

4. USE OF ESTIMATES

In preparing the attached tables and the notes to these financial statements, it was deemed necessary to use estimates and assumptions in order to calculate, in particular, the provisions for returns relating to the sale of publishing products, the provisions for bad debt, inventory obsolescence and risks, post-employment benefits and taxation and the expected cash flows to calculate the value of some current and non-current activities under intangible assets and goodwill.

These estimates are periodically reviewed and any effects are recognized under income statement

Estimates are based on the current status of information available, are examined periodically and effects are reflected in income statement.

It should be noted that in the current macroeconomic context and in the specific scenario of the publishing industry, characterized by the ongoing financial and economic crisis, it was deemed necessary to make assumptions on the future trend showing substantial uncertainties. As a result, it is not possible to exclude that in the upcoming years, results might differ from estimates and that adjustments to the accounting value of items are needed, which cannot be either foreseen or quantified today, but which can also be significant.

The most significant accounting estimates that involve a high level of subjective opinion are outlined below:

Goodwill and intangible assets

The value reduction relating to goodwill and intangible assets is tested for impairment by comparing the book value of the Cash Generating Units and the relevant recoverable value, represented by the higher between fair value and the value in use. This process includes, among others, the application of methods such as discounted cash flow, with the relevant assumptions.

Bad debt provision

The ability to recover bad debt is calculated by taking into account the risk of collection failure, the period of time receivables have been outstanding and any losses sustained in the past on similar debts.

Inventory depreciation provision

The Company estimates the amount of inventory to subject to impairment loss based on specific analyses ascertaining finished product marketability and the relevant turnover rates, and, for orders in progress, the Group considers the relevant risk of failed completion.

Future returns

In the publishing sector it is accepted practice that unsold books are returned to the publisher under pre-established conditions.

Therefore, at the end of each financial year, the Company measures the quantities that are expected to be returned in the following year: this estimate is based on historical statistics and takes into account also the level of circulation.

Provision for risks

Provisions made in relation to costs for restructuring and judicial, arbitration and tax disputes are based on complex estimates; for tax disputes in particular, they take into account the probability of losing the dispute.

Provision for advances to authors

The Company estimates the risk that advances paid to authors of literary works published or to be published may be fully or partly offset by copyrights accrued following publication.

Post-employment benefits

Provisions made in relation to funds in favour of employees are based on actuarial assumptions: any changes in the underlying assumptions may have significant effects on them.

Income tax

Income tax (both current and deferred) is calculated based on the applicable rates in Italy according to a prudent interpretation of currently applicable tax laws.

5. RISK MANAGEMENT

The Company manages financial risks for all Mondadori Group Italian subsidiaries. For an exhaustive analysis of the Group's financial risks, reference should be made to the relevant section in the consolidated financial statements.

6. NON-RECURRING INCOME AND COSTS

As required by Consob resolution no. 15519 of 27 July 2006, income and expenses deriving from non-recurring transactions are recognized under income statement. Transactions and events are considered non-recurring when, by nature, they do not occur repeatedly during normal business operations. The relevant effects have been outlined in a separate table in these "Explanatory notes to the financial statements".

Pro forma situation at 01/01/2015 net of the transfer of the business unit to Mondadori Libri S.p.A.

Effective 1 January 2015, the Company transferred the "AME Libri" business unit to the newly-formed, wholly-owned subsidiary Mondadori Libri S.p.A..

The transferred business unit carries the legal relationships, tangible and intangible assets, and other assets and liabilities, including the investments in all the Group companies operating in the trade and educational books sector (Edizioni Piemme S.p.A., Sperling & Kupfer Editori S.p.A., Giulio Einaudi editore S.p.A., Mondadori Education S.p.A., Mondadori Electa S.p.A., Harlequin Mondadori S.p.A., Mach 2 Libri S.p.A. and Società Editrice il Mulino S.p.A.).

Mondadori Libri S.p.A. is a publishing company that carries out activities through the editing, production, publication, distribution and marketing, also through e-commerce and digital channels, of books, catalogues, inserts, supplements and other publishing products and materials in general, created on paper, electronic, magnetic, computer, and audiovisual media, or on digital media in general, and through other tools ushered in by the continuous advancement of technology.

For the transfer, the Company recorded in assets an investment in subsidiaries for a total of 99,410 thousand euro.

A thorough disclosure and comparability of the relevant figures is found in the following summary table on the transfer of the aggregate items of the Balance Sheet and Income Statement in the specific section in these notes.

Balance sheet (euro)	**Balance AME S.p.A. 31/12/2015**	**Pro forma AME S.p.A. 01/01/2015**	**Transfer "Libri" 01/01/2015**	**Balance AME S.p.A. 31/12/2014**
Intangible assets	87,015	87,996	2,030	90,026
Property investments	3,027	3,132	-	3,132
Property, plant and equipment	8,202	9,465	362	9,827
Investments	210,898	226,690	12,062	238,752
Non-current financial assets	200,000	200,000	-	200,000
Advanced tax assets	24,651	27,124	4,681	31,805
Other non-current assets	345	565	92	657
Total non-current assets	**534,138**	**554,972**	**19,227**	**574,199**
Tax receivables	33,397	42,587	-	42,587
Other current assets	4,574	4,087	36,805	40,892
Inventory	10,040	10,977	19,500	30,477
Trade receivables	28,978	27,313	103,477	130,790
Other current financial assets	116,136	86,093	1,260	87,353
Cash and cash equivalents	27,677	10,080	1	10,081
Total current assets	**220,801**	**181,137**	**161,043**	**342,180**
Total assets	**754,939**	**736,109**	**180,270**	**916,379**
Total equity	**160,618**	**192,446**	**-**	**192,446**
Provisions	35,675	37,721	1,357	39,078
Post-employment benefits	11,612	13,165	4,858	18,023
Non-current financial liabilities	220,387	262,536	-	262,536
Deferred tax liabilities	24,021	27,135	154	27,289
Total non-current liabilities	**291,695**	**340,557**	**6,369**	**346,926**
Other current liabilities	42,205	44,354	13,479	57,833
Trade payables	80,557	98,963	41,570	140,533
Payables due to banks and other financial liabilities	179,863	59,789	118,852	178,641
Total current liabilities	**302,625**	**203,106**	**173,901**	**377,007**
Total liabilities	**754,939**	**736,109**	**180,270**	**916,379**
Net financial position	**(56,437)**	**(26,152)**	**(117,591)**	**(143,743)**

In "Investments", the amount of the transfer recorded in the table corresponds to the net result between the investments transferred (111,472 thousand euro) and the recording in Arnoldo Mondadori Editore S.p.A. of the investment in Mondadori Libri S.p.A. (99,410 thousand euro).

Details regarding the items of the financial statements

All the amounts are expressed in euro thousands, with the exception of some ancillary data, which is expressed in euro millions. The amounts in parentheses refer to 2014 figures.

BALANCE SHEET

ASSETS

1. Intangible assets

Intangible assets (euro/000)	**31/12/2015**	**31/12/2014**
Intangible assets with finite useful life	796	2,581
Intangible assets with indefinite useful life	86,219	87,445
Total intangible assets	**87,015**	**90,026**

The availability and use of intangible assets recognized in these financial statements are not subject to any lien or restriction.

Intangible assets with finite useful life (euro/000)	**Software**	**Marketing rights**	**Other intangible assets**	**Total**
Cost at 01/01/2014	9,157	650	2,200	12,007
Capital expenditures	398	-	300	698
Disposals	(20)	-	-	(20)
Other changes	15	-	-	15
Cost at 31/12/2014	9,550	650	2,500	12,700
Depreciation and impairment loss provision at 01/01/2014	8,464	650	-	9,114
Amortization, depreciation	536	-	495	1,031
Impairment/(reinstatement of value)				
Disposals	(20)	-	-	(20)
Other changes	(6)	-	-	(6)
Depreciation and impairment loss provision at 31/12/2014	8,974	650	495	10,119
Net book value at 01/01/2014	693	0	2,200	2,893
Net book value at 31/12/2014	**576**	**0**	**2,005**	**2,581**

Intangible assets with finite useful life (euro/000)	Software	Marketing rights	Other intangible assets	Total
Cost at 01/01/2015	9,550	650	2,500	12,700
Capital expenditures	555	-	-	555
Disposals	-	-	-	0
Transfer to Mondadori Libri S.p.A.	(1,288)	(52)	(2,500)	(3,840)
Cost at 31/12/2015	8,817	598	0	9,415
Depreciation and impairment loss provision at 01/01/2015	8,974	650	495	10,119
Amortization, depreciation	310	-	-	310
Impairment/(reinstatement of value)	-	-	-	0
Disposals	-	-	-	0
Transfer to Mondadori Libri S.p.A.	(1,263)	(52)	(495)	(1,810)
Depreciation and impairment loss provision at 31/12/2015	8,021	598	0	8,619
Net book value at 01/01/2015	576	0	2,005	2,581
Net book value at 31/12/2015	**796**	**0**	**0**	**796**

Investments in the year, amounting to 555 thousand euro, of which 160 thousand euro regarding intangible fixed assets in progress and not yet used at 31 December 2015, include purchases of software programmes.

Intangible assets with indefinite useful life (euro/000)	Magazines	Trademarks	Goodwill	Total
Cost at 01/01/2014	83,577	7,160	732	91,469
Capital expenditures	-	-	-	0
Disposals	-	-	-	0
Other changes	-	-	-	0
Cost at 31/12/2014	83,577	7,160	732	91,469
Impairment loss at 01/01/2014	-	(3,932)	-	(3,932)
Impairment/(reinstatement of value)	-	(92)	-	(92)
Impairment loss at 31/12/2014	0	(4,024)	0	(4,024)
Net book value at 01/01/2014	83,577	3,228	732	87,537
Net book value at 31/12/2014	**83,577**	**3,136**	**732**	**87,445**

Intangible assets with indefinite useful life (euro/000)	**Magazines**	**Trademarks**	**Goodwill**	**Total**
Cost at 01/01/2015	83,577	7,160	732	91,469
Capital expenditures	-	-	-	0
Disposals	-	-	-	0
Other changes	-	-	-	0
Cost at 31/12/2015	83,577	7,160	732	91,469
Impairment loss at 01/01/2015	-	(4,024)	-	(4,024)
Impairment/(reinstatement of value)	-	(1,226)	-	(1,226)
Impairment loss at 31/12/2015	0	(5,250)	0	(5,250)
Net book value at 01/01/2015	83,577	3,136	732	87,445
Net book value at 31/12/2015	**83,577**	**1,910**	**732**	**86,219**

Intangible assets with an indefinite useful life mainly refer to magazines (including, specifically, *TV Sorrisi e Canzoni* and *Chi*, each of which represents a different Cash Generating Unit) comprised in the acquisition of the business unit, former SBE, completed in 1994.
Impairment, amounting to 1,226 thousand euro, refers to the *Interni* trademark.
In January 2015, Leonardo and Random House Mondadori were transferred; these trademarks had been completely written off in previous years as part of the transfer of the business unit to Mondadori Libri S.p.A.

Amortization, impairment loss and value reinstatement of intangible assets

Amortization and impairment loss on intangible assets (euro/000)	**2015**	**2014**
Software	310	1,031
Marketing rights	-	-
Total amortization of intangible assets	**310**	**1,031**
Amortization of intangible assets	1,226	92
Value reinstatement of intangible assets	-	-
Total amortization (value reinstatement) of intangible assets	**1,226**	**92**
Total amortization of intangible assets	**1,536**	**1,123**

Pursuant to IAS 36, assets with an indefinite useful life and goodwill are not subject to amortization but to an impairment test at least once a year or whenever there is an indication of impairment.

For the impairment tests carried out on magazines, trademarks and goodwill to calculate their recoverable value, the value in use was measured.

The value of magazines and trademarks with an indefinite useful life, each of which represents a Cash Generating Unit, refers to the acquisition of the company Silvio Berlusconi Editore, completed in 1994, and to the former Elemond titles. The main magazines acquired are *TV Sorrisi e Canzoni, Chi, Telepiù* and *Interni.*

The recoverable value of the Cash Generating Unit was determined based on the calculation of the value in use which is in turn based on the projections of the cash flows deriving from the relevant financial plans for the 2016-2018 three-year period and subsequently approved by the Board of Directors. The abovementioned cash flows were measured based on the current market scenario, considering also the uncertainties relating to the expectations for growth in the sector.

The values used are derived from the income statements of the single magazines and include operating costs. They are considered representative of the cash flows, considering the speed with which receivables are collected - typical of the Magazines area - and the irrelevant amount of maintenance expenses. Usually, the latter would not be capitalized and, therefore, they are not included in the magazine margins.

The economic results used for the projections include taxes; the discount rate before taxes, applied to cash flow projections, is amounting to 6.92% (7.15% in 2014) and cash flows beyond the period of analytical projection deriving from medium-term plans, are assumed as constant (g=0).

In the determination of the value in use of the different Cash Generating Units, the directors believe that, considering the conservative assumptions made in the drafting of the business plans used, taking into account also the current specific economic scenario, it is reasonable to consider that changes are not expected to occur such as to imply a reduction in the recoverable value calculated.

A sensitivity analysis on the results obtained was performed, varying the assumptions considered the most significant, the discounting rate in particular. Such analysis confirmed the reasonableness of the results obtained.

Following the analysis, the directors recognized the need for the impairment of the *Interni* trademark, for an amount of 1,226 thousand euro, before the relating tax effects.

2. Property investments

Property investments (euro/000)	**Land**	**Non-instrumental buildings**	**Total**
Cost at 01/01/2014	976	3,952	4,928
Capital expenditures	56	-	56
Disposals	-	-	0
Other changes	-	-	0
Cost at 31/12/2014	1,032	3,952	4,984
Depreciation and impairment losses at 01/01/2014	-	1,746	1,746
Amortization, depreciation	-	105	105
Impairment/(reinstatement of value)	-	-	0
Disposals	-	-	0
Other changes	-	-	0
Depreciation and impairment losses at 31/12/2014	0	1,851	1,851
Net book value at 01/01/2014	976	2,206	3,182
Net book value at 31/12/2014	**1,032**	**2,101**	**3,133**

Property investments (euro/000)	**Land**	**Non-instrumental buildings**	**Total**
Cost at 01/01/2015	1,032	3,952	4,984
Capital expenditures	-	-	0
Disposals	-	-	0
Other changes	-	-	0
Cost at 31/12/2015	1,032	3,952	4,984
Depreciation and impairment losses at 01/01/2015	-	1,851	1,851
Amortization, depreciation	-	105	105
Impairment/(reinstatement of value)	-	-	0
Disposals	-	-	0
Other changes	-	-	0
Depreciation and impairment losses at 31/12/2015	0	1,956	1,956
Net book value at 01/01/2015	1,032	2,101	3,133
Net book value at 31/12/2015	**1,032**	**1,996**	**3,028**

The directors estimate that the fair value of property investments at 31 December 2015 is not lower than the net book value.

Depreciation of property investment

Depreciation accounted for in the income statement for the year under "Depreciation of property, plant and equipment", amounted to 105 thousand euro.

It should be noted that there are no restrictions on the use of assets classified as property investments.
Land is not subject to depreciation.

3. Property, plant and equipment

Property, plant and equipment (euro/000)	**Land**	**Instrumental buildings**	**Plant and equipment**	**Other tangible assets**	**Total**
Cost at 01/01/2014	1,114	16,871	24,398	44,896	87,279
Capital expenditures	-	5	630	248	883
Disposals	-	-	(1,926)	(1,554)	(3,480)
Other changes	-	-	48	(2,250)	(2,202)
Cost at 31/12/2014	1,114	16,876	23,150	41,340	82,480
Depreciation and impairment loss provision at 01/01/2014	-	11,169	21,406	42,453	75,028
Amortization, depreciation	-	539	1,135	1,158	2,832
Impairment/(reinstatement of value)	-	-	-	-	0
Disposals	-	-	(1,791)	(1,513)	(3,304)
Other changes	-	-	42	(1,945)	(1,903)
Depreciation and impairment loss provision at 31/12/2014	0	11,708	20,792	40,153	72,653
Net book value at 01/01/2014	1,114	5,702	2,992	2,443	12,251
Net book value at 31/12/2014	**1,114**	**5,168**	**2,358**	**1,187**	**9,827**

Property, plant and equipment (euro/000)	Land	Instrumental buildings	Plant and equipment	Other tangible assets	Total
Cost at 01/01/2015	1,114	16,876	23,150	41,340	82,480
Capital expenditures	-	-	347	145	493
Disposals	-	(3,275)	(476)	(411)	(4,162)
Transfer to Mondadori Libri S.p.A.	-	-	(6,231)	(5,690)	(11,921)
Cost at 31/12/2015	1,114	13,601	16,790	35,385	66,890
Depreciation and impairment loss provision at 01/01/2015	-	11,708	20,792	40,153	72,653
Amortization, depreciation	-	506	630	398	1,534
Impairment/(reinstatement of value)	-	-	-	-	0
Disposals	-	(3,139)	(394)	(406)	(3,939)
Transfer to Mondadori Libri S.p.A.	-	-	(6,024)	(5,535)	(11,559)
Depreciation and impairment loss provision at 31/12/2015	0	9,075	15,004	34,610	58,689
Net book value at 01/01/2015	1,114	5,168	2,358	1,187	9,827
Net book value at 31/12/2015	**1,114**	**4,526**	**1,791**	**770**	**8,201**

The plants transferred to Mondadori Libri S.p.A. mainly regard the sorters and other publishing warehouse machinery of the Verona offices.

Other tangible assets (euro/000)	31/12/2015	31/12/2014
Industrial and commercial equipment	69	121
Electronic office equipment	260	379
Office furniture, and machines	350	494
Motor vehicles and transport vehicles	-	5
Leasehold improvements	-	2
Assets under construction and advances	91	186
Total other tangible assets	**770**	**1,187**

Investments in the year included:
- technology upgrades in the magazine editing offices;
- upgrade of data processing tools (personal computers and local networks) and the purchase of property, plant and machinery.

Investments in the year, including those relating to “Other tangible assets”, amounting to 493 thousand euro, of which 91 thousand euro referring to assets not yet used at 31 December 2015, comprised:
- the Verona plant 78 thousand euro
- the Milan offices (editorial office automation, office automation, furniture and equipment) 415 thousand euro

Disinvestments, amounting to 223 thousand euro, including those relating to “Other tangible assets”, refer mainly to the transfer of the property located in via Sicilia in Rome, and involved, in addition to the building, also plant and office equipment (furniture, sundry equipment and electronic machines), generating a positive financial effect of 13,794 thousand euro.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment (euro/000)	2015	2014
Instrumental buildings	506	539
Plant and equipment	630	1,135
Equipment	65	120
Electronic office equipment	182	418
Office furniture, and machines	149	247
Motor vehicles and transport vehicles	-	5
Leasehold improvements	2	368
Depreciation of property, plant and equipment	**1,534**	**2,832**

In 2015, no indications for impairment losses were identified. Depreciation for leasehold improvements in 2014 included the impact from the early termination of the lease of the offices located in corso Como, Milan.

The availability and use of property, plant and machinery recognized in these financial statements are not subject to any lien or restriction.

4. Financial assets

Investments
Investments, amounting to 210,898 thousand euro (238,752 thousand euro), are broken down and commented on below.

"Investments", net of provisions for losses/impairment, includes shares and units of limited liability companies for a total of 203,451 thousand euro, and capital contribution payments amounting to 6,031 thousand euro. In addition, "Investments" includes 1,416 thousand euro resulting from the application of IFRS 2 on the stock options assigned by Arnoldo Mondadori Editore S.p.A. to executives and directors of subsidiary companies who perform strategic functions for the attainment of the Group's targets. The detail for each subsidiary and associate is shown in Annexes A and B, to which reference should be made to compare the book value entered and the relevant portion of equity.

Subsidiaries (euro/000)	Shares and units owned	Capital contributions	Stock options assigned	Total value
Value at 31/12/2014	**203,078**	**6,377**	**2,635**	**212,090**
Increases:				
- Purchases, establishments and capital increases	1,500	38,891		40,391
- Payments to cover losses				
- Stock option assignment				
- Recording of Mondadori Libri S.p.A.	99,410			99,410
Total increases	**100,910**	**38,891**		**139,801**
Decreases:				
- impairment loss				
- Coverage of losses	(1,033)	(7,998)		(9,031)
- Transfer to Mondadori Libri S.p.A.	(106,791)		(1,069)	(107,860)
- Transfer of investments	(7,449)	(31,238)	(150)	(38,837)
- Other changes	(7,997)			(7,997)
Total decreases	**(123,270)**	**(39,236)**	**(1,219)**	**(163,725)**
Changes in the provision for losses/ impairment:				
- Provisions	(12,228)			(12,228)
- Uses/reclassifications	9,092			9,092
Value at 31/12/2015	**177,584**	**6,031**	**1,416**	**185,031**

Associates and other enterprises (euro/000)	Shares and units owned	Capital contributions	Stock options assigned	Total value
Value at 31/12/2014	**25,006**	**1,656**	**0**	**26,662**
Increases:				
- Purchases, establishments and capital increases		482		482
- Payments to cover losses				
- Stock option assignment				
- Other changes	7,997			7,997
Total increases	**7,997**	**482**		**8,479**
Decreases:				
- Impairment loss	(61)			(61)
- Coverage of losses	(451)	(2,138)		(2,589)
- Transfer to Mondadori Libri S.p.A.	(3,612)			(3,612)
- Transfer of investments	(88)			(88)
- Other changes				
Total decreases	**(4,212)**	**(2,138)**		**(6,350)**
Changes in the provision for losses/ impairment:				
- Provisions	(3,672)			(3,672)
- Uses/reclassifications	748			748
Value at 31/12/2015	**25,867**	**0**	**0**	**25,867**

Shares and units owned in companies
Main transactions in the year:

Following the transfer of book activities to Mondadori Libri S.p.A. on 1 January 2015, the investment in the company was recorded for an amount of 99,410 thousand euro.
The transaction also included the transfer of the following investments:
- Giulio Einaudi Editore S.p.A., Sperling & Kupfer Editori S.p.A., Edizioni Piemme S.p.A., Mondadori Electa S.p.A. and Mondadori Education S.p.A. regarding subsidiaries, for a total amount of 107,860 thousand euro;
- Harlequin Mondadori S.p.A. and Mach 2 Libri S.p.A. regarding associates, and Editrice il Mulino S.p.A. regarding the other companies for a total amount of 3,612 thousand euro.

On 30 September 2015, the transfer of 80% of the share capital of Monradio S.r.l. to R.T.I. S.p.A. was completed for a price amounting to 36.4 million euro. Pursuant to IFRS 5 ("Non-current assets held for sale"), the radio business was qualified as "discontinued operations", and the capital loss was classified in the income statement under "Profit/ (loss) from discontinued operations". Additionally, during the year, the transfer of the units of Sporting Club Verona S.r.l. was completed.

Other increases include:
- On 1 July, the acquisition of the remaining 50% in the former associate Gruner + Jahr / Mondadori S.p.A. (now Mondadori Scienza S.p.A.) for the amount of 1,500 thousand euro;
- capital contribution in Monradio S.r.l. for an amount of 34,227 thousand euro;
- capital contribution in Mondadori Pubblicità S.p.A. for an amount of 4,200 thousand euro;
- capital contribution in Kiver S.r.l. (merged by incorporation in Cemit Interactive Media S.p.A.) for an amount of 279 thousand euro;
- capital contribution in Sporting Club Verona S.r.l. for an amount of 185 thousand euro;
- capital contribution in Società Europea di Edizioni S.p.A. for an amount of 482 thousand euro.

Other decreases include:
- the coverage of losses in Società Europea di Edizioni S.p.A. for an amount of 1,413 thousand euro;
- the coverage of losses in Mondadori Pubblicità S.p.A. for an amount of 1,505 thousand euro;
- the coverage of losses in Cemit Interactive Media S.p.A. for an amount of 1,033 thousand euro;
- the coverage of losses in Monradio S.r.l. for an amount of 6,494 thousand euro;
- the coverage of losses in ACI Mondadori S.p.A. in liquidation for an amount of 1,176 thousand euro.

Under IAS/IFRS accounting standards, in case of a potential impairment loss, interests held are subject to impairment test, using the higher between the value in use and the fair value. This resulted in an impairment loss for a total of 15,899 thousand euro, 3,837 thousand euro for the investments held in Mondadori Pubblicità S.p.A., 2,800 thousand euro in Mondadori International Business S.r.l., 2,382 thousand euro in Mondadori Scienza S.p.A., 207 thousand euro in Monradio S.r.l., 2,122 thousand euro in Mondadori Retail S.p.A., 8 thousand euro in Glaming S.r.l. in liquidation, 1,078 thousand euro in Cemit Interactive Media S.p.A., and 3,465 thousand euro in Attica Publications Sa.
An impairment test was made to calculate the recoverable value of the investments, impairment was made by comparing the value of the investments with the share of the equity of subsidiaries, adjusted for any implicit capital gains.
Specifically, for the investment held in Attica Publications SA, for the purpose of calculating value in use, projections contained in the 3-5-year plans drafted by the company were used, as integrating part of the medium-term Plan, approved by the Mondadori Group Board of Directors on 4 February 2016.

The expected cash flows were discounted based on a WACC of 11.69%, using growth rates between zero and 3% (g between 0 and 3%), in order to consider the differences between the business and geographical areas in which the Attica group operates.
The performance of the impairment test required no adjustments to the value of investments, further to the impairment accounted for in the year for Attica, amounting to 3.5 million euro.

Capital contributions
The amount of 6,031 thousand euro at 31 December 2015 (8,032 thousand euro) includes 493 thousand euro for Mondadori Direct S.p.A., 4,781 thousand euro for Mondadori Pubblicità S.p.A., 279 thousand euro for Cemit Interactive Media S.p.A., and 478 thousand euro for Glaming S.r.l. in liquidation.

Non-current financial assets
The composition of other financial assets, amounting to 200,000 thousand euro, refers to the intercompany loan granted by Arnoldo Mondadori Editore S.p.A. to its subsidiary Mondadori France S.A.

5. Pre-paid tax assets and deferred tax liabilities

Tax assets of 24,651 thousand euro (31,804 thousand euro) and tax liabilities of 24,021 thousand euro (27,289 thousand euro) were recognized and determined based on the temporary differences between balance sheet values stated in the financial statements and the corresponding values recognized for tax purposes:

(euro/000)	31/12/2015	31/12/2014
IRES on tax losses	15,370	13,140
Pre-paid IRES	9,057	17,709
Pre-paid IRAP	224	955
Pre-paid tax assets	**24,651**	**31,804**
Deferred IRES	21,254	24,586
Deferred IRAP	2,767	2,703
Deferred tax liabilities	**24,021**	**27,289**

As part of the transfer to Mondadori Libri S.p.A., pre-paid tax assets of 4,681 thousand euro and deferred tax liabilities of 154 thousand euro were transferred.
"IRES on tax losses", amounting to 15,370 thousand euro, referred to the possible benefits resulting from the compensatory use of the losses generated by the Company in the last financial years, transferred to the fiscal unit under the parent company Fininvest S.p.A. following the adherence to the national tax consolidation regime (pursuant to art. 117 and following of the Italian Presidential Decree no. 917/1986) for the 2013-2015 three-year period.
Under the provisions envisaged in the applicable agreement, the receivables will become due if and to the extent the relevant transferred tax benefits are actually used in the context of the tax consolidation. This is a rather remote option in the light of the comprehensive global taxable amount expected by the consolidating entity for the future financial years. Based on the foregoing and considering:
- the approaching expiry of the currently exercised option, on the occasion of which the contractual conditions currently governing it, may be subject to amendments;
- the right to carry forward tax losses without time restrictions;
- the right reserved to the adhering companies, in case of non-renewal of the current option, to be assigned losses transferred and not yet used;

• the result projections made in the 2016-2018 three-year Plan approved by the Board of Directors and the prepared tax planning documents;

the Directors believe that the tax benefits transferred to date are fully recoverable in the medium term.

Pre-paid taxes and deferred taxes are calculated based on the tax rates that will become applicable when these differences arise (the new 24% IRES tax rate has already been adopted, while for temporary differences believed to arise in 2016, the IRES rate is still 27.5%, and 3.9% for IRAP).
The adjustment of deferred taxes at the new rate generated a cost of 147 thousand euro.

Description of temporary differences that led to the recognition of pre-paid taxes

(euro/000)	31/12/2015			31/12/2014		
	Amount of temporary differences	Current tax rate	Pre-paid taxes	Amount of temporary differences	Current tax rate	Pre-paid taxes
Difference between book value	1,545	24.00%	371	2,138	27.50%	588
and fiscal value of assets	582	24.00%	140	13,406	27.50%	3,687
Provision for bad debt	84	24.00%	20	1,873	27.50%	515
Provisions	5,820	27.50%	1,601	34,739	27.50%	9,552
	23,166	24.00%	5,560			
Prior-years' tax losses	64,040	24.00%	15,370	47,782	27.50%	13,140
Other temporary differences	2,045	27.50%	562	12,243	27.50%	3,367
	3,350	24.00%	804			
Total for IRES purposes	**100,632**		**24,427**	**112,181**		**30,849**
Difference between book value and fiscal value of assets	4,680	3.9%	183	5,256	3.9%	205
Depreciation of inventory	84	3.9%	3	1,179	3.9%	46
Provisions	972	3.9%	38	11,872	3.9%	463
Other temporary differences	-	-	-	6,179	3.9%	241
Total for IRAP purposes	**5,736**		**224**	**24,486**		**955**

Description of temporary differences that led to the recognition of deferred taxes

(euro/000)	31/12/2015			31/12/2014		
	Amount of temporary differences	Current tax rate	Deferred taxes	Amount of temporary differences	Current tax rate	Deferred taxes
Difference between book value and fiscal value of assets	88,557	24.00%	21,254	84,629	27.50%	23,273
Post-employment benefits/FISC	-	-	-	484	27.50%	133
Other temporary differences	-	-	-	4,291	27.50%	1,180
Total for IRES purposes	**88,557**		**21,254**	**89,404**		**24,586**
Difference between book value and fiscal value of assets	70,960	3.9%	2,767	66,590	3.9%	2,597
Other temporary differences	-	-	-	2,282	3.9%	89
FISC	-	-	-	436	3.9%	17
Total for IRAP purposes	**70,960**		**2,767**	**69,308**		**2,703**

Changes in pre-paid and deferred tax amounts led to costs of 2,044 thousand euro as shown in Note 27.

It should be noted that all assets are covered by the Company's provisions for pre-paid tax amounts, except for impairment losses deriving from investments, for which it is not possible to reasonably foresee the moment in which the temporary differences will be cancelled out, and for audits in progress which led to the recognition of cost under income statement.

6. Other non-current assets

"Other non-current assets", amounting to 345 thousand euro (657 thousand euro), is broken down and commented on below:

Other non-current assets (euro/000)	31/12/2015	31/12/2014
Guarantee deposits	124	150
Medium/long-term tax receivables towards Fininvest	140	131
Trade receivables	-	180
Other	81	196
Total other non-current assets	**345**	**657**

The receivable due from Fininvest S.p.A., amounting to 140 thousand euro, includes the amount due from Fininvest S.p.A. on foreign withholding tax amounts not yet reimbursed.

7. Tax receivables

"Tax receivables", amounting to 33,396 thousand euro (42,587 thousand euro), is detailed and commented on below:

Tax receivables (euro/000)	**31/12/2015**	**31/12/2014**
Receivables due from Fininvest for IRES	8,186	14,689
Receivables due from Fininvest for VAT	181	897
Receivables due from Tax Revenue Office for direct and indirect taxes to recover	13,516	18,705
Advances to Tax Revenue Office for disputes	10,638	7,791
Receivables due from Tax Revenue Office for IRAP	875	505
Total tax receivables	**33,396**	**42,587**

Receivables for IRAP, amounting to 875 thousand euro, refer to higher advances paid on the IRAP amount due.

Advances, amounting to 10,638 thousand euro (7,791 thousand euro), refer to payments made provisionally in relation to pending disputes.

Receivables for direct and indirect taxes to be recovered, amounting to 13,516 thousand euro (18,705 thousand euro), refer to VAT receivables for the year carried forward for 2,936 thousand euro, and VAT receivables to be recovered for 10,476 thousand euro. The significant reduction in this item is attributable to the collection of VAT receivables subject to reimbursement in the previous years for a total amount of 4,611 thousand euro.

The receivable due from Fininvest S.p.A. for 8,186 thousand euro mainly includes 4,080 thousand euro referring to the amount due from Fininvest S.p.A. for the IRES receivable becoming due within 12 months following the application of the tax consolidation regime as specified in the preceding note, while the amount of 4,097 thousand euro refers to the higher IRES amount paid in the 2007-2011 tax periods as a result of the non-deductibility of IRAP relating to the taxable amount of the cost of personnel and other labour costs net of the deductions envisaged pursuant to art. 11, par. 1, letter a), 1-bis, 4-bis 1 of Italian Legislative Decree no. 446/1997. Art. 2, par. 1-quater of Italian Legislative Decree no. 201/2001 (introduced by Italian Legislative Decree no. 16/2012) envisaged the possibility to apply for reimbursement of the higher IRES amount paid as a result of the abovementioned non-deductibility for the 2007-2011 tax periods. Given that the Company contributes to the Group taxable amount with Fininvest acting as the consolidating entity, which, on behalf of the entire Group, pays IRES amounts, but also applies for the relevant reimbursement, the receivable was recognized due from Fininvest S.p.A.

8. Other current assets

"Other current assets", amounting to 4,574 thousand euro (40,892 thousand euro), is detailed and commented on below:

Other current assets (euro/000)	**31/12/2015**	**31/12/2014**
Receivables from agents	48	48
Receivables due from authors and employees	-	33,956
Receivables due from suppliers	487	907
Receivables due from personnel	289	449
Receivables due from social security institutions	1,313	1,466
Prepayments	1,670	2,982
Associates for transparent income	-	151
Other	767	933
Total other current assets	**4,574**	**40,892**

Receivables from authors and employees, fully transferred to Mondadori Libri S.p.A., are net of the relevant provision for copyright advances.

Prepayments, amounting to 1,670 thousand euro (2,982 thousand euro), include:

(euro/000)	**31/12/2015**	**31/12/2014**
Third publishers' editions for future financial statements	-	2,110
Rents	232	208
Accrued income	13	13
Other prepayments (rents, subscriptions, membership fees)	1,425	651
Total prepayments	**1,670**	**2,982**

Prepayments on third-publishers' editions were fully transferred to Mondadori Libri S.p.A. Other prepayments refer to rents, subscriptions and membership fees, and to promotional costs already accounted for but relating to future years.

9. Inventory

“Inventory”, amounting to 10,040 thousand euro (30,477 thousand euro), is detailed and commented on below:

Inventory (euro/000)	**31/12/2015**	**31/12/2014**
Raw and ancillary materials and consumables	3,371	2,984
Depreciation of raw and ancillary materials and consumables	(84)	-
Total raw and ancillary materials and consumables	**3,287**	**2,984**
Work in progress and semi-finished goods	6,727	10,288
Depreciation of work in progress and semi-finished goods	-	(516)
Total work in progress and semi-finished goods	**6,727**	**9,772**
Finished products and goods	26	18,989
Depreciation of finished products and goods		(1,268)
Total finished products and goods	**26**	**17,721**
Total inventory	**10,040**	**30,477**

Raw materials consist mainly of paper to be used in the printing of magazines; work in progress consists of editorial costs previously incurred for articles published at a later time.

Inventory disposed of with the transfer to Mondadori Libri S.p.A., amounting to 19,500 thousand euro, consists of:
- finished products of 17,688 thousand euro;
- work in progress and semi-finished goods of 1,812 thousand euro

Decrease (increase) of inventory to the income statement

Decrease (increase) of inventory (euro/000)	**2015**	**2014**
Changes in finished products and goods	7	24
Provision for finished products and goods	-	-
Utilization of the provisions for finished products and goods	-	-
Total changes in inventory of finished products and goods	**7**	**24**
Changes in semi-finished products	1,232	704
Provision for semi-finished products	-	-
Utilization of the provision for semi-finished products	-	-
Total changes in inventory of semi-finished products	**1,232**	**704**
Changes in raw and ancillary materials and consumables	(386)	(2,919)
Provision for raw and ancillary materials and consumables	84	-
Utilization of the provisions for raw and ancillary materials and consumables	-	-
Total changes in inventory of raw and ancillary materials and consumables	**(302)**	**(2,919)**
Total decrease (increase) in inventory	**937**	**(2,191)**

No inventory is subject to restriction to cover liabilities.

10. Trade receivables

“Trade Receivables”, amounting to 28,978 thousand euro (130,790 thousand euro), is detailed and commented on below:

Trade receivables (euro/000)	31/12/2015	31/12/2014
Receivables due from customers	4,396	78,534
Receivables due from associates	11,878	30,308
Receivables due from subsidiaries	12,704	21,919
Receivables due from parent companies	-	29
Total trade receivables	**28,978**	**130,790**

Trade receivables do not include amounts due over five years; in 2015, the average collection period, calculated with the count back method, amounted to 65.8 days, improving sharply versus 117.54 days in 2014, due mainly to the spin-off of the books business unit, marked by much longer average collection time than magazines.

Information by geographical area is provided in the relevant separate section.

The impact of the transfer of the books business unit amounted to 103,477 thousand euro.

Receivables from subsidiaries of 12,704 thousand euro (21,919 thousand euro) and receivables from associates of 11,878 thousand euro (30,308 thousand euro) refer to trade transactions performed at standard market conditions. The breakdown by company and the changes versus 2014 are reported in Annex C1.

Receivables from customers include receivables from Fininvest Group companies of 98 thousand euro (95 thousand euro), and mainly include RTI S.p.A. for 87 thousand euro (93 thousand euro) and other enterprises for a total of 31 thousand euro.
Trade transactions with the Fininvest Group are carried out under standard market conditions.

“Receivables from customers”, amounting to 4,392 thousand euro (78,534 thousand euro), includes:

Trade receivables - Receivables from customers (euro/000)	31/12/2015	31/12/2014
Receivables due from customers	4,974	107,259
Customers – returns to receive	-	(21,881)
Provision for bad debt	(582)	(6,844)
Total receivables from customers	**4,392**	**78,534**

The changes in provision for bad debt of 582 thousand euro (6,844 thousand euro) are detailed here below:

Trade receivables **Receivables from customers - Bad debt provision** (euro/000)	31/12/2015	31/12/2014
Balance at beginning of year	6,844	13,145
Changes in the year:		
- provisions	-	1,576
- transfer to Mondadori Libri	(6,230)	-
- utilizations	(32)	(7,877)
Total provision for bad debt	**582**	**6,844**

The provision, considered appropriate to cover presumable risks of insolvencies, was determined by analytically considering receivables under dispute and any situation of unrecoverability for the other receivables.

11. Other current financial assets

“Other current financial assets”, amounting to 116,136 thousand euro (87,353 thousand euro), is detailed and commented on below:

Other current financial assets (euro/000)	31/12/2015	31/12/2014
- Financial receivables due from subsidiaries	114,824	81,981
- Financial receivables due from associates	500	501
- Other financial receivables	811	4,871
Total financial receivables	**116,136**	**87,353**
Total other current financial assets	**116,136**	**87,353**

Financial receivables due from subsidiaries of 114,824 thousand euro (81,981 thousand euro) and receivables due from associates of 500 thousand euro (501 thousand euro) refer mainly to current accounts amounting to 101,452 thousand euro bearing interest in line with market rates.
The breakdown by company and the changes versus 2014 are shown in Annex C1.

Other financial receivables of 811 thousand euro (4,871 thousand euro) include accrued income relating to financial items and other financial receivables due from others.

12. Cash and cash equivalents

"Cash and cash equivalents", amounting to 27,677 thousand euro (10,081 thousand euro), includes postal accounts for a total of 38 thousand euro (38 thousand euro), receivables due from banks of 27,637 thousand euro (10,038 thousand euro) and 2 thousand euro (5 thousand euro) of cash and cash on hand.

Cash and cash equivalents (euro/000)	**31/12/2015**	**31/12/2014**
Cash and cash on hand	2	5
Bank deposits	27,637	10,038
Postal deposits	38	38
Total cash and cash equivalents	**27,677**	**10,081**

The fair value of cash and cash equivalents at 31 December 2015 is equal to the relevant book value.
The changes in the item are explained in the cash flow statement section.

It should be noted that there are no restrictions on the use of cash and cash equivalents, except for the indications provided in Note 16 "Financial liabilities".

LIABILITIES

13. Equity

The share capital of 67,979 thousand euro is fully underwritten and paid up and is divided into 261,458,340 ordinary shares with a par value of euro 0.26 each.

The table below summarizes the changes in equity over the past two years:

(euro/000)	Share capital	Share premium reserve	Treasury shares	Stock option reserve	Discounting reserve - IAS 19 post-employment benefits	Other reserves	Result for the year	Total equity
Balance at 01/01/2014	**64,079**	**170,625**	**(73,498)**	**1,101**	**783**	**327,297**	**(314,970)**	**175,417**
Changes in:								
- Allocation of result		(170,625)				(144,345)	314,970	
- Dividend payout								
- Capital increase	3,900	12,000						15,900
- Disposal/ cancellation of treasury shares			73,498			(58,207)		15,291
- Stock options								
- Other reserves						(450)		(450)
- Comprehensive profit/ (loss) for the year					(295)	(529)	(12,888)	(13,712)
Balance at 31/12/2014	**67,979**	**12,000**	**0**	**1,101**	**488**	**123,766**	**(12,888)**	**192,446**

(euro/000)	Share capital	Share premium reserve	Treasury shares	Stock option reserve	Discounting reserve - IAS 19 post-employment benefits	Other reserves	Result for the year	Total equity
Balance at 01/01/2015	**67,979**	**12,000**	**0**	**1,101**	**488**	**123,766**	**(12,888)**	**192,446**
Changes in:								
- Allocation of result		(12,000)				(888)	12,888	
- Dividend payout								
- Capital increase								
- Disposal/ cancellation of treasury shares								
- Stock options				(833)		833		
- Other reserves						(411)		(411)
- Comprehensive profit/ (loss) for the year					104	461	(31,982)	(31,417)
Balance at 31/12/2015	**67,979**	**0**	**0**	**268**	**592**	**123,761**	**(31,982)**	**160,618**

The table below is an analysis of equity with reference to the origin, availability and possible distribution of each single sub-item.

Nature/description (euro/000)	Amount	Possible use	Available portion
Share capital	**67,979**		
Income reserves:			
- revaluation reserves			
• Italian law no. 72 of 19/03/1983	12,022	A,B	
• Italian law no. 413 of 30/12/1991	4,689	A,B	
- legal reserve	13,490	B	
- extraordinary reserve	113,631	A,B,C	92,727
IAS/IFRS:			
- negative transition reserve	(18,381)		
- stock option reserve	1,101	A,B,C	832
- post-employment discounting reserve	592	A,B,C	
- cash flow hedge reserve	(2,523)		
Total	**192,600**		**93,599**
Undistributable portion (1)			5,740
Residual distributable portion			87,859

Legenda: A: for capital increases - B: to cover losses - C: for distribution to Shareholders
(1) This represents the undistributable portion determined pursuant to the provisions set out in Italian Legislative Decree 38/2005.

The table "Changes in equity" includes details regarding the individual sub-items under equity and, specifically:

The **share premium reserve** was fully used to cover prior-year losses (12,000 thousand euro) and referred to the capital increase completed on 17 June 2014.

Other reserves came to a negative 411 thousand euro, as a result of the recording, under OPI 1, of the price adjustment on the transfer of 80% of the investment in Monradio to R.T.I. S.p.A., considered a transaction under common control.

Reserves made for tax purposes are classified as follows:

(euro/000)	a - until 2007	a - from 2008	b	c	Total
Reserve under Law no. 72 of 19/03/1983	-	-	12,022	-	12,022
Reserve under Law no. 413 of 30/12/1991	-	-	4,689	-	4,689
					16,711
Legal reserve	13,490	-	-	-	13,490
					13,490
Extraordinary reserve		113,631	-	-	113,631
IAS/IFRS application reserve	(8,821)	(10,390)	-	-	(19,211)
					107,910
Total reserves	**7,472**	**103,241**	**16,711**	**0**	**124,621**

a. Reserves that upon distribution do not contribute to the formation of the shareholders' taxable income pursuant to articles 47, 59 and 89 of the Italian Presidential Decree no. 917/86. Pursuant to art. 1, par. 39, of Italian Law no. 244/07, income generated until 31 December 2007 and income generated subsequently are separated.
b. Reserves that, when distributed, contribute to the formation of the Company's taxable income.
c. Reserves that, in case of distribution, do not contribute to the formation of the shareholders' taxable income.

14. Provisions

“Provisions”, amounting to 35,675 thousand euro (39,077 thousand euro), is broken down here below:

Provisions (euro/000)	31/12/2014	Provisions	Utilizations	Reclassification and transfer Libri	31/12/2015
Provision for bad debt	1,069				1,069
Provision for legal risks	17,155		(696)	(1,204)	15,255
Provision for INPGI contribution dispute	1,899				1,899
Provision for equity impairment exceeding cost	88	1,162	(88)		1,162
Provision for charges on advertising receivables	6,869	1,380	(1,797)		6,452
Provision for charges on subscription receivables	877	122	(282)		717
Provision for other charges	11,120	3,500	(5,346)	(153)	9,121
Total provisions	**39,077**	**6,164**	**(8,209)**	**(1,357)**	**35,675**

The provisions above are intended to cover potential liabilities from legal disputes, bad debt, contractual clauses and commitments, and tax and contribution disputes.

15. Post-employment benefits

“Post-employment benefits” is detailed and commented on below:

Post-employment benefits (euro/000)	31/12/2015	31/12/2014
Provision for post-employment benefits (TFR)	11,474	16,157
Provision for supplementary agents’ indemnity (FISC)	15	1,539
Provision for journalists (IFGP)	123	327
Total post-employment benefits	**11,612**	**18,023**

Changes in the year are detailed below:

Post-employment benefits - Details (euro/000)	**Post-employment benefits**	**FISC**	**IFGP**	**Total**
Balance at 31/12/2014	**16,157**	**1,539**	**327**	**18,023**
Changes in 2015:				
- provisions	181			181
- utilizations	(1,369)		(108)	(1,477)
- transfer of business unit to Mondadori Libri	(3,335)	(1,524)		(4,859)
- disposals/acquisitions	26			26
- reversals			(96)	(96)
- discounting	(168)			(168)
- other	(18)			(18)
Balance at 31/12/2015	**11,474**	**15**	**123**	**11,612**

The liability relating to post-employment benefits was subject to discounting pursuant to IAS 19.
It should be noted that for the calculation, a discounting rate based on the iBoxx Corporate EUR benchmark, with a 10+ duration and AA rating was used.

As for the previous year, the following assumptions were used to measure the current value of post-employment benefits:

Actuarial assumptions to measure TFR	**31/12/2015**	**31/12/2014**
Economic assumptions:		
- increase in cost of living	1.50%	from 0.6% to 1.5%
- discounting rate	2.03%	1.49%
Demographic assumptions:		
- probability of death	IPS.55 tables	IPS.55 tables
- probability of disability	INPS-2000 tables	INPS-2000 tables
- probability of leaving for other reasons	15.91%	14.25%
- retirement age	Applicable regulations	Applicable regulations

It should also be noted that by increasing or decreasing the discounting rate by 0.5%, the effect on “Post-employment benefits provision” would be equal to approximately 0.1 million euro.

“Provision for retirement” was not subject to discounting because the effects are irrelevant.

The cost for post-employment benefits under income statement is broken down as follows:

Cost of post-employment benefits (euro/000)	**2015**	**2014**
Cost of post-employment benefits allocated to supplementary pension plans	3,759	4,429
Financial costs	181	541
Total cost of post-employment benefits	**3,940**	**4,970**

It should be noted that "Current cost of employee post-employment benefits" and "Actuarial (income)/loss" are recognized in a specific reserve under equity, while the financial component is accounted for under financial expenses for the period.

16. Financial liabilities

"Financial liabilities", amounting to 220,387 thousand euro (262,536 thousand euro), is detailed and commented on below:

Non-current financial liabilities (euro/000)	**Actual interest rate**	**Expiry over 5 years**	**31/12/2015**	**31/12/2014**
Liabilities resulting from derivatives	-		39	1,723
Medium/long-term loans and borrowings	4.48%		220,348	260,813
Total non-current financial liabilities	**4.48%**		**220,387**	**262,536**

"Loans and borrowings" consists entirely of the medium/long portion (due beyond one year) of the A1 Amortizing Term Loan of the new amortizing pool loan, coming to maturity in December 2020.

In December 2015, the Mondadori Group renegotiated the existing committed credit lines, underwriting a new amortizing loan contract with a pool of major banks (BNP Paribas, Banca Popolare di Milano, Intesa Sanpaolo, Mediobanca, UniCredit, UBI) for a total of 515 million euro, coming to maturity in December 2020.
The contract provides improved conditions in terms of interest rate and commissions: the initial margin for the Term Loan line is 3.25%, with a reduction of about 90 basis points compared to the cost in previous loan contracts. The rate may fall further, on an annual basis and according to the reduction in the NFP/EBITDA ratio.

The significant reduction (42,149 thousand euro) versus the previous year reflects the improved cash flow and, consequently, the lower bank debt cost.

Liabilities in derivative instruments, amounting to 39 thousand euro, include the fair value relating to the five transactions to hedge the existing interest rate risk (with BNP Paribas, BPM, Intesa Sanpaolo, Mediobanca and Unicredit), applying to the A1 Term Loan Tranche of the new amortizing pool loan contract concluded in December 2015, coming to maturity in December 2020 for a total notional amount of 150.0 million euro and an average rate of 0.157%

The Group has adopted a Financial Risk Management policy. The use of derivative instruments is in line with the guidelines contained in such policy. In order to verify hedging efficiency, the Group performs a series of perspective and retroactive tests at least on a quarterly basis.

Trading derivatives refer to transactions that, though established for hedging purposes, do not fully meet the requirements envisaged by the international accounting standards to qualify for hedge accounting. In the case of the Mondadori Group, trading derivatives only referred to exchange risk management, which is not present in the Group's financial statements at 31 December 2015.

In addition, the Group calculates the fair value of current hedge transactions on a quarterly basis.

"Payables due to banks and other financial liabilities" amounted to 179,863 thousand euro (178,640 thousand euro):

Payables due to banks and other financial liabilities (euro/000)	**31/12/2015**	**31/12/2014**
Payables due to banks	888	8,818
Payables due to associates	-	2,715
Payables due to subsidiaries	171,691	131,017
Short-term loans	6,370	35,000
Other financial liabilities	568	479
Accrued liabilities and deferred income	346	611
Total payables due to banks and other financial liabilities	**179,863**	**178,640**

Payables due to banks of 888 thousand euro (8,818 thousand euro) include short-term current account overdraft payables.
Payables due to subsidiaries of 171,691 thousand euro (131,017 thousand euro) and payables due to associates of 0 thousand euro (2,715 thousand euro) mainly refer to current account transactions negotiated at interest rates in line with market rates. The breakdown by company and the changes versus 2014 are shown in Annex D1.
Short-term loans amounting to 6,370 thousand euro (35,000 thousand euro) include the portion of the A1 Amortizing Term Loan of the new amortizing pool loan, reclassified under short-term loans to be repaid by end 2016.
Accrued liabilities and deferred income of 346 thousand euro (611 thousand euro) were determined on an accrual basis and refer to short-term loan interest rates.

The Company's comprehensive financial position at 31 December 2015, shown in the table below, indicates a net debt of 56,438 thousand euro (143,740 thousand euro).

	Net debt (euro/000)	31/12/2015	31/12/2014
A	Cash	2	5
	- Bank deposits	27,637	10,038
	- Postal deposits	38	38
B	Other cash and cash equivalents	27,675	10,076
C	**Cash and cash equivalents and other financial assets (A+B)**	**27,677**	**10,081**
D	Securities held for trading		
	- Financial receivables due from subsidiaries	313,575	281,981
	- Financial receivables due from associates	500	501
	- Financial receivables due from affiliates	1,250	-
	- Financial assets at fair value	-	-
	- Derivatives and other financial assets	811	4,871
E	Receivables and other current financial assets	316,136	287,353
F	**Current and non-current financial assets (D+E)**	**316,136**	**287,353**
G	Current payables due to banks	888	18,818
	- Bonds	-	-
	- Loans	-	-
	- Borrowings	6,717	25,611
H	Current portion of non-current debt	6,717	25,611
	- Financial payables due to subsidiaries	171,691	131,017
	- Financial payables due to associates	-	2,715
	- Derivatives and other financial liabilities	568	478
I	Other current financial liabilities	172,259	134,210
L	**Payables due to banks and other current financial liabilities (G+H+I)**	**179,864**	**178,639**
M	**Current and non-current net financial position (C+F-L)**	**163,949**	**118,795**
	- Bonds	-	-
	- Loans	-	-
	- Borrowings	220,348	260,812
N	Debt non-current portion	220,348	260,812
O	Other non-current financial liabilities	39	1,723
P	**Non-current net debt (N+O)**	**220,387**	**262,535**
Q	**Net debt (M-P)**	**(56,438)**	**(143,740)**

It should be noted that the Company's net financial position, if determined under the Consob recommendation, would come to a negative 256,438 thousand euro (343,740 thousand euro), as it would not include the balance of "Non-current financial assets", represented by the loan granted to subsidiary Mondadori France S.A. amounting to 200,000 thousand euro.

The Company's net debt benefits from the transfer to Mondadori Libri S.p.A., which has received a net debt of 117,591 thousand euro.

For the analysis of the Company's net financial position and the relevant changes, reference should be made to the Cash flow statement in these financial statements.

17. Income tax payables

The Company's income amounts are defined for fiscal purposes along with the corresponding tax amounts paid until 2009, except for the indications provided in Note 28 "Commitments and potential liabilities".

In case of criminally relevant cases, art. 37 of Italian Legislative Decree no. 223/2006, amended and converted in Italian Law no. 248/2006, has doubled the ordinary investigation terms: "*in case of violations leading to obligatory reporting pursuant to art. 331 of the Italian Criminal Procedure Code for one of the crimes listed in Italian Legislative Decree no. 74 of 10 March 2000*".

As to fiscally open financial years, tax amounts have been allocated and paid on the basis of taxable income and the currently applicable tax regulations upon allocation of the relevant provision.

18. Other current liabilities

"Other current liabilities", amounting to 42,205 thousand euro (57,833 thousand euro), is detailed and commented on below with the relevant changes:

Other current liabilities (euro/000)	**31/12/2015**	**31/12/2014**
Advances to customers	30	464
Tax payables	3,182	4,303
Cost of post-employment benefits allocated to supplementary pension plans	1,699	1,973
Payables due to welfare and social security entities	6,548	7,614
Other payables	30,150	42,363
Accrued liabilities and deferred income	544	827
Associates for transparent income	52	289
Total other current liabilities	**42,205**	**57,833**

The effects of the transfer on this item, as a result of payables due to authors and workers of the Books Area, amounted to 13,479 thousand euro.
Advances to customers of 30 thousand euro (464 thousand euro) decreased by 434 thousand euro versus the previous year.
Tax payables of 3,182 thousand euro (4,303 thousand euro) regarding IRPEF withholdings on employee salaries and professional fees were paid in January 2016.

Post-employment benefits allocated to supplementary pension plans of 1,699 thousand euro (1,973 thousand euro) refer to pension funds in which post-employment benefits flow, also paid in January 2016.

Payables due to welfare and social security entities of 6,548 thousand euro (7,614 thousand euro) include 3,196 thousand euro (4,029 thousand euro) for contributions on salaries relating to December and paid in January 2016; 3,352 thousand euro (3,585 thousand euro) for contributions allocated for deferred salary items.

Other payables decreased due mainly to the transfer of the books business unit, which involved payables due to authors (9,184 thousand euro) and to agents (563 thousand euro). Other payables of 30,150 thousand euro (42,363 thousand euro) are broken down as follows:

Other current liabilities - Other payables (euro/000)	**31/12/2015**	**31/12/2014**
Payroll and other amounts due to personnel	11,337	12,479
Payables due to authors	-	9,184
Payables due to collaborators	7,269	7,912
Payables due to agents	16	579
Payables to directors and statutory auditors	2,119	2,968
Press-Di for pre-paid subscription fee collection	8,099	8,799
Other	1,310	442
Total other payables	**30,150**	**42,363**

Accrued liabilities and deferred income of 544 thousand euro (827 thousand euro) were determined on an accrual basis and are broken down as follows:

(euro/000)	**31/12/2015**	**31/12/2014**
Insurance, membership fees and other prepayments	218	450
Total accrued liabilities	**218**	**450**
Revenue from advertising per issue for magazines in 2015	302	377
Other	24	-
Total deferred income	**326**	**377**
Total accrued liabilities and deferred income	**544**	**827**

19. Trade payables

“Trade payables” is detailed and commented on here below:

Trade payables (euro/000)	**31/12/2015**	**31/12/2014**
Payables due to suppliers	72,275	101,082
Payables due to subsidiaries	4,134	29,838
Payables due to associates	4,124	9,589
Payables due to parent company	24	24
Total trade payables	**80,557**	**140,533**

Payables due to suppliers amount to 72,275 thousand euro (101,082 thousand euro) and include payables for the purchase of fixed assets for a total of 784 thousand euro (619 thousand euro). The reduction in trade payables is attributable to the transfer to Mondadori Libri S.p.A. (41,570 thousand euro) and to the reduction in costs.

This item also includes trade payables due to Fininvest Group companies amounting to 1,430 thousand euro (720 thousand euro), the most significant of which refer to Publitalia ‘80 S.p.A. for 1,005 thousand euro (388 thousand euro), RTI S.p.A. for 364 thousand euro (297 thousand euro) and other minor payables for a total of 61 thousand euro (35 thousand euro).

Payables due to affiliates refer to trade transactions performed at standard market conditions.

Trade payables due to subsidiaries of 4,134 thousand euro (29,838 thousand euro) and trade payables due to associates of 4,124 thousand euro (9,589 thousand euro) refer to trade transactions performed at standard market conditions.

The breakdown by company and the changes versus 2014 are shown in Annex D1. Information by geographical area is provided in the relevant separate section.

It should be noted that no trade payables are due over 5 years, and that in 2015 the average payment period, calculated with the count back method, was 156.8 days (150.1 days in 2014).

INCOME STATEMENT

(Intercompany trade transactions in 2015 with related parties are detailed in Annexes C2 and D2)

Pro forma situation at 01/01/2015 net of the transfer of the business unit to Mondadori Libri S.p.A.

A thorough disclosure and comparability of the relevant figures is found in the 2014 pro forma income statement of the Company, net of the transfer of the Book business unit.

(euro)	Balance AME S.p.a. 31/12/2015	Pro forma AME S.p.A. 31/12/2014	Balance Books Area 31/12/2014	Balance AME S.p.A. 31/12/2014
Revenue from sales and services	**251,963,324**	**263,812,580**	**231,065,419**	**494,877,999**
Decrease (increase) of inventory	937,236	(2,653,146)	462,531	(2,190,615)
Cost of raw and ancillary materials, consumables and goods	31,629,339	24,568,047	117,696,758	142,264,805
Cost of services	165,853,354	187,031,861	88,617,843	275,649,704
Cost of personnel	73,012,694	73,975,230	12,374,534	86,349,764
Other (income) costs	(19,216,626)	(3,526,346)	(656,963)	(4,183,309)
EBITDA	**(252,673)**	**(15,583,067)**	**12,570,717**	**(3,012,350)**
Depreciation of property, plant and equipment	1,639,415	2,664,437	272,188	2,936,625
Amortization and impairment loss of intangible assets	1,536,155	500,536	621,867	1,122,403
EBIT	**(3,428,243)**	**(18,748,040)**	**11,676,662**	**(7,071,378)**
Financial income (costs)	(1,024,524)	(7,806,821)	(94,981)	(7,901,802)
Income (costs) from investments	(24,715,945)	(18,688,049)	20,015,626	1,327,577
Result before taxes for the year	**(29,168,712)**	**(45,242,910)**	**31,597,307**	**(13,645,603)**
Income tax	961,020	(757,589)	-	(757,589)
Result from continuing operations	**(30,129,732)**	**(44,485,321)**	**31,597,307**	**(12,888,014)**
Income (costs) from discontinued operations	(1,851,947)	-	-	-
Net result	**(31,981,679)**	**(44,485,321)**	**31,597,307**	**(12,888,014)**

20. Revenue from sales and services

Sales performance by sector is exhaustively detailed in the Directors' Report on Operations.

Revenue is detailed in the following tables:

Revenue from sales and services (euro/000)	2015	2014	Var.%
Revenue from the sale of products:			
- books	-	201,328	-
- magazines/publications	136,275	159,796	(14.72%)
- magazines/subscriptions	14,874	18,335	(18.88%)
- corporate and other business:			
Reproduction rights	3,265	5,603	(41.73%)
Commercial items and special initiatives	458	1,304	(64.88%)
Sub-products and scrap material	898	1,119	(19.75%)
Revenue from the sale of services			
- advertising services	70,242	73,402	(4.31%)
- corporate and other business:			
On-line revenue, content deal and website management	-	-	-
Other services, consulting and assistance	25,951	33,991	(23.65%)
Total revenue	**251,963**	**494,878**	**(49.09%)**

Total revenue shows the change resulting from the spin-off of the books business unit.
The decrease in revenue from the sale of magazines/publications of 23,521 thousand euro and of magazines/subscriptions of 3,461 thousand euro, is due mainly to the performance of the relevant market, which witnessed a drop in sales in 2015 too. The decrease in reproduction rights of 2,338 thousand euro is attributable to the spin-off of the books business unit.

Revenue by geographical area:

Geographical area (euro/000)	Magazines	Rights	Advertising and other	2015	2014
Italy	150,876	3,010	95,888	249,774	485,582
EU countries	232	111	1,013	1,356	7,041
USA	11	136	-	147	343
Switzerland	-	-	300	300	1,127
Other countries	31	7	348	386	785
Total	**151,150**	**3,264**	**97,549**	**251,963**	**494,878**

21. Cost of raw and ancillary materials, consumables and goods

Cost of raw and ancillary materials, consumables and goods (euro/000)	2015	2014
Paper	27,515	22,259
Recovery of paper purchasing costs	(4,411)	(5,349)
Production material	6	5
Total cost of raw and ancillary materials	**23,110**	**16,915**
Goods for re-sale	7,892	122,945
Purchase of gadgets and promotional items	54	22
Consumption and maintenance materials	208	832
Stationery and printed materials	194	312
Packaging	2	920
Other consumables and goods	169	319
Total cost of consumption materials and goods	**8,519**	**125,350**
Total cost of raw and ancillary materials, consumables and goods	**31,629**	**142,265**

The change in this item is due mainly to the reduction in purchase costs of publishing products, typical of the distribution operations transferred in the business unit to Mondadori Libri S.p.A. (116,146 thousand euro).
In 2015, recovery for paper sale to other group companies was reclassified as a direct reduction of costs for the purchase of raw and ancillary materials, consumables and goods, while in 2014, it was classified under other income. In order to make data comparable with those of the previous year, 2014 data were also reclassified.

22. Cost of services

Cost of services (euro/000)	**2015**	**2014**
Rights and royalties	25,115	52,979
Use of the provision for advances to authors	-	(900)
Third-party collaborations	14,356	20,959
Consultancy services	10,258	9,924
Audit and certification expenses	445	495
Commissions	416	3,602
Provision for supplementary customer indemnity	-	194
Third party graphical processing:		
- print, packaging and other	44,948	75,325
- paper	217	23,291
Transport and shipping	12,417	18,047
Advertising services	18,773	24,631
Other services	13,991	18,032
Travel and other expense reimbursements	1,775	2,195
Maintenance	1,687	2,161
Postal costs and telephone	814	968
Utilities (electricity, gas, water)	1,763	1,912
Catering and cleaning services	2,667	2,888
Market research	1,555	1,950
Insurance	829	1,043
Subscription management	5,101	6,046
Press agency	448	548
Rental expense	2,662	3,124
Rental of vehicles and other	1,165	1,402
Data processing fees and other	546	651
Fees for company boards:		
- Chairman and Board of Directors	3,732	4,011
- Board of Statutory Auditors	173	172
Total cost of services	**165,853**	**275,650**

Starting from 2015, and in the prior-year comparative column, shipping and processing costs are shown net of relating recovery towards other Group companies or third parties.
The transfer of the business unit to Mondadori Libri S.p.A. produced a marked decrease in royalty cost items (26,099 thousand euro), commissions (3,340 thousand euro), graphical processing (26,289 thousand euro), transport costs (5,681 thousand euro), advertising services (2,651 thousand euro), storage and handling (1,101 thousand euro), classified under “Other services”.

23. Cost of personnel

Cost of personnel (euro/000)	2015	2014
Salaries and wages and related costs	52,902	63,589
Stock options		
Charging/ (recovery) of costs for seconded staff	(3,932)	(2,195)
Social security charges	18,283	20,560
Post-employment benefits, retirement indemnity and supplementary pension scheme plans	9,023	6,915
Provision/utilization for risks for personnel re-organization	(3,263)	(2,519)
Total cost of personnel	**73,013**	**86,350**

Since 2015, cost of personnel has included the net balance between the charging and recovery of costs for staff seconded from and to group companies, while in 2014, charges were classified as service costs and recovery as other income.
In 2014, the cost of personnel of the Books Area amounted to 12,264 thousand euro.

Cost of personnel by category is broken down here below:

(euro/000)	2015	2014
Executives	15,439	17,355
White collars and managers	28,275	33,911
Journalists	36,398	36,575
Blue collars	276	3,487
IAS adjustment post-employment provision	(181)	(264)
Costs/Recovery seconded staff	(3,931)	(2,195)
Increase/use provision for restructuring and personnel risks	(3,263)	(2,519)
Total	**73,013**	**86,350**

At 31 December 2015, the Company had 818 employees, dropping by 211 employees versus 31 December 2014, due mainly to the transfer of the books business unit.

Employees	Actual 31/12/2015	Actual 31/12/2014	Average 2015	Average 2014
Executives	45	63	48	64
Journalists	259	280	268	302
White collars and managers	509	596	497	605
Blue collars	5	90	5	89
Total	**818**	**1,029**	**818**	**1,060**

In 2015, there were an average 818 employees (1,060 employees in 2014, of whom 198 transferred to Mondadori Libri).
The restructuring plan involving the Magazines Area continued for journalists, with 34 editors dismissed in the year.

Information about stock option plans

With reference to the stock option plans applied by Arnoldo Mondadori Editore S.p.A. for the three-year 2009-2010-2011 time spans, the table below summarizes the situation of the options assigned and still exercisable at 31 December 2015 with indication of the prices and relevant exercise period.

Stock options	2009	2010
In circulation at 01/01/2015	1,100,000	720,000
- assigned during the year	-	-
- cancelled during the year	50,000	70,000
- exercised during the year	-	-
- expired during the year	1,050,000	-
In circulation at 31/12/2015	-	650,000
Vesting period	16/10/2012-16/10/2015	22/07/2013-21/07/2016
Price in euro	3.4196	2.4693
Exercisable at 31/12/2015	-	650,000

Options assigned were measured at fair value on the basis of a binomial tree numerical calculation method using the following parameters:

Parameters for the option measuring model	2009	2010
Exercise price of the option	-	2.4693
Option term (residual years)	-	0.58
Average price at the date of assignment	-	2.415
Expected volatility of the share price	-	35.40%
Dividend yield	-	8.28%
Risk free interest rate for the option term	-	2.16%

Lastly, no cost regarding share-based payments was recognized in “Cost of personnel” under income statement.

24. Other (income) costs

Other (income) costs (euro/000)	**2015**	**2014**
Other revenue and income	(23,342)	(8,248)
Various operating costs	4,125	4,065
Total other (income) costs	**(19,217)**	**(4,183)**

"Other revenue and income", amounting to 23,342 thousand euro (8,248 thousand euro), refers to:

Other (income) costs - Other revenue and income (euro/000)	**2015**	**2014**
Capital gains and contingent assets	(14,171)	(762)
Supplier rebates and paper contributions	(65)	(614)
Third-party expense reimbursements:		
- expense recovered from development, distribution, marketing activities	(591)	(898)
- other recovery	(3,796)	(3,176)
Other (promotions, rents, publishing facilities)	(4,719)	(2,798)
Total other revenue and income	**(23,342)**	**(8,248)**

The significant difference between the two years is attributable mainly to the recognition of the gains from the transfer of the property located in via Sicilia in Rome (13,795 thousand euro).

"Other operating costs", amounting to 4,125 thousand euro (4,065 thousand euro), includes:

Other (income) costs - Other operating costs (euro/000)	**2015**	**2014**
Compensation, settlements and allowances	835	3,049
Bad debt	2,112	7,397
Contributions and grants	418	449
Other and sundry	1,068	1,158
Capital loss/contingent liabilities	99	130
Provision for bad debt	-	1,576
Provision for other risks	1,752	1,350
(Utilization) provision for bad debt	(33)	(7,877)
(Utilization) provision for legal risks	(696)	(2,373)
(Utilization) provision for other risks	(2,079)	(1,484)
Council tax	278	286
Other taxes and duties	371	404
Total other operating costs	**4,125**	**4,065**

The provision for bad debt and the provision for other risks are allocated to cover potential losses that may arise in future years.

25. Financial income (costs)

The item, amounting to 1,025 thousand euro (7,902 thousand euro), consists of:

Financial income (costs) (euro/000)	**2015**	**2014**
Interest from banks and post offices	2	17
Interest from associates	25	195
Interest from subsidiaries	16,728	15,273
Financial income from derivatives	443	213
Other interest and financial income	67	250
Total interest and other financial income	**17,265**	**15,948**
Interest to banks and post offices	(74)	(93)
Interest due to associates	(1)	(10)
Interest due to subsidiaries	(43)	(322)
Interest due to parent companies	-	-
Financial costs from derivatives	(926)	(792)
Other financial costs for discounting assets/liabilities	(181)	(541)
Interest on loans and borrowings	(12,223)	(17,417)
Other interest paid and financial costs	(4,831)	(4,628)
Total interest expense and other financial costs	**(18,279)**	**(23,803)**
Financial income from the management of securities	2	-
Financial costs from the management of securities	-	-
Utilization of the provision for security depreciation	-	-
Total income (cost) from security management	**2**	**0**
Realized currency gains	(2)	(38)
Unrealized currency gains	(11)	(9)
Total income (loss) on currency transactions	**(13)**	**(47)**
Total financial income (costs)	**(1,025)**	**(7,902)**

The rates applied on current accounts held with subsidiaries and associates are in line with the average costs of money collection of Arnoldo Mondadori Editore S.p.A.

The significant reduction (6,877 thousand euro) versus the previous year reflects the strongly improved cash flow and, consequently, the lower bank debt cost; benefits also come from the transfer of the net debt of 117,591 thousand euro to Mondadori Libri S.p.A. on 1 January 2015.

26. Income (costs) from investments

This item is detailed and commented on below:

Income (costs) from investments (euro/000)	2015	2014
Dividends	87	20,588
Impairment loss	(23,614)	(28,171)
Increase/utilization provision equity investments risk	(1,150)	8,910
Capital gain/loss from transfer/liquidation	(39)	-
Total income (cost) from investments	**(24,716)**	**1,327**

Dividends collected in the year are broken down below:

(euro/000)	2015	2014
Subsidiaries:		
Press-Di Distribuzione Stampa e Multimedia S.r.l.	-	-
Giulio Einaudi Editore S.p.A.	-	5,060
Mondadori Education S.p.A.	-	14,994
Cemit Interactive Media S.p.A.	-	-
Edizioni Piemme S.p.A.	-	-
Sperling & Kupfer S.p.A.	-	-
Total subsidiaries	**-**	**20,054**
Associates:		
Gruner + Jahr/Mondadori S.p.A.	-	-
Harlequin Mondadori S.p.A.	-	450
Mondadori Indipendent Media LLC	87	84
Mach 2 Libri S.p.A.	-	-
Total associates	**87**	**534**
Total dividends	**87**	**20,588**

The impairment loss of 23,614 thousand euro (28,171 thousand euro) refers to the impairment test performed to adjust the cost of investments to their recoverable value, or to the share of equity of subsidiaries, adjusted for implicit capital gains.

Impairment loss refers to:

(euro/000)	2015	2014
Subsidiaries:		
Mondadori Pubblicità S.p.A.	3,925	7,877
Cemit Interactive Media S.p.A.	1,078	8,571
Sporting Club Verona S.r.l.	-	83
Glaming S.r.l. in liquidation	(142)	-
Monradio S.r.l.	6,080	6,486
Mondadori Scienza S.p.A.	2,382	-
Mondadori International Business S.r.l.	2,800	-
Mondadori Retail S.p.A.	2,122	3,613
Edizioni Piemme S.p.A.	-	488
Total subsidiaries	**18,247**	**27,118**
Associates:		
ACI Mondadori S.p.A. (in liquidation)	493	200
Società Europea di Edizioni S.p.A.	1,409	-
Attica Pubblications SA	3,465	-
Mondadori Independent Media LLC	-	852
Total associates	**5,367**	**1,052**
Total	**23,614**	**28,171**

Impairment loss by nature:

(euro/000)	2015	2014
Coverage of losses	17,494	57,351
Capital reduction and reserves / impairment on investments	-	-
	17,494	57,351
Provision for losses / impairment loss:		
- provisions	15,899	19,093
- utilizations	(9,840)	(48,273)
	6,059	(29,180)
Other impairment loss on investments	61	-
Total	**23,614**	**28,171**

27. Income (cost) from discontinued operations

Income (cost) from discontinued operations (euro/000)	2015	2014
Loss from transfer 80% of Monradio investment	(1,852)	-
Total income (cost) from discontinued operations	**(1,852)**	**-**

28. Income tax

"Income tax" amounted to a cost of 961 thousand euro (income of 758 thousand euro). The main components for the years ended at 31 December 2014 and 2015 are illustrated in the table below:

Income tax (euro/000)	2015	2014
Income from tax consolidation (IRES tax on income for the year)	(3,903)	(10,483)
IRAP for the year	-	2,112
Total current taxes	**(3,903)**	**(8,371)**
Deferred (pre-paid) taxes for IRES	2,170	5,824
Deferred (pre-paid) taxes for IRAP	261	289
Total deferred (pre-paid) taxes	**2,431**	**6,113**
Prior-years' taxes	233	-
Fund provision for tax disputes	2,200	1,500
Total income taxes	**961**	**(758)**

As evidenced in the sections relating to tax receivables and payables, since the Company adheres to the tax consolidation regime of Fininvest S.p.A., it recorded an income from the adhesion to tax consolidation relating to the tax loss of the current year of 3,903 thousand euro, which will be paid by the consolidating entity, as it may be used to offset the current tax profit transferred from the other Mondadori companies to tax consolidation.

In relation to the changes in current taxes, reference should be made to note 28 "Commitments and contingent liabilities".

Reconciliation between the financial statement tax charge and the theoretical tax charge

(euro/000)	2015			2014		
	Pre-tax result	Tax amount	Current tax rate	Pre-tax result	Tax amount	Current tax rate
Theoretical IRES tax amount	(29,167)	(8,021)	27.50%	(13,646)	(3,753)	27.50%
Theoretical IRAP tax amount		(1,138)	3.90%		(532)	3.90%
Total theoretical tax amount/rate	**(29,167)**	**(9,158)**	**31.40%**	**(13,646)**	**(4,285)**	**31.40%**
Actual IRES tax amount	(29,167)	346	(1.18%)	(13,646)	(3,148)	23.07%
Actual IRAP tax amount		615	(2.11%)		2,391	(17.52%)
Total actual tax amount/rate	**(29,167)**	**961**	**(3.30%)**	**(13,646)**	**(757)**	**5.55%**
Theoretical tax amount/rate	**(29,167)**	**(9,158)**	**31.40%**	**(13,646)**	**(4,285)**	**31.40%**
Effect of dividends	(83)	(23)	0.08%	(19,581)	(5,385)	39.46%
Effect of the provision on investment impairment	24,925	6,854	(23.50%)	28,171	7,748	(56.78%)
Net effect of other permanent differences for IRES	9,307	2,559	(8.78%)	6,890	1,895	(13.89%)
Effect of different taxable amount for IRAP (cost of personnel, collaborations, financial and extraordinary cost/income, bad debt)	6,380	1,755	(6.02%)	74,974	2,924	(21.43%)
Other	(3,725)	(1,026)	3.52%	(13,283)	(3,654)	26.78%
Current tax amount/rate		**961**	**3.30%**		**(757)**	**5.55%**

29. Commitments and contingent liabilities

“Commitments”:

(euro/000)	Sureties	Other Guarantees	Total 31/12/2015	Total 31/12/2014
Guarantees, sureties, endorsements:				
- in favour of subsidiaries	35,583		35,583	48,362
- in favour of associates	-		-	-
- in favour of other enterprises	29,227		29,227	28,758
	64,810		**64,810**	**77,120**
Other commitments	-		-	-
Total	**64,810**		**64,810**	**77,120**

Guarantees, sureties, endorsements:

- ***in favour of subsidiaries***: 35,583 thousand euro (48,362 thousand euro) mainly refer to undertakings for payment obligations to the VAT office of Milan in the interest of subsidiaries for the excess amount of the VAT receivable offset in the framework of Group liquidation, and 9,000 thousand euro refer to a letter of patronage issued in favour of Siic de Paris on behalf of Mondadori Magazine France;
- ***in favour of other enterprises***: 29,227 thousand euro (28,758 thousand euro) refer to counter-guarantees issued by the Company against sureties issued by credit institutes:
  - in the interest of the Lombardy Regional Inland Revenue Office and the Italian Ministry of Production Activities
  - to support premium contests attached to the sale of magazines of 5,387 thousand euro;
  - to the Gaming Monopoly Authority for 261 thousand euro;
  - to the Lombardy Regional Inland Revenue Office for VAT reimbursements of 22,610 thousand euro;
  - to other entities and enterprises for a total of 969 thousand euro.

In relation to **Contingent liabilities**, the following pending litigations should be taken into account:

- Years 1996-1997-1998-1999: following inspection by the Italian Social Security Division for Journalists and the Finance Police, the Inland Revenue Office notified tax assessments containing the request for additional withholding taxes for a total of 186 thousand euro plus applicable ancillary charges as a result of failed payment of withholding taxes. The Company filed an appeal before the Tax Commission. In this respect:
  - for the tax assessments relating to 1996, 1997 and 1998, the Provincial Tax Commission rejected the appeal filed by the Company; on 21 January 2016, an appeal was filed before the Regional Tax Commission;
  - the tax assessment relating to 1999 was cancelled by the Provincial Tax Commission; the Division filed an appeal before the Regional Tax Commission; the Regional Tax Commission suspended the proceedings pending resolution of the proceedings before the labour judge.
- Year 2004: the Central Division of the Lombardy Region submitted findings relating to the application of a 12.50% withholding tax on the interest paid on a loan stock in favour of a subsidiary for a total of 999 thousand euro, plus applicable ancillary charges; against such assessment, an appeal is pending before the Court of Cassation;
- Year 2005: the Central Division of the Lombardy Region challenged the omitted payment of a 12.5% withholding for a total of 3,051 thousand euro plus applicable ancillary charges by means of a tax assessment, in relation to interest paid on a loan stock stated in 2004. Against such assessment, an appeal is pending before the Court of Cassation.

For the above indicated potential liabilities, and taking account of the substantial grounds of defense, as confirmed by the tax adviser, the risk of a negative outcome is considered unlikely.

30. Non-recurring (income) costs

In accordance with Consob Resolution no. 15519 of 27 July 2006, it should be noted that the Company did not carry out non-recurring transactions in 2015.
In 2014, the Company had carried out non-recurring transactions for restructuring purposes, following the filing of the status of crisis of the Magazines Area, with a negative effect of 1,953 thousand euro which, net of tax effects, resulted in a deterioration in the 2014 result for a total of 1,416 thousand euro.

31. Related parties

On 30 September 2015, the transfer of 80% of the share capital of Monradio S.r.l. to R.T.I. S.p.A. was completed for a consideration of 36.4 million euro.
Except for the abovementioned transfer, transactions carried out with related parties, including intercompany transactions, do not qualify as either atypical or unusual, since they refer to standard business activities performed by Group companies. When performed out of the scope of standard conditions or when they are imposed by specific regulatory conditions, transactions with related parties are in any case carried out under market conditions.
Annexes C1, C2, D1, D2 detail the economic and financial impacts of transactions with parent companies, subsidiaries, associates and affiliates performed in 2014 and 2015.

32. Financial risk management and other information required by the application of IFRS 7

In carrying out its business activities, the Company is exposed to various financial risks, including interest rate risk, exchange rate risk, price risk, credit/counterparty risk, issuer risk and liquidity risk.

The Company drafted a "General Policy for Financial Risk Management" aimed at regulating and defining financial risk management. The Policy also envisaged the setting up of a Risk Committee, whose task is to identify any changes. The Policy was adopted by the Parent Company, Arnoldo Mondadori Editore S.p.A., and all Group companies.

The Company analyzes and measures its exposure to financial risks for the purpose of defining management and hedge strategies. The criteria used by the Company to measure the risks include the sensitivity analysis of positions subject to risk, involving "mark to market" analysis of variations and/or future cash flow variations in relation to small variations in risk factors.

The overall Policy objective is to minimize financial risks, by using appropriate tools available on the market. Financial derivative instruments are exclusively used to hedge against financial risks directly referring to Arnoldo Mondadori Editore S.p.A. or its subsidiaries.
Financial derivative instruments may not be used for speculative purposes.

Specific company functions are responsible for risk management and monitoring and reports are drafted periodically for each type of risk.

Interest rate risk

Interest rate risk may refer to the possibility that losses be incurred in financial management, in terms of lower business activity performance or increased liability costs (existing or potential) as a result of interest rate fluctuations.

Interest rate risk is therefore correlated to interest rate uncertainty. The key objective of interest rate risk management is to protect the Company's financial margin against market interest rate fluctuations, by steadily monitoring interest rate volatility, and prudently managing the risk consistently with the Group risk profiles and the Group financial assets and liabilities performance in a logic of asset and liability management.

The Company exposure to interest rate risk refers mainly to medium/long-term loans, and, in particular, the new pool loan granted in December 2015, and the interest rate swaps taken out to partly hedge the loan.

The following table illustrates the findings of the sensitivity analysis with indication of the relevant impact on income statement and equity, gross of any tax effects, pursuant to IFRS 7.

Sensitivity analysis (euro/millions)	**Underlying**	**Interest rate increase/(decrease)**	**Income (costs)**	**Equity increase (decrease)**
2015	44.1	1%	1.6	6.2
2014	(107.4)	1%	(1.1)	-
2015	44.1	(0.2%)	(0.2)	(1.2)
2014	(107.4)	(0.2%)	0.2	-

While identifying potential impact correlated to positive and negative interest rate variations, floating-rate loans (short-term credit lines) were also analyzed.

The impact of the sensitivity analysis refers to future cash flows on the payment of floating-rate loans.

The basic assumptions underlying the sensitivity analysis are:
- an initial parallel shift of the interest curve of + 100/-20 basis points (+100/-20 basis points in 2014);
- the analysis is carried out on the assumption that all the other risk variables remain constant;
- for the purpose of comparability, the same analysis is performed both on the current year and the previous year.

Currency risk
Currency risk refers to a set of negative effects on the margin or the value of an asset or a liability as a result of exchange rate fluctuations.

The Company, though operating internationally, is not particularly exposed to exchange rate risks since the euro is the currency used in the Company's main business areas.

In 2015, the type of exposure and the hedge policy adopted for exchange rate risks did not show any particular variations against previous years.

The results of the sensitivity analysis performed on the currency risk showed an irrelevant economic impact, considering the low level of average exposure in 2014 and 2015.

Liquidity risk
Liquidity risk refers to the possibility that the Company may not be able to face payment obligations as a result of its inability to raise new funds (funding liquidity risk), or its inability to sell assets on the market (asset liquidity risk), thereby being forced to sustain excessively high costs for the purpose of meeting obligations. The Company's exposure to liquidity risk refers mainly to existing loans and borrowings.

In addition, if deemed necessary, the Company may resort to pre-authorized short-term credit lines.

The Company's objective is to maintain a constant balance and flexibility between financial sources and commitments. For more detailed information regarding current and non-current financial liabilities, reference should be made to Note 16 "Financial liabilities".

At 31 December 2015, liquidity risk was managed by the Company by resorting to its own financial resources and to the financial resources of its subsidiaries.

The table below details the Company's exposure to liquidity risk and the relevant maturity dates.

Liquidity risk (euro/millions)	**Analysis of maturity periods at 31/12/2014**						
	< 6 months	**6-12 months**	**1-2 years**	**2-5 years**	**5-10 years**	**> 10 years**	**Total**
Trade payables	101.1						101.1
Medium/long-term intercompany loans							
Medium/long-term borrowings	22.1	7.0	153.9	141.1			324.1
Other financial liabilities:							
- committed lines							
- uncommitted lines	10.0	10.1					20.1
Other liabilities	22.4						22.4
Intercompany payables	182.3						182.3
Total	**337.9**	**17.1**	**153.9**	**141.1**			**650.0**
Derivatives on rate risk	0.3	0.4	0.7	0.3			1.7
Total exposure	**338.2**	**17.5**	**154.6**	**141.4**			**651.7**

Liquidity risk (euro/millions)	**Analysis of maturity periods at 31/12/2015**						
	< 6 months	**6-12 months**	**1-2 years**	**2-5 years**	**5-10 years**	**> 10 years**	**Total**
Trade payables	72.3						72.3
Medium/long-term intercompany loans							
Medium/long-term loans	5.8	16.3	42.5	355.1			419.7
Other financial liabilities:							
- committed lines							
- uncommitted lines	1.8						1.8
Other liabilities	11.2						11.2
Intercompany payables	188.2						188.2
Total	**279.3**	**16.3**	**42.5**	**355.1**			**693.2**
Derivatives on rate risk	0.2	0.3	0.5	(0.8)			0.3
Total exposure	**279.5**	**16.6**	**43.0**	**354.4**			**693.5**

Maturity dates were analyzed by using undiscounted cash flows and the amounts were accounted for by taking into account the first date upon which payment becomes due. For this reason, uncommitted credit lines are reported in the first column.

For the purpose of meeting these liquidity requirements, the Company relies on credit lines and liquidity, as already commented on above, and on cash flow from operations.

Credit risk

Credit risk refers to the possibility of incurring financial losses as a result of counterparty default in complying with contractual obligations.

A special type of credit risk is represented by the counterparty/replacement risk in case of derivative exposure. In this case, the risk is associated with any capital gains positions as a result of the possibility that the counterparty fails to live up to its contractual obligations and thus no positive cash flow is generated in favour of the Company. In the case of the Company, this potential risk is limited, since the counterparties of derivative instrument contracts are leading financial institutions with high ratings.

The objective is to limit the risk for losses due to the unreliability of market counterparties or to the difficulty of converting or replacing existing financial positions. Hence, transactions with non-authorized counterparties are not allowed.

When approving the Policy, the Board of Directors also approved a list of authorized counterparties for financial risk hedging. Transactions with such authorized counterparties are constantly monitored and reports are periodically drafted.

Each individual Company Division is responsible for the management of trade receivables in compliance with the Company's financial objectives, commercial strategies and operating procedures, restricting the sale of products and services to customers whose credit profile or provision of collateral guarantees does not conform to the standards set. The balance relating to trade receivables is monitored throughout the year, so as to ensure that the amount of exposure to losses is kept low.

The table below illustrates maximum exposure to credit risk for financial statements items. Maximum risk exposure is accounted for before the effects of mitigation deriving from compensation agreements and guarantees.

Credit risk (euro/millions)	**31/12/2015**	**31/12/2014**
Deposits	27.8	10.1
Receivables and loans:		
- trade receivables and other current financial assets	135.2	209.4
- trade receivables and other non-current financial assets	212.3	212.9
- Guarantees		-
Total maximum exposure to credit risk	**375.2**	**432.4**

As to trade receivables, the table below illustrates the Company's exposure to credit risk by geographical area and business unit:

(euro/millions)	Credit risk concentration			
	31/12/2015	31/12/2014	% 31/12/2015	% 31/12/2014
By business area:				
Books	-	104.1	-	79.6%
Magazines	21.0	18.8	72.4%	14.4%
Other	8.0	7.9	27.6%	6.0%
Total	**29.0**	**130.8**	**100.0%**	**100.0%**
By geographical area:				
Italy	28.7	129.1	99.0%	98.7%
Other countries	0.3	1.7	1.0%	1.3%
Total	**29.0**	**130.8**	**100.0%**	**100.0%**

Below is a description of management criteria used for the main segments of activity:

Books
The business was transferred to Mondadori Libri S.p.A..

Magazines
The activity regarding the sale and distribution in newsstand and subscription channels is performed by subsidiary Press-Di Distribuzione Stampa e Multimedia S.r.l.
Regarding sales in the newsstand channel, it should be noted that the Company is not exposed to credit risk, as the subsidiary responsible for the activity is liable for any losses and, as a result, is in charge of defining the relevant criteria to manage the risk.
Regarding sales in the subscription channel, losses on receivables incurred by Press-Di Distribuzione Stampa e Multimedia S.r.l. are charged back to the Company. However, considering the fragmentation of the balance receivable and the small amounts involved, receivables management does not involve the use of credit lines, but the adoption of measures aimed at limiting exposure vis-à-vis the individual subscription.

Advertising
Receivables from advertising refer to the sale of advertising space in the Company's magazines and on its websites. Sales are managed by the associate Mediamond S.p.A. and by the subsidiary Mondadori Pubblicità S.p.A., which are therefore responsible for the definition of the relevant criteria to efficiently manage and monitor such receivables.

Price risk

Price risk mainly refers to variations in the market price of equity instruments and financial assets/liabilities value impairment as a result of variations in commodity prices. The key objective of price risk management is to reduce the impact of fluctuations in the price of raw materials on the financial results of the Company.

Due to the nature of its core business, the Company is exposed to variations in the price of paper.

Other information requested pursuant to IFRS 7

The table below summarizes financial assets and liabilities classified based on the categories defined by IAS 39 and the relevant fair value.

(euro/millions)	Classification							
	Book value						Fair value	
	Total		of which current		of which non-current			
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Receivables and loans:								
- cash and cash equivalents	27.7	10.1	27.7	10.1			27.7	10.1
- trade receivables	1.9	74.9	1.9	74.9			1.9	74.9
- other financial assets	6.8	12.5	6.6	11.8	0.2	0.7	6.8	12.5
- receivables due from subsidiaries, associates	338.7	334.7	126.7	122.7	212.0	212.0	338.7	334.7
Held-for-sale financial assets (investments)	0.1	0.2	0.1	0.2			0.1	0.2
Cash flow hedges								
Total financial assets	**375.2**	**432.4**	**162.9**	**219.7**	**212.2**	**212.7**	**375.2**	**432.4**
Financial liabilities at amortized cost:								
- trade payables	72.3	101.1	72.3	101.1			72.3	101.1
- payables due to banks and other financial liabilities	239.7	328.1	19.3	67.3	220.4	260.8	254.1	319.7
- payables due to subsidiaries, associates	188.2	182.3	188.2	182.3			188.2	182.3
Cash flow hedges		1.7				1.7		1.7
Total financial liabilities	**500.2**	**613.2**	**279.9**	**350.7**	**220.4**	**262.5**	**514.6**	**604.8**

The table below summarizes income and costs recognized under income statement and attributable to financial assets and liabilities, classified according to the categories defined by IAS 39.

(euro/millions)	Income and loss from financial instruments	
	2015	2014
Net income on financial liabilities at amortized cost		
Net income on derivative instruments		
Interest earned on financial assets not measured at fair value:		
- deposits		
- intercompany receivables	16.7	15.5
- other financial assets	0.1	0.2
Total income	**16.8**	**15.7**
Net loss on derivative instruments	0.5	0.6
Net loss on financial liabilities, loans and receivables		
Interest due on financial liabilities not measured at fair value		
- deposits	0.1	0.1
- borrowings	13.2	18.2
- intercompany payables		0.3
- other	3.9	3.8
Losses from financial instrument impairment:		
- trade receivables		7.4
Total costs	**19.7**	**30.4**
Total	**(2.9)**	**(14.7)**

33. Evaluations at fair value

Some of the Company's financial assets and liabilities were measured at fair value at closing. The table below provides information on the measurement of the abovementioned fair value.

Financial assets/liabilities (euro/000)	**Fair value at 31/12/2015**	**Fair value hierarchy**	**Valuation method and main inputs**
Interest rate swap contracts	(39)	Level 2	*Discounted cash flow* Projected flows are discounted based on the forward rate curve expected at year end and on the contractual fixing rates, also taking the counterparty default risk into account.
Investments in other companies	63	Level 3	Based on the nature of the interests held in other enterprises, the cost may be considered representative of the fair value.

34. Information pursuant to art. 149-*duodecies* of Consob Issuer Regulation

The table below, drafted pursuant to art. 149-*duodecies* of the Consob Issuer Regulation, shows the fees paid in 2015 (net of ancillary expenses) for auditing activities and other services provided by Deloitte & Touche S.p.A. and by other entities belonging to the same network.

(euro/000)	Entity providing the service	Amount in 2015
Auditing	Deloitte & Touche S.p.A.	307.9
Certification	Deloitte & Touche S.p.A.(1)	92.7
Total		**400.6**

(1) Attività di Accertamento Diffusione Stampa (circulation auditing), auditing of the Company financial statements, tax returns.

Supplementary tables

Attached is the table containing the information on the Company's receivables and payables broken down by geographical area (Annex H).

For the Board of Directors
The Chairman
Marina Berlusconi

294

Annexes

ANNEX A: STATEMENT OF INVESTMENTS

Description (euro/000)	Registered Office	Share Capital	Equity	Profit (Loss) 2015
SUBSIDIARIES:				
Cemit Interactive Media S.p.A.	S. Mauro Torinese (TO)	3,835	7,416	(950)
Glaming S.r.l. (in liquidation)	Milan	20	434	(8)
Mondadori Retail S.p.A.	Milan	2,700	4,328	(2,586)
Mondadori International Business S.r.l.	Milan	2,800	3,936	(5,098)
Mondadori Libri S.p.A.	Milan	30,050	99,479	7,336
Mondadori France S.a.s.	Montrouge	50,000	191,510	(6,781)
Mondadori Pubblicità S.p.A.	Milan	3,120	6,326	(3,930)
Mondadori Scienza S.p.A.	Milan	2,600	1,990	(1,830)
Press-Di Distribuzione Stampa e Multimedia S.r.l.	Milan	1,095	12,145	2,703
Total				
ASSOCIATES:				
Monradio S.r.l.	Milan	3,030	55,803	(10,836)
Società Europea di Edizioni S.p.A.	Milan	2,529	5,051	(3,830)
Attica Publications S.A.	Athens	4,590	15,038	424
Mondadori Independent Media LLC	Moscow	92,232	70,711	16,789
Total				
OTHER COMPANIES:				
Consorzio Edicola Italiana	Milan	60	-	
Consuledit Società consortile ar.l. (in liquidation)	Milan	20	40	
Immobiliare Editori Giornali S.r.l.	Rome	830	5,890	
Total				
Total direct equity investments				

(a) Equity at 31/12/2014
Note: the amounts refer to balance sheet and income statement data, in accordance with the accounting standards adopted for the preparation of the financial statements of the individual subsidiaries.

Total Equity	% of Interest	Share of Equity	Balance Sheet Values			
			Acquisition/ Incorporation	Shareholders' Payments	Impairment Loss Provision	Total
6,466	100.00%	6,466	14,792	279	(8,616)	6,455
426	100.00%	426	274	478	(326)	426
1,742	100.00%	1,742	3,561	492	(2,311)	1,742
(1,162)	100.00%	(1,162)	2,800		(2,800)	0
106,815	100.00%	106,815	99,460			99,460
184,729	100.00%	184,729	260,000		(186,866)	73,134
2,396	100.00%	2,396	2,451	4,781	(4,835)	2,397
160	100.00%	160	2,703		(2,380)	323
14,848	100.00%	14,848	1,095			1,095
		316,420	**387,136**	**6,030**	**(208,134)**	**185,032**
44,967	20.00%	8,993	9,200		(207)	8,993
1,221 [a]	36.90%	451	933			933
15,462 [a]	41.98%	6,491	43,287		(27,712)	15,575
87,500 [a]	50.00%	43,750	5,501		(5,199)	302
		9,444	**58,921**	**0**	**(33,118)**	**25,803**
-	16.67%	-	10			10
40	9.56%	4	1			1
5,890	7.88%	464	52			52
		468	**63**	**0**	**0**	**63**
		326,332	**446,120**	**6,030**	**(241,252)**	**210,898**

ANNEX B1: MAIN INDIRECT SUBSIDIARIES AND ASSOCIATES AT 31 DECEMBER 2015

DESCRIPTION (Values in currency/000)	**Registered office**		**Share Capital**	**Equity**
SUBSIDIARIES:				
Edizioni Piemme S.p.A.	Milan	Euro	567	14,251
Giulio Einaudi Editore S.p.A.	Turin	Euro	23,920	44,290
Sperling & Kupfer Editori S.p.A.	Milan	Euro	1,556	3,925
Mondadori Education S.p.A.	Milan	Euro	10,608	51,613
Mondadori Electa SpA	Milan	Euro	1,594	12,719
EMAS "Editions Mondadori Axel Springer" S.n.c.	France	Euro	152	152
Mondadori France S.a.s.	Montrouge	Euro	50,000	191,510
Mondadori Magazines France S.a.s.	Montrouge	Euro	60,557	166,779
NaturaBuy S.a.s.	Montrouge	Euro	9	1,064
Total				
ASSOCIATES:				
ATTICA GROUP COMPANIES:				
Airlink S.A.	Athens	Euro	801	
Argos S.A.	Athens	Euro	2,910	
Attica Publications S.A.	Athens	Euro	4,590	
Attica Media Bulgaria Ltd	Sofia	Lev	155	
Attica Media Serbia Ltd	Belgrade	Euro	1,659	
Attica-Imako Media Ltd	Bucharest	Ron	700	
Civico Ltd	Cyprus	US$	2	
E-One S.A. (in liquidation)	Athens	Euro	339	
Ennalaktikes Publications S.A. (in liquidation)	Athens	Euro	487	
HRS Ltd	Athens	Euro	18	
International Radio Networks Holdings S.A.	Luxembourg	Euro	2,507	
International Radio Networks S.A.	Athens	Euro	380	
Ionikes Publishing S.A.	Athens	Euro	1,374	
Lampsi Publishing Radio & Radio Enterprises S.A.	Athens	Euro	3,251	
Attica Media Romania Ltd (former PBR Publication Ltd)	Bucharest	Ron	1	
Radio Zita	Thessaloniki	Euro	746	
Tilerama S.A.	Athens	Euro	1,467	
(Attica consolidated financial statement figures)[b]	Athens	Euro	4,590	15,038
Campania Arte S.c.ar.l.	Rome	Euro	100	100
Consorzio Covar (in liquidation)	Rome	Euro	15	7
Consorzio Forma	Pisa	Euro	4	3
Edizioni EL S.r.l.	Trieste	Euro	620	6,379
GD Media Service S.r.l. (*)	Peschiera Borromeo (MI)	Euro	789	1,181
Mediamond S.p.A.	Milan	Euro	2,400	5,110
Mondadori Independent Media LLC [b]	Moscow	Rublo	92,232	70,711
Mondadori Seec (Beijing) Advertising Co. Ltd	Beijing	Cny	40,000	39,384
Selcon S.r.l.	Milan	Euro	21	945
Venezia Accademia Società per i servizi museali S.c.a r.l.	Venice	Euro	10	10
Venezia Musei Società per i servizi museali S.c.a r.l. (in liquidation)	Venice	Euro	10	22
Total				

(a) Exchange rates: US$ Euro 1.3362; Cny Euro 9,835; Rub Euro 40.820.
(b) at 31.12.2014
(*) not approved

Profit (loss) 2015	Total equity	Group Interest	Share of equity Denominated In currency	Share of Equity In euro [a]
1,367	15,618	100.00%	15,618	15,618
5,609	49,899	100.00%	49,899	49,899
1,951	5,876	100.00%	5,876	5,876
10,804	62,417	100.00%	62,417	62,417
4,693	17,412	100.00%	17,412	17,412
7,234	7,386	50.00%	3,693	3,693
(6,781)	184,729	100.00%	184,729	184,729
3,807	170,586	100.00%	170,586	170,586
708	1,772	80.00%	1,418	1,418
				511,648
		41.98%		
		2.75%		
		41.98%		
		28.90%		
		38.18%		
		20.99%		
		41.98%		
		10.50%		
		20.57%		
		41.98%		
		41.98%		
		41.85%		
		27.92%		
		41.98%		
		41.98%		
		20.99%		
		20.99%		
424	15,462	41.98%		
	100	22.00%	22	22
	7	25.00%	2	2
	3	25.00%	1	1
	6,379	50.00%	3,190	3,190
(410)	771	38.00%	293	293
(1,027)	4,083	50.00%	2,042	2,042
16,789	87,500	50.00%	43,750	1,072
23,389	62,773	50.00%	31,387	3,191
	945	25.60%	242	242
	10	25.00%	3	3
	22	34.00%	7	7
				10,063

ANNEX B2: LIST OF RELEVANT INVESTMENTS (EQUAL OR ABOVE 10% OF SHARE CAPITAL OF DIRECTLY OR INDIRECTLY HELD THROUGH SUBSIDIARIES)

Arnoldo Mondadori Editore S.p.A.

COMPANY NAME		SHARE CAPITAL	% OWNED	OWNERSHIP MODE
ACI-Mondadori S.p.A. in liquidation (Italy)	Euro	590,290	50%	direct
Aranova Freedom Soc. Cons. a r.l. (Italy)	Euro	19,200	16.67%	indirect
Campania Arte S.c. a.r.l. (Italy)	Euro	100,000	22%	indirect
Cemit Interactive Media S.p.A. (Italy)	Euro	3,835,000	100%	direct
Club Dab Italia Società consortile per azioni (Italy)	Euro	240,000	12.50%	indirect
Edizioni EL S.r.l. (Italy)	Euro	620,000	50%	indirect
Edizioni Piemme S.p.A. (Italy)	Euro	566,661	100%	indirect
GD Media Service S.r.l. (Italy)	Euro	789,474	38.00%	indirect
				indirect
Giulio Einaudi Editore S.p.A. (Italy)	Euro	23,920,000	100%	indirect
Glaming S.r.l. in liquidation (Italy)	Euro	20,000	100%	direct
Mondadori Scienza S.p.A. (Italy)	Euro	2,600,000	100%	direct
Mach 2 Libri S.p.A. (Italy)	Euro	646,250	34.91%	indirect indirect
MDM Milano Distribuzione Media S.r.l. (Italy)	Euro	611,765	17%	indirect
Mediamond S.p.A. (Italy)	Euro	2,400,000	50%	indirect
Mondadori Retail S.p.A. (Italy)	Euro	2,700,000	100%	direct
Mondadori Education S.p.A. (Italy)	Euro	10,608,000	100%	indirect
Mondadori Electa S.p.A. (Italy)	Euro	1,593,735	100%	indirect
Mondadori International Business S.r.l. (Italy)	Euro	2,800,000	100%	direct
Mondadori Libri S.p.A. (Italy)	Euro	30,050,000	100%	direct
Mondadori Pubblicita' S.p.A. (Italy)	Euro	3,120,000	100%	direct
Monradio S.r.l. (Italy)	Euro	3,030,000	20%	direct
Press-Di Distribuzione Stampa e Multimedia S.r.l. (Italy)	Euro	1,095,000	100%	direct
Società Europea di Edizioni S.p.A. (Italy)	Euro	2,528,875	36.89838%	direct
Sperling & Kupfer Editori S.p.A. (Italy)	Euro	1,555,800	100%	indirect
Venezia Accademia Società per i servizi museali S.c.a r.l. (Italy)	Euro	10,000	25%	indirect
Venezia Musei Società per i servizi museali S.c.ar.l. (in liquidation)	Euro	10,000	34%	indirect
Attica Publications S.A. (Greece)	Euro	4,590,000	41.987%	direct
Editions Mondadori Axel Springer S.n.c. (France)	Euro	152,500	50%	indirect
EMAS Digital S.a.s. (France)	Euro	27,275,400	50%	indirect
Mondadori France SAS (France)	Euro	50,000,000	100%	direct
Mondadori Independent Media LLC (Russia)	Rublo	92,232,160	50%	direct
Mondadori Magazines France S.a.s. (France)	Euro	60,557,458	100%	indirect
Mondadori Seec (Beijing) Advertising Co. Ltd	Cny	40,000,000	50%	indirect
Mondadori UK Limited (United Kingdom)	Gbp	2,895,19	100%	indirect
NaturaBuy S.a.s. (France)	Euro	9.150	80%	indirect
Milano Cultura S.c.a. r.l. in liquidation (Italy)	Euro	40.000	50%	indirect

At 31 December 2015

HOLDER	% OWNED	REGISTERED OFFICE	TAX CODE	DATE OF INCORPORATION
Arnoldo Mondadori Editore S.p.A.	50%	Milan - via Bianca di Savoia 12	13277400159	17/11/2000
Monradio S.r.l.	16.67%	Bologna - via Guinizzelli 3	02532501208	24/01/2005
Mondadori Electa S.p.A.	22%	Roma - via Tunisi 4	09086401008	18/07/2006
Arnoldo Mondadori Editore S.p.A.	100%	Turin - corso Giulio Cesare 268	04742700018	13/12/1984
Monradio S.r.l.	12.5%	Milan - Foro Bonaparte 71	97174850152	01/02/1996
Giulio Einaudi editore S.p.A.	50%	Trieste - San Dorligo della Valle - via J. Ressel 5	00627340326	07/05/1984
Mondadori Libri S.p.A.	100%	Milan - via Bianca di Savoia 12	00798930053	29/09/1982
Press-Di Distribuzione Stampa e Multim. S.r.l.	24%	Peschiera Borromeo (MI) - via Galileo Galilei 1	07014150960	27/04/2010
Mach 2 Libri S.p.A.	14%			
Mondadori Libri S.p.A.	100%	Turin - via U. Biancamano 2	08367150151	03/06/1986
Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	07428570969	21/04/2011
Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Luisa Battistotti Sassi 11/A	09440000157	19/09/1988
Mondadori Libri S.p.A.	30.91%	Peschiera Borromeo (MI) - via Galileo Galilei 1	03782990158	06/05/1983
Sperling & Kupfer Editore S.p.A.	4%			
Press-Di Distribuzione Stampa e Multim. S.r.l.	17%	Milan - via Carlo Cazzaniga 19	10463540152	02/10/1991
Mondadori Pubblicità S.p.A.	50%	Milan - via Bianca di Savoia 12	06703540960	30/07/2009
Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	00212560239	19/11/1946
Mondadori Libri S.p.A.	100%	Milan - via Bianca di Savoia 12	03261490969	01/10/2001
Mondadori Libri S.p.A.	100%	Milan - via Bianca di Savoia 12	01829090123	23/02/1989
Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	08009080964	29/10/2012
Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	08856650968	02/12/2014
Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	08696660151	12/02/1987
Arnoldo Mondadori Editore S.p.A.	20%	Milan - via Bianca di Savoia 12	04571350968	15/10/2004
Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	03864370964	19/02/2003
Arnoldo Mondadori Editore S.p.A.	36.89838%	Milano - via G. Negri 4	01790590150	27/02/1974
Mondadori Libri S.p.A.	100%	Milan - via Bianca di Savoia 12	00802780155	03/11/1927
Mondadori Electa S.p.A.	25%	Venice - via L. Einaudi 74	03808820272	11/01/2008
Mondadori Electa S.p.A.	34%	Venice - via L. Einaudi 74	03534350271	22/04/2004
Arnoldo Mondadori Editore S.p.A.	41.987%	Greece - Atene - Maroussi, 40 Kifissias Avenue		01/08/1994
Mondadori France S.a.s.	50%	France - Montrouge Cedex - 8, rue François Ory		09/12/1999
Mondadori France S.a.s.	50%	France - Montrouge Cedex - 8, rue François Ory		13/09/2011
Arnoldo Mondadori Editore S.p.A.	100%	France - Montrouge Cedex - 8, rue François Ory		23/06/2004
Arnoldo Mondadori Editore S.p.A.	50%	Russia - Moscow - 3, Bldg. 1, Polkovaya Str.		26/12/2007
Mondadori France S.a.s.	100%	France - Montrouge Cedex - 8, rue François Ory		30/03/2004
Mondadori Pubblicità S.p.A.	50%	China - Beijing - Chaoyang District - Fan Li Plaza, 22, Chaowai Avenue, Level 10, Room B2		04/06/2008
Mondadori International Business S.r.l.	100%	United Kingdom - London 10 Salisbury Square - St. Bride's House		18/03/2010
Mondadori France S.a.s.	80%	France - Montrouge Cedex - 8, rue François Ory		25/04/2007
Mondadori Electa S.p.A.	50%	Milan - via Monte Rosa 91	08795350969	26/09/2014

RELATED PARTIES
ANNEX C1: RECEIVABLES DUE FROM SUBSIDIARIES, ASSOCIATES AND AFFILIATES AT 31 DECEMBER 2015

Current account transactions and financial receivables (euro/000)	**31/12/2015**	**31/12/2014**
Subsidiaries:		
Edizioni Piemme S.p.A.		1,062
Giulio Einaudi Editore S.p.A.		2,581
Mondadori France S.a.s.	200,223	200,074
Mondadori International Business S.r.l.	3,537	1,129
Mondadori Pubblicità S.p.A.	7,895	11,202
Mondadori Retail S.p.A.	23,598	23,727
Mondadori Libri S.p.A.	79,541	-
Monradio S.r.l.		40,919
Press-Di Distribuzione Stampa e Multimedia S.r.l.	30	27
Sperling & Kupfer Editori S.p.A.		1,260
Associates:		
ACI-Mondadori S.p.A.		-
Attica Publications S.A.	500	500
Other companies for amounts lower than 52 thousand euro (*)		1
Affiliates:		
Publitalia '80 S.p.A.		
Total	**315,324**	**282,482**
% of incidence	**99.7%**	**98.3%**

Current account transactions and financial receivables (euro/000)	31/12/2015	31/12/2014
Subsidiaries:		
Cemit Interactive Media S.p.A.	300	345
Edizioni Piemme S.p.A.	177	1,665
Giulio Einaudi Editore S.p.A.	77	2,706
Glaming S.r.l.		-
Mondadori Education S.p.A.	848	1,383
Mondadori Electa S.p.A.	416	711
Mondadori France S.a.s.	26	96
Mondadori International Business S.r.l.	272	275
Mondadori Libri S.p.A.	3,001	-
Mondadori Magazines France S.a.s.	200	190
Mondadori Pubblicità S.p.A.	3,415	3,607
Mondadori Retail S.p.A.	1,298	7,691
Mondadori Scienza S.p.A.	870	-
Monradio S.r.l.		329
Mondadori Iniziative Editoriali S.p.A.		-
Press-Di Distribuzione Stampa e Multimedia S.r.l.	1,673	1,491
Sperling & Kupfer Editori S.p.A.	135	1,430
Associates:		
ACI-Mondadori S.p.A. in liquidation		38
Attica Media Serbia Srb	13	-
Attica Publications S.A.		6
Edizioni EL S.r.l.	4	367
Grüner + Jahr/Mondadori S.p.A.		39
Harlequin Mondadori S.p.A.		76
Mach 2 Libri S.p.A.		19,927
Mediamond S.p.A.	11,700	9,837
Mondadori Independent Media LLC	3	3
Monradio S.r.l.	117	
Società Europea di Edizioni S.p.A.	41	15
Parent company:		
Fininvest S.p.A.	-	29
Affiliates:		
Fininvest Gestione Servizi S.p.A.	19	2
Publitalia '80 S.p.A.	12	
Milan A.C. S.p.A.		
RTI S.p.A.	87	130
Milan Entertainment S.r.l.		
Taodue S.r.l.		
Mediobanca S.p.A.		917
Other companies for amounts lower than 52 thousand euro (*)		
Total	**24,704**	**53,305**
% of incidence	**85.3%**	**40.8%**

Tax receivables	31/12/2015	31/12/2014
Parent company:		
Fininvest S.p.A.	8,498	15,710
Total	**8,498**	**15,710**

(*) The amounts of the previous year include receivables due from companies transferred during 2015.

RELATED PARTIES ANNEX C2 - INTERCOMPANY TRANSACTIONS IN 2015

Related parties (euro/000)	Revenue From sales and services	Other Income	Financial Income	Income from Investments	Total
Parent company:					
Fininvest S.p.A.		20			20
Subsidiaries:					
Ame Publishing Ltd					0
Arnoweb S.A.					0
Cemit Interactive Media S.p.A.	723	115	18		856
Diana S.a.s.					0
Edizioni Piemme S.p.A.	506	262			768
Excelsior Publications S.a.s.					0
Mondadori Education S.p.A.	1,518	12			1,530
Giulio Einaudi Editore S.p.A.	369	3	1		373
Glaming S.r.l.					0
Mondadori Electa S.p.A.	1,098	78			1,176
Mondadori France S.a.s.			10,569		10,569
Mondadori International S.p.A.					0
Mondadori International Business S.r.l.	597	174	93		864
Mondadori Iniziative Editoriali S.p.A.					0
Mondadori Libri S.p.A.	8,597	2,345	3,791		14,733
Mondadori Magazines France S.a.s.	586	350			936
Mondadori Pubblicità S.p.A.	6,177	644	411		7,232
Mondadori Retail S.p.A.	4,069	559	749		5,377
Mondadori Scienza S.p.A.	95				95
Press-Di Distribuzione Stampa e Multimedia S.r.l.	159,851	760			160,611
Prisco Spain S.A.					0
Monradio S.r.l.	324	10	1,072		1,406
Sperling & Kupfer Editori S.p.A.	425	183	25		633
Sporting Club Verona S.r.l.					0
TOTAL	**184,935**	**5,495**	**16,729**	**0**	**207,159**

Related parties (euro/000)	**Revenue From sales and services**	**Other Income**	**Financial Income**	**Income from Investments**	**Total**
Associates:					
ACI-Mondadori S.p.A.				71	71
Agenzia Lombarda Distrib. Giornali e Riviste S.r.l.					0
Attica Media Publications S.A.					0
Edizioni EL S.r.l.	3		25		28
Gruner + Jahr/Mondadori S.p.A.	28				28
Harlequin Mondadori S.p.A.	20				20
Hearst Mondadori Editoriale S.r.l.					0
Mach 2 Libri S.p.A.		4			4
Mediamond S.p.A.	66,139	533			66,672
Mondadori Independent Media LLC				87	87
Mondadori Rodale S.r.l.					0
Mondadori Printing S.p.A.					0
Mondadori Seec Advertising Co. Ltd					0
Monradio S.r.l.	128	9			137
Random House Mondadori S.A.					0
Società Europea di Edizioni S.p.A.	38				38
TOTAL	**66,356**	**546**	**25**	**158**	**67,085**
Fininvest Group Companies					
Alba Servizi Aerotrasporti S.p.A.					0
Banca Mediolanum S.p.A.					0
Elettronica industriale S.p.A.					0
Digitalia 08 S.r.l.					0
Fininvest Gestione Servizi S.p.A.					0
Il Teatro Manzoni S.p.A.					0
Milan A.C. S.p.A.					0
Mediaset S.p.A.					0
Media Shopping S.p.A.					0
Mediobanca S.p.A.					0
Medusa Film S.p.A.					0
Publitalia '80 S.p.A.	12				12
RTI Reti Televisive Italiane S.p.A.	725				725
Taodue S.r.l.					0
Videotime S.p.A.					0
SUB-TOTAL	**737**	**0**	**0**	**0**	**737**
TOTAL	**252,028**	**6,061**	**16,754**	**158**	**275,001**
% OF INCIDENCE	**100.03%**	**25.97%**	**97.03%**	**100.00%**	**93.97%**

RELATED PARTIES
ANNEX D1: PAYABLES DUE TO PARENT COMPANY, SUBSIDIARIES, ASSOCIATES AND AFFILIATES AT 31 DECEMBER 2015

Current account transactions and financial payables (euro/000)	**31/12/2015**	**31/12/2014**
Subsidiaries:		
Cemit Interactive Media S.p.A.	7,382	8,142
Edizioni Piemme S.p.A.	6,433	2,748
Electa S.r.l.		202
Mondadori Education S.p.A.	57,995	50,978
Mondadori Electa S.p.A.	23,884	13,238
Giulio Einaudi Editore S.p.A.	35,370	31,029
Glaming S.r.l.	450	469
Mondadori France S.a.s.	12,735	4,013
Mondadori Iniziative Editoriali S.p.A.		-
Mondadori International S.p.A.		
Mondadori International Business S.r.l.		
Mondadori Scienza S.p.A.	4,442	
Sperling & Kupfer Editori S.p.A.	66	3
Press-Di Distribuzione Stampa e Multimedia S.r.l.	22,935	19,729
Sporting Club Verona S.r.l.		466
Associates:		
ACI-Mondadori S.p.A.		100
Grüner + Jahr/Mondadori S.p.A.		22
Harlequin Mondadori S.p.A.		2,593
Mach 2 Libri S.p.A.		
Mediamond S.p.A.		
Parent company:		
Fininvest S.p.A.		-
Affiliates:		
Mediobanca S.p.A.	-	47,506
Other companies for amounts lower than 52 thousand euro (*)		
Total	**171,692**	**181,238**
% of incidence	**42.9%**	**41.1%**

Trade transactions (euro/000)	**31/12/2015**	**31/12/2014**
Subsidiaries:		
Cemit Interactive Media S.p.A.	109	10
Edizioni Piemme S.p.A.	9	7,831
Mondadori Education S.p.A.	28	
Giulio Einaudi Editore S.p.A.	5	10,170
Glaming S.r.l.		
Mondadori Electa S.p.A.	73	2,977
Mondadori Education S.p.A.		122
Mondadori International Business S.r.l.	8	16
Mondadori Libri S.p.A.	283	
Mondadori Magazines France S.a.s.	4	7
Mondadori Pubblicità S.p.A.	290	358
Mondadori Retail S.p.A.	21	354
Mondadori Scienza S.p.A.	265	
Monradio S.r.l.		
Mondadori Iniziative Editoriali S.p.A.		
Press-Di Distribuzione Stampa e Multimedia S.r.l.	11,258	12,346
Sperling & Kupfer Editori S.p.A.	7	4,427
Sporting Verona		18
Associates:		
ACI-Mondadori S.p.A. in liquidation		2
Attica Media Bulgaria Ltd		-
Edizioni EL S.r.l.		4,169
Gruner + Jahr/Mondadori S.p.A.		-
Harlequin Mondadori S.p.A.		308
Mach 2 Libri S.p.A.		75
Mediamond S.p.A.	4,112	5,033
Mondadori Seec Advertising Co. Ltd		
Società Europea di Edizioni S.p.A.	64	2
Parent company:		
Fininvest S.p.A.		24
Affiliates:		
Alba Servizi Aerotrasporti S.p.A.		11
Digitalia 08 S.r.l.	31	16
The Space Cinema		
Fininvest Gestione Servizi S.p.A.	30	20
RTI S.p.A.	345	404
Publitalia '80 S.p.A.	1,431	1,207
Mediaset S.p.A.		
Medusa Film S.p.A.		154
Milan Entertainment S.r.l.		1
Other related parties		
Sin&rgetica	-	-
Sineris	-	-
Other companies for amounts lower than 52 thousand euro (*)	-	-
Total	**18,373**	**50,062**
% of incidence	**22.8%**	**35.6%**

Income tax payables	**31/12/2015**	**31/12/2014**
Parent company:		
Fininvest S.p.A.	-	-
Total	**0**	**0**

(*) The amounts of the previous year include payables due to companies transferred during 2015.

RELATED PARTIES
ANNEX D2 - INTERCOMPANY TRANSACTIONS IN 2015

Related Parties (euro/000)	**Raw and Ancillary materials, Consumables and goods**	**Services**	**Other Costs**	**Financial Costs**	**Costs from Investments**	**Total**
Parent company:						
Fininvest S.p.A.		61				61
Subsidiaries:						
Ame France S.a.s.						0
Ame Publishing Ltd						0
Arnoldo Mondadori Deutschland GmbH						0
Cemit Interactive Media S.p.A.		365		3	1,078	1,446
Diana S.a.s.						0
Edizioni Piemme S.p.A.	(178)	11		1		(166)
Electa S.r.l.						0
Giulio Einaudi Editore S.p.A.	(238)	4		11		(223)
Glaming S.r.l.					(142)	(142)
Mondadori Electa S.p.A.	(8)	197		5		194
Mondadori Education S.p.A.				15		15
Mondadori France S.a.s.						0
Mondadori Franchising S.p.A.						0
Mondadori Iniziative Editoriali S.p.A.						0
Mondadori International S.p.A.						0
Mondadori International Business S.r.l.		148			3,962	4,110
Mondadori Magazines France S.a.s.		9				9
Mondadori Pubblicità S.p.A.		(163)	1,176		3,926	4,939
Mondadori Libri S.p.A.	(2,995)	675				(2,320)
Mondadori Retail S.p.A.	(36)	63	56		2,122	2,205
Mondadori Scienza S.p.A.	(640)	6		1	2,382	1,749
Mondolibri S.p.A.						0
Press-Di Distribuzione Stampa e Multimedia S.r.l.		17,465	282	8		17,755
Monradio S.r.l.		15				15
Monradio Servizi S.r.l. (former Rock FM S.r.l.)						0
Sperling & Kupfer Editori S.p.A.	(122)	36				(86)
Sporting Club Verona S.r.l.					98	98
TOTAL	**(4,217)**	**18,831**	**1,514**	**44**	**13,426**	**29,598**

Related Parties (euro/000)	**Raw and Ancillary materials, Consumables and goods**	**Services**	**Other Costs**	**Financial Costs**	**Costs from Investments**	**Total**
Associates:						
ACI-Mondadori S.p.A.					494	494
Artes Graficas Toledo S.A.						0
Attica Media Serbia Ltd						0
Attica Publications S.A.					3,465	3,465
Edizioni EL S.r.l.						0
Gruner + Jahr/Mondadori S.p.A.		4				4
Harlequin Mondadori S.p.A.				1		1
Hearst Mondadori Editoriale S.r.l.						0
Mach 2 Libri S.p.A.						0
Mediamond S.p.A.	3,877	2,533	621			7,031
Mondadori Independent Media LLC						0
Mondadori Rodale S.r.l.						0
Mondadori Printing S.p.A.						0
Mondadori Seec Advertising Co. Ltd						0
Monradio S.r.l.		15			6,080	6,095
Random House Mondadori S.A.						0
Società Europea di Edizioni S.p.A.		15			1,409	1,424
TOTAL	**3,877**	**2,567**	**621**	**1**	**11,448**	**18,514**
FININVEST GROUP COMPANIES						
Alba Servizi Aerotrasporti S.p.A.						0
Consorzio Campus Multimedia						0
Digitalia 08 S.r.l.						0
Il Teatro Manzoni S.p.A.						0
Fininvest Gestione Servizi S.p.A.		77				77
Mediaset S.p.A.						0
Mediobanca S.p.A.				2,341		2,341
Medusa Film S.p.A.						0
Medusa Video S.r.l.						0
Milan A.C. S.p.A.						0
Milan Entertainment S.r.l.						0
Digitalia 08 S.r.l.		67				67
Publitalia '80 S.p.A.		3,929				3,929
Radio e Reti S.r.l.						0
RTI Reti Televisive Italiane S.p.A.	(4)	851				847
Taodue S.r.l.						0
The Space Cinema 1 S.p.A.						0
SUB-TOTAL	**(4)**	**4,924**	**0**	**2,341**	**0**	**7,261**
OTHER RELATED PARTIES:						
Sin&rgetica						0
Sineris						0
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**(344)**	**26,383**	**2,135**	**2,386**	**24,874**	**55,434**
% OF INCIDENCE	**(1.09%)**	**15.91%**	**41.47%**	**13.05%**	**100.00%**	**22.67%**

ANNEX E: FINANCIAL HIGHLIGHTS OF SUBSIDIARIES PREPARED ACCORDING TO STATUTORY ACCOUNTING STANDARDS

(euro/000)	Glaming (in liquidation)
Financial year at	**31/12/2015**
Balance sheet	
Assets	
Intangible assets	-
Tangible assets	-
Financial assets	-
Total fixed assets	**0**
Inventory	-
Trade receivables	-
Receivables due from Group companies	450
Other receivables	61
Financial assets (no fixed assets)	-
Cash and cash equivalents	7
Total current assets	**518**
Accrued income and deferred liabilities	-
Total assets	**518**
Liabilities	
Share capital	20
Reserves	151
Capital contributions	478
Adjustments from liquidation	(214)
Profit (loss) for the year	(8)
Total equity	**427**
Provision for risks and charges	27
Post-employment benefits	-
Payables due to banks	-
Trade payables	9
Payables due to Group companies	-
Other payables	55
Accrued liabilities and deferred income	-
Total liabilities	**518**

(euro/000)	Glaming (in liquidation)
Financial year	**2015**
Income statement	
Revenue from sales	-
Differences in inventory	-
Other revenue	-
Total value of production	**0**
Purchases and services	8
Personnel	-
Amortization, depreciation and impairment	-
Differences in raw materials and goods	-
Provisions	-
Other operating costs	1
Total cost of production	**9**
Income from investments	-
Financial income (costs)	1
Total financial income (costs)	**1**
Revaluations (impairment loss)	-
Extraordinary income (costs)	-
Result before taxes for the year	(8)
Income tax	-
Profit (loss) for the year	**(8)**

ANNEX E: FINANCIAL HIGHLIGHTS OF SUBSIDIARIES PREPARED ACCORDING TO IAS INTERNATIONAL ACCOUNTING STANDARDS

(euro/000)	Cemit Interactive Media	Mondadori Pubblicità	Press-Di Distrib. Stampa e Multimedia
Financial year at	**31/12/2015**	**31/12/2015**	**31/12/2015**
Balance sheet			
Assets			
Intangible assets	46	-	2
Property investments	-	-	-
Property, plant and equipment	176	7	17
Investments	-	4,140	641
Non-current financial assets	-	-	-
Advanced tax assets	320	4,854	1,607
Other non-current assets	11	-	-
Total non-current assets	**553**	**9,001**	**2,267**
Tax receivables	301	1,246	631
Other current assets	343	2	17,953
Inventory	158	-	132
Trade receivables	5,291	8,191	38,161
Securities and other current financial assets	7,382	378	22,935
Cash and cash equivalents	7	3	744
Total current assets	**13,482**	**9,820**	**80,556**
Assets held for sale or transferred	-		-
Total assets	**14,035**	**18,821**	**82,823**
Liabilities			
Share capital	3,835	3,120	1,095
Reserves	3,581	3,206	11,050
Profit (loss) for the year	(950)	(3,930)	2,702
Total equity	**6,466**	**2,396**	**14,847**
Provisions	45	1,286	665
Post-employment benefits	1,284	596	1,385
Non-current financial liabilities	-	-	-
Deferred tax liabilities	2	9	-
Other non-current liabilities	-	-	-
Total non-current liabilities	**1,331**	**1,891**	**2,050**
Income tax payables	11	-	1,639
Other current liabilities	1,557	980	24,524
Trade payables	4,668	5,598	39,760
Payables due to banks and other financial liabilities	2	7,956	3
Total current liabilities	**6,238**	**14,534**	**65,926**
Assets held for sale or transferred	-		-
Total liabilities	**14,035**	**18,821**	**82,823**

Mondadori Retail	Mondadori International Business	Mondadori Scienza	Mondadori Libri	Mondadori France
31/12/2015	**31/12/2015**	**31/12/2015**	**31/12/2015**	**31/12/2015**
1,388	526	19	1,528	-
-	-	-	-	-
11,541	15	121	253	-
-	-	-	114,671	405,278
-	-	-	-	-
6,061	127	235	4,177	-
15	6	32	22	-
19,005	**674**	**407**	**120,651**	**405,278**
2,862	418	1,148	246	-
3,006	49	733	34,300	13,472
59,036	-	377	19,116	-
26,380	5,457	3,281	95,328	1,089
-	3,266	4,448	-	-
1,229	284	3	2	-
92,513	**9,474**	**9,990**	**148,992**	**14,561**
-	-		-	-
111,518	**10,148**	**10,397**	**269,643**	**419,839**
2,700	2,800	2,600	30,050	50,000
1,628	1,136	(610)	69,429	141,510
(2,586)	(5,098)	(1,830)	7,336	(6,781)
1,742	**(1,162)**	**160**	**106,815**	**184,729**
2,603	3,266	521	1,200	462
4,775	92	1,097	4,631	-
-	-	-	-	-
39	180	-	113	-
-	-	-	-	-
7,417	**3,538**	**1,618**	**5,944**	**462**
-	-	-	504	-
11,472	1,200	5,273	16,432	1,608
67,287	2,910	3,346	59,110	46
23,600	3,662	-	80,838	232,994
102,359	**7,772**	**8,619**	**156,884**	**234,648**
-	-		-	-
111,518	**10,148**	**10,397**	**269,643**	**419,839**

ANNEX E: FINANCIAL HIGHLIGHTS OF SUBSIDIARIES PREPARED ACCORDING TO IAS INTERNATIONAL ACCOUNTING STANDARDS

(euro/000)	Cemit Interactive Media	Mondadori Pubblicità	Press-Di Distrib. Stampa e Multimedia
Financial year	**2015**	**2015**	**2015**
Income statement			
Revenue from sales and services	13.793	11.626	59.058
Decrease (increase) of inventory	43	-	47
Purchase of raw and ancillary materials, consumables and goods	228	-	1.875
Purchase of services	10.033	11.427	45.728
Cost of personnel	3.712	2.601	4.898
Other (income) costs	66	829	2.261
Result from investments valued at equity	-	-	1
EBITDA	**(289)**	**(3.231)**	**4.248**
Depreciation of property, plant and machinery	80	4	8
Amortization of intangible assets	418	-	2
EBIT	**(787)**	**(3.235)**	**4.238**
Financial income (cost)	(35)	(13)	(7)
Income (costs) from investments	-	(407)	-
Result before taxes for the year	**(822)**	**(3.655)**	**4.231**
Income tax	128	275	1.529
Net result	**(950)**	**(3.930)**	**2.702**

	Mondadori Retail	Mondadori International Business	Mondadori Scienza	Mondadori Libri	Mondadori France
	2015	**2015**	**2015**	**2015**	**2015**
	196.027	10.642	19.455	209.736	3.194
	(2.256)	18	96	384	-
	123.962	9	1.861	117.149	-
	48.905	7.045	10.415	75.783	786
	21.210	2.226	8.286	14.130	1.852
	2.382	(13)	279	1.235	728
	-	-	-	-	-
	1.824	**1.357**	**(1.482)**	**1.055**	**(172)**
	2.487	10	42	169	-
	503	5	95	522	-
	(1.166)	**1.342**	**(1.619)**	**364**	**(172)**
	(704)	175	(9)	(3.970)	(207.052)
	-	(6.121)	-	11.903	199.086
	(1.870)	**(4.604)**	**(1.628)**	**8.297**	**(8.138)**
	716	494	202	961	(1.357)
	(2.586)	**(5.098)**	**(1.830)**	**7.336**	**(6.781)**

ANNEX F: FINANCIAL HIGHLIGHTS OF THE MAIN INDIRECT SUBSIDIARIES

(euro/000)	Mondadori Electa
Financial year at	**31/12/2015**
Balance sheet	
Assets	
Intangible assets	11
Property investments	-
Property, plant and equipment	675
Investments	61
Non-current financial assets	-
Advanced tax assets	2,763
Other non-current assets	103
Total non-current assets	**3,613**
Tax receivables	209
Other current assets	1,210
Inventory	3,530
Trade receivables	9,633
Securities and other current financial assets	24,603
Cash and cash equivalents	7
Total current assets	**39,192**
Assets held for sale or transferred	-
Total assets	**42,805**
Liabilities	
Share capital	1,594
Reserves	11,125
Profit (loss) for the year	4,693
Total equity	**17,412**
Provisions	5,134
Post-employment benefits	526
Non-current financial liabilities	-
Deferred tax liabilities	-
Other non-current liabilities	-
Total non-current liabilities	**5,660**
Income tax payables	2,690
Other current liabilities	4,013
Trade payables	12,190
Payables due to banks and other financial liabilities	840
Total current liabilities	**19,733**
Assets held for sale or transferred	-
Total liabilities	**42,805**

Mondadori Education	Edizioni Piemme	Sperling & Kupfer	Giulio Einaudi editore
31/12/2015	**31/12/2015**	**31/12/2015**	**31/12/2015**
29,437	519	93	30
-	-	-	-
93	420	13	94
6	-	26	1,333
-	-	-	-
2,919	1,001	847	4,552
69	4	6	-
32,524	**1,944**	**985**	**6,009**
1,067	445	239	286
432	5,034	4,022	9,316
7,106	5,099	2,109	3,452
6,337	7,668	8,345	14,664
57,995	6,434	66	35,370
23	-	-	38
72,960	**24,680**	**14,781**	**63,126**
-	-	-	-
105,484	**26,624**	**15,766**	**69,135**
10,608	567	1,556	23,920
41,005	13,684	2,369	20,370
10,804	1,367	1,951	5,609
62,417	**15,618**	**5,876**	**49,899**
6,380	5	320	953
5,665	441	880	2,637
-	-	-	-
5,829	211	1	-
-	-	-	-
17,874	**657**	**1,201**	**3,590**
3,377	431	847	1,787
13,503	6,169	5,656	9,765
8,253	3,749	2,185	4,092
60		1	2
25,193	**10,349**	**8,689**	**15,646**
-	-	-	-
105,484	**26,624**	**15,766**	**69,135**

ANNEX F: FINANCIAL HIGHLIGHTS OF THE MAIN INDIRECT SUBSIDIARIES

(euro/000)	Mondadori Electa
Financial year at	**2015**
Income statement	
Revenue from sales and services	47,040
Decrease (increase) of inventory	418
Purchase of raw and ancillary materials, consumables and goods	4,844
Purchase of services	28,681
Cost of personnel	4,295
Other (income) costs	1,337
EBITDA	**7,465**
Depreciation of property, plant and equipment	165
Amortization of intangible assets	7
EBIT	**7,293**
Financial income (cost)	(17)
Income (costs) from investments	(10)
Profit before taxes for the year	**7,266**
Income tax	2,573
Net result	**4,693**

Mondadori Education	Edizioni Piemme	Sperling & Kupfer	Giulio Einaudi editore
2015	**2015**	**2015**	**2015**
70,509	29,112	22,988	37,710
(956)	17	462	39
6,548	2,100	1,511	2,380
40,262	21,922	15,789	23,718
7,691	3,220	2,140	6,061
72	(577)	(31)	(1,805)
16,892	**2,430**	**3,117**	**7,317**
45	43	11	51
2,412	-	2	4
14,435	**2,387**	**3,104**	**7,262**
(23)	3	(65)	(18)
(4)	-	-	496
14,408	**2,390**	**3,039**	**7,740**
3,604	1,023	1,088	2,131
10,804	**1,367**	**1,951**	**5,609**

ANNEX G: FINANCIAL HIGHLIGHTS OF ASSOCIATES PREPARED ACCORDING TO IAS INTERNATIONAL ACCOUNTING STANDARDS

(euro/000)	Monradio	Società Europea di Edizioni*	Attica Publications	Mondadori Independent Media (valuta rubli/000)
Financial year at	**31/12/2015**	**31/12/2014**	**31/12/2014**	**31/12/2014**
Balance sheet				
Assets				
Intangible assets radio frequencies	47,690	-	-	-
Other intangible assets	397	5,159	1,423	70
Property, plant and equipment	4,050	407	89	321
Investments	96	738	18,567	-
Non-current financial assets	-	-	-	-
Advanced tax assets	3,719	-	1,537	1,602
Other non-current assets	38	-	-	-
Total non-current assets	**55,990**	**6,304**	**21,616**	**1,993**
Tax receivables	1,396	-	-	-
Other current assets	243	1,277	5,203	-
Inventory	-	949	674	-
Trade receivables	3,927	15,896	11,204	69,774
Securities and other current financial assets	-	-	-	-
Cash and cash equivalents	1	73	1,147	71,066
Total current assets	**5,567**	**18,195**	**18,228**	**140,840**
Assets held for sale or transferred	-	-	-	-
Total assets	**61,557**	**24,499**	**39,844**	**142,833**
Liabilities				
Share capital	3,030	2,529	4,590	92,232
Reserves	52,773	2,522	10,448	(21,521)
Profit (loss) for the year	(10,836)	(3,830)	424	16,789
Total equity	**44,967**	**1,221**	**15,462**	**87,500**
Provisions	536	1,900	-	-
Post-employment benefits	568	3,802	841	-
Non-current financial liabilities	-	-	6,103	16,277
Deferred tax liabilities	9,876	-	-	-
Other non-current liabilities	-	-	-	-
Total non-current liabilities	**10,980**	**5,702**	**6,944**	**16,277**
Income tax payables	-	-	33	(3,020)
Other current liabilities	1,244	143	3,405	11,056
Trade payables	2,966	17,433	7,274	31,020
Payables due to banks and other financial liabilities	1,400	-	6,726	-
Total current liabilities	**5,610**	**17,576**	**17,438**	**39,056**
Assets held for sale or transferred	-	-	-	-
Total liabilities	**61,557**	**24,499**	**39,844**	**142,833**

(*) Financial statements prepared according to Italian accounting standards

(euro/000)	Monradio	Società Europea di Edizioni *	Attica Publications	Media (valuta rubli/000)
Financial year at	**2015**	**2014**	**2014**	**2014**
Income statement				
Revenue from sales and services	10,300	44,724	28,683	190,743
Decrease (increase) of inventory	-	(443)	-	-
Purchase of raw and ancillary materials, consumables and goods	204	5,678	14,796	161,256
Purchase of services	11,870	22,526	13,708	-
Cost of personnel	1,828	17,823	-	-
Other (income) costs	(398)	766	(702)	18,885
EBITDA	**(3,204)**	**(1,626)**	**881**	**10,602**
Depreciation of property, plant and equipment	1,190	258	-	460
Amortization of intangible assets	24	1,073	-	-
EBIT	**(4,418)**	**(2,957)**	**881**	**10,142**
Financial income (cost)	(1,090)	(488)	(703)	18,263
Income (costs) from investments	-	3	254	-
Result before taxes for the year	**(5,508)**	**(3,442)**	**432**	**28,405**
Income tax	5,328	388	8	11,616
Net result	**(10,836)**	**(3,830)**	**424**	**16,789**

ANNEX H: BREAKDOWN OF PAYABLES AND RECEIVABLES BY GEOGRAPHICAL AREA

(euro/000)	Italy	Other EU countries	USA	Switzerland	Canada	Other countries	Total
RECEIVABLES:							
Non-current assets							
Non-current financial assets							0
Advanced tax assets	26,025						26,025
Other non-current assets	345						345
Current assets:							
Tax receivables	33,397						33,397
Other current assets	4,574						4,574
Trade receivables	28,693	260	4	6		15	28,978
Securities and other current financial assets	115,413	723					116,136
Total receivables	**208,447**	**983**	**4**	**6**	**0**	**15**	**209,455**
PAYABLES							
Non-current liabilities:							
Non-current financial liabilities	220,387						220,387
Deferred tax liabilities	24,021						24,021
Other non-current liabilities							0
Current liabilities:							
Income tax payables							0
Other current liabilities	33,121	447	146	99	5	109	33,927
Trade payables	82,373	6,321	91	35		15	88,835
Payables due to banks and other financial liabilities	167,128	12,735					179,863
Total payables	**527,030**	**19,503**	**237**	**134**	**5**	**124**	**547,033**

STATEMENT OF THE COMPANY'S FINANCIAL STATEMENTS

CERTIFICATION OF THE COMPANY'S FINANCIAL STATEMENTS PURSUANT TO ART. 81-*TER* OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

1. The undersigned Ernesto Mauri, in his capacity as CEO, and Oddone Pozzi, in his capacity as Executive Manager responsible for the drafting of the corporate accounting documentation of Arnoldo Mondadori Editore S.p.A., also in compliance with the provisions set out in art. 154-*bis*, par. 3 and 4, of Legislative Decree no. 58 of February 24, 1998, hereby certify:

• the adequacy in relation to the Group's characteristics and

• the effective application

of the administrative and accounting procedures for the drafting of the Company's financial statements closed at 31 December 2015.

2. The valuation of the adequacy of the administrative and accounting procedures for the drafting of the Company's financial statements at 31 December 2015 was carried out based on a specific process defined by Arnoldo Mondadori Editore S.p.A. consistently with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which groups together a set of general principles of reference generally accepted at the international level.

3. We also hereby certify that:

3.1 the financial statements at 31 December 2015:

a) were drafted in compliance with the applicable international accounting standards acknowledged at the EU level pursuant to EC regulation no. 1606/2002 of the EU Parliament and Council of 19 July 2002 as well as the provisions set out for the implementation of art. 9 of Legislative Decree no. 38/2005;

b) reflect the accounting books and entries;

c) provide a true and fair description of the financial position and results of operations of the Company.

3.2 the report on operations includes a reliable analysis of the Company's performance and results, the financial position of the Company and the companies included in the consolidation area, along with the description of the main risks and uncertainties they are exposed to.

17 March 2016

The CEO
(Ernesto Mauri)

The Executive Manager responsible for the drafting
of the corporate accounting documents
(Oddone Pozzi)

Statutory Auditors' report

STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING CALLED FOR THE APPROVAL OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2015

Dear Shareholders,
in 2015, we carried out auditing activities as required by law and in compliance with the provisions set out in Consob Communication no. 1025564 of 6 April 2001 and subsequent amendments, taking also into account the Code of Conduct recommended by the Italian National Association of Certified and Professional Accountants.
Specifically:

- we monitored compliance with the law, the Company by-laws and the principles of correct administration;
- we attended the Shareholders' Meetings, the Board of Directors' meetings and the meetings of the Board Committees, and we obtained from the Directors, also pursuant to art. 150 of Legislative Decree no. 58/1998, regular reports on the general performance of operations, on the outlook, as well as on transactions of greater operating, financial and equity relevance completed by the Company, making sure that the resolutions made and implemented were not openly incautious and risky, generating a potential conflict of interest, in contrast with the resolutions made by the Shareholders' Meeting or such as to jeopardize the integrity of the Company's capital;
- we obtained knowledge of and monitored the adequacy of the Company's organizational structure for the aspects falling under our competence, through direct auditing, collection of information and meetings with the representatives of Deloitte & Touche S.p.A., the independent auditing firm responsible for statutory auditing on the Group's consolidated and Company's financial statements as well as for limited auditing on the Group's consolidated and Company's interim reports, for the purpose of also exchanging relevant data and information. In this respect, no specific aspects were identified which needed to be reported;
- we assessed and monitored the adequacy of the internal control and risk management system, the activity performed by the Internal Audit Officer and of the administrative-accounting system, as well as the latter's reliability to correctly reflect data on operations by collecting information, examining corporate documents and analyzing the outcomes resulting from the audits carried out by the independent auditors. We also regularly met with the Internal Audit Officer, with whom we exchanged information on the outcome of the audits made on the subsidiaries, and we also attended the meetings of the Internal Control and Risk Committee;
- we monitored the correct implementation of corporate governance rules as envisaged in the relevant Corporate Governance Code, with which the Company complies according to the criteria set out in the Report on Corporate Governance and Ownership Structure. Specifically, we checked, on an annual basis, compliance with the independence requirements of non-executive Directors qualified as independent by the Board of Directors, and we also verified the fulfilment of the same requirements of independence by the Statutory Auditors;
- with reference to Legislative Decree no. 39/2010, we verified the compliance with independence requirements by the independent auditing firm, Deloitte & Touche S.p.A. also based on the statement released pursuant to art. 17, par. 9, letter a) of the aforementioned Legislative Decree no. 39/2010;
- we assessed and monitored the adequacy of the guidelines given to subsidiaries pursuant to art. 114, par. 2, of Legislative Decree no. 58/1998. These guidelines enabled subsidiaries to promptly provide the parent company with the necessary information to comply with disclosure obligations required by law;

- we verified compliance with law provisions in relation to the preparation of the Group's consolidated and Company's annual financial statements at 31 December 2015, drafted according to IAS/IFRS international accounting standards, the relevant reports on operations, through direct audits and information obtained from the independent auditors; this Board of Statutory Auditors shared the criteria adopted by the Board of Directors in relation to the impairment tests reflected in the Group's consolidated and Company's financial statements;
- we monitored compliance with the procedures regarding transactions with related parties, adopted by the Board of Directors, following to the principles set out in Consob Regulation no. 17221 of 12 March 2010 and its implementation;
- we gave, pursuant to art. 2389, par. 3, of the Italian Civil Code, our favourable opinion on the proposals made to the Board of Directors by the Remuneration Committee in relation to the determination of compensation to the directors holding special offices in compliance with the Company by-laws (CEO and Chairman), and to compensation to the directors who are members of Board Committees.
- In the performance of the auditing activities described above, no omissions, reprehensible events or irregularities were identified that would have required reporting to the competent supervisory boards or mentioning in this report.

  In 2015, the Committee responsible for monitoring the effectiveness, compliance and updating of the Company's organizational, management and control model adopted pursuant to Legislative Decree no. 231/2001, did not report any events to us.

  Also, the annual Report on Corporate Governance and Ownership Structure drafted by the Board of Directors did not identify any issues that would need to be submitted to your attention.

  In compliance with the recommendations and indications provided by Consob, this Board of Statutory Auditors also points out that:
  - it verified that no atypical and/or unusual transactions, both at intercompany level or with related parties, were carried out;

The information provided by the Board of Directors also with specific reference to intercompany transactions and transactions with related parties is considered adequate. Specifically, the latter transactions are to be considered correlated and inherent to the Company's purpose. The characteristics and the economic effects of the ordinary transactions performed are reported in the Notes to the Financial Statements and are considered congruent and fulfilling the Company's interests. In addition, in this respect, no conflicts of interest were identified.

- The Company has essentially adhered to the Code of Corporate Governance for Listed Companies issued by Borsa Italiana S.p.A., as specified in the relevant report by the Board of Directors.

  During the financial year:
  - the Board of Statutory Auditors regularly met and exchanged information with the representatives of Deloitte & Touche S.p.A.. On 29 March 2016, the independent auditing firm issued the reports on the Group's consolidated and the Company's financial statements and the same do not contain any event subject to disclosure;
  - the Board of Directors had no. 12 meetings and the Board of Statutory Auditors had no. 13 meetings;
  - the Company assigned to Deloitte & Touche S.p.A., the independent auditing firm responsible for auditing the Group's consolidated and the Company's financial statements, also the following tasks:
  - ADS audits for 2015 for a price of 55,000 euro.
  - auditing of the Company's financial statements at 31 December 2015 for a price of 33,000 euro;
  - audits for the underwriting of the tax returns for a price of 14,300 euro (of which 2,700 euro relating to the parent company) and 10,500 euro relating to the "approval of compliance" for VAT and IRAP returns;

The company assigned the following tasks to entities having ongoing relations with the independent auditing firm:

- Deloitte & Associates S.A. was given the task to carry out audits for the purpose of obtaining reduced mail fees for a price of 20,500 euro.

The Board of Statutory Auditors did not receive any reports, pursuant to art. 2408 of the Italian Civil Code, nor complaints.

In brief, taking into account the foregoing and within the scope of its duties, this Board of Statutory Auditors did not identify any events or facts that may prevent the approval of the financial statements at 31 December 2015, showing a loss of 31,981,679.37 euro, nor of the proposal to cover said loss by fully resorting to the stock option reserves, amounting to 1,100,690.02 euro, under "Other reserves and profit/(loss) carried forward", and for the residual amount of 30,880,989.35 euro by partly using the Extraordinary Reserve allocated under "Other reserves and profit/(loss) carried forward", as proposed by the Board of Directors

Milan, 29 March 2016

For the Board of Statutory Auditors
The Chairman
(Ferdinando Superti Furga)

INDEPENDENT AUDITORS' REPORT

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

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
ARNOLDO MONDADORI EDITORE S.p.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Arnoldo Mondadori Editore S.p.A and its subsidiaries (the "Mondadori Group"), which comprise the consolidated balance sheet as at December 31, 2015, and the consolidated income statement, consolidated comprehensive income statement, statement of changes in consolidated equity and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Auditor's Responsibility

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

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

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Palermo Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Mondadori Group as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Report on Other Legal and Regulatory Requirements

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

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

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
March 29, 2016

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

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

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
ARNOLDO MONDADORI EDITORE S.p.A.

Report on the Financial Statements

We have audited the accompanying financial statements of Arnoldo Mondadori Editore S.p.A and its subsidiaries (the "Mondadori Group"), which comprise the balance sheet as at December 31, 2015, and the income statement, comprehensive income statement, statement of changes in equity and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Auditor's Responsibility

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

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

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Palermo Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Arnoldo Mondadori Editore S.p.A. as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Report on Other Legal and Regulatory Requirements

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

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

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
March 29, 2016

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

Graphic design and composition:

mercurio GP
www.mercuriogp.eu

Printed in April 2016.
This publication is printed on eco-friendly, eco-sustainable paper.

www.mondadori.it