Classeditori

2015 Report and Financial Statements

Class Editori

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Approved by the Board of Directors on 22 March 2016

Share capital € 28,321,907.40 fully paid
Registered offices: Via Burigozzo 5, Milan
Tax Code and VAT number: 08114020152
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Directors and Officers

Board of Directors

Chairman	Victor Uckmar
Vice Chairman and Managing Director	Paolo Panerai
Vice Chairman	Luca Nicolò Panerai
Vice Chairman	Pierluigi Magnaschi
Executive Director	Gabriele Capolino
Executive Director	Andrea Mattei
Directors	William L. Bolster
	Maurizio Carfagna
	Elena Terrenghi
	Peter R. Kann
	Samanta Librio
	Maria Martellini
	Maria Grazia Vassallo
	Angelo Riccardi

Board of Statutory Auditors

Chairman	Mario Medici
Serving Auditors	Lucia Cambieri
	Vieri Chimenti
Alternate Auditors	Francesco Alabiso
	Giampaolo Dassi

Auditing Firm

PKF Italia Spa

The three-year mandates of the Board of Directors and the Board of Statutory Auditors, appointed at the Shareholders' Meeting held on 29 April 2013, will expire at the Shareholders' Meeting that approves the 2015 financial statements. Following the resignations of Pierluigi Galbusera, Alternate Auditor, and Carlo Maria Mascheroni, Chairman of the Board of Statutory Auditors, the Shareholders' Meeting held on 30 April 2015 resolved to complete the Board of Statutory Auditors by appointing Mario Medici as Chairman, in place of Carlo Maria Mascheroni, and Vieri Chimenti as a Serving Auditor, rather than as an Alternate Auditor, and by appointing Francesco Alabiso and Giampaolo Dassi as the new Alternate Auditors.

The mandate of the auditing firm will expire at the Shareholders' Meeting held to approve the 2021 financial statements.

Report on operations of the Publishing House

Class Editori Spa and subsidiaries
Registered offices - Via Marco Burigozzo 5, Milan

REPORT ON OPERATIONS OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2015

Group performance

The revenues of the Publishing House for the year ended 31 December 2015 totalled 78.31 million euro (90.03 million euro in 2014, which included income from the sale of LCN 27, Class TV's digital terrestrial frequency, and the revenues of Class TV, totalling 11.08 million euro). On a consistent comparative basis, 2015 revenues were just 1% lower than in 2014.

Operating costs amounted to 83.21 million euro in 2015, compared with 90.52 million euro in the prior year, a fall of 8.1%. This reduction becomes 10.1% if about 2.02 million euro of savings, due to numerous settlements reached with suppliers, are excluded from the 2014 operating costs. The decrease in operating costs reflects the savings and containment efforts that commenced in 2014, as well as the effect of deconsolidating Class TV.

The gross operating margin (EBITDA, defined as the difference between value and cost of production prior to depreciation/amortisation, extraordinary items and financial expenses) reflects a loss of 4.90 million euro, compared with a loss of 0.49 million euro in the prior year. Excluding the above effects, 2015 EBITDA reflects a 53.4% improvement with respect to the prior year. In fact, 2014 EBITDA was positively influenced by (i) income from sale of the LCN 27 digital terrestrial frequency to Sky Italia for about 8.0 million euro and (ii) by savings of about 2.02 million euro that resulted from numerous settlements reached with suppliers in the second half of that year.

Net non-recurring losses totalled 1.74 million euro in 2015, compared with net non-recurring gains of 1.74 million euro in the prior year. The 2014 balance included the positive effects deriving from (i) the numerous settlements reached with suppliers in relation to payables that arose prior to 2014 totalling about 0.60 million euro and (ii) the disposal of a number of radio frequencies for about 0.67 million euro.

The reduction in depreciation/amortisation and writedowns to 8.03 million euro, from 10.58 million euro in 2014, was mainly due to lower provisions for risks and charges and a reduction, compared with 2014, in the impairment writedowns of intangible assets, as offset by an increase in the amortisation of intangible assets due to further investment in the digital area.

The operating loss (EBIT) for the year ended 31 December 2015 was 14.67 million euro, compared with a loss of 9.34 million euro in the prior year. As indicated above, the results for 2014 benefited from recognising the positive effects of (i) income of 8.0 million euro deriving from the sale of the LCN 27 digital terrestrial frequency, (ii) 2.62 million euro in settlement agreements, and (iii) income of 0.67 million euro deriving from the sale of certain radio frequencies, and the adverse impact of (iv) providing 2.16 million euro to cover the closure costs of the Class TV channel. Excluding the above effects, 2015 EBIT reflects a 20.5% improvement with respect to the prior year.

The pre-tax loss of Class Editori and its subsidiaries for the year ended 31 December 2015 was 17.33 million euro, compared with a loss of 12.2 million euro in 2014. Excluding the effects indicated above, the net results for 2015 reflect an improvement of 18.7% with respect to 2014.

The increase in taxation was principally due to a reduction of 2.5 million euro in the deferred tax assets relating to the tax losses carried forward, consequent to the decrease in the 2016 Stability Law of the IRES rate from 27.5% to 24%, commencing from the 2017 tax year.

The consolidated net loss for the year ended 31 December 2015, after non-controlling interests and taxes, was 22.33 million euro (loss of 14.41 million euro in 2014). Excluding the effects indicated above, the net results for 2015, after NCI and taxes, reflect an improvement of 5.1% with respect to 2014.

Primary economic - financial events during the year

Nielsen data for the advertising market during 2015, encompassing all media, highlights a slight decline of 0.5% with respect to 2014. With regard to individual media, the Out-of-home ("OOH") channel grew by 13.1%, partly due to Expo 2015, and TV was 0.7% higher, while newspapers were 6.6% lower and periodicals were down by 4.1%. Excluding search and social media, Internet also closed in the year in line with the market (-0.7%).

Against this background, the 2015 advertising revenues of the Publishing House grew by 3.1% over the year on a consistent comparative basis (excluding Class TV). Almost all media outperformed their reference markets, in particular: Moving TV, +16.5%; TV channels, +23.1% (+15.5% Class CNBC); periodicals, -1.7%, and newspapers, -3.4%. However, due to special issues, print media remained essentially stable overall (-0.5%). The advertising income of the Internet channel was slightly lower.

Traffic on the Publishing House's website grew considerably, in terms of page views and average reading time, during the final quarter of 2015 compared with the same period in the prior year..
According to AudiWeb AWDatabase, the average number of webpages read each day was 783 thousand, up strongly (+11%) compared with the fourth quarter of 2014. The average daily reading time, 5:59 minutes, +30% compared with 2014, is much higher than both the market average and the time reported by direct competitors. Again during the final quarter of 2015, the unique audience fell by 13.4% to a daily average of 84,914 individual users with, however, a steady month-on-month increase, so that there were 86,994 individual users in December. In particular, the average number of individual users connected via mobile devices reached 21.5% of the total for the Publishing House, which recognises the new usage habits and preferences of readers.

The number of readers following the news from the website in real time on Twitter was almost 90,000 for MF-Milano Finanza and exceeded 30,000 for Italia Oggi. Both daily newspapers can be read in digital format on all the tablet platforms available on the market (iPad, Android, Amazon Kindle Fire).

The printed and digital distribution of MF/Milano Finanza averaged about 73 thousand copies and 195 thousand readers, while Class averaged more than 42 thousand copies and 109 thousand readers, and Capital averaged about 42 thousand copies and 230 thousand readers (Ads and Audipress data).

According to a Gfk Sinottica survey, 6.6 million Italians are informed every day by the Publishing House's media dedicated to the provision of economic-financial information.

Notable events during 2015:

- the ordinary Shareholders' Meeting held on 30 April 2015 resolved to eliminate the nominal value of the shares and to consolidate the outstanding ordinary shares on the basis of 1 new ordinary share for every 3 ordinary shares held. Following this consolidation, share capital is now represented by 94,406,358 shares. The Shareholders' Meeting also authorised the issue of shares with additional voting rights. The meeting resolutions were implemented on 4 June 2015 and the share consolidation took place on 15 June;

- the new edition of *Case & Country, interni oltre il giardino*, a monthly magazine, was launched at the Furniture Exhibition held in mid-April, with an excellent reception from both readers and advertisers;
- the Salone dello Studente (Students Fair), dedicated to the world of young people and education, was visited by a total of about 250 thousand students and about 4 thousand teachers, spread over 11 events (in Milan, Rome, Florence, Turin, Pescara, Monza, Bari, Catania, Lamezia Terme and, for the first time, Naples and Rimini);
- in July, via CCeC, the e-commerce subsidiary, Class Editori commenced shipments of Italian food products for CCIG Mall, the Chinese platform for which the Publishing House is a main supplier in the food sector, as well as a main agent in the fashion, accessories and design sectors. The first shipment, valued at about 1 million euro, was part of a purchase contract worth at least 10 million euro per annum over the next four years;
- the Angola pavilion won overall first prize at Class Expo Pavilion Heritage Awards presented on 30 October, at the end of the six month Expo period. The ceremony was held in the Unicredit Pavilion. The Class Expo Pavilion Heritage Awards were organised by Class Editori and Laureate International Universities, a network comprising 80 universities in 29 countries, together with the World Association of Agronomists, and supported by IBM. These awards were made to those pavilions and clusters that best interpreted and communicated the theme of the Universal Exposition and, above all, that left a valuable inheritance for future generations.

Consolidated income statement

The following reclassified consolidated income statement shows (last column on the right) the 2015/14 changes in percentage terms, excluding the income from the sale of the LCN 27 frequency. For costs and margins, the comparison excludes the positive effects of (i) the supplier settlements agreed during 2014 (ii) the sale of certain radio frequencies and (iii) the provision for the closure costs of Class TV .

€uro/000	**31/12/14**	**31/12/15**	***% change***	***% change***
Revenues from sales	77,353	74,064	*(4.3)*	*(4.3)*
Other revenues and income	12,681	4,245	*(66.5)*	*(9.3)*
Total revenues	**90,034**	**78,309**	***(13.0)***	***(4.5)***
Operating costs	(90,523)	(83,206)	*(8.1)*	*(10.1)*
Gross operating result (EBITDA)	**(489)**	**(4,897)**	***n.s.***	***53.4***
% of revenues	*(0.54)*	*(6.25)*	-	-
Non-recurring income and expense	1,735	(1,742)	*n.s.*	*n.s.*
Depreciation, amortisation and writedowns	(10,584)	(8,033)	*(24.1)*	*(4.6)*
Operating result (EBIT)	**(9,338)**	**(14,672)**	***(57.1)***	***20.5***
% of revenues	*(10.40)*	*(18.74)*	-	-
Net financial income and charges	(2,855)	(2,658)	*6.9*	*6.9*
Pre-tax result	**(12,193)**	**(17,330)**	***(42.1)***	***18.7***
Taxes	(996)	(4,912)	*n.s.*	*n.s.*
(Profit)/loss attributable to NCIs	**(1,219)**	**(86)**	***(92.9)***	***(92.9)***
Results attributable to owners of the parent	**(14,408)**	**(22,328)**	***(55.0)***	***5.1***

Revenues are analysed as follows: The last column on the right shows the 2015/14 changes in percentage terms, obtained by excluding (i) the income from the sale of the LCN 27 frequency and (ii) the revenues of the Class TV channel.

€uro/000	31/12/14	31/12/15	% change	% change
Advertising revenues	45,418	42,533	*(6.4)*	*(6.4)*
Revenues from sales of news and information services	29,601	28,129	*(5.0)*	*(5.0)*
Other revenues	14,720	7,277	*(50.6)*	*8.3*
Total revenues	**89,739**	**77,939**	***(13.1)***	***(4.6)***
Operating grants	295	370	*25.4*	*25.4*
Total	**90,034**	**78,309**	***(13.0)***	***(4.5)***
Total revenues net of LNC 27 income and TV channel revenues	**78,950**	**78,309**	**-**	***(0.8)***

Advertising revenues for the year ended 31 December 2015, inclusive of the amounts collected by Class Pubblicità and the other initiatives arranged directly the group's publishers in Italy and abroad, were about 6.4% lower than in the prior year; as mentioned, this reduction was principally due to an inconsistency, being the sale of the Class TV digital terrestrial channel, broadcasting on frequency LCN 27. Excluding this inconsistency, worth about 3.08 million euro, the advertising revenues earned in 2015 would have been 3.1% higher than in 2014.
Revenues from the sale of content, news and information services were lower than the amounts reported for the year ended 31 December 2014, but the revenues from financial information services included growth of about 3%, with respect to 2014, in the sales of services to banks and agency news. This growth was led, in particular, by the higher volume of financial information sold via MF Pro, which was developed by the subsidiaries of the Publishing House.

In addition to the revenues that cannot be classified elsewhere, other revenues mainly comprise the amounts charged to Group associates for services rendered by the Publishing House. The change with respect to last year is attributable to the fact that 2014 included income from the sale of the digital terrestrial concession and the related LCN 27 frequency, as already mentioned.

On a consistent comparative basis (excluding from 2014 revenues the income from the sale of LCN 27, Class TV's digital terrestrial frequency, and the revenues of Class TV), total 2015 revenues were only 1% lower than in 2014.

Operating costs are detailed as follows:

€uro/000	31/12/14	31/12/15	% change
Purchases	3,798	4,380	*15.3*
Services	64,100	57,192	*(10.8)*
Payroll costs	18,870	17,905	*(5.1)*
Other operating costs	3,755	3,729	*(0.7)*
Total operating costs	**90,523**	**83,206**	***(8.1)***

The lower cost of services principally reflects the savings obtained following disposal of the licence to operate digital terrestrial TV channel LCN 27. Savings at all levels were also obtained in relation to other overheads following the cost reduction efforts made in prior years.

Service costs are analysed as follows:

€uro/000	**31/12/14**	**31/12/15**	**% change**
Production costs	25,510	18,893	*(25.9)*
Editorial costs	4,981	5,266	*5.7*
Commercial/advertising costs	18,261	18,809	*3.0*
Distribution costs	4,313	4,588	*6.4*
Other costs	11,035	9,636	*(12.7)*
Total service costs	**64,100**	**57,192**	***(10.8)***

The reduction in production costs principally reflects the savings obtained following disposal of the licence to operate digital terrestrial TV channel LCN 27.

The reduction in payroll costs was a direct consequence of the plan to reorganise and rationalise the activities of staff and line employees that was implemented during 2014. This work involved simplifying the corporate structure and implementing solidarity contracts at group companies that had not already introduced the scheme.

Non-core income (charges) is analysed on a comparative basis below:

€uro/000	**31/12/14**	**31/12/15**	**% change**
Non-recurring income	5,915	1,494	*(74.7)*
Gains on/revaluations of equity investments	502	16	*(96.8)*
Total non-core income	**6,417**	**1,510**	***(76.5)***
Non-recurring expense	(2,123)	(1,908)	*(10.1)*
Losses on receivables (not covered by allowances)	(1,734)	(853)	*(50.8)*
Reimbursement of losses and settlements	(825)	(491)	*(40.5)*
Total non-core charges	**(4,682)**	**(3,252)**	***(30.5)***
Net non-core items	**1,735**	**(1,742)**	***n.s.***

The non-recurring income recorded in 2015 was considerably lower than that reported in 2014, since the latter included the effects of (i) eliminating payables following agreements reached with suppliers, (ii) out-of-period tax income relating to the correction of differences in the prior-year current and deferred tax calculations, and (iii) elimination of the deferred tax liabilities recorded in prior years with regard to the radio frequencies included in the line of business sold in 2014. The non-recurring income recorded in 2015 includes the effect of correcting differences in the prior-year current and deferred tax calculations, as well as revenues relating to prior years, payouts from bankruptcies in relation to receivables already written off, differences between actual costs and those estimated in prior years, and the elimination of payables for which no cash outflow was required.

Non-core charges include out-of-period expenses, losses on receivables and period costs relating to disputes and other settlements.
The non-recurring expense recorded in 2015 includes the effect of correcting differences in the prior-year current and deferred tax calculations, 142 thousand euro, and the write-off of old receivables totalling about 800 thousand euro. The balance relates to costs not recorded in the correct accounting period and the reversal of revenue recorded in prior years but not actually earned.

Consolidated financial position

A complete analysis of the financial position can be found in the financial statements and related explanatory notes.

Trade receivables

Current trade receivables have decreased from 76.21 million euro at 31 December 2014 to **66.48 million euro** at 31 December 2015.

They are analysed below:

€uro/000	**31/12/14**	**31/12/15**
Ordinary customers	46,903	50,844
Invoices to be issued	10,748	2,184
Trade notes	281	215
Distribution receivables (Italia Oggi - Erinne)	3,955	5,335
Due from associates	16,248	10,826
Allowance for doubtful accounts	(1,922)	(2,922)
Total trade receivables	**76,213**	**66,482**

Amounts due from customers are mainly of a commercial nature, linked to the advertising revenues generated by Classpi Spa, the Group's sub-licensee for the collection of advertising business.

The reduction in trade receivables with respect to the prior year relates to the collection of the amount due from Sky Italia, 8 million euro, which was reported among the invoices to be issued at the end of 2014. This receivable related to the sale of the licence to broadcast on channel LCN 27.

The amount of receivables written down during the year totalled about 1.41 million euro, of which 564 thousand euro was covered by allowances. Further provisions for doubtful accounts of about 1.56 thousand euro were recorded during 2015 following an analysis of recoverability.

As required by international accounting standards, the measurement of trade receivables takes account of the time value of money; accordingly, they have been discounted to reflect the expected time required for collection. The reduction in the value of current trade receivables, due to discounting them to their present value at 31 December 2015, amounts to 0.24 million euro.

Shareholders' equity

Consolidated shareholders' equity, excluding non-controlling interests, amounts to **42.36 million euro** at 31 December 2015, compared with 64.5 million euro at 31 December 2014.

The decrease was principally due to the loss for the year of 22.33 million euro, net of the positive effect of the actuarial adjustments made to the provision for severance indemnities as required by IAS 19, 0.62 million euro, which were recognised directly in equity. As a consequence of the change in the euro/dollar exchange rate, the translation reserve associated with Global Finance, a US company, has also increased.

The share capital of the Publishing House amounts to 28.32 million euro. There have not been any changes since 31 December 2014.

Consolidated net financial situation

The consolidated net financial situation (net debt) is shown in the table below:

(thousands of euro)	31/12/2014	31/12/2015	Change 2015/2014	Change %
Securities	2,550	--	(2,550)	*(100.0)*
Liquid funds	7,498	9,168	1,670	*22.3*
Current financial receivables	7,382	7,906	524	*7.1*
Non-current financial payables	(2,897)	(90)	2,807	*96.9*
Current financial payables	(77,762)	(77,881)	(119)	*(0.2)*
Net financial position	**(63,229)**	**(60,897)**	**2,332**	***3.7***

The net debt of the Publishing House, analysed above, amounts to 60.9 million euro at 31 December 2015, compared with 63.2 million euro at 31 December 2014.
The improvement in the net financial position at 31 December 2015 was principally attributable to the partial collection, 7.5 million euro, of a trade receivable classified as a non-current asset.

Non-current financial payables include a loan obtained by Assinform from Banca Carige, expiring in 2017. The amount due beyond 12 months totals 90 thousand euro. Current financial payables include (i) the current portion of the loan obtained by Assinform from Banca Carige, 174 thousand euro, and (ii) the residual portion, 2.6 million euro, of a 3-year loan, originally for 6 million euro, expiring in August 2016 that Class Editori obtained from Banca Popolare dell'Emilia Romagna. As well as overdraft and current account lines, current financial payables also include amounts drawn down from stand-by financing and hot-money lines of credit and the current portions of the loans mentioned above. As previously mentioned, about 95% of the Publishing House's banking, commercial and financial lines of credit had been renewed until 31 December 2015.

During 2015, the Publishing House worked to refinance the banking lines of credit on more favourable terms. As part of this process, the Publishing House engaged Banca Rothschild as its financial advisor and Gitti Raynaud and Partners as its legal advisor. While awaiting the outcome of the refinancing process, in January 2016 the Publishing House obtained an extension of the current banking lines of credit until 31 March 2016 (see also "Principal events subsequent to 31 December 2015").

Liquid assets are held in a current account that earns interest on market terms.

Dividends paid

No dividends were paid during 2015. The residual amount due to shareholders at 31 December 2015 totals 18 thousand euro.

Market data

	2014	2015
Minimum price (euro)	0.1801	0.623
Maximum price (euro)	0.4135	1.329
Weighted average price (euro)	0.308	1.094
Volume traded (overall) (euro)	434,350,189	205,352,947
Minimum capitalisation (million euro)	22	59
Maximum capitalisation (million euro)	117	125
Average capitalisation (million euro)	55.5	87.8
Number of shares (Category A shares admitted to trading)	283,159,074	94,386,358

As discussed in the section entitled "Principal economic-financial events in the period", the Ordinary Shareholders' Meeting held on 30 April 2015 resolved to eliminate the nominal value of the shares and to consolidate the outstanding ordinary shares on the basis of 1 new ordinary share for every 3 ordinary shares held. Following this consolidation, share capital is now represented by 94,406,358 shares. The Shareholders' Meeting also authorised the issue of shares with additional voting rights. The consolidation of Class shares (1 new ordinary share for every 3 ordinary shares held) was completed on 4 June 2015, when the shares ceased to have a nominal value.

Financial parameters

The following comparative financial parameters are provided, together with the income statement reclassified on an operational basis, for a better understanding of the economic and financial position.

€ (thousands)	31/12/2014	31/12/2015	% change	% change*
Revenues from sales	85,353	74,064	(13.2)	(4.3)
Value of production	**85,353**	**74,064**	***(13.2)***	***(4.3)***
External operating costs	(67,898)	(61,572)	(9.3)	(11.9)
Value added	**17,455**	**12,492**	***(28.4)***	***68.0***
Payroll costs	(18,870)	(17,905)	(5.1)	(5.1)
Gross operating margin (EBITDA)	**(1,415)**	**(5,413)**	***282.5***	***(52.7)***
Depreciation, amortisation and provisions	(10,584)	(8,033)	(24.1)	(4.6)
Operating result	**(11,999)**	**(13,446)**	12.1	(32.3)
Results of the ancillary area	993	516	(48.0)	(48.0)
Normalised EBIT	**(11,006)**	**(12,930)**	***17.5***	***(31.4)***
Results of the non-recurring area	1,735	(1,742)	(200.4)	(473.0)
Total EBIT	**(9,271)**	**(14,672)**	***58.3***	***(20.2)***
Net financial income/(charges)	(2,922)	(2,658)	(9.0)	(9.0)
Results before tax	**(12,193)**	**(17,330)**	***42.1***	***(18.7)***
Income taxes	(996)	(4,912)	393.2	393.2
Results attributable to NCI	(1,219)	(86)	(92.9)	(92.9)
Net result	**(14,408)**	**(22,328)**	***55.0***	***(5.1)***

(*) Comparison of 2015/14, excluding the revenues from special transactions (sale of the Class TV channel). For costs and margins, the comparison excludes the positive effects of (i) the supplier settlements agreed during 2014 (ii) the sale of certain radio frequencies and (iii) the provision for the closure costs of Class TV.

The trend in turnover, including non-recurring income for the sake of consistency, and net results over the past 5 years is presented below:

€uro/000	2011	2012	2013	2014	2015
Total revenues	141.3	94.3	86.0	96.5	79.4
Net result	**5.6**	**(12.9)**	**(22.8)**	**(14.4)**	**(22.3)**

		31/12/2014	31/12/2015
Financing ratios for fixed assets			
Fixed asset coverage - Primary indicator (Own Equity - Fixed Assets)	€/000	(13,347)	(21,559)
Primary capital ratio (Own Equity / Fixed Assets)	%	0.84	0.70
Fixed asset coverage - Secondary indicator (Own Equity + L.T. Liabilities - Fixed Assets)	€/000	(520)	(14,533)
Secondary capital ratio (Own Equity + L.T. Liabilities / Fixed Assets)	%	0.99	0.80

These ratios show the financing of medium and long-term applications of funds, as well as the composition of the sources of financing.

Ratios of the structure of loans			
Total debt-equity ratio (Long-term + Current Liabilities / Own Equity)	*%*	2.23	2.86
Financial debt-equity ratio (Loans + current liabilities / Own Equity)	*%*	1.01	1.36

These ratios seek to show the composition of the sources of financing.

Profitability ratios			
Net ROE (Net Result / Own Equity)	*%*	(19.95)	(44.17)
Gross ROE (Result before tax / Own Equity)	*%*	(16.88)	(34.28)
ROI (Operating Result / Fixed Assets)	*%*	(23.37)	(18.65)
ROS (Operating Result / Revenues from sales)	*%*	(25.85)	(18.15)

The profitability ratios are those most frequently used in business practice to compare the results with the structural sources used to finance operations.
The irregular performance of some of these indices (especially those relating to fixed assets) is due to the deconsolidation of MF Honyvem Spa, and the consequent exit (with own capital remaining substantially unchanged) of the assets (software) of the sold company.

Solvency ratios			
Working capital (Current Assets - Current Liabilities)	*€/000*	(22,857)	(32,478)
Working capital ratio (Current Assets / Current Liabilities)	*%*	0.84	0.76
Liquidity margin (Deferred Liquidity + Immediate Liquidity - Current Liabilities)	*€/000*	(25,409)	(34,620)
Liquidity ratio (Deferred Liquidity + Immediate Liquidity / Current Liabilities)	*%*	0.83	0.75

The solvency indicators aim to represent current assets with respect to the company's short-term commitments

Information about the environment and personnel

There are no significant matters to be reported, given the specific nature of the business.
No damage has been caused to the environment, nor have any related penalties or charges been made.
There have not been any events in the workplace involving injury of any kind to employees.

Business segments

A) Digital areas

The strategy of the Publishing House to develop the digital division was pursued further during 2015. This has involved heavy investment in recent years, in terms of organisation, human resources, content and software. Not just the TV channels and their convergence towards TV banking, but also the on-line trading platforms, the news and financial information sold with professional software applications, the websites of MF-Milano Finanza and Italia Oggi, the e-commerce sites, the applications for tablets, radio and corporate TV (turnkey services provided to banks and companies requiring internal radio-TV systems) and the radio are all part of a unified whole that brings together both technologies and markets. This is particularly true now, given that it is much more rational to group together both channel and on-line users, with the sum of all these users probably becoming the parameter for measuring the success of future advertising investment.

This area includes the following companies: E-Class Spa, PMF News Spa, Class Digital Service Srl, MF Service Spa (for services concerning the area) and MF Dow Jones News Srl. Radio and television includes Class Cnbc Spa, Class Editori Spa (in 2014 solely with regard to the activities of the digital terrestrial Class TV channel and the Class Life channel), Radio Classica Srl, a national classical music and financial reporting network, Telesia Spa (out-of-home television leader in airports, metro systems, motorway service areas and buses/trams via Aldebaran), Class TV Service Srl, Class Meteo Services Srl and TV Moda Srl. E-commerce includes the activities of Class shop and, from 2015, those of Class China eCommerce ("CCeC"), which is a main supplier for the food sector and main agent for the fashion, accessories and design sector of CCIG Mall, a Chinese e-commerce platform.

Following the sale in December 2014 of the Class TV channel, broadcasting on digital terrestrial channel LCN 27, the financial data for 2015 does not include the activities of that channel.

Results for the business segment in 2015 are as follows:

€uro/000 *(Data reclassified by management)*	**31/12/14**	**31/12/15**	**Absolute change**	**% change**
Revenues	33,723	31,608	(2,115)	*(6.3)*
Direct operating costs	35,201	31,908	(3,293)	*(9.4)*
Contribution margin	**(1,478)**	**(300)**	**1,178**	***79.7***
% of revenues	*(4.4)*	*(0.9)*		

The reduction in sales in 2015 compared with 2014 was principal because the 2014 data includes sales of about 3 million euro generated by the Class TV channel. This reduction has been offset by an increase of about 1 million euro in the sales of Moving TV and by the sales of CCeC, totalling about 0.9 million euro, which is active in the e-commerce business.

Revenues from the sale of financial information during 2015 benefited from growth of about 3%, with respect to prior year, in the sales of services to banks and agency news. This growth was led, in particular, by the higher volume of financial information sold via "MF Pro", which was developed by subsidiaries of the Publishing House.

Profitability has also improved, rising by about 79.7% with respect to the prior year, mainly due to the cost reductions achieved following closure of the TV channel.

B) Newspapers Area

This area comprises Milano Finanza Editori and MF Service Srl, to the extent of the newspaper services provided.

The 2015 results for this business segment are summarised as follows:

€uro/000 *(Data reclassified by management)*	**31/12/14**	**31/12/15**	**Absolute change**	**% change**
Revenues	18,830	17,118	(1,712)	*(9.1)*
Direct operating costs	11,172	9,374	(1,798)	*(16.1)*
Contribution margin	**7,658**	**7,744**	**86**	***1.1***
% of revenues	*40.7*	*45.2*		

The reduction in 2015 revenues compared with 2014 was principally due to the decrease in advertising revenues. In addition to the poor performance of newspaper advertising, the revenues earned in 2014 included 679 thousand euro deriving from the MF25 anniversary event.

The reduction in direct operating costs mainly reflects the lower industrial and distribution costs incurred. The cost containment efforts made have more than offset the reduction in sales, resulting in an improvement in the 2015 contribution margin by 86 thousand euro with respect to 2014.

C) Periodicals

This area comprises Class Editori Spa, Milano Finanza Editori Spa (just *Gentleman e Gentleman Real Estate*, *Patrimoni*, *Magazine for Fashion and Magazine for Living*) Edis Srl, Campus Editori Srl (which publishes *Ladies*), Lombard Editori Srl, Global Finance Media Inc. and Country Class Editori Srl (which publishes *Capital*). It also includes Assinform/Dal Cin Editore Srl, limited to the revenues deriving from the publication of *Assinews* and *Rischio Sanità*.

The 2015 results for this business segment are summarised as follows:

€uro/000 *(Data reclassified by management)*	**31/12/14**	**31/12/15**	**Absolute change**	**% change**
Revenues	12,654	12,795	141	*1.1*
Direct operating costs	12,762	12,309	(453)	*(3.5)*
Contribution margin	**(108)**	**486**	**594**	***n.s.***
% of revenues	*(0.9)*	*3.8*		

In order to improve the comparison of performance in 2015 and 2014, certain 2014 costs and revenues have been reclassified in the above tables, without affecting the contribution margin.

The increase in revenues was due to two opposing phenomena: strong advertising revenues, particularly due to the launch of the Capital #1 special initiative, only partly offset by a reduction in the circulation of the other periodicals distributed in Italy.
The cost reduction obtained was more than proportional, resulting in an increase in the contribution margin to 486 thousand euro in 2015.

D) Professional services

This area includes Class Pubblicità Spa, MF Conference Srl, DP Analisi Finanziaria Srl and Classpi Digital Srl. It also includes the activities of the Salone dello Studente (Students Fair) organised by Campus Srl and those of Assinform/Dal Cin Editore Srl relating to the organisation of conferences.

The 2015 results for this business segment are summarised as follows:

€uro/000 *(Data reclassified by management)*	**31/12/14**	**31/12/15**	**Absolute change**	**% change**
Revenues	12,146	12,097	(49)	*(0.4)*
Direct operating costs	10,343	10,515	172	*1.7*
Contribution margin	**1,803**	**1,582**	**(221)**	***(12.3)***
% of revenues	*14.8*	*13.1*		

In order to improve the comparison of performance in 2015 and 2014, certain 2014 costs and revenues have been reclassified in the above tables, without affecting the contribution margin.

Revenues in 2015 were in line with those reported in 2014. Despite the stability of revenues during 2015, costs were higher due to the promotional activity carried out during the Expo 2015 period. This reduced the 2015 contribution margin by 221 thousand euro with respect to 2014.

Class Pubblicità generates its revenue as the sub-concessionaire for the sales of advertising space in all Group publications.

Relations with associates and related parties

Economic and financial relations with associates and related parties are described in a separate section included in the notes to these consolidated financial statements.
With regard to investments measured using the equity method, appropriate adjustments have been made to recognise the differences between their carrying amounts and the Group's interest in their net equity.

Equity investments

The following information is provided about **subsidiaries**:

- **Aldebaran Srl**: this company owns the technologies and activities of Moby, the outdoor TV channel delivered on buses, trams and metro trains; the pre-tax loss for 2015 was 1 thousand euro (profit of 1 thousand after taxes).

- **Assinform/Dal Cin Editore Srl**: this company, based in Pordenone, has published the monthly Assinews, a magazine covering insurance techniques, law and information, since 1989 and also publishes the specialised quarterly magazine Rischio Sanità, as well as a series of books all relating to the world of insurance policies. The company closed 2015 with a pre-tax profit of 108 thousand euro (38 thousand euro after taxes).

- **Campus Editori Srl**: this company, based in Milan, is the publisher and owner of the magazine Campus e Campus Web as well as the local editions of Tutto Università ("Everything University") in addition to being the organiser of the Students Fair in various universities. The company closed 2015 with a pre-tax profit of 152 thousand euro (79 thousand euro after taxes).

- **CFN CNBC Holding BV**: this company, based in the Netherlands, holds a controlling interest in Class CNBC Spa and closed 2015 with a loss of 49 thousand euro.

- **Class CNBC Spa**: this company, based in Milan, operates the TV channel of the same name. The year closed with a pre-tax profit of 386 thousand euro (62 thousand euro after taxes).

- **Class Editori Service Srl in liquidation**: this company, based in Milan, provided administrative, financial, control, subscription management, EDP and technical production services to the Publishing House until 31 December 2013. Following disposal of the line of business and the transfer of all personnel at the start of 2014, the company is now dormant and has been put into liquidation. It closed 2015 with a pre-tax profit of 23 thousand euro (loss of 100 thousand euro after taxes).

- **CCeC - Class China eCommerce Srl**: this company, formed during the year and start at the start-up stage, is the principal Italian agent and supplier for the Chinese B2B platform CCIG MALL. It closed 2015 with a pre-tax and after-tax loss of 54 thousand euro.

- **Class Meteo Services Srl in liquidation**: this company, based in Milan, was formed on 2 February 2010. It was expected to develop products in the sector of meteorological forecasting, to be distributed to the various business channels of the Publishing House. It closed 2015 with a pre-tax and after-tax loss of 18 thousand euro.

- **Class Servizi Televisivi Srl**: this company, established during the second half of 2011 and wholly owned by Class Editori Spa, is based in Milan and produces television programmes and other support for the Publishing House's television businesses. It closed 2015 with a pre-tax loss of 73 thousand euro (loss of 96 thousand after taxes).

- **Class TV Service Srl**: this company, based in Milan, produces television programmes and other support for the Publishing House's television businesses. It closed 2015 with a pre-tax loss of 166 thousand euro (loss of 201 thousand after taxes).

- **Classint Advertising Srl in liquidation**: this Milan-based company was purchased during the second half of 2011. It closed 2015 with a pre-tax and after-tax loss of 4 thousand euro.

- **Classpi - Class Pubblicità Spa**: this company, based in Milan, operates as the concessionaire of the Publishing House for the collection of advertising business. It closed 2015 with a pre-tax profit of 422 thousand euro (375 thousand euro after taxes).

- **Country Class Editori Srl**: this company, based in Milan, publishes Capital, a monthly magazine. It closed 2015 with a pre-tax profit of 721 thousand euro (670 thousand euro after taxes).

- **DP Analisi Finanziaria Srl in liquidation**: this company, based in Milan, operated in the field of report analysis and the management of financial databases. It closed the year with a pre-tax profit of 2 thousand euro (3 thousand euro after taxes).

- **E-Class Spa**: this company, based in Milan, operates in the satellite transmission of data and financial information. It closed 2015 with a pre-tax profit of 164 thousand euro (123 thousand euro after taxes).

- **Class Digital Service Srl**: this company, based in Milan, was formed on 21 December 2012 and holds the investments in E-Class Spa and PMF News Editori Spa. It closed 2015 with a pre-tax and after-tax loss of 40 thousand euro.

- **Edis Srl**: this company, based in Milan, publishes Ladies and closed 2015 with a pre-tax loss of 327 thousand euro (loss of 339 thousand euro after taxes).

- **EX.CO Srl in liquidation**: this company, based in Milan, operated as a daily press agency and closed 2015 with a pre-tax and after-tax loss of 4 thousand euro.

- **Fashion Work Business Club Srl**: this company, based in Milan, is currently dormant. It closed 2015 with a pre-tax and after-tax profit of 9 thousand euro.

- **Global Finance Media Inc**: this company, based in New York (USA), owns and publishes Global Finance, an international financial publication. The company closed 2015 with a net profit of 104 thousand dollars (93 thousand dollars after taxes).

- **I Love Italia Srl in liquidation**: this company, based in Palermo, has been put into liquidation.

- **Lombard Editori Srl**: this company, based in Milan, publishes and owns Lombard. It closed 2015 with a pre-tax loss of 81 thousand euro (loss of 84 thousand after taxes).

- **Milano Finanza Editori Spa**: this company, based in Milan, publishes MF-Milano Finanza and MF Fashion, as well as Patrimoni and Gentleman, which are monthly magazines. It closed 2015 with a pre-tax loss of 227 thousand euro (loss of 264 thousand after taxes).

- **MF Editori Srl**: this company, based in Milan, owns the MF/Milano Finanza titles. It closed 2015 with a net profit of 1 thousand euro.

- **MF Service Srl** (formerly Milano Finanza Service Srl): this company, based in Milan, operates in the publishing services field. It closed 2015 with a pre-tax profit of 75 thousand euro (loss of 127 thousand euro after taxes).

- **MF Servizi Editoriali Srl**: this company, based in Milan, operates in the field of page-setting. It closed 2015 with a pre-tax profit of 158 thousand euro (44 thousand euro after taxes).

- **MF Conference Srl**: this company, based in Milan, organises conventions and conferences. Activities essentially ceased at the end of the prior year, when the operational business was contributed to MF Servizi Editoriali Srl. It closed 2015 with a pre-tax loss of 10 thousand euro (loss of 13 thousand after taxes).

- **MF Dow Jones News Srl**: this company, based in Milan, was formed on 23 December 2002, as a 50% joint venture between Dow Jones & Company Inc. and Class Editori Spa, for the production and sale of real-time economic and financial information in the Italian language. It closed 2015 with a pre-tax profit of 233 thousand euro (184 thousand euro after taxes).

- **New Satellite Radio Srl**: this company, based in Milan, was acquired during the year. It closed 2015 with a pre-tax loss of 133 thousand euro (loss of 141 thousand euro after taxes).

- **PMF News Editori Spa**: this subsidiary operates in real time via satellite as a daily press agency and provides on-line trading services for banks. It closed 2015 with a pre-tax profit of 95 thousand euro (122 thousand after taxes).

- **Radio Classica Srl**: this company, based in Milan, was formed in September 2000 in order to develop the Group's presence in the radio sector. The company formed Radio Cina Italia Srl at the end of 2014, contributing to it all frequencies and licences unrelated to the Lombardy region. It closed 2015 with a pre-tax loss of 91 thousand euro and a profit of 20 thousand euro after taxes.

- **Telesia Spa**: this company, based in Rome, operates in the field of out-of-home television. It closed 2015 with a pre-tax profit of 678 thousand euro (431 thousand euro after taxes).

- **TV Moda Srl**: this company, based in Milan, produces television programming for the channel of the same name, which is broadcast on channel 180 of the Sky platform. It closed 2015 with a pre-tax loss of 265 euro (loss of 284 thousand euro after taxes).

PRIMARY RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

Risks related to the sector in which the Company operates

The current crisis in the Italian publishing market is, without doubt, the main element of risk for the Publishing House, whose advertising revenues are approximately 50% of total turnover and generate the greatest margin.
The slight economic recovery has not yet been reflected in significantly greater investment by firms in communications, which is the principal factor underpinning the advertising revenues. On the contrary, as indicated by the advertising revenues for 2015, the market contracted by 0.5% (source: Nielsen) compared with 2014 (whose advertising revenues were 2.5% lower than in 2013). There were limited signs of an inversion in this trend during the first quarter of 2016.
The Publishing House is tackling this risk by implement a series of actions designed to significantly reduce operating expenses, especially payroll costs and indirect costs, and to increase revenues as a result of special initiatives and the diversification of the business. This will involve investing in sectors of the future, such as e-commerce and the digital products of the Milano Finanza Intelligence Unit (MFIU), which is modelled on The Economist Intelligence Unit.

Credit risk in relation to commercial relations with customers

The Publishing House now has a solid portfolio of leading customers. At the moment, these do not give rise to solvency concerns, although the average collection period did deteriorate during the year. In any case, the carrying amount of receivables takes account of both collection risks, via appropriate write-downs, and collection delays. The latter are covered by discounting the cash flows associated with deferred payments, in order to recognise the time value of money, as required by international accounting standards.
The Publishing House intends to continue monitoring outstanding receivables closely, especially in a market context that has caused major problems and financial difficulties for many businesses operating in Italy.

Interest-rate risks

Group policy does not contemplate speculative investment in financial products.
The deterioration of results in recent years has lowered the credit rating of Group companies. This, together with the financial squeeze imposed by the banking system, has caused interest rates to rise. The Publishing House is addressing this trend by the refinancing of loans over a five-year period, now under negotiation with the lending banks, at a lower interest rate than currently paid.

Exchange-rate risks

Apart from the activities managed by the American subsidiary, Global Finance Inc., and the services acquired directly from China for the production and distribution of the “Eccellenza Italia” magazine, the Publishing House operates more or less entirely within the euro area. Transactions settled in currencies other than the euro are very limited. Exchange-rate risks are therefore not significant.

Liquidity risks

As stated in the consolidated financial statements at 31 December 2014, at that date about 95% of the Publishing House's banking, commercial and financial lines of credit had been renewed until 31 December 2015. During 2015, the Publishing House worked to renew and refinance the above banking lines of credit until 31 December 2020, on more favourable terms. The Publishing House was assisted in this process by Banca Rothschild as its financial advisor, and by Gitti Raynaud and Partners as its legal advisor. While awaiting the outcome of the refinancing process, in January 2016 the Publishing House obtained an extension of the current banking lines of credit until 31 March 2016. On the date of approval of these consolidated financial statements by the Board of Directors, the refinancing process is at the final stage. Most of the lending banks have already approved the changes and the advisor believes that the remaining lenders are finalising their approval processes.
Additionally, in order to limit the risk of financial tensions, the Publishing House also worked on transactions during 2015 that resulted in the partial collection of certain non-current trade receivables in order to generate positive cash flow.

Principal uncertainties and business continuity

The consolidated financial statements at 31 December 2015 of the Publishing House have been prepared on a going-concern basis, following an assessment made by the directors pursuant to IAS 1 of the ability of the Publishing House to continue in operation for the foreseeable future, having regard for all the information currently available to them about the future covering at least, but not limited to, the next 12 months.
Considering the elements discussed in the section on business risks, the directors believe that the actions taken to refinance, on considerably more favourable conditions, the lines of credit that expired on 31 December 2015, on the one hand, and those taken to contain costs and diversify the business, on the other, will be accomplished successfully; accordingly, they believe that there are no uncertainties that might raise doubts about the ability of the Publishing House to continue in business as a going concern.

Outstanding disputes

In 2005, the Milan office of the Tax Authorities served assessment notices on Milano Finanza Editori Spa, relating to the 2002 and 2003 tax years. After an appeal filed by Milano Finanza, the Milan Provincial Tax Commission filed its first-level ruling on 17 July 2007. This partially accepted the objections made by the Company, halving the value of the initial disallowed amounts. In the meantime, as required by law, 50% of the additional amount assessed was subjected to enforced collection. The related tax demands, about 354 thousand euro, were paid in July 2006. The next hearing before the Milan CTP was held on 6 July 2009. The ruling filed on 11 November 2009 dismissed the appeal of the Tax Authorities regarding the assessment for the 2003 tax year, but partially accepted that concerning the 2002 tax year. Specifically, the appeal in relation to point 4 of the assessment was accepted, concerning the failure to record interest income (art. 56 Income Tax Consolidation Law-TUIR) and the recognition of additional taxable income of 340,901.46 euro. The Company, assisted by Studio Legale Tributario Gallo, established by Franco Gallo, appealed to the Supreme Court of Cassation in December 2010. At 31 December 2015, the date of the hearing has not yet been established.

Class Editori Spa and Milano Finanza Spa (as well as Italia Oggi Editori – Erinne Srl) are parties to a dispute with Inpgi regarding checks carried out in 2007, as a result of which that Institution has made disputed claims about violations regarding the payment of pension contributions. The requested amounts total about 1.6 million euro. Supported by the opinion of Ichino-Brugnatelli e Associati, the defence lawyers, it has not been deemed necessary to record any provisions in this regard (consistent with the requirements of IAS 37). In further support of the approach taken by the Publishing House, in April 2014 the Rome Court of Appeal accepted in full the appeal presented by Italia Oggi in relation to a similar dispute with Inpgi, overturning the adverse first-level ruling (no. 11131/2).
With regard to the dispute involving Class Editori, on 31 October 2014 the Rome Court of Appeal rejected the company's appeal and, accordingly, a further appeal to the Court of Cassation has been filed. In relation to the dispute involving Milano Finanza Editori, the ruling of the Rome Court of Appeal filed on 30 May 2014 partially revised the first-level ruling made in 2011, with a more favourable outcome for the company. On 17 June 2015, Inpgi filed an appeal with the Court of Cassation.

Classpi Spa was served with assessments following inspections carried out at the principal concessionaires covering the tax years from 2002 to 2007. These related to the alleged non-deductibility of VAT on costs for negotiation rights paid to Media Centres, as is the practice in the sector.

The first-level ruling was favourable to the company, except in relation to the 2005 tax year. In that case, the Milan CTP (Section 1) unexpectedly rejected the company's appeal by ruling no. 191 of 7 June 2011, which was filed on 7 September 2011.
An appeal was therefore made to the Lombardy Regional Tax Commission whose ruling no. 19/13/13, filed on 23 January 2013, was adverse to the company. Accordingly, an appeal to the Court of Cassation was filed on 7 October 2013.
Equitalia-Esatri had already issued an enforcement demand for 50% of the assessed taxes (except for Ires), totalling 346 thousand euro. This demand covered the matters raised in the inspection of the 2005 tax year, as well as those relating to the negotiating rights recorded in the 2005, 2006 and 2007 tax years.
After the usual rejection of the suspension petition, an application to pay the demand by instalments was presented. The request was accepted at the beginning of 2011. The company has paid about 221 thousand euro, which is more than the overall amount due based on the outcome of the first-level ruling. Payment by instalment plan was therefore suspended, following the issues of relief measures by the Tax Authorities. On 29 May 2012, the company received a rebate of 126 thousand euro, corresponding to the excess amount paid with respect to the ruling of the Provincial Tax Commission.

With regard to the 2002, 2003 and 2004 tax years, ruling no. 81/14/12 of the Lombardy Regional Tax Commission, filed on 10 July 2012, confirmed the first-level ruling in favour of the company. On 18 July 2013, the Tax Authorities filed an appeal to the Court of Cassation against ruling no. 81/14/12. Classpi counter-appealed on 24 October 2013.

Lastly, with regard to the 2006 and 2007 tax years, ruling no. 58/12/13 of the Lombardy Regional Tax Commission, filed on 15 March 2013, confirmed the first-level ruling in favour of the company. Here too, the Tax Authorities have appealed to the Court of Cassation against this ruling in favour of the company which, on 17 December 2013, filed a counter-appeal.

The date of the hearing for all three cases has not yet been set, but will presumably be in about 3 years.

On 25 February 2010, Class Pubblicità (hereinafter "Classpi") received a notice of assessment following an inspection carried out by the Tax Authorities in relation to the 2005 tax year. The notice of assessment includes IRES/IRAP disallowances of about 2.5 million euro and VAT disallowances of about 2 million euro. Various disallowances were the result of failure by the tax inspectors to consider the actual situation in the advertising market in general, and the typical outcome of barter contracts in particular, since the entire publishing sector inevitably re-sells the materials/services received at prices below those at which they were purchased. The principal objection relating to failure to account for revenues concerning the failure to re-charge to Group companies the advertising costs incurred for the promotion of editorial publications. However, those services are governed by intra-group agreements that envisage specific remuneration for Classpi. Ruling no. 191 of the Milan Provincial Tax Commission (Section 1) was filed on 7 September 2011. This ruling was very favourable overall, accepting almost all the company's observations and considerably scaling down the initial objections. The Tax Authorities appealed against this ruling and, in turn, the company filed its counter arguments. On 23 January 2013, the Milan Regional Tax Commission essentially confirmed the first-level ruling and the general propriety of the company's actions. Although both rulings were extremely favourable, reducing the original claim by the Tax Authorities for additional taxable income of 2.5 million euro to about 370 thousand euro, the company nevertheless decided to appeal to the Court of Cassation in view of the adverse ruling made on the matter of negotiation rights in relation to the tax year concerned.

Personnel

Period average:

	31/12/14	31/12/15	Change
Executives	10	10	--
Journalists	141	131	(10)
Clerical staff	161	154	(7)
Total	**312**	**295**	**(17)**

Work continued throughout the year to contain and reduce, where possible, the level of employment in the less productive areas with recourse to the social shock absorbers.

In particular, in view of the deepening crisis, the incisive action taken to reduce and rationalise payroll costs resulted in renewal by the Publishing House - for a further 24 months - of the solidarity agreements with the personnel of MF/Milano Finanza and Class, including a further decrease in the working hours of the persons involved. Specifically, the working hours at Class, a periodical, have been reduced by 60% from 30% previously, while the reduction at MF/Milano Finanza, a daily newspaper, is now 35% instead of 25%. The working hours at Italia Oggi, an associated daily newspaper, have also be reduced by 35%, rather than by 25% previously.

With regard to Capital, a periodical published by Country Class Editori, agreement was previously reached without strife for surplus personnel to join the special government-assisted lay-off scheme and two early retirements were arranged. Following the 24-month lay-off period, a 24-month solidarity agreement has been implemented that reduces the working hours of personnel by 33%.

Work to reduce payroll costs also continued at Ladies, Case&Country and Gentleman, with implementation of the government-assisted lay-off schemes agreed under the supervision of the Lombardy Region's training and employment agency. In particular, a special rotating lay-off scheme covering a period of 24 months will commence on 14 September 2015, involving a 60% reduction in working hours. The substantial savings achieved by these agreements will benefit the second half of the year, as well as 2016 and 2017.

Work to reduce the payroll costs of clerical staff even further has also continued, with activation of the government-assisted lay-off scheme in October 2015. In particular, a special lay-off programme commenced on 1/11/2015, covering a maximum of 12 months, for 2 office workers at MF Servizi Editoriali and 1 at MF Service, ahead of early retirement.

For other Group companies, not yet assisted by the social shock absorbers, the "Cooperation and Solidarity" contribution plan has remained in place, whereby employees are able to contribute 10% of their salary on a voluntary basis.

The Publishing House did not employ any apprentices at 31 December 2015.

Class Editori Spa carries out its activities at its registered office in Via Burigozzo 5, Milan, and also at the following operative offices:

Milan - Via Burigozzo 8

Rome - Via Santa Maria in Via 12 and Via C. Colombo 456

New York – 7 East, 20th Street

London - St Mary Abchurch House, 5th Floor 123 Cannon Street

Report on corporate governance during 2015

The Corporate Governance Report, approved by the Board of Directors on 22 March 2015 and presented separately from this report, is available on the website (www.classeditori.it), in the *Investor Relations* section.

Principal events subsequent to 31 December 2015

As already indicated above, during 2015 the Publishing House worked to refinance the banking lines of credit on more favourable terms. As part of this process, the Publishing House engaged Banca Rothschild as its financial advisor and Gitti Raynaud and Partners as its legal advisor. While awaiting the outcome of the refinancing process, in January 2016 the Publishing House obtained an extension of the current banking lines of credit until 31 March 2016. On the date of approval of these consolidated financial statements by the Board of Directors, the refinancing process is at the final stage. Most of the lending banks have already approved the changes and the advisor believes that the remaining lenders are finalising their approval processes.

During the first quarter of 2016, the Publishing House continued the work to reduce personnel costs that commenced in 2014 and 2015. In particular, the solidarity agreements signed with the clerical staff at MF Servizi Editoriali and MF Service were renewed on 11 February 2016, increasing the reduction in working hours from 25% to 35% for a period of 18 months from 14 March 2016. The special government-assisted lay-offs of clerical staff, that commenced in October 2015, concluded on 1 March 2016. This procedure results in termination of the working relationships with the personnel eligible for early retirement. Additional reorganisation measures are also being considered, in order to further contain costs, which will be implemented during the first half of 2016.

Outlook for the future

During 2015, excluding the effect of special events, the Publishing House significantly lowered the operating losses reported with respect to the prior year. This reflects the cost-reduction actions already implemented, which will be followed by the effects of further measures involving all sectors, including payroll costs. The Publishing House has also decided to invest substantially in the future, including the digital business and e-commerce.

As stated earlier, the Publishing House is also confident about the positive final outcome of the work to refinance the debt outstanding at 31 December 2015, which will result in the availability of adequate financial resources to pursue the established growth objectives, at a much lower cost.

For the Board of Directors

The Chairman

Victor Uckmar

INVESTMENTS HELD BY DIRECTORS, STATUTORY AUDITORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

Surname First name	Company held	No. of shares held 31/12/2014	notes	Purchases	Notes	Sales	Effect of consolidation	No. of shares held 31/12/2015	Notes
Directors									
Uckmar Victor	Class Editori Spa	-		-		-	-	-	
Paolo Panerai	Class Editori Spa	30,081,148		-		(1,600,000)	(18,987,432)	9,493,716	
	Milano Finanza Editori Spa	7,500		-		-	-	7,500	
	Class Pubblicità Spa	120,000				-	-	120,000	1
	Lombard Editori Srl	48,510		-		-	-	48,510	2
	Edis Srl	100		-		-	-	100	3
	MF Service Srl	1,198		-		-	-	1,198	4
	Class CNBC Spa	1,000					-	1,000	5
	.								
Magnaschi Pierluigi	Class Editori Spa	-		-		-	-	-	
	Milano Finanza Editori Spa	1,250		-		-	-	1,250	
Capolino Gabriele	Class Editori Spa	182,118	6	-		-	(121,412)	60,706	6
	Milano Finanza Editori Spa	2,500		-		-	-	2,500	
Terrenghi Elena	Class Editori Spa	-		-		-	-	-	
Vassallo Maria Grazia	Class Editori Spa	-		-		-	-	-	
Bolster William L.	Class Editori Spa	-		-		-	-	-	
Del Bue Paolo	Class Editori Spa	-		-		-	-	-	
Carfagna Maurizio	Class Editori Spa	-		-		-	-	-	
Martellini Maria	Class Editori Spa	-		-		-	-	-	
Panerai Luca	Class Editori Spa	18,045	7	-		-	(12,030)	6,015	7
Riccardi Angelo	Class Editori Spa	11,836		-			(7,891)	3,945	
Librio Samanta	Class Editori Spa	12,100		-		-	(8,067)	4,033	
Kann Peter	Class Editori Spa	-		-		-	-	-	
Mattei Andrea	Class Editori Spa	-		-		-	-	-	
Managers with strategic responsibilities (4 executives)	Class Editori Spa	65,200		-		-	(43,437)	21,733	
	Telesia Spa	178,125		-		(97,968)	-	80,157	
Statutory Auditors									
Mascheroni Carlo	Class Editori Spa	-		-		-	-	-	
Cambieri Lucia	Class Editori Spa	-		-		-	-	-	
Mario Medici	Class Editori Spa	-		-		-	-	-	
Vieri Chimenti	Class Editori Spa	-		-		-	-	-	

1) Indirectly via Paolo Panerai Editori Srl
2) Indirectly via Paolo Panerai Editori Srl
3) Indirectly via Paolo Panerai Editori Srl
4) Indirectly via Paolo Panerai Editori Srl
5) Directly
6) 1,000 cat. B shares
7) 833 cat. B shares

STOCK OPTION PLANS

There are no stock option plans.

FINANCIAL STATEMENT HIGHLIGHTS OF SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION *(in thousands of euro)*	Fixed assets	Other non-current assets	Current assets	Shareholders' equity	Severance indemnities	Other non-current liabilities	Current liabilities
Aldebaran Srl	1,025	--	1,556	873	255	--	1,453
Assinform/Dal Cin Editore Srl	45	442	655	113	88	91	852
Class Editori Service Srl in liquidation	--	--	195	43	--	--	152
Campus Editori Srl	12	2	3,618	332	2	--	3,298
Class TV Service Srl	11	--	4,971	49	50	--	4,883
Cfn / Cnbc Holding B.V.	7,097	1,430	8	8,351	--	--	184
Class CNBC Spa	165	4	22,643	3,502	360	--	18,950
Country Class Editori Srl	1,629	--	4,860	765	100	--	5,624
DP Analisi Finanziaria Srl in liquidation	--	--	131	73	--	--	58
e-Class Spa	7,734	9	9,586	4,079	337	75	12,838
Edis Srl	--	2	6,696	18	406	--	6,274
Ex-Co Srl in liquidation	--	--	116	89	--	--	27
Fashion Work Business Club	--	--	65	16	--	--	49
Global Finance Media Inc.	1,104	15	2,228	1,869	--	--	1,478
Lombard Editori Srl	--	--	1,445	73	--	--	1,372
MF Conference Srl	--	--	140	8	--	--	132
MF Dow Jones News Srl	53	1	6,095	934	336	8	4,871
Milano Finanza Editori Spa	8	3,939	35,881	1,103	641	--	38,084
MF Editori Srl	--	--	50	31	--	--	19
MF Service Srl	824	3	25,539	23	1,292	--	25,051
M.F. Servizi Editoriali Srl	307	2	9,960	407	1,039	--	8,823
New Satellite Radio Srl	2	--	805	12	--	460	335
PMF News Editori Spa	2,416	--	13,323	5,104	--	--	10,635
Radio Classica Srl	3,717	2,568	1,841	61	212	12	7,841
Telesia Spa	1,333	8	7,316	3,745	371	--	4,541
CCeC – Class China eCommerce Srl	140	--	77	81	6	--	130
Class Meteo Services Srl in liquidation	--	--	621	-651	--	--	1,272
TV Moda Srl	235	--	1,363	-253	17	--	1,834
Classint Advertising Srl in liquidation	--	--	5	-78	--	--	83
Class Servizi Televisivi Srl	159	1	4,127	48	151	--	4,088
Class Digital Service Srl	--	5,633	106	5,661	--	--	78
Class Pubblicità Spa	243	40	52,267	990	574	--	50,986

INCOME STATEMENT *(in thousands of euro)*	Revenues	Operating costs	Amortisation, depreciation and write-downs	Net non-core income/(charges)	Net financial income/(charges)	Result before taxes	Net result for the year
Aldebaran Srl	918	600	(296)	2	(25)	(1)	1
Assinform/Dal Cin Editore Srl	1,511	1,289	(117)	22	(19)	108	38
Class Editori Service Srl in liquidation	--	8	--	32	(1)	23	(100)
Campus Editori Srl	1,715	1,509	(60)	(20)	26	152	79
Class TV Service Srl	2,727	2,894	(6)	(12)	19	(166)	(201)
Cfn / Cnbc Holding B.V.	--	42	--	--	(7)	(35)	(35)
Class CNBC Spa	8,069	6,902	(132)	(237)	(412)	386	62
Country Class Editori Srl	2,736	2,248	(12)	281	(36)	721	670
DP Analisi Finanziaria Srl in liquidation	--	1	--	5	(2)	2	3
e-Class Spa	8,024	5,311	(2,461)	166	(254)	164	123
Edis Srl	768	1,452	--	419	(62)	(327)	(339)
Ex-Co Srl in liquidation	--	1	--	--	(3)	(4)	(4)
Fashion Work Business Club	--	1	(20)	29	1	9	9
Global Finance Media Inc.	4,248	4,064	(71)	(33)	15	95	85
Lombard Editori Srl	67	136	--	--	(12)	(81)	(84)
MF Conference Srl	--	(4)	--	1	(7)	(10)	(13)
MF Dow Jones News Srl	6,163	5,842	(56)	(33)	1	233	184
Milano Finanza Editori Spa	20,803	20,522	(361)	190	(337)	(227)	(264)
MF Editori Srl	2	1	--	--	--	1	1
MF Service Srl	6,009	5,295	(149)	(29)	(461)	75	(127)
M.F. Servizi Editoriali Srl	3,448	3,221	(28)	69	(110)	158	44
New Satellite Radio Srl	--	1	(238)	113	(7)	(133)	(141)
PMF News Editori Spa	10,639	9,926	(740)	(1)	123	95	122
Radio Classica Srl	117	716	(17)	680	(155)	(91)	200
Telesia Spa	5,358	4,420	(281)	33	(12)	678	431
CCeC – Class China ECommerce Srl	959	990	(13)	--	(10)	(54)	(54)
Class Meteo Services Srl in liquidation	--	4	--	(13)	(1)	(18)	(18)
TV Moda Srl	448	713	(2)	7	(5)	(265)	(284)
Classint Advertising Srl in liquidation	--	1	--	(3)	--	(4)	(4)
Class Servizi Televisivi Srl	2,598	2,596	(45)	(8)	(22)	(73)	(96)
Class Digital Service Srl	--	20	--	(4)	(2)	(26)	(40)
Class Pubblicità Spa	17,689	16,444	(1,012)	(86)	275	422	375

FINANCIAL STATEMENT HIGHLIGHTS OF ASSOCIATES

STATEMENT OF FINANCIAL POSITION *(in thousands of euro)*	Fixed assets	Other non-current assets	Current assets	Shareholders' equity	Severance indemnities	Other non-current liabilities	Current liabilities
Italia Oggi Editori-Erinne Srl	43	4,315	45,917	64	1,168	--	49,043
Class Roma Srl in liquidation	--	--	31	(59)	--	--	90
Italia Oggi Srl	--	--	200	199	--	--	1
Mito Srl	13	--	162	120	11	--	44
Radio Cina Italia Srl	5,305	--	88	5,384	3	--	6
Embrace.it Srl	72	--	69	63	--	--	78

INCOME STATEMENT *(in thousands of euro)*	Revenues	Operating costs	Amortisation, depreciation and write-downs	Net non-core income/(charges)	Net financial income/(charges)	Result before taxes	Net result for the year
Italia Oggi Editori – Erinne Srl	20,170	20,177	(147)	403	(257)	(8)	(66)
Class Roma Srl in liquidation	-	2	--	7	(2)	3	2
Italia Oggi Srl	23	1	--	--	--	22	10
Mito Srl	317	229	(7)	--	(6)	75	45
Radio Cina Italia Srl	--	(174)	--	--	--	(174)	(126)
Embrace.it Srl	42	(71)	(28)	--	--	(57)	(57)

ACCOUNTING SITUATION OF NON-EEC SUBSIDIARIES

BALANCE SHEET - ASSETS (thousands of euro)	31 December 2014 Global Finance (USA)	31 December 2015 Global Finance (USA)
Intangible assets with an indefinite life	922	1,028
Other intangible assets	83	69
Intangible assets	1,005	1,097
Property, plant and equipment	16	7
Investments measured at equity	--	--
Other equity investments	--	--
Financial receivables	--	--
Other receivables	13	15
NON-CURRENT ASSETS	**1,034**	**1,119**
Inventories	--	--
Trade receivables	1,416	1,787
Securities	--	--
Financial receivables	--	--
Tax receivables	105	118
Other receivables	20	29
Liquid funds	368	294
CURRENT ASSETS	**1,909**	**2,228**
TOTAL ASSETS	**2,943**	**3,347**

BALANCE SHEET - LIABILITIES AND EQUITY (thousands of euro)	31 December 2014 Global Finance (USA)	31 December 2015 Global Finance (USA)
Share capital	2,571	2,867
Share premium account		
Legal reserve		
Other reserves	(1,144)	(1,083)
Net profit (loss) for the year	172	85
SHAREHOLDERS' EQUITY	**1,599**	**1,869**
Financial payables	--	--
Provisions for liabilities and charges	--	--
Severance indemnities and other payroll provisions	--	--
NON-CURRENT LIABILITIES	**--**	**--**
Financial payables	--	--
Trade payables	1,173	1,353
Tax payables	--	--
Other payables	171	125
CURRENT LIABILITIES	**1,344**	**1,478**
TOTAL LIABILITIES	**1,344**	**1,478**
TOTAL LIABILITIES AND EQUITY	**2,943**	**3,347**

INCOME STATEMENT **(thousands of euro)**	**31 December 2014** **Global Finance (USA)**	**31 December 2015** **Global Finance (USA)**
Revenues	3,523	4,093
Other operating income	179	155
Total revenues	**3,702**	**4,248**
Purchases	(170)	(204)
Services	(1,978)	(2,413)
Payroll costs	(1,033)	(1,194)
Other operating costs	(313)	(253)
Gross operating margin – EBITDA	**208**	**184**
Net non-core income/(charges)	--	(33)
Depreciation, amortisation and writedowns	(27)	(71)
Operating result - EBIT	**181**	**80**
Net financial income/(charges)	(3)	15
Pre-tax result	**178**	**95**
Taxes	(6)	(10)
Net profit (loss) for the year	**172**	**85**

Consolidated financial statements of the Publishing House

Consolidated financial statements at 31 December 2015

Consolidated statement of financial position at 31 December 2015

ASSETS ***(thousands of euro)***	**Notes**	**31 December 2014**	**31 December 2015**
Intangible assets with an indefinite life	**1**	42,917	42,738
Other intangible assets	**2**	11,773	12,817
Intangible assets		54,690	55,555
Property, plant and equipment	**3**	3,894	3,415
Investments measured at equity	**4**	6,688	6,712
Other equity investments	**5**	812	814
Non-current trade receivables	**6**	16,961	3,089
Non-current tax receivables	**7**	23,549	19,121
Other receivables	**8**	2,516	2,527
NON-CURRENT ASSETS		**109,110**	**91,233**
Inventories	**9**	2,552	2,142
Securities available for sale	**10**	2,550	--
Trade receivables	**11**	76,213	66,482
Financial receivables	**12**	7,382	7,906
Tax receivables	**13**	7,359	6,057
Other receivables	**14**	20,296	11,902
Liquid funds	**15**	7,498	9,168
CURRENT ASSETS		**123,850**	**103,657**
TOTAL ASSETS		**232,960**	**194,890**

Consolidated statement of financial position at 31 December 2015

LIABILITIES AND EQUITY *(thousands of euro)*	**Notes**	**31 December 2014**	**31 December 2015**
Share capital		28,322	28,322
Share premium account		52,851	52,851
Legal reserve		2,544	2,544
Other reserves		(4,853)	(19,026)
Net profit (loss) for the year		(14,408)	(22,328)
Equity attributable to owners of parent		**64,456**	**42,363**
Capital and reserves attributable to NCI		6,539	8,104
Net profit (loss) attributable to NCI		1,219	86
Equity attributable to NCI		**7,758**	**8,190**
SHAREHOLDERS' EQUITY	**16**	**72,214**	**50,553**
Financial payables	**17**	2,897	90
Deferred tax liabilities	**18**	1,212	1,176
Provisions for liabilities and charges	**19**	2,632	556
Severance indemnities and other payroll provisions	**20**	7,298	6,380
NON-CURRENT LIABILITIES		**14,039**	**8,202**
Financial payables	**21**	77,762	77,881
Trade payables	**22**	45,169	38,439
Tax payables	**23**	2,073	2,624
Other payables	**24**	21,703	17,191
CURRENT LIABILITIES		**146,707**	**136,135**
TOTAL LIABILITIES		**160,746**	**144,337**
TOTAL LIABILITIES AND EQUITY		**232,960**	**194,890**

Consolidated statement of comprehensive income for the year ended 31 December 2015

(thousands of euro)	Notes	31 December 2014	31 December 2015
Revenues		77,353	74,064
Other operating income		12,681	4,245
Total revenues	**25**	**90,034**	**78,309**
Purchases	**26**	(3,798)	(4,380)
Services	**26**	(64,100)	(57,192)
Payroll costs	**26**	(18,870)	(17,905)
Other operating costs	**26**	(3,755)	(3,729)
Total operating costs		**(90,523)**	**(83,206)**
Gross operating margin – EBITDA		**(489)**	**(4,897)**
Net non-core income/(charges)	**27**	1,735	(1,742)
Depreciation, amortisation and writedowns	**28**	(10,584)	(8,033)
Operating result - EBIT		**(9,338)**	**(14,672)**
Net financial income/(charges)	**29**	(2,855)	(2,658)
Pre-tax result		**(12,193)**	**(17,330)**
Taxes	**30**	(996)	(4,912)
Net result		**(13,189)**	**(22,242)**
Results attributable to NCI		*1,219*	*86*
Result attributable to owners of the parent		***(14,408)***	***(22,328)***
Other components of comprehensive income			
Profit (loss) from the translation of financial statements	**31**	170	184
Actuarial income/(charges) not recorded in income statement (IAS 19)	**31**	(828)	617
Capital increase expenses deducted from share premium	**31**	(502)	--
Total components of comprehensive income, net of tax effect		**(1,160)**	**801**
TOTAL COMPREHENSIVE INCOME		**(14,349)**	**(21,441)**
Attributable to:			
NON-CONTROLLING INTERESTS		**1,107**	**230**
OWNERS OF THE PARENT		**(15,456)**	**(21,671)**
TOTAL COMPREHENSIVE INCOME		**(14,349)**	**(21,441)**
Basic earnings per share		*(0.05)*	*(0.08)*
Diluted earnings per share		--	--

Statement of changes in consolidated shareholders' equity 31/12/2013 – 31/12/2014

(thousands of euro)	Share capital	Share premium	Legal reserve	Stock option reserve	Other reserves	Retained earnings	Net result for the year	SE Group	SE NCI	SE Total
BALANCES AT 31/12/2013	**10,561**	**31,329**	**2,544**	**279**	**18,942**	**114**	**(22,782)**	**40,987**	**6,880**	**47,867**
Movements in 2014:										
Allocation of results					(22,782)		22,782	--		--
Capital increase	17,761	22,024						**39,785**		**39,785**
Changes in reserves					(860)			**(860)**	(229)	**(1,089)**
IAS 19 change in severance indemnities								--		--
Capital increase								--		--
Purchase of treasury shares								--		--
Result for the year:										
Income (charges) recognised in equity	--	(502)	--	--	(546)	--	--	(1,048)	(112)	(1,160)
Total income (charges) recognised in equity	**--**	**(502)**	**--**	**--**	**(546)**	**--**	**--**	**(1,048)**	**(112)**	**(1,160)**
Net result for the year							**(14,408)**	**(14,408)**	**1,219**	**(13,189)**
Comprehensive income for the year	**--**	**(502)**	**--**	**--**	**(546)**	**--**	**(14,408)**	**(15,456)**	**1,107**	**(14,349)**
BALANCES AT 31/12/2014	**28,322**	**52,851**	**2,544**	**279**	**(5,246)**	**114**	**(14,408)**	**64,456**	**7,758**	**72,214**

Statement of changes in consolidated shareholders' equity 31/12/2014 – 31/12/2015

(thousands of euro)	Share capital	Share premium	Legal reserve	Stock option reserve	Other reserves	Retained earnings	Net result for the year	SE Group	SE NCI	SE Total
BALANCES AT 31/12/2014	**28,322**	**52,851**	**2,544**	**279**	**(5,246)**	**114**	**(14,408)**	**64,456**	**7,758**	**72,214**
Movements in 2015:										
Allocation of results					6,721	(21,129)	14,408	--		--
Capital increase								--		--
Changes in reserves					(422)			**(422)**	**202**	**(220)**
IAS 19 change in severance indemnities								--		--
Capital increase								--		--
Purchase of treasury shares								--		--
Result for the year:										
Income (charges) recognised in equity					657			**657**	**144**	**801**
Total income (charges) recognised in equity	**--**	**--**	**--**	**--**	**657**	**--**	**--**	**657**	**144**	**801**
Net result for the year							**(22,328)**	**(22,328)**	**86**	**(22,242)**
Comprehensive income for the year	**--**	**--**	**--**	**--**	**657**	**--**	**(22,328)**	**(21,671)**	**230**	**(21,441)**
BALANCES AT 31/12/2015	**28,322**	**52,851**	**2,544**	**279**	**1,710**	**(21,015)**	**(22,328)**	**42,363**	**8,190**	**50,553**

Statement of consolidated cash flows for the year ended 31 December 2015

(thousands of euro)	Notes	2014	2015
OPERATING ACTIVITIES			
Net profit/(loss) for the year		(14,408)	(22,328)
Adjustments:			
- Depreciation and amortisation		4,636	5,285
Self-financing		**(9,772)**	**(17,043)**
Change in inventories		146	410
Change in current trade receivables		(5,844)	9,731
Change in current trade payables		(11,347)	(6,730)
Change in other current receivables		2,903	7,870
Change in other current payables		1,778	(4,512)
Change in current tax receivables/payables		(2,890)	1,853
Cash flows from operating activities (A)		**(25,026)**	**(8,421)**
INVESTING ACTIVITIES			
Change in intangible assets		(6,839)	(4,661)
Change in property, plant and equipment		(424)	(1,010)
Change in equity investments		(2,297)	(26)
Cash flows from investing activities (B)		**(9,560)**	**(5,697)**
FINANCING ACTIVITIES			
Change in amounts due to banks and other lenders		(7,708)	(2,688)
Change in provisions for liabilities and charges		2,142	(2,076)
Change in non-current tax receivables/payables		(1,708)	4,392
Change in non-current trade receivables/payables		(783)	13,872
Change in other non-current receivables/payables		481	(11)
Change in severance indemnities		1,512	(918)
Payment of dividends		--	--
Change in equity reserves		37,877	235
Change in equity attributable to NCI		878	432
Cash flows from financing activities (C)		**32,691**	**13,238**
Change in liquid funds (A)+(B)+(C)		**(1,895)**	**(880)**
Liquid funds at start of year		**11,943**	**10,048**
Liquid funds at end of year		**10,048**	**9,168**

Consolidated financial position at 31 December 2015 pursuant to Consob Resolution no. 15519 dated 27 July 2006 - Assets

ASSETS (thousands of euro)	Notes	31 December 2014	inc. related parties	31 December 2015	inc. related parties
Intangible assets with an indefinite life	1	42,917		42,738	
Other intangible assets	2	11,773		12,817	
Intangible assets		54,690		55,555	
Property, plant and equipment	3	3,894		3,415	
Investments measured at equity	4	6,688		6,712	
Other equity investments	5	812		814	
Non-current trade receivables	6	16,961		3,089	3,089
Non-current tax receivables	7	23,549		19,121	
Other receivables	8	2,516	2,000	2,527	2,000
NON-CURRENT ASSETS		**109,110**	**2,000**	**91,233**	**5,089**
Inventories	9	2,552		2,142	
Securities available for sale	10	2,550		--	
Trade receivables	11	76,213	5,495	66,482	13,332
Financial receivables	12	7,382	2,058	7,906	2,663
Tax receivables	13	7,359		6,057	
Other receivables	14	20,296	13,322	11,902	5,875
Liquid funds	15	7,498		9,168	
CURRENT ASSETS		**123,850**	**20,875**	**103,657**	**21,870**
TOTAL ASSETS		**232,960**	**22,875**	**194,890**	**26,959**

Consolidated financial position at 31 December 2015 pursuant to Consob Resolution no. 15519 dated 27 July 2006 - Liabilities and Equity

LIABILITIES AND EQUITY (thousands of euro)	Notes	31 December 2014	inc. related parties	31 December 2015	inc. related parties
Share capital		28,322		28,322	
Share premium account		52,851		52,851	
Legal reserve		2,544		2,544	
Other reserves		(4,853)		(19,026)	
Net profit (loss) for the year		(14,408)	(3,995)	(22,328)	(3,049)
Equity attributable to owners of parent		**64,456**	**(3,995)**	**42,363**	**(3,049)**
Capital and reserves attributable to NCI		6,539		8,104	
Net profit (loss) attributable to NCI		1,219		86	
Equity attributable to NCI		**7,758**		**8,190**	
SHAREHOLDERS' EQUITY	**16**	**72,214**	**(3,995)**	**50,553**	**(3,049)**
Financial payables	**17**	2,897		90	
Deferred tax liabilities	**18**	1,212		1,176	
Provisions for liabilities and charges	**19**	2,632		556	
Severance indemnities and other payroll provisions	**20**	7,298		6,380	
NON-CURRENT LIABILITIES		**14,039**		**8,202**	
Financial payables	**21**	77,762	190	77,881	190
Trade payables	**22**	45,169	4,590	38,439	839
Tax payables	**23**	2,073		2,624	
Other payables	**24**	21,703	--	17,191	
CURRENT LIABILITIES		**146,707**	**4,780**	**136,135**	**1,029**
TOTAL LIABILITIES		**160,746**	**4,780**	**144,337**	**1. 029**
TOTAL LIABILITIES AND EQUITY		**232,960**	**785**	**194,890**	**(2,020)**

Consolidated income statement for the period ended 31 December 2015 pursuant to Consob Resolution no. 15519 dated 27 July 2006

(thousands of euro)	Notes	31 December 2014	inc. related parties	31 December 2015	inc. related parties
Revenues		77,353	--	74,064	48
Other operating income		12,681	442	4,245	413
Total revenues	**25**	**90,034**	**442**	**78,309**	**461**
Purchases		(3,798)		(4,380)	
Services		(64,100)	(4,199)	(57,192)	(3,313)
Payroll costs		(18,870)		(17,905)	
Other operating costs		(3,755)	(252)	(3,729)	(263)
Total operating costs	**26**	**(90,523)**	**(4,451)**	**(83,206)**	**(3,576)**
Gross operating margin – EBITDA		**(489)**	**(4,009)**	**(4,897)**	**(3,115)**
Net non-core income/(charges)	**27**	1,735		(1,742)	
Depreciation, amortisation and writedowns	**28**	(10,584)		(8,033)	
Operating result - EBIT		**(9,338)**	**(4,009)**	**(14,672)**	
Net financial income/(charges)	**29**	(2,855)	14	(2,658)	66
Pre-tax result		**(12,193)**	**(3,995)**	**(17,330)**	**(3,049)**
Taxes	**30**	(996)		(4,912)	
Results attributable to NCI		(1,219)		(86)	
Result attributable to owners of the parent		**(14,408)**	**(3,995)**	**(22,328)**	**(3,049)**
Basic earnings per share		(0.05)		(0.08)	
Diluted earnings per share		--		--	

The Chairman of the Board of Directors

Victor Uckmar

Notes to the consolidated financial statements

Class Editori Spa
and subsidiaries
Registered offices - Via Marco Burigozzo 5, Milan

EXPLANATORY NOTES

The economic and financial position of Class Editori at 31 December 2015 comprises the financial statements of Class Editori Spa and those of the directly and indirectly-owned companies in which Class Editori Spa holds an equity interest of more than 50%, or exercises operational control.

All the amounts reported in these explanatory notes are expressed in thousands of euro. Where this convention is not followed, express notice is given.

Form and content of the consolidated financial statements

The reports of the Class Editori Group and Class Editori S.p.A. at 31 December 2015, both of which have been audited, were prepared on a going-concern basis on the assumption of business continuity, applying the international accounting standards (IAS/IFRS) adopted by European Commission Regulation No. 1725/2003 and subsequent amendments, in compliance with Regulation no. 1606/2002 of the European Parliament, and endorsed together with the respective interpretations by Regulation (EC) no. 1126/2008 that, from 2 December 2008, cancelled and replaced Regulation no. 1725/2003 and subsequent amendments.

The above reports take account of the recommendations contained in Consob Resolution no. 15519 of 27 July 2006 and Consob Communications DEM/6064293 of 28 July 2006 and 0003907 of 19 January 2015.
The comparative amounts are also stated in accordance with IAS/IFRS.

In order to improve the presentation of the operating results for the year ended 31 December 2015, the data from income statement caption “measurement of investments at equity” was reclassified to the “Net financial income/(charges)” caption.
The comparative data for the year ended 31 December 2014 was also reclassified. The principal effects of this reclassification were to:
- increase total operating costs by 67 thousand euro;
- reduce the gross operating margin (EBITDA) and the operating result (EBIT) by 67 thousand euro;
- reduce financial charges by 67 thousand euro.

Declaration of compliance with International Accounting Standards

The 2015 financial statements were prepared in compliance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the respective interpretations of the International Financial Reporting Committee (IFRC) endorsed by the European Commission, in accordance with the procedure set forth in art. 6 of European Parliament and Council Regulation No. 1606/2002 of 19 July 2002, and in force at the accounting reference date.
The IAS/IFRS were applied with reference to the “framework for the preparation and presentation of financial statements,” with particular reference to the fundamental principle of substance over form, while ensuring that the information provided is both significant and meaningful.
On an interpretative level, the documents on the application of the IFRS in Italy prepared by the Italian Accounting Body (OIC) were also taken into account.

Accounting policies

The measurement criteria adopted for the preparation of the consolidated financial statements at 31 December 2015 are consistent with those adopted for the preparation of the consolidated financial statements at 31 December 2014, except as described in the paragraph entitled "Accounting standards, amendments and interpretations applied from 1 January 2015".
Consistent with the requirements of Documents no. 2 dated 6 February 2009 and no. 4 dated 3 March 2010, issued jointly by the Bank of Italy, Consob and ISVAP, it is confirmed that the consolidated financial statements of the Class Group are prepared on a going concern basis.
With reference to Consob note no. DEM/11070007 dated 5 August 2011, it is confirmed that the Group does not hold any bonds issued by central or local governments or government agencies and, therefore, is not exposed to the risks deriving from market fluctuations.
Both the separate and consolidated financial statements contain schedules identifying significant relations with related parties and non-recurring items, as required by Consob decision no. 15519 of 27 July 2006.

Accounting standards, amendments and interpretations applied from 1 January 2015

The following amendments to standards and interpretations are applicable from 1 January 2015:

- Interpretation *IFRIC 21 – Levies* was published on 20 May 2013, providing guidance on when to recognise a liability for a levy (other than income taxes) imposed by a government agency. The introduction of this new interpretation has not had any effect on the consolidated financial statements.
- On 12 December 2013, the IASB published *"Annual Improvements to IFRSs: 2011-2013 Cycle"* which amended a number of standards as part of the related annual improvement process. The principal amendments concerned:
- *IFRS 3 Business Combinations – Scope exception for joint ventures*. The amendment clarifies that para. 2(a) of IFRS 3 excludes the formation of all types of joint arrangement, as defined in IFRS 11, from the scope of application of IFRS 3;
- *IFRS 13 Fair Value Measurement – Scope of portfolio exception* (para. 52). The amendment clarifies that the portfolio exception included in para. 52 of IFRS 13 applies to all contracts within the scope of IAS 39, regardless of whether they meet the definitions of financial assets and financial liabilities given in IAS 32.
- *IAS 40 Investment Properties – Interrelationship between IFRS 3 and IAS 40.* The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine if the purchase of an investment property falls within the scope of IFRS 3 or IAS 40, it is necessary to refer respectively to the specific indications provided by IFRS 3 or by IAS 40.

The adoption of this new interpretation has not had any effect on the consolidated financial statements.

Consolidation criteria

The financial statements of all companies controlled by Class Editori Spa are consolidated on a line-by-line basis. Control is presumed when more than half the effective or potential voting rights exercisable at a Shareholders' Meeting are held, directly or indirectly, at the reporting date.

Associates are companies over which the Group exercises significant influence, which is presumed when, on the reporting date, it holds more than 20% of the effective or potential voting rights exercisable at a shareholders' meeting.

Subsidiaries are included within the scope of consolidation from the date on which the Group acquires control and are deconsolidated from the moment when this ceases.

They are consolidated on a line-by-line basis.

The criteria adopted for the application of this method include:

a) The carrying amount of the investments held in consolidated companies is eliminated against their net equity at the time of acquisition and all their assets and liabilities are recognised. The goodwill identified as a result of this elimination was 15.29 million euro, while the value directly attributed to the publications was 13.84 million euro.
   Amortisation is not charged since both assets have an indefinite useful life, however the fairness of the amounts is checked at least annually via the performance of impairment tests.

b) Receivables, payables and all transactions between consolidated companies are eliminated, as are the profits and losses deriving from commercial and financial transactions between group companies.

c) Non-controlling interests in the capital, reserves and results of consolidated companies are classified separately in the statement of financial position, while the non-controlling interests in their results for the period are classified separately in the consolidated income statement.

Investments in associates are measured using the equity method, which recognises the Group's interest in the results and net equity of each company. Profits and losses on intra-group operations are eliminated in proportion to the equity interest held.

If the Group interest in the losses of an associate exceeds the carrying amount of the investment, the Group does not recognise the additional loss unless an obligation to cover it has been accepted.

The financial statements of Group companies all have the same accounting reference date and relate to accounting periods of equal duration.

The exchange rates used for the translation of foreign currency financial statements are set out below:

	Rates at		**Average rates**	
	31/12/2014	**31/12/2015**	**2014**	**2015**
US dollar	1.2141	1.0887	1.32884	1.10963

Reconciliation of shareholders' equity and pre-tax profit reported in the statement of financial position of Class Editori Spa with the related consolidated amounts.

The shareholders' equity of Class Editori Spa at 31 December 2015 and its results for the year then ended are reconciled below with the related consolidated amounts:

€uro/000	Shareholders' equity	Net results
Consolidated financial statements of Class Editori Spa	**40,217**	**(24,249)**
Consolidation eliminations and positive/(negative) adjustments:		
a) adjustment of investments using the equity method:	(26,982)	2,523
b) assets identified on consolidation	29,128	(602)
c) elimination of intra-group dividends	--	--
Consolidated financial statements	**42,363**	**(22,328)**

Measurement criteria

The principal measurement criteria applied when preparing the consolidated financial statements are summarised below.

INTANGIBLE ASSETS

The editorial titles are intangible assets with an indefinite useful life; accordingly, they are not amortised but an impairment test is performed every year, or more frequently, to check the fairness of the carrying amounts reported.

The market for radio frequencies has been especially lively recently, with identification of the prices of the related transactions.
As allowed under IFRS 1, the Class Editori Group elected to replace cost with the fair value of the frequencies at the IFRS transition date.
Subsequent to the first-time application of IAS/IFRS, these assets are considered to have an indefinite useful life and, consequently, they are not amortised but subjected to impairment testing at the reporting date.

Under international accounting standards, goodwill and consolidation differences are not amortised, but are subjected to impairment tests every year, or more frequently, to check the fairness of the reported amounts and for evidence of any loss in value.

Under IAS 38, other intangible assets are recorded at purchase cost including related charges and are amortised systematically on a straight-line basis over their residual useful lives.

In particular the following amortisation periods are used:

- Patents 5 years
- Software 5 years

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

These are recorded at purchase cost including any related charges and direct costs incurred. Routine maintenance costs are charged to the income statement for the period in which they are incurred. Improvement expenditure is capitalised together with the related assets if the requirements of IAS 16 are met.

Property, plant and equipment are depreciated systematically each year on straight-line basis, using the maximum fiscally-permitted rates. These are deemed adequate to allocate the related costs over the estimated residual useful lives of the assets concerned. The following rates are applied:

Equipment	25%
Ordinary furniture and machinery	12%
Electronic equipment	20%
Vehicles	25%
Generic facilities	10%
Improvement of premises	20%
Leasehold improvements	straight-line basis over the contract period
Costs relating to leased assets	straight-line basis over the contract period or, if shorter, the useful life of the asset

Finance leases

The leasing contracts signed by the Group envisage the transfer of all the risks and benefits arising from ownership and, consequently, they are classified as finance leases.
Assets held under finance leases are recognised in the consolidated financial statements at the value of the asset stated in the contract or, if lower, at the present value of the contract instalments, with the corresponding recognition of the financial payable due to the leasing companies.
These assets are depreciated in a manner consistent with the other tangible fixed assets.
The financial charges are recognised in the income statement over the duration of the contract.

Investment property

Buildings are recorded at purchase or production cost and stated net of accumulated depreciation and any impairment losses.
Their carrying amounts include all directly attributable costs incurred to make them fit for business use.
Routine maintenance costs are charged directly to the income statement.
Costs incurred subsequent to purchase are only capitalised if they can be determined reliably and increase the future economic benefits of the assets to which they relate; other costs are charged to the income statement.
Buildings are depreciated on a straight-line basis over their estimated useful lives, which range from 30 to 50 years.
Land has an unlimited useful life and is not depreciated. For this purpose, land and buildings are recognised separately in the financial statements, even when purchased together.

As required by IAS 36, assets are checked for possible impairment at least once every year. The difference between their carry amount and, if applicable, their lower recoverable value is recognised as a loss.

INVENTORIES

Raw materials, ancillary materials and finished products are recorded at purchase or manufacturing cost or, if lower, at their realisable value estimated with reference to market trends, applying the FIFO method.
In compliance with IAS 18, cost is represented by the fair value of the price paid or of any other consideration received.

RECEIVABLES AND OTHER ASSETS

Receivables are non-derivative assets with fixed or determinable payments that are not listed on an active market.
Assets held for trading, designated at their fair value through profit or loss or designated as available for sale, are not classified as such.
Receivables are measured at amortised cost using the effective interest method.
If there is objective evidence of lasting impairment, the carrying amount of the asset is written down and the loss incurred is charged to the income statement.

All financial assets are initially recorded at fair value, including the transaction costs directly attributable to their purchase.

The fair value of interest-free loans and those not arranged on market terms is estimated as the present value of all future cash receipts, discounted using the market rate prevalent for a similar instrument.

At the reporting date, or more frequently, the Group checks if there is any objective evidence that the value of financial assets might be impaired.
Any losses, calculated as the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted using the original effective interest rate, are charged to the income statement. If the size of the impairment loss decreases in subsequent years, a write-back is credited to the income statement. The new carrying amount never exceeds the amortised cost that would have been reported had the impairment loss never been recorded.

EQUITY INVESTMENTS

Other equity investments include holdings in companies, other than subsidiaries and associates, that in accordance with IAS 39 have been classified as “assets available for sale” and are stated at their fair value on the reporting date. Any changes in fair value are recognised directly in a specific equity reserve.

If there is no active market for the equity investment, fair value is determined using such measurement techniques as reference to recent transactions, the analysis of discounted cash flows or using models that provide reliable estimates of the prices applied in current market transactions.
Investments in companies not listed in an active market, for which fair value cannot be determined reliably, are measured at purchase cost, as adjusted for any impairment.

If there is objective evidence of lasting impairment, this loss is charged to the income statement. This loss includes any write-downs that, in the past, were deducted from shareholders’ equity.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

This category includes securities and equity investments that were purchased mainly for short-term trading or that have been designated as held for sale, which are classified as current assets in the “securities held for trading” caption. It also includes financial assets that, at the moment of initial measurement, were designated as at fair value through profit or loss, which are classified as “other financial assets”, as well as the derivatives (excluding those designated as effective hedges) classified as “derivative financial instruments”. They are measured at fair value through profit or loss.

Any related costs are charged to the income statement.
Purchases and sales of these financial assets are recorded on the settlement date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all forms of liquidity available on demand or very quickly, without collection risk or expenses.

PAYABLES, FINANCIAL LIABILITIES AND OTHER LIABILITIES

Pursuant to IAS 39, payables, financial liabilities and other liabilities are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method.

PROVISIONS FOR LIABILITIES AND CHARGES

The provisions for liabilities and charges cover legal or implicit obligations towards third parties for which the use of Group resources is likely to be necessary, and for which a reliable estimate can be made of the amount of the obligation.

Changes in estimates are recognised in the income statement for the period in which they are identified.

EMPLOYEE BENEFITS AND SEVERANCE INDEMNITIES

The provision for severance indemnities covers the liability to all employees accrued at the reporting date, pursuant to current legislation and labour contracts.

Under the IAS/IFRS, severance indemnities represent a “defined-benefit plan” subject to actuarial valuation based on estimates (such as the mortality rate and foreseeable salary changes) in order to determine the present value of the benefits, payable on termination of employment, accrued by employees at the reporting date.

Severance indemnities are therefore determined in accordance with IAS 19 using an actuarial method based on demographic assumptions, the discount rate that reflects the time value of money, the inflation rate, and current and future salary levels.

RECOGNITION OF REVENUES, INCOME, COSTS AND EXPENSES

Revenues are recorded at the fair value of the consideration received, net of returns, discounts, allowances and rebates, as well as the taxes directly connected with the sale of the products.
Revenues from services are recorded on a percentage of completion basis.
Financial revenues are recognised on an accruals basis.
Costs are recorded in a manner that matches the related revenues.

INCOME TAXES

The current income taxes of Group companies are recognised with reference to an estimate of their taxable income, applying current tax rates and laws, or those substantially approved at the reporting date, and having regard for any applicable exemptions and tax credits.

Deferred tax asset and liabilities are calculated on the temporary differences between the carrying amounts of assets and liabilities and the corresponding values recognised for tax purposes, applying the tax rates expected to be in force when the temporary differences reverse. When results are recognised directly in equity, the related current and deferred taxes are also recognised in equity.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax receivables and payables, if they relate to taxes payable to the same tax authority, and if the Group intends to settle such current receivables and payables on a net basis.

DIVIDENDS

Dividends are recorded in the accounting period in which the distribution is authorised.

Changes in accounting policy, errors and changes in estimates

A change in accounting estimate is defined by IAS 8 as an adjustment of the carrying amount of an asset or liability, or the amount representing the periodic consumption of an asset, that derives from an assessment of the current situation and the expected future benefits and obligations associated with the assets and liabilities. Changes in accounting estimates therefore arise from new information and developments and not from the correction of errors.

Prior-year errors arise when the financial statements for one or more prior years contain omissions or the incorrect presentation of information due to the failure to use or incorrect use of reliable information that:

- was available when the financial statements for those years were approved;
- should reasonably have been obtained and used in the preparation and publication of the financial statements concerned.

Pursuant to IAS 8, the effects of a change in accounting estimate are recognised in the income statement on a prospective basis, commencing from the year in which it is made.

Scope of consolidation

Consolidation on a line-by-line basis

In addition to Class Editori Spa, the following subsidiaries have been consolidated on a line-by-line basis:

	Percentage ownership
- Milano Finanza Editori Spa and subsidiaries:	88.827 %
- MF Servizi Editoriali Srl	99.00 %
- MF Editori Srl	100.00 %
- Lombard Editori Srl	50.10 %
- Class Digital Service Srl and subsidiaries:	68.75 %
- PMF News Editori Spa	100.00 %
- E-Class Spa	100.00 %
- Campus Editori Srl	70.00 %
- MF Service Srl	75.01 %
- Edis Srl	99.50 %
- MF Conference Srl	51.00 %
- DP Analisi Finanziaria Srl in liquidation	94.73 %
- EX.CO Srl in liquidation	100.00 %
- Class Editori Service Srl in liquidation	100.00 %
- Class TV Service Srl	100.00 %
- Classpi Spa	76.00 %
- Global Finance Media Inc.	73.52 %
- Class CNBC Spa **(1)**	2.73 %
- CFN/CNBC B.V.	68.43 %
- Radio Classica Srl	99.00 %
- MF Dow Jones Srl **(2)**	50.00 %
- Telesia Spa	93.531 %
- Country Class Editori Srl	100.00 %
- Fashion Work Business Club Srl	100.00 %
- Assinform/Dal Cin Editore Srl	100.00 %
- I Love Italia Srl in liquidation	51.00 %
- Class Meteo Services Srl in liquidation	100.00 %
- TV Moda Srl	51.00 %
- Classint Advertising Srl in liquidation	100.00 %
- Class Servizi Televisivi Srl	100.00 %
- New Satellite Radio Srl	100.00 %
- Aldebaran Srl	100.00 %
- Class China eCommerce Srl **(2)**	50.00 %

(1) Consolidated line-by-line since 63.34% held by CFN CNBC Holding B.V.
(2) Consolidated line-by-line since Class Editori Spa exercises operational control.

Equity method

The following associates of Class Editori Spa have been consolidated using the equity method:

- Italia Oggi Editori - Erinne Srl and subsidiaries	48.90	%
- Upcube Srl in liquidation	25.00	%
- Mito Srl	50.00	%
- Radio Cina Italia Srl	49.00	%
- Embrace.it Srl	50.00	%
- Wetobusiness Srl	12.16	%

The following events relating to subsidiaries and associates took place during the year:

- an increase in the investment in Telesia Spa, from 85.625% to 93.531% following further acquisitions made during the first half of 2015;

- the formation of Embrace.it Srl in May 2015, with a 50% interest held by Class Editori. The objective of the Publishing House is to penetrate further the sector of foreign language digital information for visitors to the principal Italian cities, with a particular focus on those coming from China and on the universe of English-speaking tourists;

- during July, Class Editori purchased the remaining 5% equity interest in Assinform Srl, thus increasing ownership to 100%;

- during July, the Publishing House subscribed to a capital increase by WeToBusiness Srl, obtaining a 12.16% interest in this general reseller of business services on WeChat, the Chinese messaging and e-services platform;

- as part of the reorganisation of the Publishing House and the further rationalisation of resources and the internal organisation, work was completed during the year on the absorption by MF Service Srl of CHTV Srl.

DETAILED SCHEDULES AND EXPLANATORY NOTES

ASSETS

NON-CURRENT ASSETS

1) Intangible assets with an indefinite life

The composition of these intangible assets is summarised below:

€uro/000	**31/12/2014**	**31/12/2015**
Editorial titles	22,477	22,049
Frequencies	3,730	3,680
Goodwill	16,710	17,009
Total intangible assets with an indefinite life	**42,917**	**42,738**

The changes in intangible assets with an indefinite life are summarised below:

Editorial titles

€uro/000	
Balance at 31/12/14	**22,477**
Increases during the year	--
Decreases during the year	(4)
Exchange differences	106
Impairment write-downs during the year	(530)
Balance at 31/12/15	**22,049**

The exchange differences relate to the value of the title recorded in the balance sheet of Global Finance Inc., the US subsidiary.

Following the impairment tests carried out at year end by management, the value of the TV Moda title recognised on consolidation was written down, as shown in the following table. The value attributed to the DP Analisi Finanziari title on consolidation has also been written off, on a prudent basis, following the decision made to liquidate the company.

Details of the titles owned and the changes during the year are presented in the table below:

€uro/000	Initial value	Decreases and write-downs	Exchange differences	Increases	**Net value**
1. Value of titles recognised on consolidation:					
Milano Finanza	9,237				9,237
Campus	60				60
DP Analisi	84	(84)			--
MF	3,165				3,165
Assinform	1,374				1,374
TV Moda	446	(446)			--
Total	**14,366**	**(530)**	**--**	**--**	**13,836**
2. Value of titles recorded by:					
Global Finance	888		106		994
Class (Nistri Listri)	122				122
CFN CNBC B.V.	7,097				7,097
TV Moda	4	(4)			--
Total	**8,111**	**(4)**	**106**	**--**	**8,213**
Total editorial titles	**22. 477**	**(534)**	**106**	**--**	**22. 049**

Frequencies

€uro/000	**Amounts**
Balance at 31/12/14	**3,730**
Increases during the year	--
Decreases during the year	(50)
Amortisation charge for the year	--
Balance at 31/12/15	**3,680**

This is the value of the radio frequencies owned by Radio Classica Srl.

The Radio Classica 2 concession was sold during the year, realising a capital gain of 10 thousand euro.

The residual carrying amounts of the residual frequencies and related licences owned by Radio Classica have been subjected to impairment testing, without identifying any evidence of a reduction in value.

Goodwill

€uro/000	
Balance at 31/12/14	**16,710**
Increases due to change in scope of consolidation	--
Increases during the year	371
Exchange differences	--
Write-downs during the year	(72)
Balance at 31/12/15	**17,009**

The composition of the goodwill attributed to the individual Group companies is analysed below:

€uro/000	Initial value	Decreases and write-downs	Change in scope of consolidation	Increases	**Net value**
Goodwill recognised on consolidation:					
Classpi Class Pubblicità Spa	9,773				9,773
EX.CO Srl	72	(72)			--
E – Class Spa	385				385
Telesia Spa	1,103			371	1,474
Country Class Srl	--				--
Aldebaran Srl	3,660				3,660
Total goodwill arising on consolidation	**14,993**	**(72)**	**--**	**371**	**15,292**
2. Goodwill recorded by:					
Country Class Srl	1,585				1,585
MF Service Srl	42				42
Aldebaran Srl	90				90
Total recorded goodwill	**1,717**	**--**	**--**	**--**	**1,717**
Total goodwill	**16,710**	**(72)**	**--**	**371**	**17,009**

The increases during the year relate to the additional value recognised by Class Editori when purchasing a further 7.91% interest in Telesia S.p.A..

The impairment tests carried out by management have not resulted in the write-down of recorded goodwill. The goodwill arising on the consolidation of Exco Srl, a press agency, has been written off on a prudent basis, following the decision made to liquidate the company.

Impairment tests carried out by the Publishing House and related results

Three categories of intangible asset with an indefinite life are recognised in the consolidated financial statements of the Publishing House: editorial titles, goodwill and radio frequencies.

The recoverable value of the radio frequencies was determined with reference to their market value (fair value), based on a specific appraisal. With regard to the titles and goodwill, on the other hand, reference was made to their value in use.

Impairment losses

IAS 36 requires intangible assets, property, plant and equipment and equity investments to be subjected to impairment tests, if there is evidence of a possible reduction in their value. These tests are carried out annually, or more frequently, in the cases of goodwill, other intangible assets with an indefinite life and equity investments.

The recoverability of their carrying amounts is checked by comparison with the greater of their selling prices, if an active market exists, or their value in use.

The process adopted to estimate fair value involves:

- identification of the asset to be measured;
- determination of the appropriate type of value to be measured;
- identification of the principal (or most advantageous) market for the asset to be measured;
- definition of the appropriate measurement technique, selecting from the market approach, the income approach and the cost approach;
- classification of the fair value determined within one of the three hierarchical levels envisaged in IFRS 13, namely:
  - LEVEL 1: prices listed in active markets for the same asset;
  - LEVEL 2: measurement made using inputs, other than the listed prices indicated in level 1, that are directly or indirectly observable for the asset concerned, indicating the sources of the parameters used;
  - LEVEL 3: inputs not based on observable market data that reflect management's estimates of the assumptions that "market participants" would make when determining the price of the asset to be measured, describing each assumption made, indicating if the value used reflects past experience and is consistent with external sources of information or, if not, how and why the difference arises;
- quantification of any selling costs to be deducted from fair value.

Fair value is estimated as follows:

1. identification of the "cash generating unit" (CGU);
2. identification of the carrying amount of the CGU, with the allocation of goodwill or other assets with an indefinite life to the individual CGU (or groups of CGUs), together with any other assets directly attributable to the individual CGU;
3. identification of evidence of a loss in value;
4. determination of recoverable value, as the greater of **value in use or fair value**;
5. preparation of information about the impairment test: the company prepares a document in support of the impairment test, so that it is possible to reconstruct the entire measurement process.

With regard to the radio frequencies, the group of assets to be measured comprise the ministerial concession, the technical equipment and the "right to use" the broadcasting equipment.

With regard to the measurement of the frequencies, the inputs used for the appraisal were not listed prices, but were directly observable in an active market for those assets.
In order to make a qualitative assessment of the broadcasting equipment, the appraisal identified all the relevant measurement parameters and attributed a score to each of them, based on qualitative considerations and using a scale that is general used and accepted by economic operators in the sector concerned. This scale of values was then given a monetary weighting by defining a correction coefficient, to transform qualitative value into economic value, based on market negotiations for the sale of broadcasting equipment. This coefficient essentially represents a unit of measure that is similar to the price per square metre used as a parameter in the sale of property.

Estimate of value in use

Value in use is determined by discounting the cash flows expected from use of the asset, or the cash generating unit (CGU) to which it is allocated, as well as from its disposal at the end of its useful life. CGUs are identified in a manner consistent with the organisational and business structure of the Group, as homogeneous aggregations that generate independent cash flows deriving from the continuous use of the assets allocated to them.

The value in use referred to in the impairment test was determined in accordance with the requirements of IAS 36. This test calculated the recoverable value of each CGU to which the intangible assets to be checked are allocated, with reference to the cash flows they are expected to generate, as discounted using rates that reflect the specific risks affecting each unit.
During the explicit forecasting period, the expected cash flows were adjusted to take account of any changes in working capital that might affect them.
If adverse, the change in working capital in the final year was prudently deducted from the terminal value; if positive, the terminal value was not adjusted.

The resulting economic value of the capital invested (enterprise value) was adjusted by the net financial position (NFP) at the reference date for the appraisal, as well as by any non-operating (surplus) assets, in order to obtain the equity value to be compared with the carrying amount reported in the financial statements.

1. Identification of the cash generating unit (CGU)

As in the past, the CGUs were identified by reference to the sectors in which each business operates. In particular: Newspapers, Periodicals, Events, Digital (TV, Radio, Business Information), Advertising, Other.

The following principal criteria were used to define the CGUs:

- similarity of the products and/or services provided by the company and/or the type of customer;
- the ability to sell activities separately, and therefore to create a separate CGU, or the need to aggregate them with other activities in order to obtain the expected returns;
- the loss that would be caused to a related activity by the closure of an activity.
- In certain cases, these CGUs coincide with one or more legal entities to which the assets with an indefinite life have been allocated; in other cases, they are only part of a legal entity.

In particular:

NEWSPAPERS:

MF / Milano Finanza / Mf fashion (Financial newspaper)

PERIODICALS:

Assinform (Insurance publishing)
Global Finance (International finance magazine)
Patrimoni and Lombard (Italian finance magazines)
Class (Magazine for men)
Capital (Magazine for men)
Gentleman (Magazine for men)
Ladies (Magazine for women)
Case & Country (Magazine about furnishings and country life)
MFF & MFL (Magazine for Fashion and Magazine for Living)
Eccellenza Italia (Magazine for the Chinese market)

EVENTS:

Campus (Students Fair)
MF Conference (Finance & business and fashion conferences)

DIGITAL:

Class Cnbc (Financial TV)
Class TV and Class Life (TV providing general information, news and lifestyle)
Class TV Moda (Fashion)
Telesia and Aldebaran (Outdoor TV: TV for metros, motorway service stations and airports) *
Corporate TV (TV within banks and companies)
E-class (Digital business information)
MF Dow Jones News (Financial press agency)
Class China eCommerce
Websites and Tablet / Smartphone applications
Radio frequencies

ADVERTISING:

Classpi (Advertising concessionaire).

OTHER:

Analitica (Company appraisals)
Tagliamare ("Portolano" illustrated books)
In Aereo

* The purchase of Aldebaran during 2014 highlights the strategic importance of that company's business: video communications delivered on surface transportation. Drawing on the facilities and technologies available to Aldebaran, Telesia was able to win the ATAC / Roma contract, involving an exclusive advertising concession in Rome for 9 years. This underpins the projects to develop Outdoor TV, now aggregated within one CGU, considering the loss that would be incurred by the Outdoor TV business should this activity be closed or sold.

Of course, only some of the CGUs described above are important for impairment testing purposes, since the values attributable to the titles or the goodwill are reported separately as assets in the statement of financial position.

2. Identification of the carrying amount of the individual CGUs

The carrying amount of the individual CGUs is determined by allocating to them the related goodwill or other assets with an indefinite life, as well as any assets that contribute directly to their operations.

3. Identification of evidence of a loss in value

As required by IAS 36, the company determines at the reporting date if there is any evidence, from internal or external sources, to suggest that the assets subject to impairment may have suffered a loss of value. This analysis is primarily carried out in accordance with the procedure indicated in para. 12 of IAS 36, as supplemented by all the information available to the company at the time.

4. Determination of recoverable value, as the greater of value in use or fair value

Principal choices made when applying the accounting standards and sources of uncertainty when making estimates

Principal uncertainty factors when making estimates

Preparation of the consolidated financial statements and the explanatory notes required the use of estimates and assumptions in order to measure certain assets and liabilities, as well as to quantify contingent assets and liabilities. The estimates and assumptions were made based on historical experience and other relevant factors.

Assets with an indefinite life were subjected to impairment testing in order to identify any losses of value. The principal uncertainties influencing the estimates relate to the discounting rate (WACC), the growth rate (*g*) and the assumptions made when estimating cash flows.
In particular, the prospective data used was based on assumptions about future events and management actions that are subject to estimation and uncertainty, which might result in the events foreseen not taking place, or taking place to an extent or with a timing that differs from that hypothesised or, on the contrary, in events taking place that were not foreseeable at the time the estimates were made.

Principal assumptions made when determining the recoverable value of intangible assets with an indefinite life

These assets are measured whenever there is evidence that they may have suffered a reduction in value. The goodwill relating to CGUs is measured every year, or more frequently, even in the absence of evidence about impairment.

The impairment tests carried out at 31 December 2015 were based on the updated long-term plans approved by the Board of Directors on 18 March 2016. These tests did not identify any impairment, except with regard to the TV Moda CGU. In this regard, based on an analysis of the results achieved with respect to those expected, management has prudently decided to write off the related carrying amount. The measurement parameters adopted were generally somewhat prudent, especially with regard to estimating the discount rates. This reflected a general increase in the risk-free rate, as well as assessments of the specific risks faced by each CGU, having regard for an analysis of the differences between the forecast and actual data, as specified in more detail below. This aspect did not result in the identification of a loss of value, but did tend to reduce the value in use of each CGU, as also reflected in the outcome of the sensitivity analysis.

When determining the discount rates, management compared the actual results for 2015 with the forecast data used for the impairment tests at 31 December 2014, analysing any variances in order to assess their impact on the estimated discount rate (WACC) to be applied to the forecast cash flows.

At a procedural level, as recommended in the joint CONSOB, Bank of Italy and ISVAP document dated 4 March 2010, when the market capitalisation is significantly lower than consolidated shareholders' equity at the reporting date, management analyses the reasons for the different valuation expressed by the financial markets and documents its considerations with reference to the results of the impairment tests carried out. This situation does not apply to the consolidated financial statements at the reporting date.

A sensitivity analysis is presented below, in order to understand the effect that small changes in the assumptions made would have on the recoverable amounts calculated. This sensitivity analysis is an integral part of the impairment tests.

The principal criteria adopted in relation to the impairment tests are indicated below:

- determination of the cash flows of the CGUs: the cash flows derive from the five-year economic and financial budgets approved by the Board of Directors of the legal entity to which the CGUs belong. Reference is to the free cash flow after tax effects and any investment needed in order to generate the cash flow, as adjusted by the related changes in working capital;
- the **explicit** forecasting period, during which the expected revenues and costs of the CGU are identified in detail, is usually taken to be 5 years;
- beyond this period, an **implicit** period of indefinite duration is identified for the cash flow projection. This choice is considered compatible with the measurement of the titles or the goodwill related to them, whose lives are truly indefinite having regard for the time elapsed since their launch.
- the cash flows considered are stated net of tax effects and any investment needed for their generation; in addition, a budget balance sheet for each year in the explicit forecasting period is prepared for each CGU, in order to identify the changes in working capital used to determine the free cash flow needed for the impairment tests;
- given this, a "target" balance sheet structure was identified for each CGU, by making assumption about the changes in the each asset and liability caption. This balance sheet structure was used in order to calculate the discount rate (WACC);
- the forecast cash flows are based on the results historically generated by the CGUs, as well as on assumptions and forecasts about the future development of projects and business areas in which the Group is already active and whose growth was projected in the 2016-2020 business plan;
- the growth rate in the terminal period (g) was generally considered to be 0%.

The following methodology was adopted to determine the weighted-average cost of capital (WACC) used for discounting purposes during the explicit and implicit periods:

- In order to estimate the risk-free interest rate, reference was made to the yield on 10-year BTPs (government securities) maturing in 2025, which averages 1.58%. Although this takes account of the current opportunity cost of capital, the decision was deemed prudent in view of the most recent changes in the yields on government securities, which appear to be declining as a result of the recent ECB manoeuvres;
- A risk premium was added to the risk-free rate identified above. For a mature stock market (source: Damodaran), this was estimated to be 6% (5.75% last year), multiplied by a beta conversion factor that, from Bloomberg for the two-year period 2014-2015 relating specifically to Class, was quantified as 1.188 (1.2 last year); it was in fact deemed prudent to use a rate that takes a longer time period into account, in view of the strong market fluctuations;
- In some cases in which management considered the reference environment to be higher risk than that reflected in the above parameters, the beta parameter was increased by another component associated with the size of the CGU or the more uncertain conditions in the reference market. For the CGUs concerned, this change increased the beta coefficient into a range between 1.20% and 1.50%;
- The cost of borrowing was taken to be the actual cost of the resources borrowed from third parties, net of tax effect;

The CGUs to which the goodwill and other intangible assets with an indefinite life have been allocated are indicated below, together with the principal assumptions used to carry out the impairment test of each CGU::

SUMMARY IMPAIRMENT TEST VALUES 31/12/2015

CGU	*Goodwill before write-down 31/12/15*	Value 100% CGU 31/12/15	% owned	Ec value of CGU owned	D	Explicit forecast period	Terminal period growth rate (g)	Capital remuneration rates				Equity / Total assets	WACC
								Risk-free rate	*Risk premium*	*Beta*	Total Ke		
Mf / Milano Finanza	*12,402*	**28,462**	88.83%	25,282	**12,880**	5	0.00%	*1.58%*	*6.0%*	*1.31*	9.42%	81.62%	**8.5%**
Classpi	*9,773*	**19,570**	76.00%	14,874	**5,101**	5	0.00%	*1.58%*	*6.0%*	*1.31*	9.42%	92.65%	**9.0%**
Assinform	*1,374*	**2,120**	100.00%	2,120	**746**	5	0.00%	*1.58%*	*6.0%*	*1.31*	9.42%	83.71%	**8.6%**
Country Class - Capital	*1,585*	**2,763**	100.00%	2,763	**1,178**	5	0.00%	*1.58%*	*6.0%*	*1.37*	9.78%	85.29%	**9.0%**
TV Moda	*446*	-	51.00%	-	**(446)**								
Class CNBC	*7,097*	**15,910**	63.34%	10,077	**2,980**	5	0.00%	*1.58%*	*6.0%*	*1.31*	9.42%	85.44%	**9.0%**
E-class - Finance	*385*	**10,996**	68.75%	7,559	**7,174**	5	0.00%	*1.58%*	*6.0%*	*1.31*	9.42%	81.67%	**8.4%**
Telesia	*5,224*	**11,285**	93.51%	10,553	**5,329**	5	0.00%	*1.58%*	*6.0%*	*1.31*	9.42%	99.15%	**9.4%**
Campus	*60*	**2,820**	70.00%	1,974	**1,914**	5	0.00%	*1.58%*	*6.0%*	*1.37*	9.78%	83.23%	**8.8%**
Global Finance	*994*	**6,342**	73.52%	4,663	**3,669**	5	0.00%	*1.58%*	*6.0%*	*1.31*	9.42%	100.00%	**9.4%**
Other CGUs (*)	*320*			164	**(156)**		0.00%				0.00%		
Total Goodwill and Titles	*39,660*	**100,269**		**80,030**	**40,370**								

(*) MF Service, Nistri Listri – Collana Tagliamare (Class)

The criteria for identifying CGUs and allocating the Group's activities to them were essentially unchanged with respect to the financial statements at 31 December 2014, except for the addition of Class China eCommerce, which commenced operations during 2015.

The principal assumptions made by management for the calculation of value in use related to the discount rate (WACC), the growth rate (*g*), always set to 0, and the expected changes in selling prices and direct costs during the forecasting period.

The discount rate used to adjust the forecast cash flows reflected the weighted-average cost of capital (WACC), which weights the following two elements:

- the cost of risk capital, determined as the yield from risk-free assets (including the country risk implicit in the market rates) plus the result of multiplying the beta coefficient by the risk premium for a virtuous country;

- the cost of debt finance, net of tax effect.

The results obtained by the internal analyses were supported by those reflected in the specific appraisals prepared by an independent professional, which essentially confirmed the estimates made by the company.

The discount rates (WACC) and growth rates used in 2014 and 2015 are indicated below:

SUMMARY IMPAIRMENT TEST VALUES 31/12/2015				
CGU	31/12/2014		31/12/2015	
	WACC	Terminal period growth rate (g)	WACC	Terminal period growth rate (g)
Mf / Milano Finanza	7.8%	0.0%	8.5%	0.0%
Classpi	8.9%	0.0%	9.0%	0.0%
Assinform	8.5%	0.0%	8.6%	0.0%
Country Class - Capital	9.4%	0.0%	9.0%	0.0%
TV Moda	8.4%	0.0%		
Class CNBC	9.2%	0.0%	9.0%	0.0%
Telesia	9.2%	0.0%	9.4%	0.0%
E-class - Finance	8.1%	0.0%	8.4%	0.0%
Campus	8.9%	0.0%	8.9%	0.0%
Global Finance	9.2%	0.0%	9.5%	0.0%

As mentioned above, the TV Moda CGU was not subjected to impairment testing at 31 December 2015 since, based on an analysis of the results achieved with respect to those expected, management prudently decided to write off the related carrying amount.

The principal results of the sensitivity analysis are summarised below, indicating the CGU values that would result from positive and adverse stresses of the WACC and the *g* rate used in the impairment tests, as well as those that would result if, theoretically, the ratio of own capital to third-party funds was 50%/50%.

Mf / Milano Finanza:

	WACC							D/E = 50/50*
		6.96%	7.46%	7.96%	8.46%	8.96%	9.46%	9.96%	6.80%
Terminal period growth rate = g	0.00%	35,404	32,780	30,485		26,666	25,060	23,615	36,310
	0.50%	37,574	34,615	32,053	29,813	27,839	26,085	24,517	38,602
	1.00%	40,107	36,734	33,846	31,345	29,159	27,231	25,518	41,289
	1.50%	43,104	39,209	35,916	33,097	30,656	28,521	26,639	44,482
	2.00%	46,706	42,137	38,334	35,120	32,368	29,984	27,900	48,341

**Theoretical "target" balance sheet structure*

Classpi:

	WACC							D/E = 50/50*
		7.54%	8.04%	8.54%	9.04%	9.54%	10.04%	10.54%	6.80%
Terminal period growth rate = g	0.00%	21,464	20,754	20,127		19,073	18,626	18,221	22,701
	0.50%	22,035	21,242	20,548	19,936	19,393	18,907	18,471	23,432
	1.00%	22,693	21,799	21,025	20,348	19,751	19,220	18,746	24,288
	1.50%	23,460	22,442	21,570	20,814	20,153	19,570	19,052	25,307
	2.00%	24,365	23,192	22,198	21,347	20,609	19,963	19,394	26,537

**Theoretical "target" balance sheet structure*

Assinform:

	WACC							D/E = 50/50*
		7.09%	7.59%	8.09%	8.59%	9.09%	9.59%	10.09%	6.88%
Terminal period growth rate = g	0.00%	2,592	2,414	2,258		1,997	1,888	1,789	2,676
	0.50%	2,738	2,537	2,364	2,211	2,077	1,957	1,850	2,833
	1.00%	2,907	2,680	2,485	2,315	2,166	2,035	1,918	3,017
	1.50%	3,107	2,846	2,624	2,433	2,267	2,122	1,994	3,235
	2.00%	3,347	3,041	2,786	2,569	2,383	2,221	2,079	3,498

**Theoretical "target" balance sheet structure*

Country Class - Capital:

	WACC							D/E = 50/50*
		7.51%	8.01%	8.51%	9.01%	9.51%	10.01%	10.51%	6.98%
Terminal period growth rate = g	0.00%	3,684	3,338	3,033		2,523	2,309	2,115	4,108
	0.50%	3,971	3,583	3,244	2,947	2,684	2,450	2,240	4,450
	1.00%	4,302	3,863	3,484	3,154	2,864	2,607	2,378	4,850
	1.50%	4,688	4,187	3,758	3,388	3,066	2,783	2,532	5,322
	2.00%	5,144	4,564	4,074	3,656	3,295	2,980	2,704	5,890

**Theoretical "target" balance sheet structure*

Class CNBC:

	WACC								D/E = 50/50*
		7.52%	8.02%	8.52%	9.02%	9.52%	10.02%	10.52%	6.70%
Terminal period growth rate = g	0.00%	21,840	19,616	17,654		14,349	12,944	11,673	26,179
	0.50%	23,744	21,252	19,071	17,147	15,436	13,905	12,527	28,669
	1.00%	25,939	23,121	20,677	18,538	16,651	14,973	13,471	31,596
	1.50%	28,500	25,276	22,512	20,115	18,017	16,165	14,519	35,086
	2.00%	31,524	27,789	24,627	21,916	19,565	17,507	15,691	39,317

**Theoretical "target" balance sheet structure*

E-Class - Finance:

	WACC								D/E = 50/50*
		6.86%	7.36%	7.86%	8.36%	8.86%	9.36%	9.86%	6.52%
Terminal period growth rate = g	0.00%	14,062	12,900	11,886		10,207	9,503	8,872	14,943
	0.50%	15,039	13,724	12,589	11,600	10,731	9,960	9,274	16,044
	1.00%	16,181	14,677	13,394	12,287	11,321	10,473	9,721	17,344
	1.50%	17,538	15,794	14,326	13,073	11,992	11,050	10,221	18,902
	2.00%	19,173	17,119	15,417	13,984	12,761	11,706	10,786	20,806

**Theoretical "target" balance sheet structure*

Telesia:

	WACC								D/E = 50/50*
		7.87%	8.37%	8.87%	9.37%	9.87%	10.37%	10.87%	6.61%
Terminal period growth rate = g	0.00%	13,688	12,790	11,994		10,649	10,075	9,555	16,567
	0.50%	14,397	13,400	12,524	11,747	11,055	10,434	9,874	17,648
	1.00%	15,209	14,093	13,120	12,264	11,507	10,831	10,224	18,922
	1.50%	16,149	14,887	13,797	12,847	12,012	11,272	10,612	20,445
	2.00%	17,249	15,805	14,573	13,509	12,582	11,766	11,044	22,298

**Theoretical "target" balance sheet structure*

Campus:

	WACC								D/E = 50/50*
		7.34%	7.84%	8.34%	8.84%	9.34%	9.84%	10.34%	6.98%
Terminal period growth rate = g	0.00%	3,250	3,088	2,946		2,708	2,607	2,516	3,381
	0.50%	3,382	3,200	3,042	2,904	2,781	2,671	2,573	3,530
	1.00%	3,535	3,330	3,153	2,998	2,863	2,743	2,636	3,704
	1.50%	3,714	3,479	3,279	3,106	2,956	2,823	2,706	3,910
	2.00%	3,927	3,654	3,425	3,229	3,061	2,914	2,785	4,157

**Theoretical "target" balance sheet structure*

Global Finance:

	WACC								D/E = 50/50*
		7.92%	8.42%	8.92%	9.42%	9.92%	10.42%	10.92%	6.80%
Terminal period growth rate = g	0.00%	7,522	7,082	6,691		6,029	5,746	5,488	9,284
	0.50%	7,891	7,401	6,970	6,587	6,245	5,937	5,659	9,893
	1.00%	8,314	7,764	7,284	6,861	6,485	6,149	5,848	10,614
	1.50%	8,803	8,179	7,640	7,169	6,754	6,385	6,056	11,483
	2.00%	9,374	8,659	8,048	7,518	7,056	6,649	6,288	12,550

**Theoretical "target" balance sheet structure*

2) Other intangible assets

Other intangible assets amount to **12,817 thousand euro** at 31 December 2015 after the following changes during the year:

€uro/000	Start-up and expansion costs	R&D and advertising expenses	Patent rights	Concessions, licences and trademarks	Assets in progress and advances	Other intangible assets	**Total**
Historical cost	**--**	**--**	**10,049**	**141**	**222**	**35,339**	**45,751**
Prior revaluations							
Prior write-downs							
Accumulated amortisation	--	--	(9,992)	(126)	--	(23,860)	**(33,978)**
Opening balance	**--**	**--**	**57**	**15**	**222**	**11,479**	**11,773**
Change in scope of consolidation							**--**
Additions during the year	--	--	--	--	--	4,848	**4,848**
Reclassifications (-)							**--**
Reclassifications (+)				3			**3**
Write-downs during the year					(11)		**(11)**
Exchange differences							
Amortisation charge for the year	--	--	(21)	(4)	--	(3,771)	**(3,796)**
Total	**--**	**--**	**36**	**14**	**211**	**12,556**	**12,817**
Changes pursuant to art. 2426, no. 3							
Total other intangible assets	**--**	**--**	**36**	**11**	**211**	**12,556**	**12,817**

The increase in the value of other intangible assets was mainly due to the investment in software by Class Editori, as well as by E-Class and PMF News which operate in the financial information sector.

3) Property, plant and equipment

At 31 December 2015, property, plant and equipment comprise:

€uro/000	31/12/14	31/12/15
Land and buildings	304	300
Plant and machinery	2,013	1,819
Other assets	1,577	1,225
Assets under construction	--	71
Total	**3,894**	**3,415**

The changes in property, plant and equipment are indicated below:

€uro/000	
Balance at 31/12/2014	**3,894**
Increases during the year	1,046
Decreases during the year	(36)
Depreciation charge for the year	(1,489)
Balance at 31/12/2015	**3,415**

Details and the related changes are presented on a comparative basis in the following table:

€uro/000	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Assets under construction	Total
Historical cost	**364**	**23,033**	**1,641**	**18,564**	**--**	**43,602**
Prior revaluations						**--**
Prior write-downs						**--**
Accumulated depreciation	(60)	(21,020)	(1,641)	(16,987)	--	**(39,708)**
Opening balance	**304**	**2,013**	**--**	**1,577**	**--**	**3,894**
Change in scope of consolidation						**--**
Additions during the year		533		442	71	**1,046**
Reclassifications (-)						**--**
Reclassifications (+)						**--**
Disposals during the year		(9)		(27)		**(36)**
Exchange differences						**--**
Depreciation charge for the year	(4)	(718)	--	(767)	--	**(1,489)**
Total	**300**	**1,819**	**--**	**1,225**	**71**	**3,415**
Changes pursuant to art. 2426, no. 3						**--**
Total property, plant and equipment	**300**	**1,819**	**--**	**1,225**	**71**	**3,415**

4) Investments measured at equity

Investments in associates amount to **6.71 million euro** compared with 6.69 million euro at 31 December 2014. Since 31 December 2014, Class Editori has purchased a 50% interest in Embrace.it for 60 thousand euro. The changes in the value of the investments held in Italia Oggi Editori Erinne Srl and Mito Srl reflect the revaluations recorded to recognise the profits earned during the year and the resulting increase in their equity value. The write-down of the investment held in Radio Cina Italia Srl reflects the loss incurred by the company during 2015. A minority interest in Wetobusiness Srl was also acquired during the year.

The changes during the year are summarised in the following table:

€uro/000	**Balance at 31/12/14**	**Increases**	**Disposals / Reclassif.**	**Write-ups / (Write-downs)**	**Changes recognised in SE**	**Balance at 31/12/15**
Italia Oggi Editori Erinne Srl	4,096			(26)	51	4,121
Editorial Class S.A.	14					14
Emprimer Spa	5					5
Mito Srl	5			20		25
Radio Cina Italia Srl	2,568			(62)		2,506
Embrace.it Srl	--	60		(29)		31
Wetobusiness Srl	--	10		--		10
Total	**6,688**	**70**	**--**	**(97)**	**--**	**6,712**

5) Other equity investments

€uro/000	**Balance at 31/12/14**	**Increases**	**Disposals/ Write-downs**	**Reclassifications**	**Balance at 31/12/15**
Il Manifesto	10				10
Proxitalia	5				5
Entropic Synergies	300				300
Banca Popolare di Vicenza	497	2			499
Total	**812**	**2**	**--**	**--**	**814**

6) Non-current trade receivables

The reported balance, **3,089 thousand euro** (16,961 thousand euro at the end of 2014), relates entirely to the residual non-current portion of the trade receivable generated on the sale in 2011 of software originally developed by E-Class and PMF. This receivable was assigned by them to Class Editori in 2012. An agreement was reached in 2015 enabling Class Editori to obtain the early collection of this receivable on the following basis: 7.5 million euro collected during December 2015, (ii) a further 7.5 million euro to be collected during the first few months of 2016 (with the reclassification of this amount among the current trade receivables), (iii) the remaining 3.59 million euro to be collected subsequent to 31 December 2024. In accordance with IFRS requirements, the residual nominal value of this non-current receivable has been discounted, resulting in the recognition of a provision amounting to **503 thousand euro**.

7) Non-current tax receivables

These amount to **19.1 million euro**, compared with 23.5 million euro at 31 December 2014. They include deferred tax assets at 31 December 2015 of 3.84 million euro, compared with 6.87 million euro at 31 December 2014, as well as IRES credits for the losses reported by the tax group of 15.28 million euro, compared with 16.68 million euro at 31 December 2014. On a prudent basis, the Publishing House has not recognised the deferred tax assets associated with the IRES losses accumulated in 2014 and 2015. The reduction in the non-current tax receivables was also due to the adjustment of the IRES credit pursuant to the recent 2016 Stability Law, which reduced the IRES rate, commencing from 2017, from 27.5% to 24%. This caption is analysed in the detailed table contained in note 30) Taxes.

8) Other non-current receivables

Other non-current receivables amount to **2.53 million euro** at 31 December 2015, compared with 2.52 million euro at 31 December 2014.

The balance mostly reflects guarantee deposits paid when signing contracts to rent buildings. These include a deposit of 2.0 million euro paid by Class Editori to Compagnia Immobiliare Azionaria Spa during the renovation by the CIA group of the property located in Milan at the intersection of Corso Italia and Via Burigozzo, part of which is used as offices by the Publishing House. Class Editori signed the related rental contract with Diana Bis Srl, a subsidiary of CIA Spa, with effect from 1 July 2012.

CURRENT ASSETS

9) Inventories

These total **2.14 million euro** compared with 2.55 million euro at 31 December 2014. Paper is valued on a FIFO basis, while photographic services, finished products and goods held for resale are stated at purchase cost, which is less than or equal to their market value.

Inventories are analysed below:

€uro/000	**31/12/14**	**31/12/15**
Paper	243	276
Raw and consumable materials	186	161
Editorial materials	89	54
Total raw, ancillary and consumable materials	**518**	**491**
Finished products and goods	2,034	1,651
Total inventories	**2,552**	**2,142**

Finished products at 31 December 2015 are stated net of an inventory allowance of 852 thousand euro, while editorial materials are stated net of an allowance totalling 80 thousand euro. The allowances adjust the carrying amount of the products held at period end to their fair value.

10) Securities available for sale

This caption amounted to 2.55 million euro at 31 December 2014 and related to the 51% interest held in Radio Cina Italia Srl. This investment was classified as a current asset since a preliminary sale contract had been signed on 19 November 2014, involving the disposal of the holding for 2.55 million euro, of which 2 million euro had already been collected at 31 December 2014. The transfer of the quotas was completed during the year and the residual receivable of 550 thousand euro was collected. Accordingly, there are no securities available for sale at 31 December 2015.

11) Current trade receivables

Current trade receivables have decreased from 76.21 million euro at 31 December 2014 to **66.48 million euro** at 31 December 2015.

They are analysed below:

€uro/000	**31/12/14**	**31/12/15**
Ordinary customers	46,903	50,844
Invoices to be issued	10,748	2,184
Trade notes	281	215
Distribution receivables due from associates (Italia Oggi - Erinne)	3,955	5,335
Due from associates	16,248	10,826
Allowance for doubtful accounts	(1,922)	(2,922)
Total trade receivables	**76,213**	**66,482**

Amounts due from customers are mainly of a commercial nature, linked to the advertising revenues generated by Classpi Spa, the Group's sub-licensee for the collection of advertising business.

The reduction in trade receivables with respect to the prior year relates to the collection of the amount due from Sky Italia, 8 million euro, which was reported among the invoices to be issued at the end of 2014. This receivable related to the sale of the licence to broadcast on channel LCN 27.

There has also been an overall reduction in the amounts due from associates, especially from Italia Oggi Editori, which is the sole distributor of all the titles published by the Publishing House.

The amount of receivables written down during the year totalled about 1.41 million euro, of which 564 thousand euro was covered by allowances. Further provisions for doubtful accounts of about 1.56 thousand euro were recorded during 2015 following an analysis of recoverability.

As required by international accounting standards, the measurement of trade receivables takes account of the time value of money; accordingly, they have been discounted to reflect the expected time required for collection. The reduction in the value of current trade receivables, due to discounting them to their present value at 31 December 2015, amounts to 0.24 million euro.

12) Current financial receivables

€uro/000	31/12/14	31/12/15
Financial receivables due from associates (Italia Oggi - Erinne)	4,247	4,340
Financial receivables due from associates (Class Roma)	--	5
Financial receivables due from associates (Radio Cina Italia)	--	269
Financial receivables from Euroclass Multimedia Holding	245	245
Financial receivables from others	2,890	3,047
Total financial receivables	**7,382**	**7,906**

Financial receivables from others principally comprise loans to companies in the CIA group.

13) Current tax receivables

€uro/000	31/12/14	31/12/15
Bank withholding tax	24	--
IRES/IRAP tax credits	981	792
VAT recoverable	4,464	4,105
Other tax receivables	1,890	1,160
Total tax receivables	**7,359**	**6,057**

Current tax receivables decreased during the year. In particular, this was due to the settlement of an old outstanding balance relating to a VAT tax demand paid in 2008, that the Publishing House expected to recover and that was, in fact, recovered during the year.

14) Other current receivables

€uro/000	31/12/14	31/12/15
Commission advances	1,558	1,497
Credit notes to be received/advances to suppliers	12,746	4,283
Due from employees	254	268
Accrued income and prepaid expenses	4,228	4,362
Due from other publishers	686	699
Due from social security institutions	580	420
Other receivables	244	373
Total other receivables	**20,296**	**11,902**

The decrease in credit notes to be received from suppliers was principally due to the receipt of credit notes in relation to a number of important agreements to settle outstanding balances reached during the prior year, as well as to the close-out of advances made to suppliers, particularly those within the CIA Group, on receipt of the related invoices.

Prepaid expenses reflect the deferral of initial balloon payments made in relation to operating leases covering the use of software and licences in the *digital publishing* area.

15) Liquid funds

€uro/000	31/12/14	31/12/15
Bank deposits	7,319	9,080
Postal accounts	144	74
Cash and equivalents on hand	35	14
Total liquid funds	**7,498**	**9,168**

The net financial position and its primary components are presented below in the format recommended by Consob.

Net financial position

€uro/000	31/12/14	31/12/15
• Cash	35	14
a) Bank deposits	*7,319*	*9,080*
b) Postal deposits	*144*	*74*
• Other liquid funds	7,463	9,154
• **Liquid funds and other financial assets (A+B)**	**7,498**	**9,168**
• Securities held for sale	2,550	--
c) Financial receivables due from associates	*4,247*	*4,614*
d) Derivative instruments and other financial assets	*3,135*	*3,292*
• Receivables and other current financial assets	7,382	7,906
• **Current financial assets (D+E)**	**9,932**	**7,906**
• Current bank payables	19,303	23,127
e) Mortgage loans	*3,965*	*3,012*
f) Loans	*50,138*	*50,138*
• Current portion of non-current loans	54,103	53,150
g) Financial payables due to associates	*4,356*	*1,604*
h) Derivative instruments and other financial assets	--	--
• Other current financial payables	4,356	1,604
a) Due to banks and other current financial payables (G+H+I)	**77,762**	**77,881**
b) Current net financial position (C+F-L)	**(60,332)**	**(60,807)**
i) Mortgage loans	*2,897*	*90*
j) Loans	--	--
c) Non-current portion of loans	2,897	90
d) Other non-current financial payables	--	--
e) Non-current financial payables (N+O)	**2,897**	**90**
f) Net financial position (M-P)	**(63,229)**	**(60,897)**

EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY

16) Changes in shareholders' equity

€uro/000	**Balance at 31/12/14**	Allocation of results	Trans. difference	IAS 19 change in severance indemnities	Capital increase	Other changes	Results for the year	**Balance at 31/12/15**
Shareholders' equity:								
Group interest:								
Share capital	**28,322**							**28,322**
Share premium	**52,851**							**52,851**
Revaluation reserve								
Legal reserve	**2,544**							**2,544**
Treasury shares reserve	**(94)**							**(94)**
Statutory reserves								
Consolidation reserve	**(6,708)**	6,721	135	499		(422)		**225**
Other	**1,835**			23				**1,858**
Retained earnings (accumulated losses)	**114**	(21,129)						**(21,015)**
Profit (loss) for the year	**(14,408)**	14,408					(22,328)	**(22,328)**
Equity attributable to owners of parent	**64,456**	**--**	**135**	**522**	**--**	**(422)**	**(22,328)**	**42,363**
NCI:								
Capital and reserves attributable to NCI	**6,539**	1,219	49	95		202		**8,104**
Net profit (loss) attributable to NCI	**1,219**	(1,219)					86	**86**
Equity attributable to NCI	**7,758**	**--**	**49**	**95**	**--**	**202**	**86**	**8,190**
Total shareholders' equity	**72,214**	**--**	**184**	**617**	**--**	**(220)**	**(22,242)**	**50,553**

In addition to the results for the year and the allocation of the results for 2014, the principal change in consolidated shareholders' equity was the positive effect of the actuarial adjustments made to the provision for severance indemnities as required by IAS 19, 0.62 million euro, which were recognised directly in equity. As a consequence of the change in the euro/dollar exchange rate, the translation reserve associated with Global Finance, a US company, has also increased.

The non-controlling interest amounts to **8.19 million euro** compared with 7.76 million euro at 31 December 2014. The increase was due to the results for the year and the combined effect of the phenomena described above.

The Shareholders' Meeting held on 30 April 2015 resolved to grant the Board of Directors a new mandate, valid for a period of 18 months, to purchase and make use of treasury shares, in one or more tranches, representing not more than 10% of share capital and, in all cases, without exceeding the distributable profits and the available reserves reported in the latest approved financial statements. Again on that date, the Extraordinary session of the Shareholders' Meeting resolved to eliminate the nominal value of the shares and to consolidate the outstanding ordinary shares on the basis of 1 new ordinary share for every 3 ordinary shares held. Following this consolidation, share capital is now represented by 94,406,358 shares. The Shareholders' Meeting also authorised the issue of shares with additional voting rights. The consolidation of Class shares (1 new ordinary share for every 3 ordinary shares held) was completed on 4 June 2015, when the shares ceased to have a nominal value. Following this consolidation, share capital is now represented by 94,406,358 new shares.

NON-CURRENT LIABILITIES

17) Non-current financial payables

€uro/000	31/12/14	31/12/15
Long-term portion of loans	2,897	90
Total financial payables	**2,897**	**90**

The decrease in non-current financial payables since 31 December 2014 reflects the reclassification as current financial payables of instalments falling due within 12 months of 31 December 2015. Non-current financial payables at 31 December 2015 entirely relate to a loan obtained by Assinform from Banca Carige, expiring in 2017. The amount due beyond 12 months totals 90 thousand euro.

18) Deferred tax liabilities

Deferred tax liabilities at 31 December 2015 amount to **1.18 million euro**, compared with 1.21 million euro at 31 December 2014. This caption is analysed in the detailed table contained in note 30) Taxes.

19) Provisions for risks and charges

€uro/000	
Balance at 31/12/2014	**2,632**
Change in scope of consolidation	--
Provisions for the year	232
Utilisations during the year	(2,308)
Exchange differences	
Balance at 31/12/2015	**556**

The utilisations during the year include 2,165 thousand euro to cover the post-closure costs of the Class TV channel, following disposal of the LCN27 licence at the end of the prior year. An amount of 143 thousand euro was also utilised during the year to cover the settlement of disputes.

New Satellite Radio recorded additional provisions during the year to cover the possible adverse effects of completing the liquidation of Worldspace Italia.

The other provisions for liabilities and charges are adequate in relation to the contingencies identified by the Publishing House, which mainly relate to proceedings arising from publishing activities.

20) Employee severance indemnities

€uro/000	**Balance at 31/12/14**	Change in scope of consolidation	Transfers/ Utilisation	Financial charges	Actuarial losses	Provisions	**Balance at 31/12/15**
Category:							
Executives	**575**	--	(115)	1	(57)	29	**433**
Journalists	**2,818**	--	(487)	3	(262)	133	**2,205**
Clerical staff	**3,905**	--	(168)	5	(298)	298	**3,742**
Total employee severance indemnities	**7,298**	**--**	**(770)**	**9**	**(617)**	**460**	**6,380**

The following table summarises the actuarial assumptions used to determine the provision for employee severance indemnities at 31 December 2015 in accordance with IAS 19:

Actuarial assumptions used

Financial assumptions:

Discounting rate	*Eur Composite AA curve at 31.12.2015*

Terms (years)	*Rates*
1	*0.033%*
2	*0.132%*
3	*0.289%*
4	*0.492%*
5	*0.705%*
7	*1.111%*
8	*1.290%*
9	*1.464%*
10	*1.623%*
15	*2.072%*

Inflation rate	*1.50%*
Expected salary increase rate (including inflation)	*1.95%*
Percentage of indemnity requested in advance	*70.00% / 100.00%*

Demographic assumptions:

Maximum retirement age	*Based on the latest legislative provisions*
Mortality tables	*RGS 48*
Annual Average Percentage of Staff Turnover*	*6.33%*
Annual probability of requesting an advance	*3.50%*

* calculated for any reason for leaving, in the first ten years following the assessment year

Sensitivity analysis	Sensitivity	*EMPLOYEE SEVERANCE INDEMNITIES New DBO*
Discounting rate	*+0.50%*	5,970,409
	-0.50%	6,638,838

Additional information	*EMPLOYEE SEVERANCE INDEMNITIES*
Duration (in years)	13.52

Expected payments	*EMPLOYEE SEVERANCE INDEMNITIES*
Expected payments at 31.12.2016	495,536
Expected payments at 31.12.2017	402,870
Expected payments at 31.12.2018	566,689
Expected payments at 31.12.2019	389,185
Expected payments at 31.12.2020	378,615
Expected payments between 1.01.2021 and 31.12.2025	2,097,471

CURRENT LIABILITIES

21) Current financial payables

€uro/000	**31/12/14**	**31/12/15**
Bank overdrafts and commercial lines of credit	19,303	23,127
Associates C/A	4,356	1,604
Amounts due to other lenders	54,103	53,150
Total financial payables	**77,762**	**77,881**

Amounts due to other lenders include hot money and stand-by loans arranged by Class Editori and subsidiaries amounting to about 76 million euro. Further details can be found in the report on operations, in the section that discusses the net financial position.

22) Current trade payables

€uro/000	**31/12/14**	**31/12/15**
Due to suppliers and collaborators	27,510	24,411
Invoices to be received and credit notes to be issued	14,457	9,039
Due to associates	3,202	4,989
Total trade payables	**45,169**	**38,439**

The significant reduction in trade payables since 31 December 2014 was principally due to payments made under the rescheduling agreements reached in the prior year, as well as to the efforts made to contain expenditure.

23) Current trade payables

€uro/000	31/12/14	31/12/15
VAT payable	119	47
Withholding tax payable	987	1,986
Other tax payables	119	456
Current tax payables	848	135
Total tax payables	**2,073**	**2,624**

The increase in withholding tax payable was due to a temporary delay in making these payments by Group companies, resulting in some past-due balances at 31 December 2015. These payables are currently being settled, with normalisation expected during the first few months of 2016.

The current tax payables relate to the tax charge on the results for the year.

24) Other current payables

€uro/000	31/12/14	31/12/15
Due to social security institutions	1,162	1,191
Due to agents for commissions	2,623	2,568
Due to employees	568	884
Dividends payable	97	97
Deferred subscription income	770	813
Returns to be received	11,122	8,283
Other accrued expenses and deferred income	2,779	2,791
Client advance accounts	2,032	29
Other payables	550	535
Total other payables	**21,703**	**17,191**

As mentioned, the reduction in client advance accounts was due to the collection of the residual receivable, and consequent closure of the advance, on the sale of the 51% interest in Radio Cina Italia, for which an advance of 2 million euro had been collected.

INCOME STATEMENT

In addition to the discussion contained in the report on operations, the economic performance of Class Editori Spa and its subsidiaries is analysed by business segment below.

25) Revenues

€uro/000	31/12/14	31/12/15	% change
Revenues from subscriptions and copies	29,601	28,129	*(5.0)*
Advertising revenues	45,418	42,533	*(6.4)*
Other revenues	14,720	7,277	*(50.6)*
Total operating revenues	**89,739**	**77,939**	***(13.1)***
Operating grants	295	370	*25.4*
Total	**90,034**	**78,309**	***(13.0)***
Non-core income	6,417	1,510	*(76.5)*
Total revenues	**96,451**	**79,449**	***(17.2)***

26) Production costs

Operating costs are detailed as follows:

€uro/000	31/12/14	31/12/15	% change
Purchases	3,798	4,380	*15.3*
Services	64,100	57,192	*(10.8)*
Payroll costs	18,870	17,905	*(5.1)*
Other operating costs	3,755	3,729	*(0.7)*
Total operating costs	**90,523**	**83,206**	***(8.1)***
Non-recurring expense	4,682	3,252	*(30.5)*
Total operating costs	**95,205**	**86,458**	***(9.2)***

Services are analysed in more detail below:

€uro/000	31/12/14	31/12/15	% change
Production costs	25,510	18,893	*(25.9)*
Editorial costs	4,981	5,266	*5.7*
Commercial/advertising costs	18,261	18,809	*3.0*
Distribution costs	4,313	4,588	*6.4*
Other costs	11,035	9,636	*(12.7)*
Total service costs	**64,100**	**57,192**	***(10.8)***

27) Non-core income (charges), net

In particular:

€uro/000	31/12/14	31/12/15	% change
Non-recurring income	5,915	1,494	*(74.7)*
Gains on/revaluations of equity investments	502	16	*(96.8)*
Total non-core income	**6,417**	**1,510**	***(76.5)***
Non-recurring expense	(2,123)	(1,908)	*(10.1)*
Losses on receivables (not covered by allowances)	(1,734)	(853)	*(50.8)*
Reimbursement of losses and settlements	(825)	(491)	*(40.5)*
Total non-core charges	**(4,682)**	**(3,252)**	***(30.5)***
Net non-core items	**1,735**	**(1,742)**	***n.s.***

Non-recurring income was significantly lower than in 2014, which included the effect of cancelling payables following the settlements reached with suppliers, as well as the elimination of old balances no longer due. The non-recurring income recorded in 2015 includes the effect of correcting differences in the prior-year current and deferred tax calculations, as well as revenues relating to prior years, payouts from bankruptcies in relation to receivables already written off, differences between actual costs and those estimated in prior years, and the elimination of payables for which no cash outflow was required.
Non-core charges include out-of-period expenses, losses on receivables and period costs relating to disputes and other settlements.
As in the prior year, the size of the losses recognised was a direct consequence of the current crisis afflicting the Italian economy, with the resulting closure of the Publishing House's customers and related adverse effects.
Specifically, the non-recurring expense recorded in 2015 includes the effect of correcting differences in the prior-year current and deferred tax calculations, 142 thousand euro, and the write-off of old receivables totalling about 800 thousand euro. The balance relates to costs not recorded in the correct accounting period and the reversal of revenue recorded in prior years but not actually earned.

28) Depreciation, amortisation and write-downs

This caption comprises the depreciation and amortisation charges relating to property, plant and equipment and to intangible assets. A breakdown by type of asset is detailed in the tables relating to the statement of financial position, while a summary is provided below:

€uro/000	31/12/14	31/12/15	% change
Amortisation of intangible assets	3,141	3,796	20.9
Depreciation of property, plant and equipment	1,495	1,489	(0.4)
Provisions for doubtful accounts/risks	4,179	2,146	(48.6)
Write-down of intangible assets with an indefinite life	1,769	602	(66.0)
Total amortisation, depreciation and write-downs	**10,584**	**8,033**	**(24.1)**

The increased amortisation of intangible assets principally reflects the investment made in the finance area by the Publishing House over the past few years. The provisions for doubtful accounts/risks principally relate to trade receivables. In particular, as a result of the current economic crisis, which has made the routine collection of trade receivables problematic, a prudent decision was made in 2015 to make a provision for doubtful accounts of 1.7 million euro. The reduction with respect to the prior year was mainly because, in 2014, this caption included a provision of 2.16 million euro to cover the post-closure costs of the Class TV channel. The write-down of intangible assets with an indefinite life is also explained by the difficult conditions in the publishing sector. Based on the impairment tests carried out at the end of the year, the directors decided to write-down certain intangible assets with an indefinite life, as described further in the notes to the statement of financial position.

29) Net financial income (charges)

Financial income and charges are analysed below:

€uro/000	**31/12/14**	**31/12/15**
Bank interest income	137	1
Financial income from associates	232	168
Other financial income	1,301	1,293
Investments measured at equity	67	42
Total financial income	**1,737**	**1,504**
Bank and loan charges	(418)	(410)
Bank interest expense	(1,356)	(975)
Loan interest charges	(2,665)	(2,414)
Financial charges from associates	(24)	(64)
Other financial charges	(129)	(160)
Investments measured at equity	--	(139)
Total financial charges	**(4,592)**	**(4,162)**
Net financial income (charges)	**(2,855)**	**(2,658)**

Other financial income and charges include the effects of discounting receivables to their present value, in order to recognise the time value of money. The trend in interest rates and the early collection of receivables that, as described in the Report on Operations, were originally collectible over a longer period, had a beneficial effect on this caption during 2015, with the recognition of financial income totalling 1.16 million euro.

30) Taxes

These are analysed as follows:

€uro/000	**31/12/14**	**31/12/15**
Taxes for the year	2,168	1,080
Change in deferred taxation	(1,172)	3,832
Total taxes for the year	**996**	**4,912**

On a prudent basis, the Publishing House has not recognised the deferred tax assets associated with the IRES losses accumulated in 2015.
As already mentioned, the accounting effects of the change in the IRES rate from 27.5% to 24% (commencing from 2017) were recognised during the year. This increased the tax charge by 2.5 million euro, including 2.1 million euro to adjust the deferred tax assets recognised in relation to the consolidated IRES losses, while the balance relates to the temporary differences reported in the following table.

Art. 2427, para. 14, of the Italian Civil Code requires the preparation of a schedule indicating:
a) description of the temporary differences that resulted in the recognition of deferred tax assets and liabilities, specifying the tax rate applied and any changes with respect to the previous year, the amounts credited or debited to the income statement or to shareholders' equity, the items excluded from the calculation and the related reasons;
b) the deferred tax assets recognised in relation to current and prior year losses and the reasons for such recognition, together with the amount not yet recognised and the reasons for this omission.

	Balance at 31/12/2014			Balance at 31/12/2015			
	Amount of temporary differences	Tax effect	Effect on results	Amount of temporary differences	Tax effect	Effect of 2015 rate change	Effect on results
Tax rate applied	27.50%			27.50%			
Tax rate applied	31.40%			31.40%			
Tax rate applied				24.00%			
Deferred tax assets/liabilities:							
Tax benefit of IRES losses	(5,885)	1,618	(134)	(5,527)	1,520	(256)	(321)
Tax benefit of IRES losses	(1,742)	479	--	(3,484)	958	--	--
Publication start-up	2,703	(849)	(82)	2,862	(899)	101	51
Investment write-down – Change in scope of consolidation	--	--	--	--	--	(1)	(1)
Taxed allowance for doubtful accounts	(1,713)	471	121	(2,273)	598	(42)	85
Taxed allowance for doubtful accounts - Change in scope of consolidation	--	--	--	--	--	--	--
Provisions for liabilities and charges	(2,370)	652	530	(213)	59	(7)	(602)
Provision for discounting receivables	(652)	179	(21)	(676)	185	(24)	(19)
Time value adjustment	73	(20)	--	73	(20)	--	--
Maintenance expenses	(131)	41	(12)	(69)	24	(3)	(21)
Maintenance expenses – Change in scope of consolidation	(27)	7	--	(54)	15	--	--
Inventory write-down provision	(126)	35	(8)	(128)	35	(3)	(3)
4/5ths gain on sale of lines of business	1,045	(287)	(287)	1,371	(379)	15	21
Directors' remuneration	(413)	114	(32)	(415)	113	(13)	(10)
Directors' remuneration – Change in scope of consolidation	(12)	3		(12)	3	--	--
Excess financial charges	(12,030)	3,308	640	(12,145)	3,319	(194)	(307)
Financial charge adjustments	51	(14)	--	272	(75)	--	--
Severance indemnity differences	(68)	19	(13)	(108)	29	(1)	8
Write-up of frequencies	3,827	(1,202)	1,219	3,827	(1,202)	134	134
Transfer of excess financial charges to the group	704	(194)	2	6,053	(1,656)	7	(694)
Excess GOP	(2,857)	786	284	(3,026)	829	(9)	12
GOP adjustment	--	--	--	294	(81)	--	--
Transfer of GOP to the group	--	--	--	2,107	(579)	--	--
Unused ACE	(1,213)	334	254	(1,361)	369	(41)	(6)
Exchange of goods at fair value	(115)	36	--	(115)	36	--	--
Intangible asset amortisation differences	159	(50)	1	158	(50)	(18)	(18)
Tangible asset depreciation differences	(647)	204	--	(647)	204	1	1
Net deferred tax assets (liabilities)		**5,670**	**2,462**		**3,355**	**(354)**	**(1,690)**
Net effect:							
On results for the year		2,462				(1,690)	
Out-of period adjustments to initial balance		--				(105)	
On opening shareholders' equity - change in scope of consolidation		486				--	
Credits transferred to tax consolidation						(1,335)	
Adjustments to initial balance		--				141	
On opening shareholders' equity		2,707				5,655	
On closing shareholders' equity		**5,655**				**2,666**	

The changes in deferred taxation reported in the income statement total 3.8 million euro, including 2.1 million euro relating to the reduction in the consolidated IRES credit following the reduction in the IRES rate from 2017, and 1.7 million euro relating to the effects on the result presented in the detailed table.

31) Tax effect of other components of consolidated comprehensive income

The other components of consolidated comprehensive income derive from the following:

- changes in the consolidated translation reserve relating to differences arising on the transaction of the equity of Global Finance Inc., the US subsidiary. This reserve amounts to 170 thousand euro at 31 December 2014 (Group interest of 125 thousand euro; non-controlling interest of 45 thousand euro). This reserve had a negative balance of 38 thousand euro at 31 December 2013 (Group interest of 28 thousand euro; non-controlling interest of 10 thousand euro);
- the amendment of IAS 19 relating, in particular, to the method used to recognise severance indemnities abolished use of the corridor method to record actuarial gains and losses. The actuarial gains that arose during the year, 828 thousand euro (671 thousand euro attributable to the Group, 157 thousand euro to the non-controlling interest), were therefore recorded directly in an equity reserve.
- costs totalling 502 thousand euro were incurred during the year in relation to the capital increase. These costs were deducted directly from the share premium reserve.

These items, recognised in the statement of comprehensive income, do not generate any tax effects. In particular, there were no tax effects with regard to the capital increase costs, since the company had negative taxable income in 2014 and, for the sake of prudence, no related deferred tax assets were recognised.

32) Memorandum accounts

These are analysed as follows:

€uro/000	**31/12/14**	**31/12/15**
Sureties for prize competitions	120	120
Guarantees given on behalf of third parties	1,143	2,158
Total guarantees given	**1,263**	**2,278**
Goods/electronic machines with third parties	1,165	1,061
Paper with third parties	243	277
Total of goods with third parties	**1,408**	**1,338**
Shares with Centralised Securities Administration	372	121
Total securities with third parties	**372**	**121**
Total	**3,043**	**3,737**

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

As required by IAS 32, the following table compares the amounts reported in the financial statements at 31 December 2015 with the fair value of financial assets and liabilities:

(thousands of euro)	**Carrying amount**	***Fair value***
Financial assets		
Cash and cash equivalents	9,168	9,168
Trade receivables	73,236	69,571
Equity investments and securities	7,526	7,526
Other receivables	47,513	47,513
Financial liabilities		
Loans		
- at fixed rates	4,415	4,415
- at floating rates	51,742	51,742
Trade payables	38,439	38,439
Other payables	20,991	20,991
Banks	21,724	21,724

SEGMENT INFORMATION

The following segment information has been prepared in compliance with IAS 14.

The main segment data is given below:

A. Newspapers

€uro/000 *(Data reclassified by management)*	**31/12/14**	**31/12/15**	**Absolute change**	**% change**
Revenues	18,830	17,118	(1,712)	*(9.1)*
Direct operating costs	11,172	9,374	(1,798)	*(16.1)*
Contribution margin	**7,658**	**7,744**	**86**	***1.1***
% of revenues	*40.7*	*45.2*		

B. Periodicals

€uro/000 *(Data reclassified by management)*	**31/12/14***	**31/12/15**	**Absolute change**	**% change**
Revenues	12,654	12,795	141	*1.1*
Direct operating costs	12,762	12,309	(453)	*(3.5)*
Contribution margin	**(108)**	**486**	**594**	***n.s.***
% of revenues	*(0.9)*	*3.8*		

*In order to improve the comparison of performance in 2015 and 2014, certain 2014 costs and revenues have been reclassified in the above tables, without affecting the contribution margin.

C. Digital

€uro/000 *(Data reclassified by management)*	**31/12/14**	**31/12/15**	**Absolute change**	**% change**
Revenues	33,723	31,608	(2,115)	*(6.3)*
Direct operating costs	35,201	31,908	(3,293)	*(9.4)*
Contribution margin	**(1,478)**	**(300)**	**1,178**	***79.7***
% of revenues	*(4.4)*	*(0.9)*		

D. Professional services

€uro/000 *(Data reclassified by management)*	**31/12/14***	**31/12/15**	**Absolute change**	**% change**
Revenues	12,146	12,097	(49)	*(0.4)*
Direct operating costs	10,343	10,515	172	*1.7*
Contribution margin	**1,803**	**1,582**	**(221)**	***(12.3)***
% of revenues	*14.8*	*13.1*		

*In order to improve the comparison of performance in 2015 and 2014, certain 2014 costs and revenues have been reclassified in the above tables, without affecting the contribution margin.

Outstanding disputes

In 2005, the Milan office of the Tax Authorities served assessment notices on Milano Finanza Editori Spa, relating to the 2002 and 2003 tax years. After an appeal filed by Milano Finanza, the Milan Provincial Tax Commission filed its first-level ruling on 17 July 2007. This partially accepted the objections made by the Company, halving the value of the initial disallowed amounts. In the meantime, as required by law, 50% of the additional amount assessed was subjected to enforced collection. The related tax demands, about 354 thousand euro, were paid in July 2006. The next hearing before the Milan CTP was held on 6 July 2009. The ruling filed on 11 November 2009 dismissed the appeal of the Tax Authorities regarding the assessment for the 2003 tax year, but partially accepted that concerning the 2002 tax year. Specifically, the appeal in relation to point 4 of the assessment was accepted, concerning the failure to record interest income (art. 56 Income Tax Consolidation Law-TUIR) and the recognition of additional taxable income of 340,901.46 euro. The Company, assisted by Studio Legale Tributario Gallo, established by Franco Gallo, appealed to the Supreme Court of Cassation in December 2010. At 31 December 2015, the date of the hearing has not yet been established.

Class Editori Spa and Milano Finanza Spa (as well as Italia Oggi Editori – Erinne Srl) are parties to a dispute with Inpgi regarding checks carried out in 2007, as a result of which that Institution has made disputed claims about violations regarding the payment of pension contributions. The requested amounts total about 1.6 million euro. Supported by the opinion of Ichino-Brugnatelli e Associati, the defence lawyers, it has not been deemed necessary to record any provisions in this regard (consistent with the requirements of IAS 37). In further support of the approach taken by the Publishing House, in April 2014 the Rome Court of Appeal accepted in full the appeal presented by Italia Oggi in relation to a similar dispute with Inpgi, overturning the adverse first-level ruling (no. 11131/2).
With regard to the dispute involving Class Editori, on 31 October 2014 the Rome Court of Appeal rejected the company's appeal and, accordingly, a further appeal to the Court of Cassation has been filed. In relation to the dispute involving Milano Finanza Editori, the ruling of the Rome Court of Appeal filed on 30 May 2014 partially revised the first-level ruling made in 2011, with a more favourable outcome for the company. On 17 June 2015, Inpgi filed an appeal with the Court of Cassation.
Classpi Spa was served with assessments following inspections carried out at the principal concessionaires covering the tax years from 2002 to 2007. These related to the alleged non-deductibility of VAT on costs for negotiation rights paid to Media Centres, as is the practice in the sector.

The first-level ruling was favourable to the company, except in relation to the 2005 tax year. In that case, the Milan CTP (Section 1) unexpectedly rejected the company's appeal by ruling no. 191 of 7 June 2011, which was filed on 7 September 2011.
An appeal was therefore made to the Lombardy Regional Tax Commission whose ruling no. 19/13/13, filed on 23 January 2013, was adverse to the company. Accordingly, an appeal to the Court of Cassation was filed on 7 October 2013.
Equitalia-Esatri had already issued an enforcement demand for 50% of the assessed taxes (except for Ires), totalling 346 thousand euro. This demand covered the matters raised in the inspection of the 2005 tax year, as well as those relating to the negotiating rights recorded in the 2005, 2006 and 2007 tax years.
After the usual rejection of the suspension petition, an application to pay the demand by instalments was presented. The request was accepted at the beginning of 2011. The company has paid about 221 thousand euro, which is more than the overall amount due based on the outcome of the first-level ruling. Payment by instalment plan was therefore suspended, following the issues of relief measures by the Tax Authorities. On 29 May 2012, the company received a rebate of 126 thousand euro, corresponding to the excess amount paid with respect to the ruling of the Provincial Tax Commission.

With regard to the 2002, 2003 and 2004 tax years, ruling no. 81/14/12 of the Lombardy Regional Tax Commission, filed on 10 July 2012, confirmed the first-level ruling in favour of the company. On 18 July 2013, the Tax Authorities filed an appeal to the Court of Cassation against ruling no. 81/14/12. Classpi counter-appealed on 24 October 2013.

Lastly, with regard to the 2006 and 2007 tax years, ruling no. 58/12/13 of the Lombardy Regional Tax Commission, filed on 15 March 2013, confirmed the first-level ruling in favour of the company. Here too, the Tax Authorities have appealed to the Court of Cassation against this ruling in favour of the company which, on 17 December 2013, filed a counter-appeal.

The date of the hearing for all three cases has not yet been set, but will presumably be in about 3 years.

On 25 February 2010, Class Pubblicità (hereinafter "Classpi") received a notice of assessment following an inspection carried out by the Tax Authorities in relation to the 2005 tax year. The notice of assessment includes IRES/IRAP disallowances of about 2.5 million euro and VAT disallowances of about 2 million euro. Various disallowances were the result of failure by the tax inspectors to consider the actual situation in the advertising market in general, and the typical outcome of barter contracts in particular, since the entire publishing sector inevitably re-sells the materials/services received at prices below those at which they were purchased. The principal objection relating to failure to account for revenues concerning the failure to re-charge to Group companies the advertising costs incurred for the promotion of editorial publications. However, those services are governed by intra-group agreements that envisage specific remuneration for Classpi. Ruling no. 191 of the Milan Provincial Tax Commission (Section 1) was filed on 7 September 2011. This ruling was very favourable overall, accepting almost all the company's observations and considerably scaling down the initial objections. The Tax Authorities appealed against this ruling and, in turn, the company filed its counter arguments. On 23 January 2013, the Milan Regional Tax Commission essentially confirmed the first-level ruling and the general propriety of the company's actions. Although both rulings were extremely favourable, reducing the original claim by the Tax Authorities for additional taxable income of 2.5 million euro to about 370 thousand euro, the company nevertheless decided to appeal to the Court of Cassation in view of the adverse ruling made on the matter of negotiation rights in relation to the tax year concerned.

Privacy information

In compliance with Attachment B, point 26, of Decree no. 196/2003 covering the protection of personal information, the directors confirm that the Company has taken action to comply with the data protection measures envisaged in Decree no. 196/2003, on the basis and in accordance with the deadlines specified therein. In particular, the Security Planning Document required by point 19 of Attachment B (on file at the registered offices and freely available for consultation) was prepared on 28 March 2006 and has been constantly updated in accordance with the regulations.

Significant non-recurring events and transactions

Pursuant to Consob communication no. DEM/6064293 of 28 July 2006, it is confirmed that no significant non-recurring transactions were carried out by the Publishing House during 2015.

Atypical and/or unusual transactions

Pursuant to Consob Communication no. DEM/6064293 of 28 July 2006, it is confirmed that during the period the Publishing House did not enter into any atypical and/or unusual transactions, as defined in that Communication.

Opt-out from the obligation to publish prospectuses at the time of special transactions

In a press release dated 1 February 2013, Class Editori notified its election from that date to opt-out pursuant to para. 8 of art. 70 and para. 1-bis of art. 71 of the Issuers' Regulations, as amended by Consob decision no. 18079 dated 20 January 2012. This exercises a right to make exceptions to the requirement to publish prospectuses at the time of significant mergers, spin-offs, capital increases via the contribution of assets in kind, purchases and disposals.

Principal events subsequent to 31 December 2015

As already indicated above, during 2015 the Publishing House worked to renew and refinance the above banking lines of credit until 31 December 2020, on more favourable terms. The Publishing House was assisted in this process by Banca Rothschild as its financial advisor, and by Gitti Raynaud and Partners as its legal advisor. While awaiting the outcome of the refinancing process, in January 2016 the Publishing House obtained an extension of the current banking lines of credit until 31 March 2016. On the date of approval of these consolidated financial statements by the Board of Directors, the refinancing process is at the final stage. Most of the lending banks have already approved the changes and the advisor believes that the remaining lenders are finalising their approval processes.

During the first quarter of 2016, the Publishing House continued the work to reduce personnel costs that commenced in 2014 and 2015. In particular, the solidarity agreements signed with the clerical staff at MF Servizi Editoriali and MF Service were renewed on 11 February 2016, increasing the reduction in working hours from 25% to 35% for a period of 18 months from 14 March 2016. The special government-assisted lay-offs of clerical staff, that commenced in October 2015, concluded on 1 March 2016. This procedure results in termination of the working relationships with the personnel eligible for early retirement. Additional reorganisation measures are also being considered, in order to further contain costs, which will be implemented during the first half of 2016.

The Board of Directors
The Chairman

Victor Uckmar

Significant equity investments pursuant to art. 120 of Decree no. 58/1998

In accordance with art. 126 of the regulation approved by Consob Resolution no. 11971/1999, the following information about significant equity investments is provided pursuant to art. 120 of Decree no. 58/1998

Name	*City or Country*	*Share capital*	*% group holding*	*How held*	*Owner*	*% capital held*
Campus Editori Srl	Milan	50,000	70.00	direct	Class Editori Spa	70.00
PMF News Editori Spa	Milan	156,000	68.75	indirect	Class Digital Service Srl	68.75
Country Class Editori Srl	Milan	10,329	100.00	direct	Class Editori Spa	100.00
Edis Srl	Milan	10,400	99.50	direct	Class Editori Spa	99.50
Lombard Editori Srl	Milan	52,000	50.10	direct	Class Editori Spa	50.10
MF Conference Srl	Milan	10,329	51.00	direct	Class Editori Spa	51.00
Milano Finanza Editori Spa	Milan	291,837	88.827	direct	Class Editori Spa	88.827
MF Editori Srl	Milan	10,400	88.827	indirect	Milano Finanza Editori Spa	100.00
MF Servizi Editoriali Srl	Milan	10,400	88.94	direct indirect	Class Editori Spa Milano Finanza Editori Spa	1.00 99.00
MF Service Srl	Milan	10,000	75.01	direct	Class Editori Spa	75.01
DP Analisi Finanziaria Srl in liquidation **(1)**	Milan	47,500	94.73	direct	Class Editori Spa	94.73
Ex.Co. Srl in liquidation**(1)**	Milan	17,000	100.00	direct	Class Editori Spa	100.00
Global Finance Media Inc. ($)	USA	151 $	73.52	direct	Class Editori Spa	73.520
E-Class Spa	Milan	608,400	68.75	direct	Class Digital Service Srl	68.75
Classpi Spa	Milan	260,000	76.00	direct	Class Editori Spa	76.00
New Satellite Radio Srl	Milan	10,000	100.00	direct	Class Editori Spa	100.00
Class TV Service Srl	Milan	10,400	100.00	direct	Class Editori Spa	100.00
Class Servizi Televisivi Srl	Milan	10,000	100.00	direct	Class Editori Spa	100.00
Class Digital Service Srl	Milan	100,000	68.75	direct	Class Editori Spa	68.75
ClassInt Advertising Srl in liquidation **(1)**	Milan	10,000	100.00	direct	Class Editori Spa	100.00
Editorial Class	Spain	60,101	44.00	direct	Class Editori Spa	44.00
CFN CNBC Holding	Netherlands	702,321	68.43	direct	Class Editori Spa	68.43
Italia Oggi Editori Erinne Srl	Milan	10,000	48.90	direct	Class Editori Spa	47.00
				indirect	Assinform Srl	2.00
Italia Oggi Srl	Milan	10,400	48.90	indirect	Italia Oggi Editori Erinne Srl	100.00
Class Roma Srl in liquidation **(1)**	Milan	10,400	59.12	direct indirect	Class Editori Spa Italia Oggi Editori Srl	20.00 80.00
Class Cnbc Spa	Milan	627,860	46.07	direct indirect	Class Editori Spa CFN CNBC Holding	2.73 63.32
Borsa 7 Editori	Milan	52,000	14.00	direct	Class Editori Spa	14.00

Name	*City or Country*	*Share capital*	*% group holding*	*How held*	*Owner*	*% capital held*
Radio Classica Srl	Milan	10,000	99.818	direct indirect	Class Editori Spa Milano Finanza Editori Spa	99.00 1.00
Telesia Spa	Rome	1,500,000	93.531	direct	Class Editori Spa	93.531
Emprimer Spa	Milan	1,000,000	10.00	direct	Class Editori Spa	10.00
MF Dow Jones News Srl	Milan	100,000	50.00	direct	Class Editori Spa	50.00
Fashion Work Business Club Srl	Milan	10,400	100.00	direct	Class Editori Spa	100.00
Class Editori Service Srl in liquidation **(1)**	Milan	37,391	100.00	direct	Class Editori Spa	100.00
Assinform/Dal Cin Editore Srl	Pordenone	50,000	100.00	direct	Class Editori Spa	100.00
I Love Italia Srl in liquidation **(1)**	Palermo	10,000	51.00	direct	Class Editori Spa	51.00
Class Meteo Services Srl in liquidation **(1)**	Milan	10,000	100.00	direct	Class Editori Spa	100.00
Tv Moda Srl	Milan	40,000	51.00	direct	Class Editori Spa	51.00
Aldebaran Srl	Milan	10,000	100.00	direct	Class Editori Spa	100.00
Class China eCommerce Srl	Milan	10,526	50.00	direct	Class Editori Spa	50.00
MITO Srl	Cuneo	10,000	50.00	direct	Class Editori Spa	50.00
Radio Cina Italia Srl	Milan	10,000	49.00	direct	Class Editori Spa	49.00
Up Cube Srl in liquidation **(1)**	Milan	119,000	25.00	direct	Class Editori Spa	25.00
Embrace.it Srl	Milan	120,000	50.00	direct	Class Editori Spa	50.00
Wetobusiness Srl	Milan	80,000	12.16	direct	Class Editori Spa	12.16

(1) Companies put into liquidation during 2014

Related party transactions at 31 December 2015

Following the Consob communication issued on 24 September 2010 governing related-party transactions pursuant to Consob resolution no. 17221 of 12 March 2010 and subsequent amendments, the Board of Directors of Class Editori Spa approved a procedure for related-party transactions that came into force on 1 January 2011.
An updated version of the procedure for related-party transactions was approved by the Board of Directors at a meeting held on 28 August 2014. It took effect from 1 September 2014. Among other matters, this updated version includes a new definition for low-value transactions. The procedure, pursuant to art. 4, para. 7, of the Regulation adopted by Consob resolution no. 17221 of 12 March 2010, as subsequently amended by resolution no. 17389 of 23 June 2010, is published on the Company's website.

The economic and financial relations with related and relevant parties at 31 December 2015 are summarised below. These commercial and financial relations are settled on the same terms as those applied to suppliers and customers.

Euroclass Multimedia Holding S.A.

With regard to Euroclass Multimedia Holding, other prepaid expenses include 1,583 thousand euro recorded on the deferral of an initial balloon payment made in 2006 in relation to a contract for the use of software originally held by Tenfore International Ltd and the related trademark. In addition, advances have been made against instalments due in 2016 totalling 44 thousand euro.

A loan on market terms of 245 thousand euro, repayable on demand, has also been granted to that company. The related accrued interest income amounts to 15 thousand euro. New Satellite Radio, on the other hand, has a loan from Euroclass of 190 thousand euro and trade receivables of 220 thousand euro. In both cases, the balances arose from transactions arranged by the subsidiary before it came within Class Editori's scope of consolidation.

Compagnia Immobiliare Azionaria Spa (CIA), subsidiary of Compagnie Fonciere du Vin formed via a proportional partial spin-off from Euroclass Multimedia Holding:

- property lease contracts (as the lessee), necessary for operating in the locations where Class Editori and its subsidiaries have their offices;
- facility management contracts for services provided by CIA to Class Editori and other Group companies regarding the maintenance and management of the above properties;
- during 2008, following the purchase by CIA of an important property complex adjacent to the offices of Class - with the partial designation of that complex for use by the Publishing House - the latter paid CIA a security deposit of 2.0 million euro, partly to cover the cost of adapting the property to its needs;
- contracts on market conditions for the supply of administrative, financial, technical and legal consulting services in support of the routine operations of CIA, as well as in relation to a number of special financial investment and property-related projects in progress.

Other related-party transactions during the year

Information was published on 28 December 2015 about significant transactions with a related party regarding an agreement for the settlement of a trade receivable previously due to Class Editori by Denama Software, which had transferred to T-PRO Software Srl the ownership of software originally purchased from the Class group for 23.24 million euro, of which 4.65 million euro already collected prior to the above operation. T-PRO is a related party, since it is wholly owned by Compagnie Fonciere du Vin, a company over which the Vice Chairman and Managing Director of Class Editori exercises significant influence, as defined in the RPT Regulation. As part of the consideration, T-PRO took over the residual debt of 18.59 million euro. A first tranche of the residual debt, amounting to 7,500,000 euro was paid to Class upon signature of the above agreement, while another portion totalling 7,500,000 euro will be paid during the first few months of 2016. Collection of the outstanding amount due to Class, 3,592,000 euro, being the remaining portion of the residual debt, has been subordinated to full repayment of the Loan obtained by T-PRO, which is scheduled for 21 December 2024. It was also agreed that Class will waive a portion of its receivable, not

exceeding an amount of 1,000,000 euro if, during the first five years following the date of signing the Loan Contract, T-PRO finds itself in any of the situations envisaged in art. 2482-ter c.c. and its quota capital is not reconstructed and paid in to cover the related losses within 30 days of the quotaholders' meeting required by the above article. In conclusion, the above operation has resulted in the early collection of the majority of the receivable, with respect to the conditions contained in the Denama-Class Contract, which envisaged payments of 1,162,000 euro per annum from 2016 to 2031. Consequent to the purchase contract, Denama has terminated the original contract between Denama and Class. With regard to Italy, T-Pro has signed Software Licence Contracts, for specific purposes and applications, with E-Class Spa and PMF News Editori Srl. T-PRO's Licence Contracts with eClass and PMF envisage:
- for PMF, six-monthly payments of 359,000 each from 17/06/2016 to 17/12/2020, six-monthly payments of 599,000 each from 17/06/2021 to 17/12/2024, and no licence fee from 17/12/2024 to the end of the contract on 31/12/2030;
- for eClass, six-monthly payments of 391,000 each from 17/06/2016 to 17/12/2020, six-monthly payments of 651,000 each from 17/06/2021 to 17/12/2024, and no licence fee from 17/12/2024 to the end of the contract on 31/12/2030.

Lastly, a loan has been made on market terms to Case Editori Srl. This originally amounted to 0.55 million euro.

The balance sheet effects of the above relationships are shown in the following table:

€uro/000	**Account caption**	**31/12/14**	**31/12/15**
Balance Sheet			
Non-current trade receivables T-Pro Software Srl	**(7)**	--	3,089
Total non-current receivables from related parties	**(7)**	**--**	**3,089**
Receivables from CIA for deposit	**(8)**	2,000	2,000
Total other non-current receivables from related parties	**(8)**	**2,000**	**2,000**
Trade receivables from CIA Group for goods/services	**(11)**	4,445	4,758
Trade receivables from World Space It.	**(11)**	340	--
Trade receivables from Euroclass	**(11)**	220	220
Due from Euroclass for loan interest	**(11)**	1	16
Trade receivables from CHTV Global	**(11)**	479	828
Trade receivables from Marmora Srl	**(11)**	10	10
Current trade receivables from T-Pro Software Srl	**(11)**	--	7,500
Total trade receivables from related parties	**(11)**	**5,495**	**13,332**
Financial receivables from World Space It.	**(12)**	424	--
Financial receivables from CHTV Global	**(12)**	--	85
Financial receivables from CIA group	**(12)**	1,389	2,333
Financial receivables from Euroclass	**(12)**	245	245
Total financial receivables from related parties	**(12)**	**2,058**	**2,663**
Receivables from Case Editori	**(14)**	686	699
Sundry receivables from CIA group	**(14)**	10,928	3,543
Sundry receivables from CHTV Global	**(14)**	--	6
Advance instalments paid to Euroclass Multimedia	**(14)**	--	44
Prepayments on services provided by Euroclass Multimedia	**(14)**	1,708	1,583
Total other current receivables from related parties	**(14)**	**13,322**	**5,875**

Financial payables to Euroclass	**(21)**	(190)	(190)
Total financial payables to related parties	**(21)**	**(190)**	**(190)**
Trade payables to CIA for rentals and facility management	**(22)**	(4,520)	(399)
Trade payables to CIA group	**(22)**	--	(363)
Sundry payables to CHTV Global	**(22)**	(70)	(77)
Total trade payables to related parties	**(22)**	**(4,590)**	**(839)**

The Group's receivables from Worldspace Italia in liquidation were written off in full during 2015, either by direct write-downs or by recording provisions equal to the asset recorded in the statement of financial position.

The income statement effects of the above relationships are shown in the following table:

€uro/000	**Account caption**	**31/12/14**	**31/12/15**
Income statement			
Administrative and consulting services provided to CIA	**(25)**	150	150
Costs recharged to companies within the CIA Group	**(25)**	29	36
Consultancy provided to CHTV Global	**(25)**	--	48
Advertising services provided to the CIA Group	**(25)**	9	--
Costs recharged to CHTV Global	**(25)**	223	227
Services provided to CHTV Global	**(25)**	31	--
Total revenues from related parties	**(25)**	**442**	**461**
Cost of software licences	**(26)**	(500)	(500)
Cost of leasing from CIA Group	**(26)**	(3,089)	(2,198)
Cost of facility management services from CIA Group	**(26)**	(589)	(589)
Costs recharged by companies within the CIA Group	**(26)**	(29)	(36)
Advertising costs from CHTV Global	**(26)**	--	(1)
Costs recharged by CHTV Global	**(26)**	(223)	(227)
Cost of services from Studio Israel Terrenghi	**(26)**	(21)	(25)
Total service costs from related parties	**(26)**	**(4,451)**	**(3,576)**
Financial income from Euroclass	**(29)**	1	15
Financial income from CIA group	**(29)**	2	40
Financial income from Case Editori	**(29)**	11	11
Total financial income from related parties	**(29)**	**14**	**66**

Some **associates** also have financial and commercial relations with the Company. Financial relations with associates are arranged on market terms.

The most significant of these relationships is that with **Italia Oggi Editori-Erinne Srl**, which involves commercial agreements regarding advertising sales and the supply of administrative, legal and financial services, as well as the nationwide distribution of daily and periodical publications, for which Italia Oggi Editori-Erinne Srl represents the Publishing House's primary national distributor.

The balance sheet and income statement effects of the relationships with associates are shown in the following table:

€uro/000	**31/12/14**	**31/12/15**
Balance Sheet		
Distribution receivables (Italia Oggi - Erinne)	3,955	5,335
Trade receivables from Italia Oggi – Erinne	16,213	10,791
Trade receivables from Class Roma	35	35
Financial receivables from Italia Oggi – Erinne	4,248	4,339
Financial receivables from Class Roma	--	5
Other receivables from Italia Oggi – Erinne	--	1
Financial receivables from Radio Cina	--	269
Trade receivables from Radio Cina	--	4
Financial receivables from Wetobusiness	--	30
Financial payables to Italia Oggi – Erinne	(4,473)	(1,543)
Trade payables to Italia Oggi - Erinne	(3,026)	(4,881)
Distribution payables (Italia Oggi - Erinne)	(175)	(108)

€uro/000	**31/12/14**	**31/12/15**
Income statement		
Revenues from services provided to Italia Oggi – Erinne	1,848	1,954
Costs recharged to associates	52	51
Revenues from advertising provided to associates	150	14
Recharge of selling costs	1,332	1,215
Sale of paper and goods to associates	951	210
Costs for advertising services provided by Italia Oggi – Erinne	(30)	(15)
Distribution costs (Italia Oggi - Erinne)	(4,313)	(3,695)
Services provided by Italia Oggi – Erinne	(130)	--
Expenses recharged by associates	(52)	(51)
Selling costs recharged by associates	(99)	(41)
Financial income from associates	232	169
Financial charges from associates	(27)	(65)

Other intra-group relations

VAT group

Class Editori Spa has established a VAT group for companies within the Class group that satisfy the requirements of the relevant legislation (art. 73, para. 3 of Presidential Decree no. 633/72). The group VAT recoverable at 31 December 2015 amounts to 281 thousand euro.

The following sureties are outstanding in relation to the VAT credits of the companies belonging to the VAT group:

Class Editori – 5,978 thousand euro for the credit transferred to the Group account at the time of the 2012 tax return. The effect of this surety will cease on 20 September 2016; 299 thousand euro for the credit transferred to the Group account at the time of the 2012 tax return. The effect of this surety will cease on 20 September 2016; 70 thousand euro for the credit transferred to the Group account at the time of the 2013 tax return. The effect of this surety will cease on 20 September 2017; 2,378 thousand euro for the credit transferred to the Group account at the time of the 2013 tax return. The effect of this surety will cease on 20 September 2017; 20 thousand euro for the credit transferred to the Group account at the time of the 2014 tax return. The effect of this surety will cease on 20 September 2018; 81 thousand euro for the credit transferred to the Group account at the time of the 2014 tax return. The effect of this surety will cease on 20 September 2018.

E-Class – 849 thousand euro for the credit transferred to the parent company at the time of the 2013 tax return. The effect of this surety will cease on 20 September 2017.

Milano Finanza – 20 thousand euro for the credit transferred to the parent company at the time of the 2013 tax return. The effect of this surety will cease on 20 September 2017; 198 thousand euro for the credit transferred to the parent company at the time of the 2014 tax return. The effect of this surety will cease on 20 September 2014.

Radio Classica – 68 thousand euro for the credit transferred to the parent company at the time of the 2012 tax return. The effect of this surety will cease on 20 September 2016; 62 thousand euro for the credit transferred to the parent company at the time of the 2013 tax return. The effect of this surety will cease on 20 September 2017; 102 thousand euro for the credit transferred to the parent company at the time of the 2014 tax return. The effect of this surety will cease on 20 September 2018.

MF Conference – 35 thousand euro for the credit transferred to the parent company at the time of the 2012 tax return. The effect of this surety will cease on 20 September 2016.

PMF News – 3,826 thousand euro for the credit transferred to the parent company at the time of the 2012 tax return. The effect of this surety will cease on 20 September 2016; 115 thousand euro for the credit transferred to the parent company at the time of the 2013 tax return. The effect of this surety will cease on 20 September 2017; 950 thousand euro for the credit transferred to the parent company at the time of the 2014 tax return. The effect of this surety will cease on 20 September 2018.

Ex.co – 10 thousand euro for the credit transferred to the parent company at the time of the 2013 tax return. The effect of this surety will cease on 20 September 2017.

IRES tax group

Following the renewal of the tax consolidation option by the parent company, Class Editori SpA for the three year period 2013-2015, Class Editori Spa and its main subsidiaries determine IRES within the sphere of the current IRES tax consolidation agreement. Relations between the members of this tax group are governed by special agreements.

Information pursuant to art. 149-duodecies of Consob's Issuers' Regulation

In compliance with Art. 149-duodicies of the Issuers' Regulation, the following table summarises the fees earned by the auditing firm in 2015, analysed by type of service:

€uro	**2015**
Audit of the separate financial statements at 31 December 2015	15,000
Audit of the consolidated financial statements at 31 December 2015	11,000
Limited examination of the consolidated half-year report at 30 June 2015	25,000
Accounting checks during 2015	4,500
Total audit work: parent company	**55,500**
Other certification services: parent company	2,000
Total costs: parent company	**57,500**
Audit of the financial statements at 31 December 2015: subsidiaries	96,900
Accounting checks during 2015: subsidiaries	17,200
Total audit work: subsidiaries	**114,100**
Other services certifying the subsidiaries (ADS Certification)	5,000
Total costs: subsidiaries	**119,100**
Total cost of Auditing Firm	**176,600**

Attestation of the consolidated financial statements pursuant to art. 81-ter of Consob Regulation No. 11971/1999 and subsequent amendments and additions

Attestation of the consolidated financial statements pursuant to art. 81-ter of Consob Regulation No. 11971/1999 and subsequent amendments and additions

1. The undersigned Paolo Panerai as Managing Director and Gianluca Fagiolo as the Responsible Executive of Class Editori Spa, taking into account the provisions of art. 154-bis, paras. 3 and 4 of Decree no. 58 of 24 February 1998, certify:

   - the adequacy in relation to the characteristics of the company and
   - the effective application of the administrative and accounting procedures used to prepare the consolidated financial statements during 2015.

2. The adequacy of the administrative and accounting procedures used to prepare the consolidated financial statements at 31 December 2015 was assessed by reference to an internal model that is consistent with the framework devised by CoSO - Committee of Sponsoring Organizations of the Treadway Commission, which is the standard for internal control systems generally accepted at an international level.

3. The following is also certified:

3.1 the consolidated financial statements:

a. were prepared in compliance with the international accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to art. 6 of Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and, in particular, IAS 34 - Interim Financial Reporting, as well as with the enabling regulations for art. 9 of Decree no. 38/2005;

b. agree with the underlying accounting records and entries;

c. are suitable for presenting a true and fair view of the economic and financial position of the issuer and the group of companies included within the scope of consolidation.

3.2 the Report on Operations includes a reliable analysis of the performance and results of operations, as well as the situation of the group of companies included within the scope of consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Milan, 22 March 2016

Managing Director

Paolo Panerai

Responsible Executive

Gianluca Fagiolo

Report of the Board of Statutory Auditors on the consolidated financial statements

CLASS EDITORI S.p.a.

via M. Burigozzo 5 – Milan

Share Capital 28,321,907.40 euro

Tax Code and Milan Companies Register no. 08114020152

Milan Business Register (REA) no. 1205471

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Report of the Board of Statutory Auditors of the Class Editori Group to the Shareholders' Meeting on the consolidated financial statements for the year ended 31 December 2015

Shareholders,

The consolidated financial statements at 31 December 2015 of the Class Editori Group, which were delivered to us together with the separate financial statements of Class Editori S.p.a., comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows, the consolidated financial situation pursuant to Consob Decision no. 15519 dated 27 July 2006 and the consolidated income statement pursuant to Consob Decision no. 15519 dated 27 July 2006, as well as the notes to the consolidated financial statements and the report on operations.
They were prepared in accordance with the International Financial Reporting Standards adopted by the European Union and report consolidated shareholders' equity of 42,363 thousand euro and a net loss attributable to the owners of the parent of 22,328 thousand euro.
Information obtained from PKF Italia S.p.a., the auditing firm, enables us to note that the amounts reported therein agree with the accounting records of the parent company and the information formally submitted to that company by its subsidiaries.
The auditing firm has issued an unqualified report on the consolidated financial statements, certifying that they were prepared clearly and present a true and fair view of the financial position, results of operations, changes in shareholders' equity and cash flows of the Class Editori Group.
Additionally, the auditors' report does not contain any emphasis of matter.
The Report on operations contains and describes the elements, data and information required by art. 2428 of the Italian Civil Code and art. 40 of Decree no. 127/1991.
The Report on operations provides detailed information about the Group considered as a whole, as expressed in economic-financial terms by the amounts reported in the consolidated financial statements. This report contains a true, balanced and complete analysis of the situation of all consolidated companies taken together, as well as of their performance and results of operations, both as a whole and in the various sectors in which they operate, whether directly or via subsidiaries, considering in particular their costs, revenues and investments. The report also describes the principal risks and uncertainties to which the companies in the Class Editori Group are exposed.

Other

The Board of Statutory Auditors notes that:

- Pierluigi Galbussera, an alternate auditor, resigned on 10 March 2015. This event was notified to the Companies Register on 12 March 2015;
- a registered letter was received on 12 March 2015 announcing the resignation of the Chairman of the Board of Statutory Auditors, Carlo Maria Mascheroni, with effect from the

day after that on which the Board signed and filed the "Report of the Board of Statutory Auditors on the financial statements at 31/12/2014" of Class Editori S.p.a.;

- in the period from 8 April 2015, being the day after that on which the Board signed the Report on the 2014 financial statements of Class Editori S.p.a., to 30 April 2015, the Chairman of the Board of Statutory Auditors was Lucia Cambieri and Vieri Chimenti became a Serving Auditor;
- the Shareholders' Meeting held on 30 April 2015 appointed Mario Medici as the Chairman of the Board of Statutory Auditors, confirmed Vieri Chimenti as a Serving Auditor and appointed two new Alternate Auditors.

Milan, 6 April 2016

The Board of Statutory Auditors

Mario Medici

Lucia Cambieri

Vieri Chimenti

Report of the Auditing Firm on the consolidated financial statements

PKF
Revisione e organizzazione contabile

CLASS EDITORI GROUP

CONSOLIDATED FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2015

Auditors' Report Translation
(pursuant to artt. 14 and 16 of Legislative Decree No. 39 dated 27th January 2010)
(Translation from the original Italian version)

REPORT OF THE INDEPENDENT AUDITORS
(pursuant to artt.14 and 16 of Legislative Decree No. 39 dated 27th January 2010)
(Translation from the original Italian version)

To the Shareholders of
Class Editori S.p.A.

Report on the consolidated financial statements

We have audited the consolidated financial statements of Class Editori Group for the year ended December 31, 2015, consisting of the balance sheet, statements of the financial position, comprehensive income, changes in equity, cash flows for the year ended at that date, a summary of significant accounting principles and other explanatory notes.

Management's responsibility for the consolidated financial statements

The Directors are responsible for the preparation of the consolidated financial statements that should give a true and fair representation in accordance with the International Financial Reporting Standards adopted by the European Union and the regulations issued in implementation of art. 9 of Legislative Decree. No. 38/05.

Auditors responsibility

It is our responsibility is to express an opinion on these consolidated financial statements based on auditing. We conducted our audit in accordance with International Auditing Standards (ISA Italy) elaborated pursuant to art. 11, comma 3, of Legislative Decree No. 39/10. Such standards require complying with ethical requirements as well as planning and performing the audit to obtain reasonable assurance that the consolidated financial statements do not contain material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures included in the consolidated financial statements. The selected procedures depend on the auditor's opinion, including the assessment of risks of material misstatement in the consolidated financial statements due to fraud or to conduct or unintentional events. In making those risk assessments, the auditor considers internal control relevant to the preparation of the firm's consolidated financial statements that give a true and fair representation in order to define audit procedures appropriate to the circumstances, and not to express an opinion on the efficiency of the firm's internal control.

An audit also includes the evaluation of the appropriateness of accounting standards adopted and the reasonableness of accounting estimations made by management, as well as evaluating the presentation of the consolidated financial statements taken as a whole.

We believe we have obtained sufficient appropriate audit evidence on which founding our judgment.

Opinion

In our opinion, the consolidated financial statements of Class Editori Group as of and for the year ended 31 December, 2015 present truly and fairly the financial position, results of operations and cash flows for year then ended, and are in accordance with International Financial Reporting Standards adopted by the European Union and with the regulations issued in implementation of art. 9 of Legislative Decree. No. 38/05.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the Director's report and some information contained *in the report on corporate governance and ownership structure with the* consolidated *financial statements*

We have performed the procedures indicated in the audit principle ISA (SA Italy) no. 720B in order to express, as required by law provisions, an opinion on the consistency of the director's report and the information contained in the report on corporate governance and ownership structure mentioned in art. 123 bis, paragraph 4, of Legislative Decree no. 58/98, which responsibility is of the Directors of Class Editori S.p.A., with the consolidated financial statements of Class Editori Group as of December 31, 2015. In our opinion, the director's report and the information stated in the report on corporate governance and ownership structures above mentioned, are consistent with the consolidated financial statements of Class Editori Group as at December 31, 2015.

Milan April 6, 2016

PKF Italia S.p.A.
Signed on the original by
Fioranna Negri
(Partner)

Report on Operations of the Parent Company

Class Editori Spa
Registered offices - Via Marco Burigozzo 5, Milan

REPORT ON OPERATIONS
AT 31 DECEMBER 2015

Company performance

Total revenues declined from 34.38 million euro in 2014 to 20.93 million euro in 2015.

This reduction was principally because the 2014 revenues included income of 8 million euro from the sale of LCN 27, a digital terrestrial frequency. In addition, there was also a decline in the core revenues from advertising and distribution, due to the crisis in the advertising and publishing market.

Operating costs contracted sharply, from 43.74 million euro to 33.16 million euro.
This reflects the strong, incisive cost containment measures that were implemented from the start of 2015. The Company will benefit from their effects for several years to come.

In particular, there was:

- a substantial 10% reduction in purchase costs, mainly with regard to the consumption of paper linked to efficiencies in the volume of production;
- a 25% fall in the cost of services with savings in the areas of production services and editorial, promotional and advertising expenses, as well as significant savings on services from associates;
- a 27% decrease in payroll costs;
- a 20% reduction in other operating costs.

The combined effect of the above savings was to reduce 2015 costs by about 24.0% with respect to 2014.

Given that revenues declined by more than costs, the gross operating loss (EBITDA) for the year ended 31 December 2015 was 12.23 million euro, compared with a loss of 9.36 million euro in the prior year.

Net non-core losses totalled 4.67 million euro in 2015, compared with net non-core gains of 0.44 million euro in the prior year. This difference principally reflects the waiver of trade receivables due from certain subsidiaries, as well as the write-off of assets and receivables that are no longer deemed to be recoverable.

Depreciation, amortisation and provisions totalled 2.74 million euro in 2015, compared with 11.90 million euro in the prior year. This decrease was principally due to the greater provisions recorded in 2014, as a result of impairment tests showing that the fair value of certain equity investments was 4.9 million lower than their carrying amounts. In addition, an intangible asset with indefinite life (the Class Life title) was write-down by 2.45 million euro.

The net loss after taxation was 24.25 million euro, compared with the net loss of 21.13 million euro reported in the prior year. In addition to the above factors, the results for 2015 were also influenced by the adjustment, 2.21 million euro, of the deferred tax assets recognised in relation to the tax losses carried forward. This was due to the reduction in the IRES rate announced in the 2016 Stability Law, which will decrease from 27.5% to 24% with effect from the 2017 tax year.

Primary economic - financial events during the year

Nielsen data for the advertising market during 2015, encompassing all media, highlights a slight decline of 0.5% with respect to 2014.

With reference to the company's sectors, the revenues of the market for periodicals fell by 4.1%.

The titles published directly by the parent company (Class, Case & Country and Eccellenza Italia, all monthlies) have suffered particularly from the market crisis, due to the sharp contraction of the sector.

The printed and digital circulation of Class averaged 42 thousand copies during 2015, with 109 thousand readers.

Notable events during 2015:

- the ordinary Shareholders' Meeting held on 30 April 2015 resolved to eliminate the nominal value of the shares and to consolidate the outstanding ordinary shares on the basis of 1 new ordinary share for every 3 ordinary shares held. Following this consolidation, share capital is now represented by 94,406,358 shares. The Shareholders' Meeting also authorised the issue of shares with additional voting rights. The meeting resolutions were implemented on 4 June 2015 and the share consolidation took place on 15 June;
- the new edition of *Case & Country, interni oltre il giardino*, a monthly magazine, was launched at the Furniture Exhibition held in mid-April, with an excellent reception from both readers and advertisers;
- the Salone dello Studente (Students Fair), dedicated to the world of young people and education, was visited by a total of about 250 thousand students and about 4 thousand teachers, spread over 11 events (in Milan, Rome, Florence, Turin, Pescara, Monza, Bari, Catania, Lamezia Terme and, for the first time, Naples and Rimini);
- in July, via CCeC, the e-commerce subsidiary, Class Editori commenced shipments of Italian food products for CCIG Mall, the Chinese platform for which the Company is a main supplier in the food sector, as well as a main agent in the fashion, accessories and design sectors. The first shipment, valued at about 1 million euro, was part of a purchase contract worth at least 10 million euro per annum over the next four years;
- the Angola pavilion won overall first prize at Class Expo Pavilion Heritage Awards presented on 30 October, at the end of the six month Expo period. The ceremony was held in the Unicredit Pavilion. The Class Expo Pavilion Heritage Awards were organised by Class Editori and Laureate International Universities, a network comprising 80 universities in 29 countries, together with the World Association of Agronomists, and supported by IBM. These awards were made to those pavilions and clusters that best interpreted and communicated the theme of the Universal Exposition and, above all, that left a valuable inheritance for future generations.

With regard to the statement of financial position:

- current trade receivables have decreased from 61.7 million euro at 31 December 2014 to 59.9 million euro at 31 December 2015;
- shareholders' equity totals 40.2 million euro, compared with 64.4 million euro at 31 December 2014;
- the net financial position (net debt) amounts to 29.3 million euro, compared with 37.2 million euro at the end of 2014.

The net financial position is analysed below:

(thousands of euro)	31/12/2014	31/12/2015	Change 2015/2014	% change
Securities	--	--	--	--
Receivables from banks	4,673	6,961	2,288	49.0
Non-current financial receivables	--	--	--	--
Current financial receivables	35,660	39,808	4,148	11.6
Non-current financial payables	(2,633)	--	2,633	100.0
Current financial payables to banks	(74,853)	(76,043)	(1,190)	(1.6)
Net financial position	**(37,153)**	**(29,274)**	**7,879**	**21.2**

The net debt of the Company, analysed above, amounts to 29.27 million euro at 31 December 2015, compared with 37.15 million euro at 31 December 2014. The improvement in the net financial position at 31 December 2015 was principally attributable to the partial collection, 7.5 million euro, of a trade receivable classified as a non-current asset, as well as to an increase in current financial receivables, which mainly comprise amounts due from subsidiaries.

Current financial payables include (i) the residual portion, 2.6 million euro, of a three-year loan expiring in August 2016, originally for 6 million euro, that Class Editori obtained from Banca Popolare dell'Emilia Romagna, (ii) credit lines and overdrafts, stand-by loans and hot money lines arranged with leading banks. As previously mentioned, about 95% of the Publishing House's banking, commercial and financial lines of credit had been renewed until 31 December 2015.

During 2015, the Publishing House worked to refinance the banking lines of credit on more favourable terms. As part of this process, the Publishing House engaged Banca Rothschild as its financial advisor and Gitti Raynaud and Partners as its legal advisor. While awaiting the outcome of the refinancing process, in January 2016 the Publishing House obtained an extension of the current banking lines of credit until 31 March 2016 (see also "Principal events subsequent to 31 December 2015").

The following information is presented pursuant to Directive 2003/51/EC ("Modernisation of Accounts Directive"), transposed by Decree 32/2007, and the consequent amendments to article 2428 of the Italian Civil Code:

- financial parameters;
- primary risks and uncertainties to which the Company is exposed;
- information about the environment and personnel;
- analysis of the sectors in which the Company operates (business segments).

Financial parameters

The following comparative financial parameters are provided, together with the income statement reclassified on an operational basis, for a better understanding of the economic and financial position:

€uro/000	31/12/2014	31/12/2015	*% Change*
Revenues from sales	33,103	19,862	*(40.0)*
Value of production	**33,103**	**19,862**	***(40.0)***
External operating costs	(40,728)	(30,847)	*(24.3)*
Value added	**(7,625)**	**(10,985)**	***(44.1)***
Payroll costs	(1,525)	(1,121)	*(26.5)*
Gross operating margin (EBITDA)	**(9,150)**	**(12,106)**	***(32.3)***
Depreciation, amortisation and provisions	(11,904)	(2,742)	*(77.0)*
Operating result	**(21,054)**	**(14,848)**	***(29.5)***
Results of the ancillary area	(209)	(127)	*(39.2)*
Normalised EBIT	**(21,263)**	**(14,975)**	***29.6***
Net non-core items	443	(4,666)	*n.s.*
Total EBIT	**(20,820)**	**(19,641)**	***5.7***
Net financial income/(charges)	(1,516)	(1,059)	*(30.1)*
Results before tax	**(22,336)**	**(20,700)**	***7.3***
Income taxes	1,207	(3,549)	*n.s.*
Net result	**(21,129)**	**(24,249)**	***(14.8)***

The trend in turnover, including non-recurring income for the sake of consistency, and net results over the past 5 years is presented below:

€uro/000	**2011**	**2012**	**2013**	**2014**	**2015**
Total revenues	64,549	35,818	30,048	35,330	21,246
Net result	**8,186**	**(13,981)**	**(23,719)**	**(21,129)**	**(24,249)**

		31/12/14	**31/12/15**
Financing ratios for fixed assets			
Fixed asset coverage - Primary indicator (Own Equity - Fixed Assets)	*€/000*	(25,819)	(32,310)
Primary capital ratio (Own Equity / Fixed Assets)	*%*	0.71	0.55

Fixed asset coverage - Secondary indicator (Own Equity + L.T. Liabilities - Fixed Assets)	*€/000*	(20,643)	(32,167)
Secondary capital ratio (Own Equity + L.T. Liabilities / Fixed Assets)	*%*	0.77	0.56

These ratios show the financing of medium and long-term applications of funds, as well as the composition of the sources of financing.

Ratios of the structure of loans

Total debt-equity ratio (Long-term + Current Liabilities / Own Equity)	*%*	2.28	3.67
Financial debt-equity ratio (Loans + current liabilities / Own Equity)	*%*	1.13	1.72

These ratios seek to show the composition of the sources of financing.

Profitability ratios

Net ROE (Net Result / Own Equity)	*%*	(32.79)	(60.29)
Gross ROE (Result before tax / Own Equity)	*%*	(34.66)	(51.47)
ROI (Operating Result / Fixed Assets)	*%*	(23.33)	(20.47)
ROS (Operating Result / Revenues from sales)	*%*	(259.96)	(152.10)

The profitability ratios are those most frequently used in business practice to compare the results with the structural sources used to finance operations.

Solvency ratios

Working capital (Current Assets - Current Liabilities)	*€/000*	(20,643)	(32,167)
Working capital ratio (Current Assets / Current Liabilities)	*%*	0.85	0.78
Liquidity margin (Deferred Liquidity + Immediate Liquidity - Current Liabilities)	*€/000*	(20,943)	(32,459)
Liquidity ratio (Deferred Liquidity + Immediate Liquidity / Current Liabilities)	*%*	0.85	0.78

The solvency indicators aim to represent current assets with respect to the company's short-term commitments

PRIMARY RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

Risks related to the sector in which the Company operates

The current crisis in the Italian publishing market is, without doubt, the main element of risk for the Company, whose advertising revenues are approximately 50% of the Group's total sales.
The slight economic recovery has not yet been reflected in significantly greater investment by firms in communications, which is the principal factor underpinning the advertising revenues. On the contrary, as indicated by the advertising revenues for 2015, the market contracted by 0.5% (source: Nielsen) compared with 2014 (whose advertising revenues were 2.5% lower than in 2013). There were limited signs of an inversion in this trend during the first quarter of 2016.
The Company is tackling this risk by implement a series of actions designed to significantly reduce operating expenses, especially payroll costs and indirect costs, and to increase revenues as a result of special initiatives and the diversification of the business. This will involve investing in sectors of the future, such as e-commerce and the digital products of the Milano Finanza Intelligence Unit (MFIU), which is modelled on The Economist Intelligence Unit.

Credit risk in relation to commercial relations with customers

The Publishing House now has a solid portfolio of leading customers. At the moment, these do not give rise to solvency concerns, although the average collection period did deteriorate during the year. In any case, the carrying amount of receivables takes account of both collection risks, via appropriate write-downs, and collection delays. The latter are covered by discounting the cash flows associated with deferred payments, in order to recognise the time value of money, as required by international accounting standards.
The Publishing House intends to continue monitoring outstanding receivables closely, especially in a market context that has caused major problems and financial difficulties for many businesses operating in Italy.

Interest-rate risks

Group policy does not contemplate speculative investment in financial products.
The deterioration of results in recent years has lowered the credit rating of Group companies. This, together with the financial squeeze imposed by the banking system, has caused interest rates to rise. The Publishing House is addressing this trend by the refinancing of loans over a five-year period, now under negotiation with the lending banks, at a lower interest rate than currently paid.

Exchange-rate risks

The Company operates almost entirely in the Euro area. Transactions settled in currencies other than the euro are very limited. Exchange-rate risks are therefore not significant.

Liquidity risks

As stated in the financial statements at 31 December 2014, at that date about 95% of the Publishing House's banking, commercial and financial lines of credit had been renewed until 31 December 2015. During 2015, the Publishing House worked to renew and refinance the above banking lines of credit until 31 December 2020, on more favourable terms. The Publishing House was assisted in this process by Banca Rothschild as its financial advisor, and by Gitti Raynaud and Partners as its legal advisor. While awaiting the outcome of the refinancing process, in January 2016 the Publishing House obtained an extension of the current banking lines of credit until 31 March 2016. On the date of approval of these separate financial statements at 31 December 2015 by the Board of Directors, the refinancing process is at the final stage. Most of the lending banks have already approved the changes and the advisor believes that the remaining lenders are finalising their approval processes.

Additionally, in order to limit the risk of financial tensions, the Publishing House also worked on transactions during 2015 that resulted in the partial collection of certain non-current trade receivables in order to generate positive cash flow.

Principal uncertainties and business continuity

The separate financial statements at 31 December 2015 of Class Editori Spa have been prepared on a going-concern basis, following an assessment made by the directors pursuant to IAS 1 of the ability of the Company to continue in operation for the foreseeable future, having regard for all the information currently available to them about the future covering at least, but not limited to, the next 12 months.
Considering the elements discussed in the section on business risks, the directors believe that the actions taken to refinance, on considerably more favourable conditions, the lines of credit that expired on 31 December 2015, on the one hand, and those taken to contain costs and diversify the business, on the other, will be accomplished successfully; accordingly, they believe that there are no uncertainties that might raise doubts about the ability of the Company to continue in business as a going concern.

Information about the environment and personnel

There are no significant matters to be reported, given the specific nature of the business.
No damage has been caused to the environment, nor have any related penalties or charges been made.
There have not been any events in the workplace involving injury of any kind to employees.

Performance and relationships with subsidiaries and related parties

Economic and financial relations with associates and related parties are described in a separate section included in the notes to these separate financial statements at 31 December 2015.

Equity investments

All equity investments are stated at purchase cost. The quantitative aspects of their measurement are detailed in the notes to the 2015 financial statements.

With regard to the measurement of other equity investments, there are some differences between carrying amount and equity value, but no permanent impairment of value has been found with respect to their purchase cost.

Additionally, in accordance with the provisions of art. 10 of Law 72/83, it is confirmed that no assets reported in the statement of financial position at 31 December 2015 have ever been subjected to economic or monetary revaluation.

Class Editori Spa carries out its activities at its registered offices, Via Burigozzo 5, Milan, and also at the following secondary offices:
Milan - Via Burigozzo 8
Rome - Via Santa Maria in Via 12

Management has not recorded any specific provisions in the financial statements at 31 December 2015 for possible risks linked to legal disputes with customers, suppliers and other third parties, having considered legal opinions and the requirements of international accounting standards.

The following information is provided about the most significant **outstanding disputes**.

In addition to normal journalistic legal disputes regarding defamation in the press, which generally result in settlements that are insignificant with respect to the initial damages requested, the Company is party to a dispute with Inpgi regarding checks carried out in 2007, as a result of which that Institution has made disputed claims about violations regarding the payment of pension contributions. The requested amounts total about 0.4 million euro. Supported by the opinion of Ichino-Brugnatelli e Associati, the defence lawyers, it has not been deemed necessary to record any provisions in this regard (consistent with the requirements of IAS 37). In further support of the approach taken by the Company, in April 2014 the Rome Court of Appeal accepted in full the appeal presented by Italia Oggi in relation to a similar dispute with Inpgi, overturning the adverse first-level ruling (no. 11131/2). With regard to the dispute involving Class Editori, on 31 October 2014 the Rome Court of Appeal rejected the company's appeal and, accordingly, a further appeal to the Court of Cassation has been filed.

The Company issued the Planning Document on the Security of Personal Data for 2006, approved by the Audit Committee, by the deadline established in Decree 196/03. This document is updated regularly in accordance with the law.

Research & development costs

There was no expenditure on R&D during the year.

Report on corporate governance during 2015

The Corporate Governance Report, approved by the Board of Directors on 22 March 2016 and presented separately from this report, is available on the website (www.classeditori.it), in the *Investor Relations* section.

Principal events subsequent to 31 December 2015

As already indicated above, during 2015 the Publishing House worked to refinance the banking lines of credit on more favourable terms. As part of this process, the Publishing House engaged Banca Rothschild as its financial advisor and Gitti Raynaud and Partners as its legal advisor. While awaiting the outcome of the refinancing process, in January 2016 the Publishing House obtained an extension of the current banking lines of credit until 31 March 2016. On the date of approval of these separate financial statements at 31 December 2015 by the Board of Directors, the refinancing process is at the final stage. Most of the lending banks have already approved the changes and the advisor believes that the remaining lenders are finalising their approval processes.

During the first quarter of 2016, the Company continued the work to reduce personnel costs that commenced in 2014 and 2015. In particular, the solidarity agreements signed with the clerical staff at MF Servizi Editoriali and MF Service were renewed on 11 February 2016, increasing the reduction in working hours from 25% to 35% for a period of 18 months from 14 March 2016. The special government-assisted lay-offs of clerical staff, that commenced in October 2015, concluded on 1 March 2016. This procedure results in termination of the working relationships with the personnel eligible for early retirement. Additional reorganisation measures are also being considered, in order to further contain costs, which will be implemented during the first half of 2016.

Outlook for the future

During 2015, excluding the effect of special events, the Publishing House significantly lowered the operating losses reported with respect to the prior year. This reflects the cost-reduction actions already implemented, which will be followed by the effects of further measures involving all sectors, including payroll costs. The Publishing House has also decided to invest substantially in the future, including the digital business and e-commerce.

As stated earlier, the Publishing House is confident about the positive final outcome of the work to refinance the debt outstanding at 31 December 2015, which will result in the availability of adequate financial resources to pursue the established growth objectives, at a much lower cost.

Board of Directors' proposals

Shareholders,

We invite you to approve the financial statements at 31 December 2015 and to carry forward the loss for the year of 24,249,448 euro.

for the Board of Directors
The Chairman

Victor Uckmar

Separate financial statements of the parent company

Registered Offices at via M. Burigozzo 5, Milan
Share Capital € 28,321,907.40 fully paid
Tax Code and VAT No. 08114020152
Milan Chamber of Commerce Business Register (REA) No. 1205471

STATEMENT OF FINANCIAL POSITION - ASSETS

ASSETS	Notes	31/12/2014	31/12/2015
NON-CURRENT ASSETS			
Intangible assets with an indefinite life	**1**	122,464	122,464
Other intangible assets	**2**	1,514,815	1,287,110
Total intangible assets		**1,637,279**	**1,409,574**
Property, plant and equipment	**3**	2,059,489	1,911,819
Equity investments	**4**	48,552,532	48,097,254
Financial receivables		--	--
Trade receivables	**5**	16,960,945	3,089,330
Deferred tax assets	**6**	18,668,406	15,630,916
Other receivables	**7**	2,383,902	2,388,902
TOTAL NON-CURRENT ASSETS		**90,262,553**	**72,527,795**
CURRENT ASSETS			
Inventories	**8**	299,657	291,677
Trade receivables	**9**	61,730,377	59,948,218
Securities		--	--
Financial receivables	**10**	35,659,920	39,808,445
Tax receivables	**11**	1,795,477	1,402,461
Other receivables	**12**	17,104,939	7,051,276
Liquid funds	**13**	4,672,708	6,961,152
TOTAL CURRENT ASSETS		**121,263,078**	**115,463,229**
TOTAL ASSETS		**211,525,631**	**187,991,024**

STATEMENT OF FINANCIAL POSITION - LIABILITIES AND EQUITY

LIABILITIES		31/12/2014	31/12/2015
SHAREHOLDERS' EQUITY			
Share capital		28,321,907	28,321,907
Share premium reserve		52,851,223	52,851,223
Legal reserve		2,543,881	2,543,881
Other reserves		1,742,212	1,765,587
Retained earnings (accumulated losses)		113,925	(21,015,243)
Profit (loss) for the year		(21,129,168)	(24,249,448)
TOTAL SHAREHOLDERS' EQUITY	**14**	**64,443,980**	**40,217,907**
NON-CURRENT LIABILITIES			
Financial payables	**15**	2,632,889	--
Provisions for liabilities and charges	**16**	2,307,625	--
Severance indemnities and other payroll provisions	**17**	234,949	143,030
TOTAL NON-CURRENT LIABILITIES		**5,175,463**	**143,030**
CURRENT LIABILITIES			
Financial payables	**18**	74,852,674	76,042,802
Trade payables	**19**	62,672,146	66,921,232
Tax payables	**20**	170,297	311,098
Other payables	**21**	4,211,071	4,354,955
TOTAL CURRENT LIABILITIES		**141,906,188**	**147,630,087**
TOTAL LIABILITIES		**147,081,651**	**147,773,117**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**211,525,631**	**187,991,024**

SEPARATE INCOME STATEMENT

INCOME STATEMENT		31/12/2014	31/12/2015
REVENUES			
Revenues		13,789,434	9,761,882
Other operating income		20,588,941	11,166,585
TOTAL REVENUES	**23**	**34,378,375**	**20,928,467**
Purchases	**24**	(974,009)	(878,538)
Services	**25**	(39,753,831)	(29,967,913)
Payroll costs	**26**	(1,525,112)	(1,120,881)
Other operating costs	**27**	(1,484,469)	(1,193,204)
TOTAL OPERATING COSTS		**(43,737,421)**	**(33,160,536)**
Gross operating margin - EBITDA		**(9,359,046)**	**(12,232,069)**
Net non-core income/(charges)	**28**	442,999	(4,666,448)
Depreciation, amortisation and writedowns	**29**	(11,904,368)	(2,742,831)
Operating result - EBIT		**(20,820,415)**	**(19,641,348)**
Financial income (charges), net	**30**	(1,516,271)	(1,058,928)
Pre-tax result		**(22,336,686)**	**(20,700,276)**
Taxes	**31**	**1,207,518**	**(3,549,172)**
NET RESULT		**(21,129,168)**	**(24,249,448)**

The reported amounts agree with the accounting records.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

(Euro)	Notes	31 December 2014	31 December 2015
Net result		**(21,129,168)**	**(24,249,448)**
Other components of comprehensive income			
Actuarial Income/(charges) not recorded in income statement (IAS 19)		(28,928)	23,375
Capital increase expenses deducted from share premium		(501,870)	
Taxes on other components of comprehensive income		--	
Total components of comprehensive income, net of tax effect		**(530,798)**	**23,375**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(21,659,966)**	**(24,226,073)**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 31/12/2013 – 31/12/2014

	Share capital	Share premium reserve	Legal reserve	Extraordinary reserve	IAS/IFRS transition reserve	Stock option reserve	Treasury shares reserve	Retained earnings (acc. losses)	Net result for the year	Total Shareholders' Equity
BALANCES AT 31/12/2013	**10,560,751**	**31,329,260**	**2,543,881**	**30,798,018**	**(5,492,644)**	**278,707**	**(94,438)**	**113,925**	**(23,718,504)**	**46,318,956**
Movements in 2014										
Allocation of results				(23,718,504)					23,718,504	--
Capital increase	17,761,156	22,023,834								**39,784,990**
Other changes										
Result for the year:										
Income (charges) recognised in equity	--	(501,870)	--	--	(28,928)	--			--	**(530,798)**
Total income (charges) recognised in equity	--	(501,870)	--	--	**(28,928)**	--			--	**(530,798)**
Net result for the year									**(21,129,168)**	**(21,129,168)**
Comprehensive income for the year	--	**(501,870)**	--	--	**(28,928)**	--			**(21,129,168)**	**(21,659,966)**
BALANCES AT 31/12/2014	**28,321,907**	**52,851,224**	**2,543,881**	**7,079,514**	**(5,521,572)**	**278,707**	**(94,438)**	**113,925**	**(21,129,168)**	**64,443,980**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 31/12/2014 – 31/12/2015

	Share capital	Share premium reserve	Legal reserve	Extraordinary reserve	IAS/IFRS transition reserve	Stock option reserve	Treasury shares reserve	Retained earnings (acc. losses)	Net result for the year	Total Shareholders' Equity
BALANCES AT 31/12/2014	**28,321,907**	**52,851,224**	**2,543,881**	**7,079,514**	**(5,521,572)**	**278,707**	**(94,438)**	**113,925**	**(21,129,168)**	**64,443,980**
Movements in 2015										
Allocation of results								(21,129,168)	21,129,168	--
Capital increase										
Other changes										
Result for the year:										
Income (charges) recognised in equity	--	--	--	--	23,375	--			--	**23,375**
Total income (charges) recognised in equity	--	--	--	--	**23,375**	--			--	**23,375**
Net result for the year									**(24,249,448)**	**(24,249,448)**
Comprehensive income for the year	--	--	--	--	**23,375**	--			**(24,249,448)**	**(24,226,073)**
BALANCES AT 31/12/2015	**28,321,907**	**52,851,224**	**2,543,881**	**7,079,514**	**(5,498,197)**	**278,707**	**(94,438)**	**(21,015,243)**	**(24,249,448)**	**40,217,907**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

(amounts in €)	31/12/2014	31/12/2015
Operating activities		
Result for the year	(21,129,168)	(24,249,448)
Depreciation and amortisation	1,290,643	1,118,586
Self-financing	**(19,838,525)**	**(23,130,862)**
Change in inventories	(66,341)	7,980
Change in trade receivables	(21,315,830)	15,653,774
Change in trade payables	6,313,060	4.249. 086
Change in other current and non-current receivables	(11,679)	5,900,138
Change in other payables	(993,704)	143,884
Change in tax receivables/payables	(365,271)	3,571,307
Changes in accrued income and prepaid expenses		
Cash flows from operating activities (A)	**(36,278,290)**	**6,395,307**
Investing activities		
Intangible assets	(255,703)	(422,836)
Property, plant and equipment	1,729,272	(320,375)
Financial fixed assets	(7,516,593)	455,278
Cash flows from investing activities (B)	**(6,043,024)**	**(287,933)**
Financing activities		
Change in amounts due to banks and other lenders	327,436	(1,442,761)
Change in provisions	2,164,600	(2,307,625)
Change in severance indemnities	(49,219)	(91,919)
Payment of dividends	--	--
Change in reserves	39,254,192	23,375
Cash flows from financing activities (C)	**41,697,009**	**(3,818,930)**
Change in liquid funds (A)+(B)+(C)	**(624,305)**	**2,288,444**
Liquid funds at start of year	**5,297,013**	**4,672,708**
Liquid funds at end of year	**4,672,708**	**6,961,152**

for the Board of Directors

The Chairman

Victor Uckmar

Notes to the separate balance sheet of the parent company

Class Editori Spa

Registered Offices: via M. Burigozzo 5, Milan
Share Capital € 28,321,907.40 fully paid
Milan Business Register (REA) no. 1205471
Tax Code and VAT no. 08114020152

Notes to the financial statements at 31/12/2015

Accounting policies

Declaration of compliance with International Accounting Standards

The 2015 financial statements were prepared in compliance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the respective interpretations of the International Financial Reporting Committee (IFRC) endorsed by the European Commission, in accordance with the procedure set forth in art. 6 of European Parliament and Council Regulation No. 1606/2002 of 19 July 2002, and in force at the accounting reference date.
The IAS/IFRS were applied with reference to the "framework for the preparation and presentation of financial statements," with particular reference to the fundamental principle of substance over form, while ensuring that the information provided is both significant and meaningful.
On an interpretative level, the documents on the application of the IFRS in Italy prepared by the Italian Accounting Body (OIC) were also taken into account.

Form and content of the financial statements

The Company's financial statements have been prepared in compliance with IFRS and comprise the Statement of Financial Position, the Income Statement, the Statement of Changes in Shareholders' Equity and these Explanatory Notes. They are accompanied by the Report on Operations.

Accounting standards adopted

The accounting standards adopted for the preparation of the financial statements at 31 December 2015 are the same as those applied when preparing the financial statements at 31 December 2014.

Accounting standards, amendments and interpretations applied from 1 January 2015

The following amendments to standards and interpretations are applicable from 1 January 2015:

- Interpretation *IFRIC 21 – Levies* was published on 20 May 2013, providing guidance on when to recognise a liability for a levy (other than income taxes) imposed by a government agency. The introduction of this new interpretation has not had any effect on the Company's financial statements.
- On 12 December 2013, the IASB published *"Annual Improvements to IFRSs: 2011-2013 Cycle"* which amended a number of standards as part of the related annual improvement process. The principal amendments concerned:
- *IFRS 3 Business Combinations – Scope exception for joint ventures*. The amendment clarifies that para. 2(a) of IFRS 3 excludes the formation of all types of joint arrangement, as defined in IFRS 11, from the scope of application of IFRS 3;

- *IFRS 13 Fair Value Measurement – Scope of portfolio exception* (para. 52). The amendment clarifies that the portfolio exception included in para. 52 of IFRS 13 applies to all contracts within the scope of IAS 39, regardless of whether they meet the definitions of financial assets and financial liabilities given in IAS 32.
- *IAS 40 Investment Properties – Interrelationship between IFRS 3 and IAS 40.* The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine if the purchase of an investment property falls within the scope of IFRS 3 or IAS 40, it is necessary to refer respectively to the specific indications provided by IFRS 3 or by IAS 40.

The adoption of this new interpretation has not had any effect on the Company's financial statements.

Measurement criteria

The accounting policies adopted for the preparation of the financial statements are summarised below:

Fixed assets

Intangible assets
Intangible assets acquired separately are capitalised at cost and amortised over their estimated residual useful lives. Their useful lives are reviewed yearly and, where possible, any changes are made on a prospective basis.
Except for development costs, the internal costs of creating intangible assets are not capitalised and are expensed as incurred.
Intangible assets are reviewed annually to identify any impairment of value: this analysis may be carried out in relation to individual intangible assets or at the level of cash-generating unit.

Real estate investments and Property, plant and equipment
Property, plant and equipment and real estate investments are recorded at acquisition cost. Acquisition cost is represented by the fair value of the price paid to acquire the asset, plus all direct costs incurred to make the asset fit for use.
Costs incurred to expand, modernise or improve property that is owned or leased are only capitalised to the extent that they meet the criteria for separate classification as assets or parts of an asset.

Land areas, whether undeveloped or linked to civil or industrial buildings, are recorded separately and are not amortised, as their useful life is unlimited.

The depreciation charged to the income statement is determined with reference to the expected utilisation, allocation and residual economic-technical lives of the assets concerned, as summarised in the following table:

- buildings: 30 years
- equipment: 4 years
- furniture and office machines: 8 years

The depreciation criteria, useful lives and residual values are reviewed and revised at the end of each accounting period, or more frequently, in order to take any significant changes into account.

Inventories

Raw materials, ancillary materials and finished products are recorded at purchase or manufacturing cost or, if lower, at their realisable value estimated with reference to market trends, applying the FIFO method.

In compliance with IAS 18, cost is represented by the fair value of the price paid or of any other consideration received.

Receivables

Trade receivables are stated at the fair value of the related future cash flows, less any impairment write-downs.

Payables

Payables are recorded at their nominal value. The Company does not discount payables as this is considered too burdensome with respect to their impact on the statement of financial position.

Accruals and deferrals

Accruals and deferrals are determined in accordance with the matching principle.
The original basis for recording accruals and deferrals extending over more than one year is reviewed and changes are made where necessary.

Equity investments

Equity investments in subsidiaries, associates and other companies that will be held over the long term are recorded at purchase or subscription cost.
Any significant differences between their carrying amounts and the Company's share of their equity are reported in the tables presented later in these notes.

Financial assets measured at fair value through profit or loss

This category includes securities and equity investments that were purchased mainly for short-term trading or that have been designated as held for sale, which are classified as current assets in the "securities held for sale" caption. It also includes financial assets that, at the moment of initial measurement, were designated as at fair value through profit or loss, which are classified as "other financial assets", as well as the derivatives (excluding those designated as effective hedges) classified as "derivative financial instruments". They are measured at fair value through profit or loss. Any related costs are charged to the income statement.
Purchases and sales of these financial assets are recorded on the settlement date.

Employee severance indemnities

The provision for severance indemnities covers the liability to all employees accrued at the reporting date, pursuant to current legislation and labour contracts.

Severance indemnities are determined in accordance with IAS 19, by applying an actuarial method (projected unit credit method) based on demographic assumptions, as well as the discount rate needed to reflect the time value of money, the inflation rate, and current and future salary levels.

The resulting actuarial gains and losses are recognised in the income statement as income or costs when the cumulative net value of the actuarial gains and losses not recognised at the end of the previous year exceeds, by more than 10%, the greater of the defined benefit plan liability or the fair value of the plan assets at that date. These gains or losses are recognised over the average expected residual working lives of those employees who are plan members.

Revenue recognition

Revenues from sales of products and/or services are recognised upon transfer of ownership and/or completion of the service.
Financial revenues and those deriving from services are recognised on an accruals basis.

Leasing

Leasing contracts for assets over which the Company accepts essentially all the risks and benefits of ownership are classified as finance leases, as specified in IAS 17. Assets held under finance leases are recognised at their fair value or, if lower, at the present value of the future contractually-agreed minimum instalment payments. The total amount of future instalments is split between financial charges and principal repayments, in order to identify a constant interest rate on the residual debt. The residual leasing instalments, net of financial charges, are classified as non-current liabilities. The financial charges are recognised in the income statement over the duration of the contract. Assets held under finance leases are depreciated in a manner consistent with the other assets owned by the Company.

Taxes

Income taxes are recorded to reflect the estimated amount payable in accordance with current fiscal regulations.

Deferred tax assets and liabilities are also recognised on temporary differences between the carrying amounts recorded in the statement of financial position and the corresponding values recognised for fiscal purposes. Tax losses and unused tax credits are carried forward if their recovery (expiry) is likely to reduce (increase) future tax payments with respect to those that would have been made had such recovery (expiry) not had tax effect: Tax effects are recognised in the income statement or directly in equity, in the same way that the transactions or events giving rise to taxation are recognised.

Translation of foreign currency amounts

Receivables and payables originally denominated in foreign currencies are recorded using the exchange rates applying at the time when they arose. They are aligned with current exchange rates at the reporting date. Net exchange losses are recognised by creating a provision for exchange fluctuations.

Guarantees, commitments and contingencies

Guarantees and commitments are reported in the memorandum accounts at their contractual value.
Contingencies that are likely to result in a liability are reported in the explanatory notes and appropriate provisions for liabilities are recorded.
Contingencies that only might result in a liability are described in the explanatory notes without recording any provisions, consistent with the related accounting standards. Remote risks are not taken into account.

Employment data

Average employment, analysed by category, changed as follows during the year.

Personnel	*31/12/2014*	*31/12/2015*	*Changes*
Executives	--	--	--
Clerical staff	4	6	2
Journalists and trainees	22	17	(5)
	26	**23**	**(3)**

The reduction in employment with respect to the prior year was due to the sale of two lines of business to companies within the Class group, as part of a Group-wide reorganisation and efficiency drive.

The national payroll contract for the printing and publishing sector is applied.

STATEMENT OF FINANCIAL POSITION

ASSETS

NON-CURRENT ASSETS

1) Intangible assets with an indefinite life

Balance at 31/12/2014	€	122,464
Balance at 31/12/15	€	122,464
	€	--

Changes in intangible assets with an indefinite life

Caption	Amount at 31/12/2014	Increases	Decreases	Write-downs	Amount at 31/12/2015
Goodwill Nistri Listri publication	122,464	-	-	-	122,464
Total	**122,464**	**-**	**-**	**-**	**122,464**

2) Other intangible assets

Balance at 31/12/2014	€	1,514,815
Balance at 31/12/15	€	1,287,110
	€	**(227,705)**

Total changes in intangible assets

Caption	Amount at 31/12/2014	Increases	Decreases	Write-downs	Amount at 31/12/2015
Software	1,508,615	320,375		(548,080)	1,280,910
Trademarks and patents	6.20	-	-	-	6,200
Total	**1,514,815**	**320,375**	**-**	**(548,080)**	**1,287,110**

Other intangible assets

This caption includes the expenses incurred for software purchases.

Pursuant to art. 2427, no. 2, of the Italian Civil Code, the following table below summarises the changes in intangible assets.

	Start-up and expansion costs	Research, development and advertising costs	Industrial patent rights	Concessions, licences, trademarks	Goodwill	Assets in progress and advances	Other intangible assets	Total
HISTORICAL COST				**6,200**			**8,278,033**	**8,284,233**
prior revaluations								
prior write-downs								
accumulated amortisation							(6,769,418)	(6,769,418)
OPENING BALANCE				**6,200**			**1,508,615**	**1,514,815**
purchases during the year							320,375	320,375
reclassifications (-)								
reclassifications (+)								
disposals during the year								
revaluations during the year								
write-downs during the year								
amortisation charge for the year							(548,080)	(548,080)
BALANCE				6,200			1,280,910	1,287,110
movements pursuant to art. 2426.3 c.c.								
CLOSING BALANCE				**6,200**			**1,280,910**	**1,287,110**

3) Property, plant and equipment

Balance at 31/12/2014	€	2,059,489
Balance at 31/12/2015	€	1,911,819
	€	**(147,670)**

Land and buildings

Description	Amount
Historical cost	128,180
Accumulated depreciation	(54,374)
Balance at 31 December 2014	**73,806**
Additions during the year	-
Disposals during the year	-
Depreciation charge for the year	(3,845)
Balance at 31/12/2015	**69,961**

Plant and machinery

Description	Amount
Historical cost	4,249,492
Accumulated depreciation	(3,430,425)
Balance at 31 December 2014	**819,067**
Additions during the year	106,652
Disposals during the year	-
Depreciation charge for the year	(174,381)
Balance at 31/12/2015	**751,338**

Industrial and commercial equipment

Description	Amount
Historical cost	176,158
Accumulated depreciation	176,148
Balance at 31 December 2014	**10**
Additions during the year	-
Disposals during the year	-
Depreciation charge for the year	(3)
Balance at 31/12/2015	**7**

Other assets

Furniture, furnishings and office equipment

Description	Amount
Historical cost	2,892,095
Accumulated depreciation	(2,439,221)
Balance at 31 December 2014	**452,874**
Additions during the year	135,172
Disposals during the year	-
Depreciation charge for the year	(95,440)
Balance at 31/12/2015	**492,606**

Electronic equipment

Description	Amount
Historical cost	5,441,164
Accumulated depreciation	(4,953,801)
Balance at 31 December 2014	**487,363**
Additions during the year	113,437
Disposals during the year	(1,194)
Depreciation charge for the year	(224,919)
Balance at 31/12/2015	**374,687**

Vehicles

Description	Amount
Historical cost	256,521
Accumulated depreciation	(226,764)
Balance at 31 December 2014	**29,757**
Additions during the year	25,432
Disposals during the year	(18,353)
Depreciation charge for the year	(13,754)
Balance at 31/12/2015	**23,082**

Mobile phones

Description	Amount
Historical cost	13,942
Accumulated depreciation	(13,909)
Balance at 31 December 2014	**33**
Additions during the year	19,762
Disposals during the year	-
Depreciation charge for the year	(2,036)
Balance at 31/12/2015	**17,759**

Leasehold improvements

Description	Amount
Historical cost	889,401
Accumulated depreciation	(692,822)
Balance at 31 December 2014	**196,579**
Additions during the year	41,927
Disposals during the year	-
Depreciation charge for the year	(56,127)
Balance at 31/12/2015	**182,379**

For clarity, the changes in property, plant and equipment are summarised in the following table.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advance payments	Total
HISTORICAL COST	**128,180**	**4,249,492**	**176,158**	**9,493,125**		**14,046,955**
prior revaluations						
financial charges						
prior write-downs						
accumulated depreciation	(54,374)	(3,430,425)	(176,148)	(8,326,519)		(11,987,466)
OPENING BALANCE	**73,806**	**819,067**	**10**	**1,166,606**		**2,059,489**
additions during the year		106,652		335,730		442,382
reclassifications (-)						
reclassifications (+)						
financial charges						
disposals during the year				(19,547)		(19,547)
revaluations during the year						
write-downs during the year						
depreciation charge for the year	(3,845)	(174,381)	(3)	(392,276)		(570,505)
BALANCE	69,961	751,338	7	1,090,513		1,911,819
accelerated depreciation for tax purposes						
movements pursuant to art. 2426.3 c.c.						
CLOSING BALANCE	**69,961**	**751,338**	**7**	**1,090,513**		**1,911,819**

4) *Equity investments*

Balance at 31/12/2014	€	48,552,532
Balance at 31/12/2015	€	48,097,254
	€	**(455,278)**

Equity investments

Description	Balance 31/12/2014	Increases	Decreases	Reclass.	Write-downs	Balance 31/12/2015
Subsidiaries	44,319,694	1,158,423		-	(1,318,208)	43,792,655
Associates	3,421,218	69,730	-	-	-	3,490,948
Other companies	811,620	2,031	-	-	-	813,651
	48,552,532	**1,230,184**	**(367,254)**	**-**	**(1,318,208)**	**48,097,254**

Investments in subsidiaries

Caption	Balance 31/12/2014	Increases	Decreases	Write-downs	Balance 31/12/2015
Class Editori Service	382,925	-	-	(339,807)	43,118
Class CNBC	200,281	-	-	-	200,281
Class Meteo Services	-	-	-	-	-
CFN/CNBC Holding	2,012,796	-	-	-	2,012,796
I Love Italy Srl	2,037	-	-	-	2,037
Campus Editori	392,100	-	-	-	392,100
Classpi	9,885,624	-	-	-	9,885,624
Country Class Editori Srl	1,585,000	-	-	-	1,585,000
Assinform Srl	1,652,760	65,250	-	-	1,718,010
New Satellite Radio	74,286	140,000	-	(214,286)	-
DP Analisi Finanz.	86,565	-	-	(17,564)	69,001
Global Finance	-	-	-	-	-
Edis	-	290,000	-	(290,000)	-
Ex.Co	96,093	-	-	(7,038)	89,055
Lombard Editori	26,475	-	-	-	26,475
MF Conference	8,972	30,000	-	-	38,972
MF Service	87,465	-	-	-	87,465
Milano Finanza Edit.	9,820,603	-	-	-	9,820,603
Radio Classica	3,198,669	-	-	-	3,198,669
Telesia	5,533,021	633,173	-	-	6,166,194
TV Moda	449,513	-	-	(449,513)	-
MF Dow Jones News	56,447	-	-	-	56,447
Fashion Work Business Club	-	-	-	-	-
Class TV Service	10,329	-	-	-	10,329
Class Digital Service	3,872,748	-	-	-	3,872,748
Aldebaran	4,502,468	-	-	-	4,502,468
Class Horse TV	367,254	-	(367,254)	-	-
Classint Advertising	-	-	-	-	-
CCeC Class China eCommerce	5,263	-	-	-	5,263
Class Servizi Televisivi	10,000	-	-	-	10,000
Total	**44,319,694**	**1,158,423**	**(367,254)**	**(1,318,208)**	**43,792,655**

The principal changes in investments in subsidiaries during the year are described below:

- the investment in Telesia Spa was increased from 85.625% to 93.531%, following further acquisitions made during the first half of 2015 totalling 633,173 euro;

- as part of the reorganisation of the activities of the Class group, the investment in Class Horse TV srl was sold to MF Service Srl on 26 May, resulting in a disposal loss of 337,254 euro;

- Class Editori purchased the remaining 5% equity interest in Assinform Srl for 65,250 euro in July, thus increasing ownership to 100%;

- during the year, the Company waived certain financial receivables due from group companies. In particular, Class Editori waived financial receivables due from Edis Srl of 290,000 euro, from New Satellite Radio Srl of 140,000 euro and from MF Conference of 30,000 euro. These waivers were made in order to increase the capitalisation of the companies concerned;

- as described further below, the impairment tests carried out by management did not identify any losses of value. The investment in TV Moda has been written off. In particular, based on an analysis of the results achieved with respect to those expected, management prudently decided to eliminate the related carrying amount of 449,513 euro. In addition, again with reference to the results achieved, the investments in Edis and New Satellite Radio Srl have also been written off, with the elimination of the related carrying amounts of 290,000 euro and 214,286 euro. Furthermore, the carrying amounts of the investments in Class Editori Service, DP Analisi Finanziaria and Ex.Co have been adjusted by 339,807 euro, 17,564 euro and 7,038 euro respectively, in order to reflect their equity values.

In fact, while these equity investments continue to be strategic, the Company decided to align their carrying amounts with their lower equity values.

Investments in associates

Caption	Amount at 31/12/2014	Increases	Disposals	Other	Write-downs	Amount at 31/12/2015
Borsa 7 Editori	1	-	-	-	-	1
Editorial Class	14,610	-	-	-	-	14,610
Italia Oggi Erinne	3,397,505	-	-	-	-	3,397,505
Class Roma	-	-	-	-	-	-
Emprimer	4,102	-	-	-	-	4,102
Classpi Digital	-	-	-	-	-	-
Wetobusiness	-	9,730	-	-	-	9,730
Mito	5,000	-	-	-	-	5,000
Embrace	-	60,000	-	-	-	60,000
Total	**3,421,218**	**69,730**	**-**	**-**	**-**	**3,490,948**

The principal changes in investments in associates during the year are described below:

- Embrace.it Srl was formed in May 2015, with a 50% interest held by Class Editori. The objective of the Publishing House is to penetrate further the sector of foreign language digital information for visitors to the principal Italian cities, with a particular focus on those coming from China and on the universe of English-speaking tourists;
- the Publishing House subscribed to a capital increase by WeToBusiness Srl in July, obtaining a 12.16% interest in this general reseller of business services on WeChat, the Chinese messaging and e-services platform.

Investments in other companies

Caption	Amount at 31/12/2014	Acquisitions	Reclassification	Fair value adjustment	Write-downs	Amount at 31/12/2015
Analitica	7	-	-	-	-	7
Il Manifesto	10,329	-	-	-	-	10,329
Proxitalia	4,695	-	-	-	-	4,695
Consedit	28	-	-	-	-	28
Classpi	-	-		-	-	-
MF Servizi Editoriali	104	-	-	-	-	104
Banca Popolare di Vicenza	496,457	2,031	-	-	-	498,488
Entropic	300,000	-	-	-	-	300,000
Total	**811,620**	**2,031**	**-**	**-**	**-**	**813,651**

The following information is provided about the equity investments held:

Name	*City or country*	*Share capital*	*% ownership*	*Profit (loss)*	*Carrying amount*	*Net equity*
Campus Editori	Milan	50,000	70	78,916	392,100	231,612
Country Class Editori	Milan	10,329	100	669,829	1,585,000	765,289
Class Pubblicità	Milan	260,000	76	374,723	9,885,624	752,362
Edis	Milan	10,400	99.5	(339,004)	--	18,229
Lombard Editori	Milan	52,000	50.1	(83,998)	26,475	36,779
MF Conference	Milan	10,329	51	(12,778)	38,972	4,508
Milano Finanza Edit.	Milan	291,837	88.828	(263,924)	9,820,603	979,614
MF Service	Milan	10,000	75.01	(123,824)	87,465	17,294
DP Analisi Finanz.	Milan	47,500	94.73	2,810	69,001	69,000
Ex.Co.	Milan	17,000	100	(4,083)	89,055	89,055
Global Finance M. ($)	USA	151 $	73.52	93,065 $	--	1,496,006 $
Class Digital Service	Milan	100,000	68.75	(40,280)	3,872,748	3,892,376
Editorial Class	Spain	60,101	44	n.a.	14,610	n.a.
CFN CNBC Holding	Netherlands	702,321	68.43	(48,861)	2,012,796	5,714,566
Italia Oggi Erinne	Milan	10,000	47	(66,489)	3,397,505	29,951
MF Servizi Editoriali	Milan	10,400	1	44,137	104	4,068
Class Roma	Milan	10,400	20	2,360	--	(11,769)
Analitica @	Milan	25,000	0.03	n.a.	7	n.a.
Borsa 7 Editori @	Milan	52,000	14	n.a.	1	n.a.
Il Manifesto @	Rome	454,171	0.0579	n.a.	10,329	n.a.
GSC-Proxitalia @	Rome	258,228	3	n.a.	4,695	n.a.
Consedit @	Milan	20,000	0.27	n.a.	28	n.a.

Class CNBC	Milan	627,860	2.73	62,067	200,281	95,621
Radio Classica	Milan	10,000	99	(679,569)	3,198,669	60,383
Telesia	Rome	1,500,000	93.531	430,533	6,166,194	3,502,931
Emprimer Spa @	Milan	1,000,000	10	n.a.	4,102	n.a.
MF Dow Jones News	Milan	100,000	50	183,704	56,447	466,665
Fashion Work B. Club	Milan	10,400	100	8,682	--	14,962
Entropic Sinergy		1,220,200	4.14	n.a.	300,000	n.a.
I Love Italy	Palermo	10,000	51	n.a.	2,037	n.a.
Class Meteo Services	Milan	10,000	100	(18,571)	--	(652,077)
TV Moda	Milan	40,000	51	(283,870)	--	(128,759)
Assinform/Dal Cin	Pordenone	50,000	100	37,794	1,718,010	113,314
Class Editori Service	Milan	37,391	100	(99,860)	43,119	43,119
Classint Advertising	Milan	10,000	100	(3,628)	--	(78,241)
Class Servizi Televisivi	Milan	10,000	100	(96,438)	10,000	47,486
Class TV Service	Milan	10,400	100	(201,520)	10,329	48,510
Up Cube	Milan	119,000	25	n.a.	--	n.a.
B.ca Pop. Vicenza	Vicenza	260,594,490	0.008	n.a.	498,489	n.a.
New Satellite	Milan	10,000	100	(140,566)	--	11,854
Albebaran	Milan	10,000	100	882	4,502,468	873,222
Class China eCommerce	Milan	10,526	50	(53,590)	5,263	40,653
Embrace.it	Milan	120,000	50	(57,193)	60,000	31,404
Wetobusiness	Milan	80,000	12.16	(38,869)	9,760	5,002

As required by art. 2426 of the Italian Civil Code, it is confirmed that qualified equity investments are recorded at their purchase cost.

None of the equity investments have incurred impairment losses with respect to their purchase cost. Any significant differences between their carrying amounts and the Company's share of their equity are discussed below:

- **Campus Editori Srl**: in addition to organising the Students Fair and owning the related brand (Salone dello Studente), this company owns the Campus title, for which no carrying amount has been determined. The company reported a profit for the year, principally due to the good results of activities linked to the organisation of the various editions of the Students Fair. Nevertheless, a specific impairment test was conducted that did not identify any reasons to write-down the carrying amount of this investment.
- **Country Class Editori Srl**: this company is the owner and publisher of Capital. A profit was reported for the year, partly as a result of the activities associated with the Capital#1 event and the publication of a prestigious book to mark the 35th anniversary of the launch of the title. The specific impairment test identified a total value for the company of about 2.76 million euro and, accordingly, no write-down was required.
- **Classpi - Class Pubblicità Spa**: as a sub-agent, the company manages the advertising collection activities for all the editorial and electronic publications of the Publishing House. The specific impairment test identified a total value for the company of 19.5 million euro and, accordingly, no write-down was required.
- **Milano Finanza Editori Spa**: this company publishes Milano Finanza and MF. The carrying amount of this equity investment, of strategic importance to the group, is much lower than its effective value. Nevertheless, a specific impairment test was conducted that did not identify any reasons to write-down the carrying amount of this investment.

- **Class CNBC**: this company broadcasts economic and financial information on SKY channel 507. This equity investment is strategic for the group. Nevertheless, a specific impairment test was conducted that did not identify any reasons to write-down the carrying amount of this investment.
- **DP Analisi Finanziaria Srl in liquidation**: this company, which published manuals for the insurance and finance sector, was put into liquidation at the end of the prior year, with the consequent alignment of its carrying amount with the Company's interest in its equity value. A further alignment of the carrying amount was carried out in 2015, resulting in a write-down of 17,564 euro.
- **ExCo Srl in liquidation**: from 1992, this company worked as a press agency and had long-term contracts for the supply of news. It was put into liquidation at the end of the prior year, with the consequent alignment of its carrying amount with the Company's interest in its equity value. A further alignment of the carrying amount was carried out in 2015, resulting in a write-down of 7,038 euro.
- **Italia Oggi Editori - Erinne Srl**: this company publishes ItaliaOggi and its carrying amount is much lower than its effective value. A specific impairment test was conducted that did not identify any reasons to write-down the carrying amount of this investment.
- **Telesia Spa**: this investment was purchased in 2001. The company specialises in designing, building and managing video-information systems for the public.
- **Aldebaran Srl**: this company specialises in designing, building and managing video-information systems for the public, especially in the outdoor sector and on public transport. The purchase of Aldebaran during 2014 highlights the strategic importance of that company's business: video communications delivered on surface transportation. Drawing on the facilities and technologies available to Aldebaran, Telesia was able to win the ATAC / Roma contract, involving an exclusive advertising concession in Rome for 9 years. This underpins the projects to develop Outdoor TV, now aggregated within one CGU, considering the loss that would be incurred by the Outdoor TV business should this activity be closed or sold. A specific impairment test identified that the carrying amount of the investment is in line with its recoverable value.
- **Class Editori Service Srl in liquidation**: this company, which provided financial, administrative and managerial services to the Class group, was put into liquidation at the end of the prior year, with the consequent alignment of its carrying amount with the Company's interest in its equity value. A further alignment of the carrying amount was carried out in 2015, resulting in a write-down of 339,807 euro.
- **Class Digital Service:** operating via its subsidiaries, PMF News Spa and E-Class Spa, this company sells financial information services via satellite, web and corporate television. A specific impairment test was conducted that did not identify any reasons to write-down the carrying amount of this investment.
- **Global Finance Media Inc.**: this US editor publishes the financial magazine of the same name. The investment was written off in full in prior years, due to recurrent losses. Starting from 2006, the company began to earn net profits and steadily reduced its equity deficit, so much so that the shareholders' equity of this subsidiary returned to positive territory at the end of 2011. A further net profit was reported for 2015.
- **Assinform/Dal Cin Editore Srl**: this company, purchased during 2009, operates in the insurance publishing sector with valued specialist titles. Net profits have been reported in recent years. Despite an operating profit in 2014, a net loss was reported in that year due to a non-recurring charge to write-down an equity investment. An impairment test valued the company at 2.12 million euro, which exceeds its carrying amount.
- **TV Moda Srl**: this company owns the digital terrestrial TV channel of the same name. In view of the recent performance of the business, management has prudently decided to write-off the carrying amount of this investment.

In the light of the above and except as specified, the carrying amounts of the other equity investments have not been adjusted to reflect their higher equity value, and such additional value has not be amortised given the indefinite duration of the benefit.
The equity investments held as non-current assets represent a lasting, strategic investment by the Company. The other equity investments are recorded at their purchase or subscription cost.

None of the above companies authorised a capital increase during the year, whether for cash or as a bonus issue, except for those that were formed during the year.

The changes in non-current assets during the year are summarised below, indicating for each caption the financial charges allocated to the assets concerned.

	Equity investments	Receivables	Securities	Treasury shares	Other assets	**Total**
HISTORICAL COST	**63,476,580**					**63,476,580**
prior revaluations						
financial charges						
prior write-downs	(14,924,048)					**(14,924,048)**
accumulated amortisation						
OPENING BALANCE	**48,552,532**	**-**	**-**	**-**	**-**	**48,552,532**
Increases during the year	1,230,184					**1,230,184**
reclassifications (-)	-					**-**
reclassifications (+)						**-**
financial charges						
decreases during the year	(367,254)					**(367,254)**
revaluations during the year						
write-downs during the year	(1,318,208)					**(1,318,208)**
amortisation charge for the year						
BALANCE		-	-	-	-	**48,097,254**
movements pursuant to art. 2426.3 c.c.						
CLOSING BALANCE	**48,097,254**	**-**	**-**	**-**	**-**	**48,097,254**

Impairment tests carried out by the Publishing House and related results

Impairment losses

IAS 36 requires equity investments to be subjected to impairment tests, if there is evidence of a possible reduction in their value. These tests are carried out annually, or more frequently.

The recoverability of their carrying amounts is checked by comparison with the greater of their selling prices, if an active market exists, or their value in use.

The process adopted to estimate fair value involves:

- identification of the asset to be measured;
- determination of the appropriate type of value to be measured;
- identification of the principal (or most advantageous) market for the asset to be measured;
- definition of the appropriate measurement technique, selecting from the market approach, the income approach and the cost approach;
- classification of the fair value determined within one of the three hierarchical levels envisaged in IFRS 13, namely:
  - LEVEL 1: prices listed in active markets for the same asset;
  - LEVEL 2: measurement made using inputs, other than the listed prices indicated in level 1, that are directly or indirectly observable for the asset concerned, indicating the sources of the parameters used;
  - LEVEL 3: inputs not based on observable market data that reflect management's estimates of the assumptions that "market participants" would make when determining the price of the asset to be measured, describing each assumption made, indicating if the value used reflects past experience and is consistent with external sources of information or, if not, how and why the difference arises;
- quantification of any selling costs to be deducted from fair value.

Fair value is estimated as follows:

6. identification of the "cash generating unit" (CGU);
7. identification of the carrying amount of the CGU, with the allocation of goodwill or other assets with an indefinite life to the individual CGU (or groups of CGUs), together with any other assets directly attributable to the individual CGU;
8. identification of evidence of a loss in value;
9. determination of recoverable value, as the greater of **value in use or fair value**;
10. preparation of information about the impairment test: the company prepares a document in support of the impairment test, so that it is possible to reconstruct the entire measurement process.

With regard to the radio frequencies, the group of assets to be measured comprise the ministerial concession, the technical equipment and the "right to use" the broadcasting equipment.

With regard to the measurement of the frequencies, the inputs used for the appraisal were not listed prices, but were directly observable in an active market for those assets.
In order to make a qualitative assessment of the broadcasting equipment, the appraisal identified all the relevant measurement parameters and attributed a score to each of them, based on qualitative considerations and using a scale that is general used and accepted by economic operators in the sector concerned. This scale of values was then given a monetary weighting by defining a correction coefficient, to transform qualitative value into economic value, based on market negotiations for the sale of broadcasting equipment. This coefficient essentially represents a unit of measure that is similar to the price per square metre used as a parameter in the sale of property.

Estimate of value in use

Value in use is determined by discounting the cash flows expected from use of the asset, or the cash generating unit (CGU) to which it is allocated, as well as from its disposal at the end of its useful life. CGUs are identified in a manner consistent with the organisational and business structure of the Group, as homogeneous aggregations that generate independent cash flows deriving from the continuous use of the assets allocated to them.

The value in use referred to in the impairment test was determined in accordance with the requirements of IAS 36. This test calculated the recoverable value of each CGU to which the intangible assets to be checked are allocated, with reference to the cash flows they are expected to generate, as discounted using rates that reflect the specific risks affecting each unit.
During the explicit forecasting period, the expected cash flows were adjusted to take account of any changes in working capital that might affect them.
If adverse, the change in working capital in the final year was prudently deducted from the terminal value; if positive, the terminal value was not adjusted.

The resulting economic value of the capital invested (enterprise value) was adjusted by the net financial position (NFP) at the reference date for the appraisal, as well as by any non-operating (surplus) assets, in order to obtain the equity value to be compared with the carrying amount reported in the financial statements.

2. Identification of the cash generating unit (CGU)

As in the past, the CGUs were identified by reference to the sectors in which each business operates. In particular: Newspapers, Periodicals, Events, Digital (TV, Radio, Business Information), Advertising, Other.

The following principal criteria were used to define the CGUs:

* similarity of the products and/or services provided by the company and/or the type of customer;
* the ability to sell activities separately, and therefore to create a separate CGU, or the need to aggregate them with other activities in order to obtain the expected returns;
* the loss that would be caused to a related activity by the closure of an activity.

In certain cases, these CGUs coincide with one or more legal entities to which the assets with an indefinite life have been allocated; in other cases, they are only part of a legal entity.

In particular:

NEWSPAPERS:
MF / Milano Finanza / Mf fashion (Financial newspaper)

PERIODICALS:
Assinform (Insurance publishing)
Global Finance (International finance magazine)
Patrimoni and Lombard (Italian finance magazines)
Class (Magazine for men)
Capital (Magazine for men)
Gentleman (Magazine for men)
Ladies (Magazine for women)
Case & Country (Magazine about furnishings and country life)
MFF & MFL (Magazine for Fashion and Magazine for Living)
Eccellenza Italia (Magazine for the Chinese market)

EVENTS:
Campus (Students Fair)
MF Conference (Finance & business and fashion conferences)

DIGITAL:
Class Cnbc (Financial TV)
Class TV and Class Life (TV providing general information, news and lifestyle)
Class TV Moda (Fashion)
Telesia and Aldebaran (Outdoor TV: TV for metros, motorway service stations and airports) *
Corporate TV (TV within banks and companies)
E-class (Digital business information)
MF Dow Jones News (Financial press agency)
Class China eCommerce
Websites and Tablet / Smartphone applications
Radio frequencies

ADVERTISING:
Classpi (Advertising concessionaire).

OTHER:
Analitica (Company appraisals)
Tagliamare ("Portolano" illustrated books)
In Aereo

* The purchase of Aldebaran during 2014 highlights the strategic importance of that company's business: video communications delivered on surface transportation. Drawing on the facilities and technologies available to Aldebaran, Telesia was able to win the ATAC / Roma contract, involving an exclusive advertising concession in Rome for 9 years. This underpins the projects to develop Outdoor TV, now aggregated within one CGU, considering the loss that would be incurred by the Outdoor TV business should this activity be closed or sold.

Of course, only some of the CGUs described above are important for impairment testing purposes, since the values attributable to the titles or the goodwill are reported separately as assets in the statement of financial position.

2. Identification of the carrying amount of the individual CGUs

The carrying amount of the individual CGUs is determined by allocating to them the related goodwill or other assets with an indefinite life, as well as any assets that contribute directly to their operations.

3. Identification of evidence of a loss in value

As required by IAS 36, the company determines at the reporting date if there is any evidence, from internal or external sources, to suggest that the assets subject to impairment may have suffered a loss of value. This analysis is primarily carried out in accordance with the procedure indicated in para. 12 of IAS 36, as supplemented by all the information available to the company at the time.

4. Determination of recoverable value, as the greater of value in use or fair value

Principal choices made when applying the accounting standards and sources of uncertainty when making estimates

Principal uncertainty factors when making estimates

Preparation of the financial statements of Class Editori and the explanatory notes required the use of estimates and assumptions in order to measure certain assets and liabilities, as well as to quantify contingent assets and liabilities. The estimates and assumptions were made based on historical experience and other relevant factors.

Assets with an indefinite life were subjected to impairment testing in order to identify any losses of value. The principal uncertainties influencing the estimates relate to the discounting rate (WACC), the growth rate (*g*) and the assumptions made when estimating cash flows.
In particular, the prospective data used was based on assumptions about future events and management actions that are subject to estimation and uncertainty, which might result in the events foreseen not taking place, or taking place to an extent or with a timing that differs from that hypothesised or, on the contrary, in events taking place that were not foreseeable at the time the estimates were made.

Principal assumptions made when determining the recoverable value of equity investments

These assets are measured whenever there is evidence that they may have suffered a reduction in value. The equity investments allocated to CGUs are measured every year, or more frequently, even in the absence of evidence about impairment.

The impairment tests carried out at 31 December 2015 were based on the updated long-term plans approved by the Board of Directors on 18 March 2016. These tests did not identify any impairment, except with regard to the investment in TV Moda. In this regard, based on an analysis of the results achieved with respect to those expected, management has prudently decided to write off the related carrying amount. The measurement parameters adopted were generally somewhat prudent, especially with regard to estimating the discount rates. This reflected a general increase in the risk-free rate, as well as assessments of the specific risks faced by each CGU, having regard for an analysis of the differences between the forecast and actual data, as specified in more detail below. This aspect did not result in the identification of a loss of value, but did tend to reduce the recoverable value in use of each equity investment, as also reflected in the outcome of the sensitivity analysis.

When determining the discount rates, management compared the actual results for 2015 with the forecast data used for the impairment tests at 31 December 2014, analysing any variances in order to assess their impact on the estimated discount rate (WACC) to be applied to the forecast cash flows.

At a procedural level, as recommended in the joint CONSOB, Bank of Italy and ISVAP document dated 4 March 2010, when the market capitalisation is significantly lower than consolidated shareholders' equity at the reporting date, management analyses the reasons for the different valuation expressed by the financial markets and documents its considerations with reference to the results of the impairment tests carried out. This situation does not apply to the consolidated financial statements at the reporting date.

A sensitivity analysis is presented below, in order to understand the effect that small changes in the assumptions made would have on the recoverable amounts calculated. This sensitivity analysis is an integral part of the impairment tests.

The principal criteria adopted in relation to the impairment tests are indicated below:

- determination of the cash flows of the CGUs: the cash flows derive from the five-year economic and financial budgets approved by the Board of Directors of the legal entity to which the CGUs belong. Reference is to the free cash flow after tax effects and any investment needed in order to generate the cash flow, as adjusted by the related changes in working capital;
- the **explicit** forecasting period, during which the expected revenues and costs of the CGU are identified in detail, is usually taken to be 5 years;
- beyond this period, an **implicit** period of indefinite duration is identified for the cash flow projection. This choice is considered compatible with the measurement of the titles or the goodwill related to them, whose lives are truly indefinite having regard for the time elapsed since their launch.
- the cash flows considered are stated net of tax effects and any investment needed for their generation; in addition, a budget balance sheet for each year in the explicit forecasting period is prepared for each CGU, in order to identify the changes in working capital used to determine the free cash flow needed for the impairment tests;
- given this, a "target" balance sheet structure was identified for each CGU, by making assumption about the changes in the each asset and liability caption. This balance sheet structure was used in order to calculate the discount rate (WACC);
- the forecast cash flows are based on the results historically generated by the CGUs, as well as on assumptions and forecasts about the future development of projects and business areas in which the Group is already active and whose growth was projected in the 2016-2020 business plan;
- the growth rate in the terminal period (g) was generally considered to be 0%.

The following methodology was adopted to determine the weighted-average cost of capital (WACC) used for discounting purposes during the explicit and implicit periods:

- In order to estimate the risk-free interest rate, reference was made to the yield on 10-year BTPs (government securities) maturing in 2025, which averages 1.58%. Although this takes account of the current opportunity cost of capital, the decision was deemed prudent in view of the most recent changes in the yields on government securities, which appear to be declining as a result of the recent ECB manoeuvres;
- A risk premium was added to the risk-free rate identified above. For a mature stock market (source: Damodaran), this was estimated to be 6% (5.75% last year), multiplied by a beta conversion factor that, from Bloomberg for the two-year period 2014-2015 relating specifically to Class, was quantified as 1.188 (1.2 last year); it was in fact deemed prudent to use a rate that takes a longer time period into account, in view of the strong market fluctuations;
- In some cases in which management considered the reference environment to be higher risk than that reflected in the above parameters, the beta parameter was increased by another component associated with the size of the CGU or the more uncertain conditions in the reference market. For the CGUs concerned, this change increased the beta coefficient into a range between 1.20% and 1.50%;
- The cost of borrowing was taken to be the actual cost of the resources borrowed from third parties, net of tax effect.

The criteria for identifying CGUs and allocating the Group's activities to them were essentially unchanged with respect to the financial statements at 31 December 2014, except for the addition of Class China eCommerce, which commenced operations during 2015.

The principal assumptions made by management for the calculation of value in use related to the discount rate (WACC), the growth rate (*g*), always set to 0, and the expected changes in selling prices and direct costs during the forecasting period.

The discount rate used to adjust the forecast cash flows reflected the weighted-average cost of capital (WACC), which weights the following two elements:

- the cost of risk capital, determined as the yield from risk-free assets (including the country risk implicit in the market rates) plus the result of multiplying the beta coefficient by the risk premium for a virtuous country;
- the cost of debt finance, net of tax effect.

The results obtained by the internal analyses were supported by those reflected in the specific appraisals prepared by an independent professional, which essentially confirmed the estimates made by the company.

The discount rates (WACC) and growth rates used in 2014 and 2015 are indicated below:

SUMMARY IMPAIRMENT TEST VALUES 31/12/2015				
CGU	31/12/2014		31/12/2015	
	WACC	Terminal period growth rate (g)	WACC	Terminal period growth rate (g)
Mf / Milano Finanza	7.8%	0.0%	8.5%	0.0%
Classpi	8.9%	0.0%	9.0%	0.0%
Assinform	8.5%	0.0%	8.6%	0.0%
Country Class - Capital	9.4%	0.0%	9.0%	0.0%
TV Moda	8.4%	0.0%		
Class CNBC	9.2%	0.0%	9.0%	0.0%
Telesia	9.2%	0.0%	9.4%	0.0%
Class Digital Service	8.1%	0.0%	8.4%	0.0%
Campus	8.9%	0.0%	8.8%	0.0%
Italia Oggi Erinne	7.0%	0.0%	8.1%	0.0%

As mentioned above, the investment in TV Moda was not subjected to impairment testing at 31 December 2015 since, based on an analysis of the results achieved with respect to those expected, management prudently decided to write off the related carrying amount.

The principal results of the sensitivity analysis are summarised below, indicating the CGU values that would result from positive and adverse stresses of the WACC and the *g* rate used in the impairment tests, as well as those that would result if, theoretically, the ratio of own capital to third-party funds was 50%/50%.

Mf / Milano Finanza:

	WACC							D/E = 50/50*
	6.96%	7.46%	7.96%	8.46%	8.96%	9.46%	9.96%	6.80%
Terminal period growth rate = g								
0.00%	35,404	32,780	30,485		26,666	25,060	23,615	36,310
0.50%	37,574	34,615	32,053	29,813	27,839	26,085	24,517	38,602
1.00%	40,107	36,734	33,846	31,345	29,159	27,231	25,518	41,289
1.50%	43,104	39,209	35,916	33,097	30,656	28,521	26,639	44,482
2.00%	46,706	42,137	38,334	35,120	32,368	29,984	27,900	48,341

**Theoretical "target" balance sheet structure*

Classpi:

	WACC							D/E = 50/50*
	7.54%	8.04%	8.54%	9.04%	9.54%	10.04%	10.54%	6.80%
Terminal period growth rate = g								
0.00%	21,464	20,754	20,127		19,073	18,626	18,221	22,701
0.50%	22,035	21,242	20,548	19,936	19,393	18,907	18,471	23,432
1.00%	22,693	21,799	21,025	20,348	19,751	19,220	18,746	24,288
1.50%	23,460	22,442	21,570	20,814	20,153	19,570	19,052	25,307
2.00%	24,365	23,192	22,198	21,347	20,609	19,963	19,394	26,537

**Theoretical "target" balance sheet structure*

Assinform:

	WACC							D/E = 50/50*
	7.09%	7.59%	8.09%	8.59%	9.09%	9.59%	10.09%	6.88%
Terminal period growth rate = g								
0.00%	2,592	2,414	2,258		1,997	1,888	1,789	2,676
0.50%	2,738	2,537	2,364	2,211	2,077	1,957	1,850	2,833
1.00%	2,907	2,680	2,485	2,315	2,166	2,035	1,918	3,017
1.50%	3,107	2,846	2,624	2,433	2,267	2,122	1,994	3,235
2.00%	3,347	3,041	2,786	2,569	2,383	2,221	2,079	3,498

**Theoretical "target" balance sheet structure*

Country Class - Capital:

	WACC							D/E = 50/50*
	7.51%	8.01%	8.51%	9.01%	9.51%	10.01%	10.51%	6.98%
Terminal period growth rate = g								
0.00%	3,684	3,338	3,033		2,523	2,309	2,115	4,108
0.50%	3,971	3,583	3,244	2,947	2,684	2,450	2,240	4,450
1.00%	4,302	3,863	3,484	3,154	2,864	2,607	2,378	4,850
1.50%	4,688	4,187	3,758	3,388	3,066	2,783	2,532	5,322
2.00%	5,144	4,564	4,074	3,656	3,295	2,980	2,704	5,890

**Theoretical "target" balance sheet structure*

Class CNBC:

	WACC							D/E = 50/50*
		7.52%	8.02%	8.52%	9.02%	9.52%	10.02%	10.52%	6.70%
Terminal period growth rate = g	0.00%	21,840	19,616	17,654		14,349	12,944	11,673	26,179
	0.50%	23,744	21,252	19,071	17,147	15,436	13,905	12,527	28,669
	1.00%	25,939	23,121	20,677	18,538	16,651	14,973	13,471	31,596
	1.50%	28,500	25,276	22,512	20,115	18,017	16,165	14,519	35,086
	2.00%	31,524	27,789	24,627	21,916	19,565	17,507	15,691	39,317

**Theoretical "target" balance sheet structure*

E-Class - Finance:

	WACC							D/E = 50/50*
		6.86%	7.36%	7.86%	8.36%	8.86%	9.36%	9.86%	6.52%
Terminal period growth rate = g	0.00%	14,062	12,900	11,886		10,207	9,503	8,872	14,943
	0.50%	15,039	13,724	12,589	11,600	10,731	9,960	9,274	16,044
	1.00%	16,181	14,677	13,394	12,287	11,321	10,473	9,721	17,344
	1.50%	17,538	15,794	14,326	13,073	11,992	11,050	10,221	18,902
	2.00%	19,173	17,119	15,417	13,984	12,761	11,706	10,786	20,806

**Theoretical "target" balance sheet structure*

Telesia:

	WACC							D/E = 50/50*
		7.87%	8.37%	8.87%	9.37%	9.87%	10.37%	10.87%	6.61%
Terminal period growth rate = g	0.00%	13,688	12,790	11,994		10,649	10,075	9,555	16,567
	0.50%	14,397	13,400	12,524	11,747	11,055	10,434	9,874	17,648
	1.00%	15,209	14,093	13,120	12,264	11,507	10,831	10,224	18,922
	1.50%	16,149	14,887	13,797	12,847	12,012	11,272	10,612	20,445
	2.00%	17,249	15,805	14,573	13,509	12,582	11,766	11,044	22,298

**Theoretical "target" balance sheet structure*

Campus:

	WACC							D/E = 50/50*
		7.34%	7.84%	8.34%	8.84%	9.34%	9.84%	10.34%	6.98%
Terminal period growth rate = g	0.00%	3,250	3,088	2,946		2,708	2,607	2,516	3,381
	0.50%	3,382	3,200	3,042	2,904	2,781	2,671	2,573	3,530
	1.00%	3,535	3,330	3,153	2,998	2,863	2,743	2,636	3,704
	1.50%	3,714	3,479	3,279	3,106	2,956	2,823	2,706	3,910
	2.00%	3,927	3,654	3,425	3,229	3,061	2,914	2,785	4,157

**Theoretical "target" balance sheet structure*

Italia Oggi:

	WACC								D/E = 50/50*
		6.65%	7.15%	7.65%	8.15%	8.65%	9.15%	9.65%	6.74%
Terminal period growth rate = g	0.00%	28,339	25,879	23,745		20,226	18,760	17,448	27,862
	0.50%	30,439	27,644	25,243	23,160	21,336	19,726	18,294	29,895
	1.00%	32,911	29,695	26,967	24,625	22,591	20,811	19,239	32,282
	1.50%	35,863	32,110	28,972	26,309	24,022	22,037	20,299	35,124
	2.00%	39,451	34,994	31,331	28,268	25,668	23,436	21,498	38,567

**Theoretical "target" balance sheet structure*

5) Trade receivables

The reported balance, **3,089,330 euro**, relates entirely to the residual non-current portion of the trade receivable generated on the sale in 2011 of software originally developed by E-Class and PMF. This receivable was assigned by them to Class Editori in 2012. An agreement was reached in 2015 enabling Class Editori to obtain the early collection of this receivable on the following basis: 7.5 million euro collected during December 2015, (ii) a further 7.5 million euro to be collected during the first half of 2016 (with the classification of this amount among the current trade receivables), (iii) the remaining 3.59 million euro to be collected subsequent to 31 December 2024. In accordance with IFRS requirements, the residual nominal value of this non-current receivable has been discounted, resulting in the recognition of a provision amounting to 502,670 euro. The corresponding discounted receivable in the previous year amounted to 16,960,945 euro.

6) Deferred tax assets

The amount of 15,630,916 euro includes deferred tax assets at 31 December 2015 of 351,440 euro, compared with 1,984,866 euro at 31 December 2014, and IRES credits for the losses reported by the tax group of 15,279,476 euro, compared with 16,683,540 euro at 31 December 2014.
This caption is analysed in detail, together with the changes during the year, in the table contained in note 31) Taxes.
No additional deferred tax assets were recognised during the year. The recorded amounts were however adjusted to take account of the reduction in the IRES rate to 24% from 2017. This adjustment reduced the Company's deferred tax assets by about 2.2 million euro.

7) Other receivables

Balance at 31/12/2014	€	2,383,902
Balance at 31/12/15	€	2,388,902
	€	**5,000**

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Advances to suppliers	72,800	72,800	-
Advance tax on severance indemnities	24,325	24,325	-
Guarantee deposits			
- Rentals	264,515	269,515	5,000
- Telephone	11,844	11,844	-
- Electricity	1,633	1,633	-
- Other	2,008,785	2,008,785	-
	2,383,902	**2,388,902**	**5,000**

CURRENT ASSETS

8) Inventories

Balance at 31/12/2014	€	299,657
Balance at 31/12/2015	€	291,677
	€	**(7,980)**

The measurement criteria adopted, unchanged with respect to the prior year, are described in the first part of these explanatory notes.
The changes in each category are described in the notes to the income statement. At 31 December 2015, the allowance for inventories of 137,367 euro adjusts the carrying amount of finished products and editorial products to reflect their estimated realisable value.

9) Trade receivables

Balance at 31/12/2014	€	61,730,377
Balance at 31/12/2015	€	59,948,218
	€	**(1,782,159)**

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Ordinary customers	8,563,794	13,926,566	5,362,772
Invoices to be issued	8,333,101	282,231	(8,050,870)
Credit card customers	8,448	10,236	1,788
Due from parent companies	1,128	15,828	14,700
Due from subsidiaries	34,820,391	42,304,062	7,483,671
Due from associates	10,235,318	3,906,091	(6,329,227)
Allowance for doubtful receivables, art. 106 TUIR	(216,808)	(481,801)	(264,993)
Taxed allowance for doubtful receivables	(14,995)	(14,995)	-
	61,730,377	**59,948,218**	**(1,782,159)**

In the prior year, invoices to be issued totalling 8.3 million euro included 8 million euro in relation to the sale to SKY of LCN 27, a digital terrestrial channel. The related invoice was issued in early 2015 and the amount was collected promptly.

Since the Company is active almost entirely in the domestic market, the analysis of receivables by geographical area required by para. 6 of art. 2427 c.c. is not provided. Relations with foreign countries are therefore not significant.

The increase in trade receivables due from subsidiaries reflects a timing difference in settlements with respect to the prior year.

The nominal value of receivables is adjusted to estimated realisable value by the allowance for doubtful accounts, as well as by discounting amounts that are difficult to recover over the expected collection periods. The reduction in the discounting allowance with respect to the prior year was principally due to the early collection of receivables previously classified as non-current. Certain of these were collected at the end of 2015, with the consequent recognition of financial income totalling 1,138,943 euro. The combined changes in these allowances in summarised below:

Description	*Total*
Allowances at 31/12/2014	1,886,923
Utilisation of allowance for doubtful accounts	(41,044)
Utilisation of discounting allowance	(1,138,943)
Provision for doubtful accounts	306,037
Change in discounting allowance	71
Balance at 31/12/2015	1,013,044

Due from subsidiaries

Commercial	Receivables companies	Invoices to be issued Credit notes to be received	Total at 31/12/2015
Milano Finanza Edit.	4,387,227	205,235	4,592,462
Class Editori Service	75,125	-	75,125
MF Service	3,923,397	656,602	4,579,999
E-Class	1,089,103	90,598	1,179,701
PMF News Editori SpA	382,090	2,589,995	2,972,085
Lombard Editori	176,407	114,208	290,615
MF Conference	845	-	845
MF Dow Jones	392,435	432,469	824,904
Edis	-	183,763	183,763
DP Analisi Finanziaria	12	-	12
Ex.Co	2,225	-	2,225
Classint Advertising	1,373	-	1,373
Campus Editori	522,896	245	523,141
CCeC Class China	9,767	402	10,169
Class CNBC	868,939	424,601	1,293,540
Radio Classica	1,015,876	126,146	1,142,022
Global Finance	666,018	2,472	668,490
Telesia	616,593	-	616,593
Country Class Editori	1,160	458,813	459,973
Class Servizi Televisivi	277,004	73,798	350,802
Fashion Work	41,803	-	41,803
Classpi	10,348,406	8,409,360	18,757,766
Class Meteo	445,655	-	445,655
TV Moda	913,730	124,298	1,038,028
Class Digital Service	108	293	401
New Satellite	-	6,898	6,898
MF Servizi Editoriali	1,680,047	123,003	1,803,050
Class TV Service	346,689	80,135	426,824
CFN CNBC	8,824	6,974	15,798
	28,193,754	**14,110,308**	**42,304,062**

Due from associates

Commercial	Receivables companies	Invoices to be issued Credit notes to be received	Total at 31/12/2015
Italia Oggi Editori Erinne	287,526	3,583,143	3,870,669
Class Roma	35,422	-	35,422
	322,948	**3,583,143**	**3,906,091**

10) Financial receivables

Balance at 31/12/2014	€	35,659,920
Balance at 31/12/2015	€	39,808,445
	€	**4,148,525**

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Financial C/A - subsidiaries*	29,966,603	34,240,235	4,273,632
Financial C/A - associates*	-	99,294	99,294
Financial C/A - parent company*	245,000	245,000	-
Financial C/A - MF Servizi Editoriali	4,091,437	2,922,052	(1,169,385)
Financial C/A - Yachting	-	12,656	12,656
Financial C/A - CHTV Global	-	70,000	70,000
Financial C/A - Diana Bis	690,046	1,556,046	866,000
Financial C/A - Worldspace Italia	3,672	-	(3,672)
Financial C/A - CIA	659,004	659,004	-
Financial C/A - Honyvem	4,158	4,158	-
	35,659,920	**39,808,445**	**4,148,525**

Financial receivables - subsidiaries

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Financial C/A - CFN CNBC	95,000	135,000	40,000
Financial C/A - I Love Italia	20,000	20,000	0
Financial C/A - Country Class Editori	48,095	273,412	225,317
Financial C/A - Class Digital Service	11,175	6,522	(4,653)
Financial C/A - e-Class	684,504	1,494,278	809,774
Financial C/A - Classpi	6,031,745	-	(6,031,745)
Financial C/A - Class CNBC	6,116,766	11,948,900	5,832,134
Financial C/A - Campus	42,724	-	(42,724)
Financial C/A - Classint Advertising	66,917	82,031	15,114
Financial C/A - Lombard	9,400	-	(9,400)
Financial C/A - MF Service	11,974,825	13,087,473	1,112,648
Financial C/A - Class China	-	77,288	77,288
Financial C/A - Radio Classica	3,889,174	4,516,620	627,446
Financial C/A - Class Editori Service	-	16,854	16,854
Financial C/A - New Satellite	228,214	90,214	(138,000)
Financial C/A - Edis	-	647,103	647,103
Financial C/A - Class Servizi Televisivi	-	880,138	880,138
Financial C/A - TV Moda	30,178	128,978	98,800
Financial C/A - Assinform	7,918	7,918	-
Financial C/A - CHTV	13,048	-	(13,048)
Financial C/A - Class Meteo Service	696,920	827,506	130,586
	29,966,603	**34,240,235**	**4,273,632**

Financial receivables - associates

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Financial C/A - Italia Oggi Erinne	-	94,731	94,731
Financial C/A - Class Roma	-	4,563	4,563
	-	**99,294**	**99,294**

11) Tax receivables

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Withholding tax on bank and post office accounts	13,928	44	(13,884)
IRES advance	125,938	125,938	-
IRAP advance	112,743	112,743	-
Employee bonus tax credits	937	1,975	1,038
Other tax credits	1,436,968	795,098	(641,870)
IRPEF withheld from freelance/independent contractors	23,816	-	(23,816)
Stamp duty	9	9	-
VAT recoverable	12,878	281,236	268,358
VAT paid on pro-forma invoices	68,260	85,418	17,158
TOTAL	**1,795,477**	**1,402,461**	**(393,016)**

Tax receivables include the IRAP repayments claimed in relation to the 2007 and 2011 tax years. The reduction in other tax receivables was due to the settlement of an old outstanding balance relating to a VAT demand paid in 2008, that the Publishing House expected to recover and that was, in fact, recovered during the year.

12) *Other receivables*

Balance at 31/12/2014	€	17,104,939
Balance at 31/12/2015	€	7,051,276
	€	**(10,053,663)**

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Client advance accounts	167,263	149,082	(18,181)
Due from other publishers	685,598	698,685	13,087
Suppliers for credit notes to be received	964,483	64,755	(899,728)
Employee travel advances	31,301	30,896	(405)
Other receivables	195,306	131,962	(63,344)
Loans to shareholders	-	30,000	30,000
Loans to third parties	913,258	91,325	(821,933)
Due from Compagnia Immobil. Azionaria	10,744,361	3,504,672	(7,239,689)
Due from Diana Bis	171,115	39,030	(132,085)
Due from e-Class	112,266	341	(111,925)
Due from MF Service	396,500	30,000	(366,500)
Due from MF Dow Jones	-	517	517
Due from Milano Finanza	-	20,800	20,800
Tax receivables from subsidiaries	2,121,295	1,753,659	(367,636)
Other accrued income	194,180	181,800	(12,380)
Prepaid insurance	54,672	36,875	(17,797)
Prepaid rentals	-	37,610	37,610
Other prepaid expenses	353,341	249,267	(104,074)
	17,104,939	**7,051,276**	**(10,053,663)**

The decrease in credit notes to be received from suppliers was principally due to the receipt of credit notes following a number of important agreements to settle outstanding balances reached with certain suppliers during the prior year. The reduction in the amount receivable from Compagnia Immobiliare Azionaria was due to the close-out of advances following receipt of the related invoices.

13) *Liquid funds*

Balance at 31/12/2014	€	4,672,708
Balance at 31/12/15	€	6,961,152
	€	**2,288,444**

Bank deposits

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
BNA	742	-	(742)
Ersel	180	-	(180)
Carige	584,936	584,986	50
Credito Emiliano	632	-	(632)
C.R. Parma e Piacenza	-	1,056,206	1,056,206
Monte dei Paschi di Siena	3,922,842	-	(3,922,842)
BNL	68,820	5,281,092	5,212,272
Postal current account	15,357	37,170	21,813
Cash	235	63	(172)
Prepaid debit cards	78,964	1,635	(77,329)
	4,672,708	**6,961,152**	**2,288,444**

This balance represents the bank deposits, cash and cash equivalents available at year end. The accounting

balances have all been reconciled with those indicated on the bank statements at 31 December 2015.

EQUITY AND LIABILITIES

14) Shareholders' equity

Balance at 31/12/2014	€	64,443,980
Balance at 31/12/2015	€	40,217,907
	€	**(24,226,073)**

Caption	Amount at 31/12/2014	Increases	Decreases	Amount at 31/12/2015
Share capital	28,321,907	-	-	28,321,907
Share premium reserve	52,851,224	-	-	52,851,224
Legal reserve	2,543,881	-	-	2,543,881
Extraordinary reserve	7,079,514	-	-	7,079,514
IAS OCI reserve	(5,521,572)	23,375	-	(5,498,197)
Treasury shares reserve	(94,438)	-	-	(94,438)
Fair value stock option reserves	278,707	-	-	278,707
Retained earnings	113,925	-	(21,129,168)	(21,015,243)
Total	**85,573,148**	**23,375**	**(21,129,168)**	**64,467,355**
Profit (Loss) for the year	(21,129,168)	21,129,168	(24,249,448)	(24,249,448)
Shareholders' equity	**64,443,980**	**21,152,543**	**(45,378,616)**	**40,217,907**

The principal changes during the year related to the carry forward of the loss for 2014 and the recognition of the loss for 2015.

Following the amendment of IAS 19 regarding severance indemnities to exclude the recognition of actuarial gains and losses using the "corridor" method, a practice permitted until the end of 2012, a negative OCI reserve (included in the IAS transition reserve) of 187,406 euro was recorded on 01 January 2013, in order to reverse the prepaid expenses of 73,481 thousand euro recorded on 31 December 2012 and retained earnings of 113,925 euro, thus eliminating the adverse effects of discounting reflected in the 2012 income statement. Recognition of the actuarial component of severance indemnities at 31 December 2015 lead to an increase in the OCI reserve by 23,375 euro.

The ordinary Shareholders' Meeting held on 30 April 2015 resolved to eliminate the nominal value of the shares and to consolidate the outstanding ordinary shares on the basis of 1 new ordinary share for every 3 ordinary shares held. Following this consolidation, share capital is now represented by 94,406,358 shares. The Shareholders' Meeting also authorised the issue of shares with additional voting rights. The consolidation of Class shares (1 new ordinary share for every 3 ordinary shares held) was completed on 4 June 2015, when the shares ceased to have a nominal value.

Ordinary	*Number*
Shares	
- Category A	94,386,358
- Category B	20,000
Total	**94,406,358**

The number of shares in circulation at 31 December 2015 totals 94,406,358.

The Company holds 170,616 treasury shares and the related negative equity reserve amounts to 94,438 euro.

Reserves or other funds that in the event of distribution do not contribute to forming the taxable income of shareholders, regardless of the period of formation.

Description	***31/12/2014***	***Increases***	***Decreases***	***31/12/2015***
Share premium	52,851,224	--	--	52,851,224

There are no reserves or other funds that in the event of distribution would contribute to forming the taxable income of the Company, regardless of the period of formation, resulting from a bonus issue of company capital using the reserve.

	Share capital	**Share premium reserve**	**Legal reserve**	**Extraordinary reserve**	**IAS transition reserve**	**Stock option reserve**	**Treasury shares reserve**	**Retained earnings**	**Results for the year**	**Total**
Balance at 31/12/2013	**10,560,751**	**31,329,260**	**2,543,881**	**30,798,018**	**(5,492,644)**	**278,707**	**(94,438)**	**113,925**	**(23,718,504)**	**46,318,956**
Allocation of results				(23,718,504)					23,718,504	-
Payment of dividends									-	-
Share capital increase	17,761,156	22,023,834			-				-	39,784,990
Other changes:	-	(501,870)							-	(501,870)
Distribution transfer										-
Change in OCI reserve for IAS severance indemnity 01/01/13										-
Net result for the year									(21,129,168)	(21,129,168)
Income/(charges) directly recognised in income statement					(28,928)					(28,928)
Comprehensive income for the year					(28,928)				(21,129,168)	(21,158,096)
Balance at 31/12/2014	**28,321,907**	**52,851,224**	**2,543,881**	**7,079,514**	**(5,521,572)**	**278,707**	**(94,438)**	**113,925**	**(21,129,168)**	**64,443,980**
Allocation of results								(21,129,168)	21,129,168	-
Payment of dividends									-	-
Share capital increase					-				-	-
Other changes:									-	-
Distribution transfer										-
Change in OCI reserve for IAS severance indemnity 01/01/13										-
Net result for the year									(24,249,448)	(24,249,448)
Income/(charges) directly recognised in income statement					23,375					23,375
Comprehensive income for the year					23,375				(24,249,448)	(24,226,073)
Balance at 31/12/2015	**28,321,907**	**52,851,224**	**2,543,881**	**7,079,514**	**(5,498,197)**	**278,707**	**(94,438)**	**(21,015,243)**	**(24,249,448)**	**40,217,907**

The following table shows the possible utilisation of the items comprising shareholders' equity, pursuant to art. 2427 of the Italian Civil Code:

Nature/Description	Amount	Possible utilisation	Amount available
Share capital	28,321,907		
Capital reserves:			
Share premium	52,851,224	A, B, C	52,851,224
Profit reserves:			
Legal reserve	2,543,881	B	-
Other profit reserves	7,079,514	A, B, C	7,079,514
Retained earnings (accumulated losses)	(21,015,243)	A, B, C	--
Fair Value Stock Option reserve	278,707	A, B, C	278,707
IFRS transition reserve	(5,498,197)	-	(5,498,197)
Total			**54,711,248**

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

NON-CURRENT LIABILITIES

15) Non-current financial payables

Non-current financial payables total zero at 31 December 2015. The reduction with respect to the prior year reflects the reclassification as current financial payables of instalments falling due within 12 months. The balance at 31 December 2014 consisted of the non-current portion, 2,632,889 euro, of a loan from Banca Popolare dell'Emilia Romagna.

16) Provisions for liabilities and charges

These provisions total zero at 31 December 2015, while at 31 December 2014 they amounted to 2,307,625 euro. The reduction with respect to the prior year included the use of 2,164,600 euro provided at 31 December 2014 to cover the estimated post-closure costs of the Class TV channel. The remainder was used in relation to the settlement of disputes.

17) Employee severance indemnities

Balance at 31/12/2014	€	234,949
Balance at 31/12/2015	€	143,030
	€	**(91,919)**

The changes during the year are summarised below:

Caption	Balance at 31/12/2014	Transfers/ (Utilisations)	Provision	Financial charges	Discounting (profit)/loss	Balance at 31/12/2015
Executives	-	-	-	-	-	-
Journalists	231,568	(98,224)	-	193	(22,867)	110,670
Clerical staff	3,381	29,430	-	56	(507)	32,360
Total	**234,949**	**(68,794)**	**-**	**249**	**(23,374)**	**143,030**

Employee severance indemnities are determined in accordance with IAS 19, by applying an actuarial method

based on demographic assumptions, as well as the discount rate needed to reflect the time value of money, the inflation rate, and current and future salary levels.
The liability for severance indemnities, measured in accordance with labour legislation and Italian Accounting Standards, amounts to 148,355 euro at 31 December 2015.
The Company had more than 50 employees at the time of the reform of employee severance indemnities (TFR) and, accordingly, from 1 January 2007, has paid the accrued TFR to the INPS Treasury Fund or to supplementary pension funds.

The following table summarises the actuarial assumptions used to determine the provision for employee severance indemnities at 31 December 2015 in accordance with IAS 19:

Financial assumptions:

Discounting rate		*Eur Composite AA curve at 31.12.2015*
	Terms (years)	*Rates*
	1	*0.033%*
	2	*0.132%*
	3	*0.289%*
	4	*0.492%*
	5	*0.705%*
	7	*1.111%*
	8	*1.290%*
	9	*1.464%*
	10	*1.623%*
	15	*2.072%*

Inflation rate	*1.50%*
Expected salary increase rate (including inflation)	*N.A.*
Percentage of indemnity requested in advance	*100.00%*

Demographic assumptions:

Maximum retirement age	*Based on the latest legislative provisions*
Mortality tables	*RGS 48*
Annual Average Percentage of Staff Turnover*	*8.24%*
Annual probability of requesting an advance	*3.50%*

* calculated for any reason for leaving, in the first ten years following the assessment year

Sensitivity analysis	Sensitivity	New DBO
Discounting rate	*+0.50%*	135,574
	-0.50%	151,004

Additional information	***EMPLOYEE SEVERANCE INDEMNITIES***
Duration (in years)	11.16

Expected payments	***EMPLOYEE SEVERANCE INDEMNITIES***
Expected payments at 31.12.2016	10,194
Expected payments at 31.12.2017	9,796
Expected payments at 31.12.2018	9,342
Expected payments at 31.12.2019	8,487
Expected payments at 31.12.2020	7,692
Expected payments between 1.01.2021 and 31.12.2025	39,290

CURRENT LIABILITIES

18) Current financial payables

Balance at 31/12/2014	€	74,852,674
Balance at 31/12/15	€	76,042,802
	€	**1,190,128**

Bank	Amount at 31/12/2014	Amount at 31/12/2015	Change
Intesa Sanpaolo	526,659	904,412	377,753
B.ca Pop. Bergamo-CV	308,370	308,274	(96)
Unicredit	759,002	736,782	(22,220)
Banco Popolare	558,281	771,003	212,722
Banca Popolare di Verona	1,724,119	1,697,822	(26,297)
C.R. Parma e Piacenza	162,786	-	(162,786)
Banca Popolare di Sondrio	617,532	569,939	(47,593)
Banca Pop. di Milano	697,080	691,411	(5,669)
B.ca Pop. Vicenza	634,089	928,769	294,680
B.ca Pop. Emilia Romagna	298,470	286,155	(12,315)
Unicredit	17,708		(17,708)
Monte Paschi Siena	-	1,487,407	1,487,407
CARIGE	814,581	984,062	169,481
Current payables to banks	**7,118,677**	**9,366,036**	**2,247,359**
Stand-by loans	50,137,989	50,137,989	-
Centrobanca	26,806	-	(26,806)
Banca Popolare Emilia Romagna	3,367,111	2,632,889	(734,222)
Other current loans	1,200,000	1,200,000	-
Financial C/A - Lombard	-	16,853	16,853
Financial C/A - Italia Oggi Editori	3,493,955	-	(3,493,955)
Financial C/A - Telesia	720,000	720,000	-
Financial C/A - Class Editori Service	8,162	-	(8,162)
Financial C/A - Milano Finanza Editori	6,544,216	5,849,461	(694,755)
Financial C/A - Class TV Service	243,960	287,398	43,438
Financial C/A - Edis	286,774	-	(286,774)
Financial C/A - DP Analisi Finanziaria	105,528	105,177	(351)
Financial C/A - PMF	1,353,033	3,954,132	2,601,099
Financial C/A - MF Conference	32,863	18,448	(14,415)
Financial C/A - Class Servizi Televisivi	155,190	-	(155,190)
Financial C/A - MF Dow Jones	4,121	-	(4,121)
Financial C/A - Ex.Co	54,275	51,379	(2,896)
Financial C/A - Classpi	-	1,044,795	1,044,795
Financial C/A - F W C	14	30	16
Financial C/A - Campus	-	658,215	658,215
Current financial payables	**67,733,997**	**66,676,766**	**(1,057,231)**
Total financial payables	**74,852,674**	**76,042,802**	**1,190,128**

The balance represents the actual liability for principal, interest and related charges accumulated and payable. Further details can be found in the report on operations, in the section that discusses the net financial position. The amount due to Banca Popolare dell'Emilia Romagna relates to the current portion of the loan arranged in the prior year.

19) Trade payables

Balance at 31/12/2014	€	62,672,146
Balance at 31/12/2015	€	66,921,232
	€	**4,249,086**

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Third-party suppliers	12,381,595	8,847,297	(3,534,298)
Invoices to be received	9,584,103	2,490,072	(7,094,031)
Client account advances	11,346	-	(11,346)
Due to subsidiaries	40,581,333	55,493,876	14,912,543
Due to associates	113,769	89,987	(23,782)
	62,672,146	**66,921,232**	**4,249,086**

The reduction in the amount due to third-party suppliers reflects the settlement agreements reached and the consequent payment of past due amounts during the year. The overall increase in trade payables reflects a timing difference in the offset of intercompany balances with respect to the prior year.

Due to subsidiaries

Company	Trade payables	Invoices to be received Credit notes to be issued	Total at 31/12/2015
Milano Finanza Edit.	2,871,621	15,735,081	18,606,702
TV Moda	739,320	-	739,320
Global Finance	388,822	-	388,822
CCeC Class China	6,901	-	6,901
DP Analisi Finanziaria	1,287	-	1,287
Ex.Co	37,312	-	37,312
Class Editori Service	148,944	-	148,944
Class TV Service	1,183,458	1,015,640	2,199,098
Class Digital Service		22	22
PMF	73,455	91,250	164,705
MF Service	108,341	649,899	758,240
Radio Classica	85,807	-	85,807
Class CNBC	-	12,085,418	12,085,418
Edis	4,909,473	740,948	5,650,421
Lombard Editori	984,609	1,795	986,404
Campus Editori	213,378	15,856	229,234
Classpi	167,800	6,385,497	6,553,297
Aldebaran	29,280	-	29,280
E-Class	-	448,291	448,291
Telesia	447,470	-	447,470
MF Dow Jones	1,088,755	9,600	1,098,355
MF Servizi Editoriali	-	275,000	275,000
FWC	531	-	531
Class Meteo Service		300,000	300,000
Country Class	-	2,004,615	2,004,615
MF Conference	-	988	988
Class Servizi Televisivi	1,386,336	861,076	2,247,412
	14,872,900	**40,620,976**	**55,493,876**

Due to associates

Company	Trade payables	Invoices to be received Credit notes issued	Total at 31/12/2015
Italia Oggi Editori - Erinne	12,558	77,289	89,847
Class Roma	140	-	140
	12,698	**77,289**	**89,987**

20) Tax payables

This caption reports the Company's tax liabilities.

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
IRPEF withheld from employees	73,574	177,588	104,014
IRPEF withheld from freelance/independent contractors	94,707	128,145	33,438
IRPEF 730	2,016	5,365	3,349
	170,297	**311,098**	**140,801**

The increase in withholding tax payable was due to a temporary delay in making these payments by Group companies, resulting in some past-due balances at 31 December 2015. These payables are currently being settled, with normalisation expected during the first few months of 2016.

21) Other payables

This caption comprises the following amounts:

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Social Security contributions for collaborators	3,540	1,727	(1,813)
Due to Inpgi	1,530	195	(1,335)
Due to Byblos	1,358	-	(1,358)
Due to Casagit	5,169	3,462	(1,707)
Enpals	108,045	1,922	(106,123)
To other social security institutions	41,470	45,415	3,945
Due to shareholders for dividends	18,196	18,169	(27)
Due to employees and collaborators	26,359	81,201	54,842
Due on purchase of equity investments	196,670	196,670	-
Intragroup payables from tax consolidation	2,045,218	2,175,338	130,120
Other intragroup payables	21,301	30,039	8,738
Other payables	13,359	10,857	(2,502)
Transitory self-invoice	86,897	2,297	(84,600)
Accrued 14th-month payroll	15,085	7,077	(8,008)
Accrued holiday pay	118,178	108,039	(10,139)
Returns to be received	1,168,111	1,361,947	193,836
Other accrued expenses	313,667	252,495	(61,172)
Deferred subscription income	26,481	57,811	31,330
Other deferred income	437	294	(143)
	4,211,071	**4,354,955**	**143,884**

22) Memorandum accounts

Sureties given – includes sureties of 60,000 euro provided on our behalf by the Banca Popolare di Bergamo-Credito Varesino in favour of the Revenue Service relating to the same amount in prize contests for readers and subscribers. These also include sureties of 275,733 euro and 11,550 euro received from BNL and Banca Popolare Emilia Romagna respectively. It also comprises a pledge of 584,986 euro guaranteeing the reimbursement of a loan by Assinform.

Assets deposited with third parties – includes 115,347 euro representing the value of paper held by printers, 29,693 euro relating to machines and goods, and 121,496 euro in shares on deposit at Monte Titoli.

INCOME STATEMENT

OPERATING REVENUES

23) Revenues and other income

Balance at 31/12/2014	€	34,378,375
Balance at 31/12/2015	€	20,928,467
	€	**(13,449,908)**

Revenues from sales and services

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Publications	301,783	377,685	75,902
Advertising and sponsorship	10,734,181	7,547,576	(3,186,605)
Sales of copies	84,763	22,649	(62,114)
Sales of Internet services	141,139	285,556	144,417
Sales of subscriptions	123,715	102,526	(21,189)
Books and volumes	21,619	22,281	662
Revenues from sale of Corporate TV Services	1,752,637	869,348	(883,289)
Sales of Classpi merchandise	356,349	383,855	27,506
Discounts and rebates	6,789	18	(6,771)
Other operating revenues	266,459	150,388	(116,071)
	13,789,434	**9,761,882**	**(4,027,552)**

Other income

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Paper sales	32,530	31,594	(936)
State contributions and subsidies	216,374	205,944	(10,430)
Recovery of costs	38,543	6,501	(32,042)
Recovery of costs from group companies	1,077,091	756,670	(320,421)
Services to group companies	11,096,764	10,099,901	(996,863)
Other revenues and income	8,126,623	64,959	(8,061,664)
Dividends from subsidiaries	1,016	1,016	-
	20,588,941	**11,166,585**	**(9,422,356)**

In the prior year, other revenues and income included 8 million euro in relation to the sale of the broadcasting licence for LCN 27, a digital terrestrial channel.

OPERATING COSTS

Balance at 31/12/2014	€	43,737,421
Balance at 31/12/2015	€	33,160,536
	€	**(10,576,885)**

24) Purchases

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Purchase of paper	209,851	179,396	(30,455)
Classpi merchandise purchases	-	2,379	2,379
Classhop merchandise	697,019	617,645	(79,374)
Purchase of other goods	31,523	23,418	(8,105)
Purchase of stationery and forms	50,382	32,971	(17,411)
Discounts and roundings	3,725	129	(3,596)
Assets costing < 516.46	47,850	14,620	(33,230)
Change in inventories	(66,341)	7,980	74,321
	974,009	**878,538**	**(95,471)**

25) Services

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Production costs	5,210,481	4,056,521	(1,153,960)
Editorial costs	214,775	240,978	26,203
Advertising/promotional	1,170,962	971,898	(199,064)
Marketing and commercial costs	6,936,566	6,106,924	(829,642)
Distribution costs	362,717	331,016	(31,701)
Services provided to affiliates	11,423,574	6,875,676	(4,547,898)
Tax consulting and notary expenses	666,193	638,852	(27,341)
Entertainment expenses	27,186	18,448	(8,738)
Leases and rentals	7,560,534	4,858,762	(2,701,772)
Intercompany subscriptions and copies	160,450	115,760	(44,690)
Other services	315,196	71,276	(243,920)
General expenses	5,167,748	5,049,844	(117,904)
Maintenance	537,449	631,958	94,509
	39,753,831	**29,967,913**	**(9,785,918)**

26) Payroll costs

This caption comprises the cost of employing personnel, determined in accordance with current legislation and collective payroll contracts.

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Wages and salaries	1,058,303	789,692	(268,611)
Social security contributions	369,249	263,854	(105,395)
Discounting adjustment of severance indemnities	36,328	28,415	(7,913)
Other payroll expenses	61,232	38,920	(22,312)
	1,525,112	**1,120,881**	**(404,231)**

27) *Other operating costs*

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Directors' remuneration	237,143	275,057	37,914
Other taxes	74,483	85,575	11,092
Penalties	45,672	3,845	(41,827)
Third-party costs to be recovered	689	5,989	5,300
Intercompany costs to be recovered	1,077,091	756,670	(320,421)
Other expenses	49,391	66,068	16,677
	1,484,469	**1,193,204**	**(291,265)**

28) *Non-core income (charges), net*

This caption analyses the results of non-core operations. These are analysed as follows:

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Non-recurring income	951,424	316,481	(634,943)
Capital gains and revaluations	-	1,025	1,025
Total non-core income	**951,424**	**317,506**	**1,268,930**
Non-recurring expense	478,036	3,633,513	3,155,477
Capital losses	3,439	356,253	352,814
Losses on receivables	-	821,932	821,932
Reimbursement of damages and other settlements	26,950	172,256	145,306
Total non-core charges	**508,425**	**4,983,954**	**5,492,379**
Net non-core income/(charges)	**442,999**	**(4,666,448)**	**(5,109,447)**

The reduction in non-recurring income reflects the close-out of old accounting balances in the prior year, having determined that the original liabilities no longer existed. This was not repeated on the same scale during 2015.

Non-recurring expenses during the year included the waiver of trade receivables totalling 2,563 thousand euro due to Class Editori by subsidiaries, in order to increase their capitalisation, as well as the write-off of old receivables that are no longer collectible, totalling about 898 thousand euro. The capital losses almost entirely related to the disposal of the investment in Class Horse TV. In addition, there were significant write-offs of receivables found not to be collectible during the year.

29) *Depreciation, amortisation and writedowns*

This caption comprises the depreciation and amortisation charges relating to property, plant and equipment and to intangible assets. A breakdown by type of asset is detailed in earlier tables. Summary details are given in the following table:

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Amortisation of intangible assets	683,340	548,080	(135,260)
Depreciation of property, plant and equipment	607,303	570,505	(36,798)
Provision for doubtful accounts	216,808	306,037	89,229
Provision for liabilities and charges	2,164,600	-	(2,164,600)
Write-down of intangible assets with an indefinite life	2,450,000	-	(2,450,000)
Write-down of equity investments	5,782,317	1,318,209	(4,464,108)
	11,904,368	**2,742,831**	**(9,161,537)**

See the notes to the statement of financial position for detailed information about the amounts reported in the table. The equity investments were written down following the impairment tests carried out by management, as discussed further in the related notes to the statement of financial position.

30) Financial income (charges), net

Balance at 31/12/2014	€	(1,516,271)
Balance at 31/12/2015	€	(1,058,928)
	€	**(457,343)**

Other financial income

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Interest on bank and postal accounts	75,059	323	(74,736)
Interest on other receivables	11,537	11,194	(343)
Interest income - Yachting	8,890	270	(8,620)
Interest income - Diana Bis	11,572	38,940	27,368
Interest income - Euroclass	1,128	14,700	13,572
Interest income - MF Serv.Editoriali	94,970	123,003	28,033
Exchange gains	5,230	3,875	(1,355)
Other income	841,379	1,140,972	299,593
	1,049,765	**1,333,277**	**283,512**
Interest income - MF Conference	845	-	(845)
Interest income - Assinform	238	238	-
Interest income - Classpi	38,896	178,131	139,235
Interest income - Class Cnbc	160,672	276,538	115,866
Interest income - Lombard	2,556	-	(2,556)
Interest income - Country	28,184	4,209	(23,975)
Interest income - Mifi Service	320,594	381,348	60,754
Interest income - DP Analisi Fin.	12	-	(12)
Interest income - Ex.Co	2,225	-	(2,225)
Interest income - Milano Finanza Ed.	101,318	-	(101,318)
Interest income - Classint Advertising	1,373	-	(1,373)
Interest income - Class Editori Service	75,033	-	(75,033)
Interest income - Edis	6,522		(6,522)
Interest income - TV Moda	9,800	2,970	(6,830)
Interest income - Class Digital	108	293	185
Interest income - Class Meteo	33,024	-	(33,024)
Interest income - New Satellite	7,544	6,898	(646)
Interest income - E-Class	442	49,588	49,146
Interest income - Class Servizi Televisivi	-	3,504	3,504
Interest income - CFN CNBC	-	6,974	6,974
Interest income - Class China	-	402	402
Interest income - Radio Classica	181,551	110,469	(71,082)
	970,937	**1,021,562**	**50,625**
Interest income - Italia Oggi Erinne	86,647	-	(86,647)
Interest income - Class Roma	314	-	(314)
	86,961	**-**	**(86,961)**
Total financial income	**2,107,663**	**2,354,839**	**247,176**

Interest and other financial charges

Caption	Amount at 31/12/2014	Amount at 31/12/2015	Change
Interest expense - Telesia	14,400	14,400	-
Interest expense - Class Horse	842	-	(842)
Interest expense - Edis	-	5,898	5,898
Interest expense - MF Conference	-	988	988
Interest expense - Lombard	-	280	280
Interest expense - Campus	1,712	15,856	14,144
Interest expense - Class TV Service	24,458	6,868	(17,590)
Interest expense - Class Servizi Televisivi	4,403	-	(4,403)
Interest expense - FWC	531	-	(531)
Interest expense - Italia Oggi	-	43,567	43,567
Interest expense - Milano Finanza	-	130,519	130,519
Interest expense - PMF News	73,455	91,250	17,795
	119,801	**309,626**	**189,825**
Bank interest expense	655,444	469,662	(185,782)
Interest expense - suppliers	24,543	16,154	(8,389)
Interest on standby financing	2,337,921	2,195,053	(142,868)
Loan interest charges	288,958	200,138	(88,820)
Banking fees and commissions	177,510	145,351	(32,159)
Home Banking	186	139	(47)
Exchange losses	14,701	77,278	62,577
IAS financial charges	900	249	(651)
Other financial charges	3,970	117	(3,853)
	3,504,133	**3,104,141**	**(399,992)**
Total financial charges	**3,623,934**	**3,413,767**	**(210,167)**
Total net financial income/(charges)	**(1,516,271)**	**(1,058,928)**	**457,343**

31) Income taxes for the year

Balance at 31/12/2014	€	(1,207,518)
Balance at 31/12/2015	€	3,549,172
	€	**(4,756,690)**

This balance relates solely to the change in deferred tax assets and liabilities as a result of the temporary disallowances made when calculating the tax charge for the year. On a prudent basis as in the prior year, no deferred tax assets have been recognised in relation to the tax losses accumulated during the year. The accounting effects of the change in the IRES rate from 27.5% to 24% (commencing from 2017) were recognised during the year, increasing the tax charge by 2.2 million euro.

The Company is the consolidating member of the VAT tax group. In this regard, six guarantees are outstanding in relation to the VAT credit. The first, for 5,978,243 euro, was given in relation to the group VAT declaration for 2012 and will cease to have effect on 30 September 2016; the second, for 299,006 euro, was given in relation to the group VAT declaration for 2013 and will cease to have effect on 30 September 2016; two guarantees, for 69,676 euro and 2,377,740 euro, were given in relation to the group VAT declaration for 2013 and will cease to have effect on 30 September 2017; and two further guarantees, for 80,627 euro and 19,551 euro, were given in relation to the group VAT declaration for 2014 and will cease to have effect on 30 September 2018.

Art. 2427, para. 14, of the Italian Civil Code requires the preparation of a schedule indicating:

a) description of the temporary differences that resulted in the recognition of deferred tax assets and liabilities, specifying the tax rate applied and any changes with respect to the previous year, the amounts credited or debited to the income statement or to shareholders' equity, the items excluded from the calculation and the related reasons;

b) the deferred tax assets recognised in relation to current and prior year losses and the reasons for such recognition, together with the amount not yet recognised and the reasons for this omission.

The following table meets this requirement:

	Balance at 31/12/2014			**Balance at 31/12/2015**				
	Amount of temporary differences	Tax effect	Effect on results	Amount of temporary differences	Tax effect	Effect of IRES rate change	Adjusted tax effect	Effect on results
Corporate tax rate (IRES)	27.50%			27.50%				
Regional tax rate (IRAP)	3.90%			3.90%				
Corporate tax rate (IRES)				24.00%				
Increase (decrease) in deferred taxation								
Deferred tax assets/liabilities:								
Directors' remuneration	(127,641)	35,101	8,800	(127,641)	35,101	(4,467)	31,609	(4,467)
Provisions for liabilities and charges	(2,137,744)	587,880	522,445	26,856	(7,385)	940	(6,445)	(594,325)
Reversal for studies and projects (IAS)	(150)	47	-	(150)	47	(5)	42	(5)
Discounting of receivables (IAS)	(27,531)	7,571	-	(27,531)	7,571	(964)	6,607	(964)
Maintenance costs	(99,222)	31,156	(15,835)	(48,791)	17,287	(1,708)	15,579	(15,576)
Differences in provision for severance indemnities (IAS)	91,450	(25,149)	532	91,450	(25,149)	3,201	(21,948)	3,201
Exchange of goods at fair value (IAS)	115,258	(36,191)	-	115,258	(36,191)	4,034	(32,157)	4,034
Differences on amortisation of editorial publications (IAS)	1,421,674	(446,406)	(50,059)	1,581,096	(496,464)	55,338	(441,126)	5,280
Differences on amortisation of software (IAS)	124,284	(39,025)	-	124,284	(39,025)	4,350	(34,675)	4,350
Differences on amortisation of improvements (IAS)	5,204	(1,634)	-	5,204	(1,634)	182	(1,452)	182
Differences on depreciation of plant (IAS)	11,826	(3,713)	-	11,826	(3,713)	414	(3,299)	414
Differences in depreciation of other assets (IAS)	6,585	(2,068)	-	6,585	(2,068)	230	(1,837)	230
Advances on excess interest payments	(5,783,075)	1,590,346	591,967	(5,783,075)	1,590,346	(85,787)	1,504,558	(85,787)
				(89,808)	24,697	(3,143)	21,554	(3,143)
				3,332,004	(916,301)	-	(916,301)	(683,393)
Taxed allowance for doubtful accounts	(279,796)	76,944	-	(279,796)	76,944	(9,793)	67,151	(9,793)
ACE benefit unused	(769,611)	211,643	149,668	(769,611)	211,643	(26,936)	184,707	(26,936)
Total deferred tax assets/(liabilities)		**1,986,501**	**1,207,518**		**435,705**	**(64,114)**	**372,566**	**(1,406,699)**
On results for the year		1,207,518					(1,406,699)	
On opening shareholders' equity		777,348					1,984,866	
effect of transfer interest/gom to consolidation							(226,726)	
On closing shareholders' equity		**1,984,866**					**351,440**	

Management and co-ordination activities

Class Editori Spa manages and co-ordinates the activities of the following companies:

- Milano Finanza Editori Spa
- MF Servizi Editoriali Srl
- MF Editori Srl
- E-Class Spa
- Class Digital Service Srl
- Class TV Service Srl
- Class CNBC Spa
- PMF News Editori Spa
- Campus Editori Srl
- Lombard Editori Srl
- MF Service Srl (formerly Milano Finanza Service Srl)
- MF Conference Srl
- Edis Srl
- DP Analisi Finanziaria Srl in liquidation
- Ex.co Srl in liquidation
- Radio Classica Srl
- Class Editori Service Srl in liquidation
- Country Class Editori Srl
- Telesia Spa
- MF Dow Jones News Srl
- Fashion Work Business Club Srl
- Assinform/Dal Cin Editore Srl
- Class Meteo Srl in liquidation
- TV Moda Srl
- Classint Advertising Srl in liquidation
- Class Servizi Televisivi Srl
- Class Pubblicità Spa
- New Satellite Radio Srl
- Aldebaran Srl
- CCeC Class China eCommerce Srl

32) Fair value of financial assets and liabilities

As required by IAS 32, the following table compares the amounts reported in the financial statements as of 31 December 2015 with the fair value of financial assets and liabilities:

(thousands of euro)	**Carrying amount**	***Fair value***
Financial assets		
Cash and cash equivalents	6,961,152	6,961,152
Trade receivables	63,553,796	63,037,548
Other equity investments and securities	57,406,548	48,097,254
Financial receivables	39,808,445	39,808,445
Other receivables	26,473,555	26,473,555
Financial liabilities		
Loans		
- at fixed rates	--	--
- at floating rates	52,770,878	52,770,878
Trade payables	66,921,232	66,921,232
Other payables	4,666,053	4,666,053
Due to banks and others	23,271,924	23,271,924

33) Segment information

Segment information is provided in compliance with IAS 14.

The company operates in the publishing sector.
For this reason, the segment information required by the IAS/IFRS is not considered to be meaningful.

34) Disputes and contingent liabilities

In addition to normal journalistic legal disputes regarding defamation in the press, which generally result in settlements that are insignificant with respect to the initial damages requested, the Company is party to a dispute with Inpgi regarding checks carried out in 2007, as a result of which that Institution has made disputed claims about violations regarding the payment of pension contributions. The requested amounts total about 0.4 million euro. Supported by the opinion of Ichino-Brugnatelli e Associati, the defence lawyers, it has not been deemed necessary to record any provisions in this regard (consistent with the requirements of IAS 37). In further support of the approach taken by the Company, in April 2014 the Rome Court of Appeal accepted in full the appeal presented by Italia Oggi in relation to a similar dispute with Inpgi, overturning the adverse first-level ruling (no. 11131/2). With regard to the dispute involving Class Editori, on 31 October 2014 the Rome Court of Appeal rejected the company's appeal and, accordingly, a further appeal to the Court of Cassation has been filed.

35) Relations with related parties

Following the Consob communication issued on 24 September 2010 governing related-party transactions pursuant to Consob resolution no. 17221 of 12 March 2010 and subsequent amendments, the Board of Directors of Class Editori Spa approved a procedure for related-party transactions that came into force on 1 January 2011.
An updated version of the procedure for related-party transactions was approved by the Board of Directors at a meeting held on 28 August 2014. It took effect from 1 September 2014. Among other matters, this updated version includes a new definition for low-value transactions. The procedure, pursuant to art. 4, para. 7, of the Regulation adopted by Consob resolution no. 17221 of 12 March 2010, as subsequently amended by resolution no. 17389 of 23 June 2010, is published on the Company's website.
Regarding relationships with subsidiary and affiliated companies, it should be noted that some of them are linked to the company by relationships of a financial and commercial nature, also as regards the re-debiting of operating costs and the crediting of part of the revenues arising from the advertising concession contract. The relationships of a financial nature with subsidiary and affiliated companies are based on market rates.

Commercial relations with related parties include the leasing of real estate and the related facility management services from, in particular, CIA (Compagnia Immobiliare Azionaria Spa); in addition, a loan, originally for 550,000 euro, has been granted to Case Editori Srl on market terms. These commercial and financial relations are settled on the same terms as those applied to suppliers and customers.

As required by Consob Communication no. 15 dated 17 December 2008, details about the transactions with related parties at 31 December 2015 are provided below:

Compagnia Immobiliare Azionaria Spa (CIA), subsidiary of Compagnie Fonciere du Vin formed via a proportional partial spin-off from Euroclass Multimedia Holding:

- property lease contracts (as the lessee) on market terms, necessary for the conduct of business activities in the locations where Class Editori is active;
- facility management contracts for services provided by CIA to Class Editori regarding the maintenance and management of the above properties;
- during 2008, following the purchase by CIA of an important property complex adjacent to the offices of Class - with the partial designation of that complex for use by the Publishing House - the latter paid CIA a security deposit of 2.0 million euro, partly to cover the cost of adapting the property to its needs;
- contracts on market conditions for the supply of administrative, financial, technical and legal consulting services in support of the routine operations of CIA, as well as in relation to a number of special financial investment and property-related projects in progress.

Euroclass Multimedia Holding S.A.

In December 2014, Class Editori granted Euroclass a loan on market terms of 245 thousand euro, repayable on demand. The related accrued interest income amounts to 15 thousand euro.

Other related-party transactions during the year

Information was published on 28 December 2015 about significant transactions with a related party regarding an agreement for the settlement of a trade receivable previously due to Class Editori by Denama Software, which had transferred to T-PRO Software Srl the ownership of software originally purchased from the Class group for 23.24 million euro, of which 4.65 million euro already collected prior to the above operation. T-PRO is a related party, since it is wholly owned by Compagnie Fonciere du Vin, a company over which the Vice Chairman and Managing Director of Class Editori exercises significant influence, as defined in the RPT Regulation. As part of the consideration, T-PRO took over the residual debt of 18.59 million euro. A first tranche of the residual debt, amounting to 7,500,000 euro was paid to Class upon signature of the above agreement, while another portion totalling 7,500,000 euro will be paid during the first few months of 2016. Collection of the outstanding amount due to Class, 3,592,000 euro, being the remaining

portion of the residual debt, has been subordinated to full repayment of the Loan obtained by T-PRO, which is scheduled for 21 December 2024. It was also agreed that Class will waive a portion of its receivable, not exceeding an amount of 1,000,000 euro if, during the first five years following the date of signing the Loan Contract, T-PRO finds itself in any of the situations envisaged in art. 2482-ter c.c. and its quota capital is not reconstructed and paid in to cover the related losses within 30 days of the quotaholders' meeting required by the above article. In conclusion, the above operation has resulted in the early collection of the majority of the receivable, with respect to the conditions contained in the Denama-Class Contract, which envisaged payments of 1,162,000 euro per annum from 2016 to 2031. Consequent to the purchase contract, Denama has terminated the original contract between Denama and Class.

With regard to Italy, T-Pro has signed Software Licence Contracts, for specific purposes and applications, with E-Class Spa and PMF News Editori Srl. T-PRO's Licence Contracts with eClass and PMF envisage:
- for PMF, six-monthly payments of 359,000 each from 17/06/2016 to 17/12/2020, six-monthly payments of 599,000 each from 17/06/2021 to 17/12/2024, and no licence fee from 17/12/2024 to the end of the contract on 31/12/2030;
- for eClass, six-monthly payments of 391,000 each from 17/06/2016 to 17/12/2020, six-monthly payments of 651,000 each from 17/06/2021 to 17/12/2024, and no licence fee from 17/12/2024 to the end of the contract on 31/12/2030.

The balance sheet effects of the above relationships are shown in the following table:

€uro/000	**31/12/14**	**31/12/15**
Balance Sheet		
Non-current trade receivables T-Pro Software Srl	--	3,089
Current trade receivables from T-Pro Software Srl	--	7,500
Due from CIA for deposit	2,000	2,000
Due from Euroclass for investment purchase option	--	--
Due from Case Editori for loans	686	699
Due from CIA Group for goods/services	14,732	7,591
Due from Euroclass for loan	245	245
Due from Euroclass for loan interest	1	16
Due from CHTV Global	112	749
Due from CIA for loan	659	659
Due from CIA group companies for loan	690	1,556
Due from CHTV Global for loan	--	70
Due from Worldspace Italia	225	--
Due from Marmora Srl	10	10
Due to CIA Group for rentals, facilities and services	(4,500)	(742)
Due to Euroclass for investment purchase	--	--

The Group's receivables from Worldspace Italia in liquidation were written off in full during 2015, either by direct write-downs or by recording provisions equal to the asset recorded in the statement of financial position.

The income statement effects of the above relationships are shown in the following table:

€uro/000	31/12/14	31/12/15
Income statement		
Administrative and consulting services provided to CIA group	150	150
Costs recharged to CIA Group	10	2
Costs recharged to CHTV Global	223	227
Interest income - Euroclass	1	15
Interest income - Diana Bis	12	39
Leasing costs - CIA	(1,898)	(1,473)
Rental costs - Diana Bis	(1,034)	(726)
Facility services from CIA	(589)	(589)
Costs recharged by CIA Group	(10)	(2)
Costs recharged by CHTV Global	(223)	(227)
Cost of services from Studio Israel Terrenghi	(10)	(10)

36) Other intercompany relations

VAT group

Class Editori Spa has established a VAT group for companies within the Class group that satisfy the requirements of the relevant legislation (art. 73, para. 3 of Presidential Decree no. 633/72). The group VAT recoverable at 31 December 2015 amounts to 281,243 euro.

IRES tax group

Following the renewal of the tax group by Class Editori SpA for the three year period 2013-2015, Class Editori Spa and its main subsidiaries calculate IRES on a group basis. Relations between the members of this tax group are governed by special agreements.

37) Off-balance sheet agreements

Pursuant to art. 2427.22-ter c.c., it is confirmed that the Company is not party to any agreements, not reflected in the financial statements, that might give rise to significant risks or benefits.

38) Privacy information

In compliance with Attachment B, point 26, of Decree no. 196/2003 covering the protection of personal information, the directors confirm that the Company has taken action to comply with the data protection measures envisaged in Decree no. 196/2003, on the basis and in accordance with the deadlines specified therein. In particular, the Security Planning Document required by point 19 of Attachment B (on file at the registered offices and freely available for consultation) was prepared on 28 March 2006 and has been constantly updated in accordance with the regulations.

39) Significant non-recurring events and transactions

Pursuant to Consob communication n° DEM/6064293 of 28th July 2006, no significant extraordinary transactions were made by the company during 2015.

40) Atypical and/or unusual transactions

Pursuant to Consob Communication no. DEM/6064293 of 28 July 2006, it is confirmed that during the year the Company did not enter into any atypical and/or unusual transactions, as defined in that Communication.

41) Subsequent events

As already indicated above, during 2015 the Publishing House worked to renew and refinance the above banking lines of credit until 31 December 2020, on more favourable terms. The Publishing House was assisted in this process by Banca Rothschild as its financial advisor, and by Gitti Raynaud and Partners as its legal advisor. While awaiting the outcome of the refinancing process, in January 2016 the Publishing House obtained an extension of the current banking lines of credit until 31 March 2016. On the date of approval of these separate financial statements at 31 December 2015 by the Board of Directors, the refinancing process is at the final stage. Most of the lending banks have already approved the changes and the advisor believes that the remaining lenders are finalising their approval processes.

During the first quarter of 2016, the Publishing House continued the work to reduce personnel costs that commenced in 2014 and 2015. In particular, the solidarity agreements signed with the clerical staff at MF Servizi Editoriali and MF Service were renewed on 11 February 2016, increasing the reduction in working hours from 25% to 35% for a period of 18 months from 14 March 2016. The special government-assisted lay-offs of clerical staff, that commenced in October 2015, concluded on 1 March 2016. This procedure results in termination of the working relationships with the personnel eligible for early retirement. Additional reorganisation measures are also being considered, in order to further contain costs, which will be implemented during the first half of 2016.

Additional information

In accordance with the law, the total remuneration due the directors and members of the Board of Statutory Auditors is indicated below:

Position	*Remuneration*
Directors	220,457
Board of Statutory Auditors	54,600

In compliance with Art. 149-duodicies of the Issuers' Regulation, the following table summarises the fees earned by the auditing firm in 2015, analysed by type of service:

€uro	**2015**
Audit of the separate financial statements at 31 December 2015	15,000
Audit of the consolidated financial statements at 31 December 2015	11,000
Limited examination of the consolidated half-year report at 30 June 2015	25,000
Accounting checks during 2015	4,500
Total audit work	**55,500**
Other certification services	2,000
Total cost of the Auditing Firm	**57,500**

These financial statements, comprising the Statement of Financial Position, the Income Statement, the Statement of Cash Flows and the Explanatory Notes, provide a true and fair view of the financial situation and the results of operations, and agree with the underlying accounting records.

for the Board of Directors
The Chairman

Victor Uckmar

Attestation of the separate financial statements pursuant to art. 81-ter of Consob Regulation no. 11971/1999 and subsequent amendments and additions

Attestation of the separate financial statements pursuant to art. 81-ter of Consob Regulation no. 11971/1999 and subsequent amendments and additions

1. The undersigned Paolo Panerai as Managing Director and Gianluca Fagiolo as the Responsible Executive of Class Editori Spa, taking into account the provisions of art. 154-bis, paras. 3 and 4 of Decree no. 58 of 24 February 1998, certify:

   - the adequacy in relation to the characteristics of the company and
   - the effective application of the administrative and accounting procedures used to prepare the separate financial statements during 2015.

2. The adequacy of the administrative and accounting procedures used to prepare the separate financial statements at 31 December 2015 was assessed by reference to an internal model that is consistent with the framework devised by CoSO - Committee of Sponsoring Organizations of the Treadway Commission, which is the standard for internal control systems generally accepted at an international level.

3. The following is also certified:

   3.1 the separate financial statements at 31 December 2015:

   a) were prepared in compliance with the international accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to art. 6 of Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and, in particular, IAS 34 - Interim Financial Reporting, as well as with the enabling regulations for art. 9 of Decree no. 38/2005;

   b) agree with the underlying accounting records and entries;

   c) are suitable for presenting a true and fair view of the economic and financial position of the issuer;

   3.2 the Report on Operations includes a reliable analysis of the performance and results of operations of the issuer, together with a description of the principal risks and uncertainties to which it is exposed.

Milan, 22 March 2016

Managing Director

Paolo Panerai

Responsible Executive

Gianluca Fagiolo

Report of the Board of Statutory Auditors on the financial statements of the Parent Company

CLASS EDITORI S.p.a.

via M. Burigozzo 5 – Milan

Share Capital 28,321,907.40 euro

Tax Code and Milan Companies Register no. 08114020152

Milan Business Register (REA) no. 1205471

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Report of the Board of Statutory Auditors to the Shareholders' Meeting, pursuant to art. 153 of Decree no. 58 dated 24 February 1998 and art. 2429 of the Italian Civil Code, on the separate financial statements at 31 December 2015

Shareholders,

During the year ended 31 December 2015, the Board of Statutory Auditors performed its supervisory activities pursuant to the law, in accordance with the Code of Conduct recommended by the Italian Accounting Profession, to which we refer with this report which was prepared pursuant to art. 153 of Decree no. 58 dated 24 February 1998, having regard for the recommendations contained in Consob communication no. 1025564 dated 6 April 2001 and subsequent amendments.

The Board of Statutory Auditors has received the consolidated financial statements and the separate financial statements for the year ended 31 December 2015, together with the Reports on operations, prepared by the Board of Directors.

The separate financial statements presented for examination and approval at the Shareholders' Meeting, together with the Report on operations, highlight a net loss for the year of 24,249,448 euro. This loss has reduced shareholders' equity to 40,217,907 euro.

The reasons for this loss are described in the Report on operations, in which the directors refer to the contraction of advertising and distribution revenues due to the crisis in the advertising and publishing markets.

Given that the directors describe extensively in the Report on operations the delicacy of certain aspects of the performance of the business, and that they discuss the principal transactions that took place in 2015 in both that Report and the Notes to the financial statements, the Board of Statutory Auditors, to the extent of its responsibilities, considers it appropriate to highlight the following principal events that took place during the year.

Collection of a substantial part of the receivable deriving from the sale of software on 30 June 2011 / Transactions with a related party

The following transaction was arranged (with a related party) towards the end of 2015:

- on signature of the Purchase Contract, Denama transferred ownership of the software to T-PRO which, at the same time, as part of the consideration, took over the residual payable;
- in order to repay the residual payable, T-PRO signed a loan contract with a leading bank. The resources obtained were dedicated solely to repayment of the residual amount due to Class Editori;
- on the terms and conditions established in the loan contract, a first tranche of the residual debt, amounting to 7,500,000 euro, was paid to Class by 31 December 2015, while another portion totalling 7,500,000 euro will be paid by 30 June 2016.

Collection of the outstanding amount due to Class Editori, 3,592,000 euro, being the remaining portion of the residual debt, is subordinated to full repayment of the loan obtained by T-PRO, which is scheduled for 21 December 2024. Class Editori has agreed to waive a portion of its receivable, not exceeding an amount of 1,000,000 euro if, during the first five years following the date of signing the loan contract, T-PRO finds itself in any of the situations envisaged in art. 2482-ter c.c. and its quota capital is not reconstructed and paid in to cover the related losses within 30 days of the quotaholders' meeting required by that article;

- as a measure supporting the signature of the loan contract, CFV has pledged its quotas in T-PRO in favour of the bank. As a further guarantee of the amount due to the bank, T-PRO has pledged the receivables deriving from the licence contracts;
- the objective of T-PRO, pursued via the purchase of the software, is to develop its licensing business in Italy and abroad;
- following signature of the above Purchase Contract, Denama terminated solely that part of the Denama-Class Editori contract governing the granting of software user licences to Class Editori;
- with regard to Italy, T-PRO has signed software licence contracts, for specific purposes and applications, with eClass and PMF. The licence contracts envisage the payment of consideration totalling 17,500,000 euro and a duration until 31 December 2030;
- in terms of abroad, T-PRO intends to take action designed to grant user licences to customers other than eClass and PMF.

Prior to the above transactions, the relations among Class Editori, Denama, eClass and PMF were as follows:

- Denama was the exclusive owner of all the economic enjoyment rights over the software, having purchased them on 30 June 2011 from e-Class and PMF, which later transferred their contracts to Class Editori on 1 June 2012;
- under the Denama-Class Editori contract, Denama was required to pay the software purchase price to Class Editori in instalments over twenty years. On the date of signing the Purchase Contract, Denama had already paid a portion of the software purchase price totalling 4,648,000 euro to Class Editori and its residual debt to Class Editori was 18,592,000 euro;
- For the payment of an annual fee of 1,183,000 euro, Denama granted software user licences to Class Editori, on certain terms and conditions, until 2030.

The above related-party transaction was evaluated by the "Related-Party Transactions Committee of Class Editori S.p.a.", at a meeting held on 18 December 2015, following a request made by the AFC function on 30 November 2015.
That Committee expressed its opinion in favour of carrying out the proposed transaction. In fact, the minutes of the above Committee meeting state, in conclusion: "In view of the foregoing observations, this Committee considers that it is able to express its opinion in favour of carrying out the proposed Transaction, since its substance meets the requirements of being both beneficial and proper.".

Following this opinion, the Company:
- prepared a document entitled “Information about a significant related-party transaction” on 28 December 2015, pursuant to art. 5 of the Regulation adopted by Consob decision no. 17221 dated 12 March 2010 and subsequent amendments, and in compliance with attachment 4 of that Regulation;
- published a website announcement on 28 December 2015, within 7 days of approval of the transaction by the managing director, as required by art. 5, para. 3, of the Regulation adopted by Consob decision no. 17221 dated 12 March 2010 and subsequent amendments, informing third parties as follows, <<Class Editori S.p.A. gives notice that today it has made available to the public at the registered offices and on the website www.classeditori.it (“Investor Relations” section), as well as on 1Info, the authorised storage mechanism (www.1info.it), the information about a significant related-party transaction required by art. 5 of the Regulation adopted by Consob decision no. 17221 dated 12 March 2010 and subsequent amendments.>>;
- made the above information, accompanied by the opinion of the “Related-Party Transactions Committee of Class Editori S.p.a.”, available on the 1Info authorised storage mechanism, and therefore on the website www.1info.it, on 28 December 2015, within 7 days of approval of the transaction by the managing director, as required by art. 5, para. 3, of the Regulation adopted by Consob decision no. 17221 dated 12 March 2010 and subsequent amendments;
- published the same information, accompanied by the opinion of the “Related-Party Transactions Committee of Class Editori S.p.a.”, on the website www.classeditori.it (“Investor Relations” – “Documenti Informativi”) on 28 December 2015, within 7 days of approval of the transaction by the managing director, as required by art. 5, para. 3, of the Regulation adopted by Consob decision no. 17221 dated 12 March 2010 and subsequent amendments.

The Board of Statutory Auditors confirms that it was constantly informed about the above transaction, that it obtained information about the process of determining the various parts of the transaction arranged by the Company and the subsidiaries involved in it, that it checked compliance with the Related-Party Transactions Procedure and that it checked the compliance of the above transaction with the law and the articles of association.

Impairment tests

The Board of Statutory Auditors has checked the methodological adequacy of the processes adopted for measuring the titles, including that used to determine their value for consolidation purposes, as well as for measuring the goodwill arising on consolidation and that recorded by group companies.
Particular attention was paid to the impairment tests carried out on the TV Moda title and on the goodwill recorded by Country Class Editori S.r.l..
The first test resulted in the recognition of total loss of 450 thousand euro, comprising 446 thousand euro on the write-off of the value of the title arising on consolidation and 4 thousand euro on the write-off of the value of the title recorded by TV Moda S.r.l.
The second test did not result in the recognition of any losses.
The Board also determined that:
- following the decision to liquidate DP Analisi Finanziaria S.r.l. in liquidation, the value of the related title was written off on consolidation. It was carried at 84 thousand euro in the consolidated financial statements for the prior year;
- following the decision to liquidate EX.CO S.r.l. in liquidation, the value of the goodwill arising on consolidation was written off. It was carried at 72 thousand euro in the consolidated financial statements for the prior year.
In other words, as described in the Report on Operations and in the notes to the consolidated financial statements, the impairment tests carried out when preparing the consolidated financial statements highlighted the need to write-down assets totalling 606 thousand euro.
The Board of Statutory Auditors also checked the methodological adequacy of the process adopted for measuring the titles and equity investments recorded in the separate financial statements.
An examination of the financial statements for the prior year revealed that the Class Life title, acquired during 2006, was written off in full following the impairment test carried out when preparing the financial statements at 31 December 2014. It had already been written down by 300 thousand euro when preparing the financial statements at 31 December 2013. This impairment was recognised in view of the sale of the licence to broadcast on channel 27, which resulted in the total loss of the value attributed to the title.
These write-downs were recognised in the respective financial statements referred to above.
The explanatory notes to the 2015 separate financial statements of Class Editori S.p.a. describe the effects of the impairment tests on the carrying amounts of the investments held in subsidiaries.
An examination of these notes identified that the impairment tests had resulted in the following write-downs:
- write-off in full of the investment in TV Moda S.r.l. – involving an adjustment of 450 thousand euro;
- write-off in full of the investment in EDIS S.r.l. – involving an adjustment of 290 thousand euro;
- write-off in full of the investment in New Satellite Radio S.r.l. – involving an adjustment of 214 thousand euro;
- write-down of the investment in Class Editori Service S.r.l. in liquidation to reflect the equity value of the subsidiary – involving an adjustment of 340 thousand euro;
- write-down of the investment in DP Analisi Finanziaria S.r.l. in liquidation to reflect the equity value of the subsidiary – involving an adjustment of 18 thousand euro;
- write-down of the investment in EX.CO. S.r.l. in liquidation to reflect the equity value of the subsidiary – involving an adjustment of 7 thousand euro.

During the year, the Board of Statutory Auditors obtained the information required to perform its tasks by carrying out periodic checks and by meetings with company management, the management of PKF Italia S.p.A., the auditing firm, the members of the Control and Risks Committee, the Director responsible for preparing the corporate accounting documents and the members of the Supervisory Body established pursuant to Decree no. 231/2001, as well as by constant attendance at the meetings of the Board of Directors.

The institutional activities of the Board of Statutory Auditors were performed on the basis indicated below.
In particular, the Board of Statutory Auditors confirms that it:

- monitored compliance with the law, the articles of association and the principles of proper administration, and checked that the Company's operations were consistent with them;
- attended every meeting of the shareholders, the Board of Directors, the Control and Risks Committee and the Remuneration Committee held during the year and, pursuant to art. 150 of Decree no. 58/1998 and otherwise, obtained timely and complete information from the Directors on the activities and principal transactions carried out by the Company and/or its subsidiaries, as required by law and the articles of association;
- obtained the information needed in order to carry out, to the extent of its responsibilities, checks on the adequacy of the Company's organisational structure, by direct investigation and the collection of data and information from the managers of the principal functions involved, as well as from the auditing firm;
- obtained the information needed in order to carry out, to the extent of its responsibilities, checks on the adequacy of the accounting-administrative and internal control systems, as well as on their reliability in presenting and monitoring the results of operations, by direct investigation and the collection of data and information from the managers of the principal functions involved, as well as from the auditing firm;
- checked the effectiveness of the control system and the adequacy of the instructions given to subsidiaries pursuant to art. 114, para. 2, of Decree no. 58/1998;
- determined from contacts with the corresponding bodies at subsidiaries that no significant matters had been identified;
- checked compliance with the laws and regulations regarding the preparation, format and content of the separate and consolidated financial statements, as well as the related accompanying documents. The Board of Statutory Auditors also checked the consistency of the 2015 Reports on operations accompanying the separate and consolidated financial statements with the relevant current laws and regulations, as well as with the resolutions adopted by the Board of Directors;
- monitored the implementation of Law no. 120 dated 12 July 2011 on gender balance in the composition of the administration and control bodies of companies listed in regulated markets;
- monitored, in its role as the "audit committee" pursuant to art. 19 of Decree no. 39/2010, i) the process of providing financial information, ii) the effectiveness of the systems of internal control, internal audit and risk management, iii) the legal audits of the annual separate and consolidated financial statements, and iv) the independence of the legal auditing firm including, in particular, its provision of non-audit services to the Company;
- took note in its meetings of the results of the quarterly checks carried out by the legal auditing firm;
- took note of the agreement of the legal auditing firm to deliver, by the date of the next shareholders' meeting, the report issued pursuant to art. 19, para. 3, of Decree no. 39/2010, on the "fundamental matters" identified during the legal audit and on any "significant weaknesses" found in the system of internal control over the process of providing financial information;
- received confirmation of independence from the legal auditing firm, pursuant to art. 17, para. 9, letter a), of Decree no. 39/2010, and information about the non-audit services provided to the Company and other group companies by the legal auditing firm and members of the same network;

- discussed with the legal auditing firm, pursuant to art. 17, para. 9, letter b), of Decree no. 39/2010, the risks relating to the independence of the latter, as well as the measures adopted by the legal auditing firm to contain these risks;
- received regular briefings from the Supervisory Body, as required by the Organisation, Management and Control Model adopted by the Company pursuant to Decree no. 231/2001;
- monitored the effective implementation of the rules of corporate governance envisaged in the Code of Conduct for Listed Companies issued by Borsa Italiana S.p.A., as adopted by the Company;
- monitored, pursuant to art. 4, para. 6, of the Regulation approved by Consob decision no. 17221 dated 12 March 2010 and subsequent amendments ("Consob Regulation no. 17221/2010"), compliance with related-party transactions procedure approved by the Board of Directors of the Company on 28 August 2014 and applied from 1 September 2014 ("Related-Party Transactions Procedure");
- took note, based on the declarations made by the Directors and the considerations expressed by the Board of Directors, that the criteria and procedures adopted by the Board of Directors to verify the independence of its members had been properly applied;
- took note of the preparation of the "Compensation Report" required by art. 123-ter of Decree no. 58/1998 and art. 84-quater of Consob Regulation no. 11971/1999 ("Issuers' Regulation"), without having any particular observations to make;
- carried out checks on the administration of the Company, including: (i) on the management of receivables and, in particular, on those due from the subsidiary advertising concessionaire (Classpi S.p.a.) and the subsidiary publisher of the weekly Milano Finanza and the daily MF (Milano Finanza Editori S.p.a.); (ii) on the procedure for determining the provisions for legal, social security and tax disputes;
- provide the information and news requested by Consob pursuant to art. 115, para. 1, of Decree no. 58/1998.

No significant matters that should be reported to the Supervisory Bodies emerged during the monitoring activities carried out by the Board of Statutory Auditors, on the basis described above, which also covered compliance with the law and the articles of association.
The proposals regarding the financial statements, their approval and the matters for which the Board of Statutory Auditors is responsible are presented later in this report.

The specific information to be provided in this report is listed below, in the order established in the above-mentioned Consob Communication dated 6 April 2001 and subsequent amendments.

1. Considerations on the transactions of greatest economic, financial and equity significance carried out by the Company and their compliance with the law and the articles of association

Suitable information was obtained about the transactions of greatest economic, financial and equity significance carried out by Class Editori S.p.a. and its subsidiaries. The characteristics, economic effects and other aspects of the principal transactions carried out during the year are described in the section of the Report on operations entitled "Principal economic-financial events during the year". Based on the information obtained, the Board of Statutory Auditors confirms that these transactions complied with the law and the articles of association, and were not obviously imprudent or risky, in conflict of interest, in contrast with shareholders' resolutions or likely to jeopardise the net assets of the Company.

The Board of Directors approved the Five-year Plan 2015-2019 on 12 March 2015; this updated the previous business plan for 2013-2018, which was approved by the Board of Directors at the meeting held on 9 January 2014.

This update was principally necessary in order to take account of the opportunities that had arisen in the digital area and in e-commerce in China, via the business launched by CCeC, as well as the effects of selling to SKY the authorisation to broadcast on digital terrestrial channel LCN 27, the effects of other related agreements signed with that counterpart and the effects of the continuing domestic economic crisis and the most recent market data.

See pages 2, 3, 4 and 5 of this report for information about the checks performed by the Board of Statutory Auditors on the most significant transaction, involving a related party, arranged by the Company in the final part of 2015.

2. Indication of any atypical and/or unusual transactions, including intra-group or related-party transactions

   Based on the information available to the Board of Statutory Auditors, no atypical and/or unusual transactions have taken place with third parties or related parties, including group companies.

   The Directors have provided suitable information about routine intra-group and related-party transactions, as well as their principal economic and financial effects, in the Report on operations and in the notes to the separate and consolidated financial statements, to which reference is made. Using the information obtained, the Board of Statutory Auditors checked that these transactions were in compliance with the law and the articles of association, were carried out in the interests of the Company and do not cast doubt on the propriety and completeness of the financial disclosures, suggest possible conflicts of interest or jeopardise the net assets of the Company or the interests of the minority shareholders.

   The meeting of the Board of Directors held on 30 November 2010 adopted specific guidelines for related-party transactions, in compliance with Consob Resolution no. 17221 dated 12 March 2010 and subsequent amendments and having regard for Consob Communication no. DEM/10078683 dated 24 September 2010. In implementation of the above Regulation, the Company approved the procedure for related-party transactions that came into force on 1 January 2011. An updated version of the "Procedure for related-party transactions" was approved by the Board of Directors at a meeting held on 28 August 2014. It took effect from 1 September 2014. Among other matters, this updated version includes a new definition for low-value transactions.

   The RPT procedure is published on the Company's website pursuant to art. 4, para. 7, of the Regulation adopted by Consob resolution no. 17221 of 12 March 2010, as subsequently amended by resolution no. 17389 of 23 June 2010. The link is provided below:
   http://static.classeditori.it/upload/doc/CLASSEDITORI/20140829113225518 8/2014_07_30_REV_Proc_OPC_Class_Editori_b.pdf

   Among other matters, this procedure requires transactions in which a Director has an interest, whether directly or on behalf of third parties, and those carried out with related parties, to be performed in a transparent manner and comply with the propriety criteria, both in form and in substance.

3. Assessment of the suitability of the information provided in the Report on operations about atypical and/or unusual operations, including those with group companies or related parties

   The Directors suitably describe the nature and characteristics of the principal transactions with third parties, group companies and related parties in the Report on operations and in the notes to the consolidated financial statements of the Class Group and to the separate financial statements of Class Editori S.p.a., to which reference is made.

4. Observations and proposals regarding any qualifications and emphasis of matter contained in the report of the Auditing Firm

   PKF Italia S.p.a., the legal auditing firm, has released its auditors' reports, dated today (6 April 2016), on the separate and consolidated financial statements at 31 December 2015 of Class Editori S.p.a., prepared pursuant to art. 14 of Decree no. 39/2010 and expressing an unqualified opinion without any emphasis of matter.

5. Information about any complaints received pursuant to art. 2408 of the Italian Civil Code, any related action taken and the outcome

   No complaints were received pursuant to art. 2408 of the Italian Civil Code during 2015.

6. Information about any statements or reports received, any related action taken and the outcome

   No statements or reports were received by the Board of Statutory Auditors during 2015.

7. Information about any additional appointments granted to the auditing firm and the related costs:

   The Company and its subsidiaries granted PKF Italia S.p.a., the auditing firm, the following

additional appointments during 2015:

A) Appointments granted to PKF Italia S.p.a. for ADS

Company	Title	Fee
Italia Oggi Editori Erinne S.r.l.	Italia Oggi	4,000.00
Milano Finanza Editori S.p.a.	Milano Finanza	3,000.00
Class Editori S.p.a.	Class	2,000.00
Country Class Editori S.r.l.	Capital	2,000.00
Total		11,000.00

B) Appointments granted to PKF Italia S.p.a. for audit work

Subsidiaries that exceeded Consob's parameters	Annual fee in euro	Duration of appointment
E-Class S.p.a.	8,800.00	2013 - 2021
ClassPubblicità S.p.a.	15,500.00	2013 - 2021
PMF News Editori S.p.a.	8,800.00	2013 - 2021
Radio Classica S.r.l.	4,000.00	2013 - 2021
Milano Finanza Editori S.p.a.	10,500.00	2013 - 2021
Class CNBC S.p.a.	10,800.00	2013 - 2021
MF Conference S.r.l.	4,000.00	2013 - 2021
Milano Finanza Service S.r.l.	5,500.00	2013 - 2021
Country Class Editori S.r.l.	4,200.00	2013 - 2021
Class Editori Service S.p.a. in liquid.	3,000.00	2013 - 2021
Telesia S.p.a.	8,000.00	2013 - 2021
Class Digital Service S.r.l.	4,000.00	2013 - 2021
MF Servizi Editoriali S.r.l.	5,500.00	2014 - 2021
Edis S.r.l.	5,500.00	2013 - 2021
Total	98,100.00	

Other group companies subject to voluntary full audit	Fee in euro for audit of the financial statements	Duration of appointment
MF Dow Jones News S.r.l.	3,000.00	2013 -2021
Total	3,000.00	

C) Appointments granted to PKF Italia S.p.a. for non-audit services

Italia Oggi Erinne S.r.l.	3,500.00	Limited examination of the schedule of copies distributed and sold during the year ended 31.12.14

D) Appointments granted to PKF Italia S.p.a. for limited examinations

Aldebaran S.r.l.	3,500.00	2014 - 2021

E) Appointments granted to PKF Italia S.p.a. for the audit of associates

Italia Oggi Editori Erinne S.r.l.	12,900.00	2013 - 2015

The above fees exclude VAT and reimbursable out-of-pocket expenses.

8. Information about any appointments granted to parties having continuous relations with the auditing firm and the related costs

To the best of our knowledge, Class Editori S.p.a. has not granted any appointments to parties having continuous relations with PKF Italia S.p.a., the auditing firm.

For completeness and with the following exception, to the best of our knowledge no other companies within the Class group have granted any appointments to parties having continuous relations with PKF Italia S.p.a., the auditing firm.

CFN/CNBC Holding BV - Rotterdam has appointed PKF Wallast in Rotterdam to audit the 2015 annual financial statements for a total fee of 10,750.00 euro; this appointment has a duration of one year.

9. Information about the release of opinions required by law during the year

The Board of Statutory Auditors did not release any opinions required by art. 2386 of the Italian Civil Code (replacement of Directors that have ceased to serve) during 2015, since no Directors were replaced during the year. In addition, no other opinions required by art. 2389, para. 3, of the Italian Civil Code (remuneration of Directors with special duties) were issued, since no related resolutions were presented to the Board of Directors for examination.

10. Information about the frequency and number of the meetings held by the Board of Directors, the Control and Risks Committee and the Board of Statutory Auditors

The Board of Directors held 6 meetings during 2015, the Control and Risks Committee held 5 meetings (include 1 meeting as the Related-Party Transactions Committee) and the Remuneration Committee held 1 meeting, which were all attended by the Board of Statutory Auditors or some of its members.

The Board of Statutory Auditors held 7 meetings during the year.

As mentioned earlier, during the meetings of the Board of Directors, the Board of Statutory Auditors obtained information from the Directors about the principal activities and economic, financial and equity transactions carried out by the Company and its subsidiaries.

11. Observations about compliance with the principles of proper administration

The Board of Statutory Auditors has acquired knowledge of and, to the extent of its responsibilities, monitored compliance with the principles of proper administration, via interviews, checks and requests for information from functional and senior managers, as well as via meetings with the Executive responsible for preparing corporate accounting documents and with the Auditing Firm.

Following its supervisory activities, the Board of Statutory Auditors has no observations to make about compliance with the principles of proper management, which seem to have been constantly observed.

12. Observations about the suitability of the organisational structure

The Board of Statutory Auditors has no observations to make about the suitability of the organisational structure, since its ability to satisfy managerial and operational control requirements was found to be adequate.

13. Observations about the adequacy of the system of internal control and, in particular, about the work performed by the internal control managers, highlighting any corrective actions taken and/or to be taken

The system of internal control appears adequate overall, given the size and operational characteristics of the Company, as determined in part during the meetings of the Control and Risks Committee, which is attended by the Board of Statutory Auditors in accordance with the governance rules adopted. Additionally, in part by attending meetings held by the Board of Statutory Auditors, the internal audit manager has provided the necessary functional links and information about the conduct of his internal audit activities, as well as about the outcome of the audit work performed,

By attending the meetings of the Control and Risks Committee, the Board of Statutory Auditors has been able to coordinate with that Committee the performance of its functions as the Audit Committee pursuant to art. 19 of Decree no. 39/2010.

Accordingly, the Board of Statutory Auditors has acquired knowledge of and monitored, pursuant to art. 19 of Decree no. 39/2010 and otherwise, both the suitability and the efficiency of the internal control and risk management system, by holding periodic meetings and obtaining information from company management, as well by examining company documents and analysing the results of the work performed by the internal audit function, the Control and Risks Committee and the Supervisory Body.

The Board of Statutory Auditors highlights, furthermore, that the Company's internal control activities were reviewed during 2014 by the "Informal committee for the review and update of the internal audit function in order to identify areas for improving the effectiveness of existing controls".

This Committee prepared a new Internal Auditing Manual (by updating the previous document). This document was then analysed by the Control and Risks Committee at a meeting held on 31 July 2014.

Subsequently, the new Manual was approved by the Board of Directors at a meeting held on 28 August 2014.

Class Editori has a procedures manual covering each operating cycle that requires the managers of individual areas to report to the managing director and to the Control and Risks Committee, which comprises three non-executive directors, two of whom are independent.

The meetings of the Board of Directors held on 19 March 2015 and 27 August 2015 approved the update to the "Organisation, management and control model" adopted pursuant to Decree no. 231/2001, on the basis of the new organisational structure and regulations introduced. The latest update of the model takes account of a) the regulations introduced by art. 1, para. 8, of Law no. 68 dated 22 May 2015 ("Instructions on the subject of environmental crimes") that added new penalties to art. 25undecies of Decree no. 231/2001 for, among other matters, the crimes of environmental pollution, environmental disaster, environmental negligence, trafficking in and dumping highly radioactive materials and contributing to environmental crimes; b) the regulations introduced by art. 12 of Law no. 69 dated 27 May 2015 ("Instructions on the subject of crimes against the public administration, mafia-related activities and false financial disclosures"), which have amended the rules governing false corporate communications.

On 28 March 2006 the Company adopted the Policy Document for the Security of Personal Data required by Decree no. 196/2003; this document is updated in accordance with legal requirements.

14. <u>Observations about the suitability of the administrative and accounting system and its ability to present reliably the results of operations</u>

The Board of Statutory Auditors has assessed and monitored the suitability of the administrative and accounting system and its ability to present reliably the results of operations, by obtaining information from department managers, examining company documents and analysing the results of the work carried out by PKF Italia S.p.a., the auditing firm. The Board has no observations to make about the suitability of the administrative and accounting system and its ability to present reliably the results of operations.

The Managing Director and the Executive responsible for preparing the corporate accounting documents have issued an attestation regarding the accounting information contained in the separate and consolidated financial statements at 31 December 2015, pursuant to art. 81-ter of Consob Regulation no. 11971 dated 14 May 1999 and subsequent amendments and additions.

15. <u>Observations about the suitability of the instructions given by the Company to its subsidiaries pursuant to art. 114, para. 2, of Decree no. 58/1998</u>

The Company has given suitable instructions to subsidiaries pursuant to art. 114, para. 2, of Decree no. 58/1998.

The Board of Statutory Auditors has no observations to make about the suitability of the information flows provided by to the Company by its subsidiaries in order to ensure that disclosures required by law are made on a timely basis.

16. Observations about any significant matters identified during meetings with the Auditing Firm pursuant to art. 150, para. 2, of Decree no. 58/1998

No matters that should be mentioned in this report were identified during the periodic exchanges of data and information between the Board of Statutory Auditors and the legal auditing firm required by art. 150, para. 2, of Decree no. 58/1998.

17. Information about adoption of the Code of Conduct issued by the Committee for the Corporate Governance of listed companies

Corporate Governance is described in the Report on operations and in the "Report on Corporate Governance and the ownership structure 2015". These reports also indicate which provisions of the Code of Conduct for listed companies issued by Borsa Italiana S.p.a. have been adopted by Class Editori S.p.a.

With regard to the Code of Conduct, the meeting of the Board of Directors held on 28 August 2014 resolved, "to update the Code of Conduct and approve the new text for publication in the Investor Relations - Corporate Governance section of the website".

This reflected the need to update the Code of Conduct with reference to the amendments made on 19 March 2014 by Borsa Italia S.p.a. In particular, it was necessary to take account of the invitation to apply points 6.P.5 and 6.C.8, from 1 August 2014, and to apply point 6.C.1 upon adoption of the compensation policy from January 2015.

During 2015:

- the Compensation Committee held 1 meeting
- the Control and Risks Committee held 5 meetings (including 1 meeting as the Related-Party Transactions Committee).

With regard to the amendments included in the July 2015 edition of the Code of Conduct, an analysis of the "Report on Corporate Governance and the ownership structure 2015" indicates that, except as indicated in the following paragraph, the Company will adopt the changes made to the Code by the end of the year commencing in 2016, and notify the market in the report on corporate governance to be published in the following year.

The amendments made to art. 8 (Statutory Auditors) in the July 2015 edition of the Code are applicable to the first renewal of the control body after the end of the year commencing in 2015 and, therefore, from the Shareholders' Meeting on 28 April 2016.

The Company has prepared adequate procedures regarding access to confidential information pursuant to art. 115 bis of the Consolidated Finance Law (TUF) and regarding disclosure obligations pursuant to art. 114, para. 7, TUF on internal dealing.

18. Final observations about the supervisory work performed and any omissions, censurable facts or irregularities identified during that work

The supervisory activities of the Board of Statutory Auditors were carried out normally during 2015 and there were no omissions, censurable facts or irregularities to report, having regard for the provisions of art. 36 of Consob's Market Regulations.

In addition, the Board of Statutory Auditors has not received any reports from the Supervisory Body about violations of the Organisation and Management Model required by Decree no. 231/2001.

19. Information about any proposals made by the Board of Statutory Auditors to the Shareholders' Meeting pursuant to art. 153, para. 2, of Decree no. 58/1998

On completion of the supervisory activities carried out during the year and having regard for art. 153, para. 2, of Decree no. 58/1998, the Board of Statutory Auditors expresses its opinion in favour of approving the financial statements at 31 December 2015.

The Board of Statutory Auditors does not have any other proposals to make, pursuant to art. 153, para. 2, of Decree no. 58/1998, regarding the separate and consolidated financial statements, the related explanatory notes and the related Reports on operations, or about other matters for which it is responsible. The Board nevertheless takes note of the contents of the section entitled "Outlook for the future" at the end of the Report on operations.

Other

The Board of Statutory Auditors notes that:

- Pierluigi Galbussera, an alternate auditor, resigned on 10 March 2015. This event was notified to the Companies Register on 12 March 2015;
- a registered letter was received on 12 March 2015 announcing the resignation of the Chairman of the Board of Statutory Auditors, Carlo Maria Mascheroni, with effect from the day after that on which the Board signed and filed the "Report of the Board of Statutory Auditors on the financial statements at 31/12/2014" of Class Editori S.p.a.;
- in the period from 8 April 2015, being the day after that on which the Board signed the Report on the 2014 financial statements of Class Editori S.p.a., to 30 April 2015, the Chairman of the Board of Statutory Auditors was Lucia Cambieri and Vieri Chimenti became a Serving Auditor;
- the Shareholders' Meeting held on 30 April 2015 appointed Mario Medici as the Chairman of the Board of Statutory Auditors, confirmed Vieri Chimenti as a Serving Auditor and appointed two new Alternate Auditors.

Milan, 6 April 2016

The Board of Statutory Auditors

Mario Medici

Lucia Cambieri

Vieri Chimenti

Report of the Auditing Firm on the financial statements of the Parent Company

PKF
Revisione e organizzazione contabile

CLASS EDITORI S.p.A.

FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2015

Auditors' Report Translation
(pursuant to artt. 14 and 16 of Legislative Decree No. 39 dated 27th January 2010)
(Translation from the original Italian version)

REPORT OF THE INDEPENDENT AUDITORS
(pursuant to artt.14 and 16 of Legislative Decree No. 39 dated 27th January 2010)
(Translation from the original Italian version)

To the Shareholders of
Class Editori S.p.A.

Report on the financial statements

We have audited the financial statements of the Company Class Editori S.p.A. for the year ended December 31, 2015, consisting of the balance sheet, statements of the financial position, comprehensive income, changes in equity, cash flows for the year ended at that date, a summary of significant accounting principles and other explanatory notes.

Management's responsibility for the financial statements

The Directors are responsible for the preparation of the financial statements that should give a true and fair representation in accordance with the International Financial Reporting Standards adopted by the European Union and the regulations issued in implementation of art. 9 of Legislative Decree. No. 38/05.

Auditors responsibility

It is our responsibility is to express an opinion on these financial statements based on auditing. We conducted our audit in accordance with International Auditing Standards (ISA Italy) elaborated pursuant to art. 11, comma 3, of Legislative Decree No. 39/10. Such standards require complying with ethical requirements as well as planning and performing the audit to obtain reasonable assurance that the financial statements do not contain material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures included in the financial statements. The selected procedures depend on the auditor's opinion, including the assessment of risks of material misstatement in the financial statements due to fraud or to conduct or unintentional events. In making those risk assessments, the auditor considers internal control relevant to the preparation of the firm's financial statements that give a true and fair representation in order to define audit procedures appropriate to the circumstances, and not to express an opinion on the efficiency of the firm's internal control.

An audit also includes the evaluation of the appropriateness of accounting standards adopted and the reasonableness of accounting estimations made by management, as well as evaluating the presentation of the financial statements taken as a whole.

We believe we have obtained sufficient appropriate audit evidence on which founding our judgment.

Opinion

In our opinion, the financial statements of the Company's Class Editori S.p.A. as of and for the year ended 31 December, 2015 present truly and fairly the financial position, results of operations and cash flows for year then ended, and are in accordance with International Financial Reporting Standards adopted by the European Union and with the regulations issued in implementation of art. 9 of Legislative Decree. No. 38/05.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the Director's report and some information contained *in the report on corporate governance and ownership structure with the financial statements*

We have performed the procedures indicated in the audit principle ISA (SA Italy) no. 720B in order to express, as required by law provisions, an opinion on the consistency of the director's report and the information contained in the report on corporate governance and ownership structure mentioned in art. 123 bis, paragraph 4, of Legislative Decree no. 58/98, which responsibility is of the Directors of Class Editori S.p.A., with the financial statements of Class Editori S.p.A. as of December 31, 2015. In our opinion, the director's report and the information stated in the report on corporate governance and ownership structures above mentioned, are consistent with the financial statements of Class Editori S.p.A. as at December 31, 2015.

Milan April 6, 2016

PKF Italia S.p.A.
Signed on the original by
Fioranna Negri
(Partner)