Half-Year Financial Report at 30 June 2015

Cairo Communication S.p.A.
Head office:
Via Tucidide 56, Milan
Share capital Euro 4,073,856.80

Translation into the English language solely for the convenience of international readers

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Governance

Board of Directors

Urbano Cairo*	Chairman
Uberto Fornara	CEO
Laura Maria Cairo	Director
Roberto Cairo	Director
Marco Janni	Director
Antonio Magnocavallo	Director
Stefania Petruccioli	Director
Marco Pompignoli	Director
Roberto Rezzonico	Director
Mauro Sala	Director

Control and Risk Committee

Roberto Rezzonico	Director
Mauro Sala	Director
Antonio Magnocavallo	Director

Remuneration Committee

Antonio Magnocavallo	Director
Roberto Rezzonico	Director
Stefania Petruccioli	Director

Related Party Committee

Marco Janni	Director
Mauro Sala	Director
Stefania Petruccioli	Director

Board of Statutory Auditors

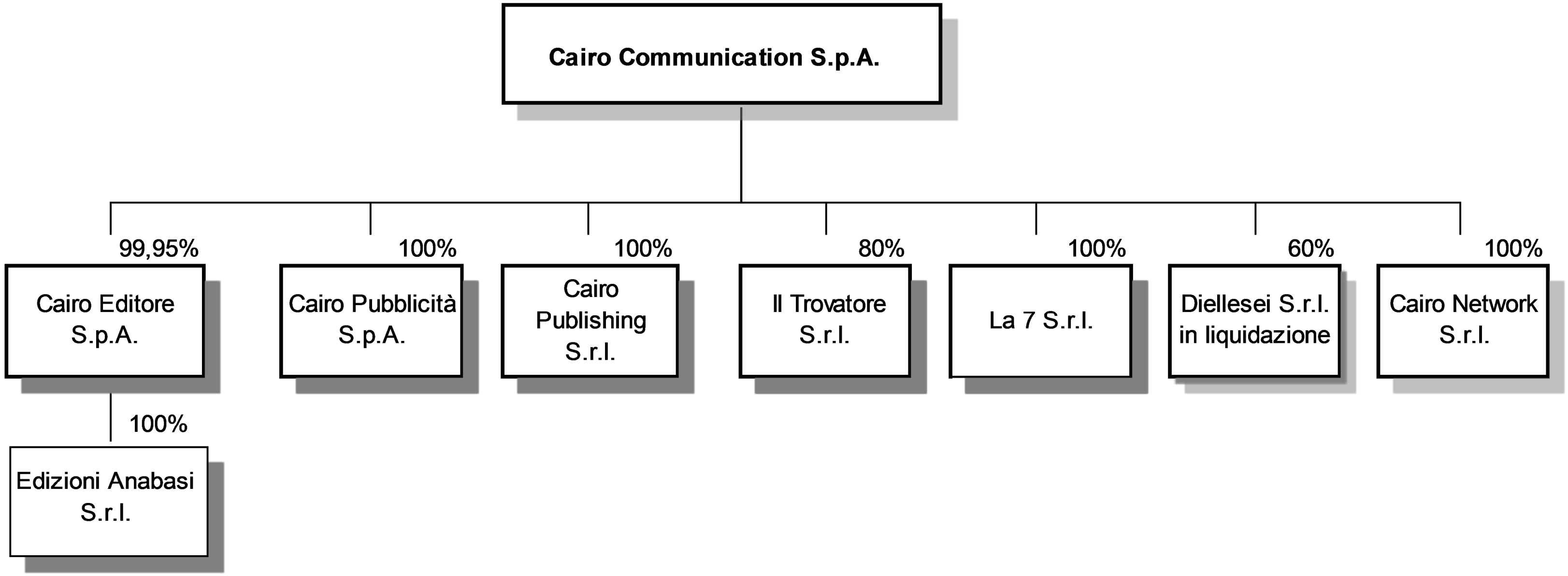
Marco Moroni	Chairman
Marco Giuliani	Standing auditor
Maria Pia Maspes	Standing auditor
Emilio Fano	Alternate auditor
Enrico Tamborini	Alternate auditor

Audit Firm

KPMG S.p.A.

* Ordinary and extraordinary executive powers exercised with single signatory, as limited by the Board of Directors

The Group at 30 June 2015



Interim management report at 30 June 2015

In 1H15, the Cairo Communication Group operated as a:

- publisher of magazines and books (Cairo Editore/Editoriale Giorgio Mondadori and Cairo Publishing);
- TV (La7, La7d) and Internet (La7.it, TG.La7.it) publisher;
- multimedia advertising broker (Cairo Pubblicità) for the sale of advertising space on TV, in print media, on the Internet and in stadiums.

In January 2015, Cairo Network, which took part in the tender procedure opened by the Ministry of Economic Development for the assignment of rights to use TV frequencies for digital terrestrial broadcasting systems, winning the rights to use a lot of frequencies ("mux") for a period of 20 years, entered with EI Towers S.p.A. ("EIT") into the agreements for the realization and subsequent long-term technical management in full service mode (hospitality, service and maintenance, use of broadcasting infrastructure, etc.) of the mux. The agreements provide, among other things, for:

- a transitional phase, which will see the realization and start-up of the mux and the initial operations, which will run from the date the agreements were signed to 31 December 2017, and an operational phase of the mux lasting 17 years (from 2018 to 2034);
- the right to free withdrawal of Cairo Network starting from 1 January 2025;
- guaranteed coverage at full performance of at least 94% of the population, in line with national muxs with greater coverage;
- consideration to EIT:
    - during the transitional phase (2015-2017), amounting to a total of Euro 11.5 million for the full three-year period;
    - at full performance (starting from 2018), amounting to Euro 16.3 million per year.

  These amounts include compensation for the availability of the transmitters;
- an annual consideration from EIT to Cairo Network, starting from 2018, ranging between Euro 0 up to Euro 4 million, in the event that the available bandwidth on the mux is not fully used by Cairo Network.

With the acquisition and realization of the mux, the Cairo Communication Group will start activities as a network operator and have at its autonomous disposal a broadcasting capacity of about 22.4 Mbps versus the current 7.2 Mbps leased, which can be used to broadcast the La7 and La7d channels from 2017, to broadcast new channels if the Company were to launch any, or even lease them to third parties as early as 2016.

In 1H15, the general economic and financial context, marked by a high degree of uncertainty, continued to report negative effects. To date, there remains uncertainty over the period required for a return to normal market conditions.

Based on AC Nielsen figures, in the January-June six-month period of 2015, advertising investments in Italy amounted to approximately Euro 3.2 billion, down 2.8% versus the same period last year.

The analysis by media shows that in the first six months of 2015:

- the magazine advertising market dropped by 3.4% versus 2014, when in 1H14 it had slid by 11% versus 2013,
- the TV advertising market fell by 3% versus 2014, when in 1H14 it had increased by 1.3% versus 2013.

The uncertainty factors in the short-medium economic term also hit magazine sales figures.

In 1H15, despite such economic context in general and specifically of its relevant markets (advertising and publishing), and despite the drop reported by advertising revenue due to the market trend, the Cairo Communication Group:

- achieved a strong growth in results in the magazine publishing segment, with gross operating profit (EBITDA) and operating profit (EBIT) increasing by 22.9% and 26.1% respectively versus 1H14 and reaching Euro 7.7 million and Euro 7.2 million, confirming the high circulation levels of the publications, and worked on improving the levels of efficiency reached in containing costs (production, publishing and distribution);
- continued to work on strengthening the results of the rationalization and cost-curbing measures achieved in the TV publishing segment (La7) in 2013 and 2014.

In 1H15, consolidated gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 8.1 million and Euro 4.5 million (Euro 16 million and Euro 14 million in 1H14). Profit attributable to the owners of the parent came to approximately Euro 5.5 million (Euro 14.5 million in 1H14). Specifically:

- in the **magazine publishing segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 7.7 million and Euro 7.2 million (Euro 6.3 million and Euro 5.7 million in 1H14). The period under review confirmed the excellent circulation results, with revenue increasing to Euro 35.2 million (Euro 34.8 million in 1H14).
- in the **TV publishing segment (La7)**, the Group continued to work on strengthening the results of the rationalization and cost-curbing measures achieved in 2013 and 2014. As a result of the trend of advertising revenue, gross operating profit (EBITDA) and operating

profit (EBIT) came to a negative figure of approximately Euro -1.5 million and Euro -4.3 million. Operating profit (EBIT) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 6.1 million, due to the write-down of tangible and intangible assets made in 2013 in the purchase price allocation of the investment in La7. In 1H14, gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 4.9 million and Euro 4 million and operating profit (EBIT) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 12.4 million. Mention should be made that in 1H13 - when La7 had not been included yet for the entire period in the scope of consolidation of the Cairo Communication Group - gross operating loss of La7 had amounted to approximately Euro 28.7 million.

- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 1.9 million and Euro 1.6 million (Euro 4.8 million and Euro 4.2 million in 1H14). In 1H15, gross advertising sales on La7 and La7d channels amounted to Euro 74.2 million (Euro 82.4 million in 2014).

Regarding weeklies, with over 1.7 million average copies sold in the January-May five-month period of 2015, the Group retains its position as the leading publisher in copies of weeklies sold at newsstands, with an over 25% market share.

In 1H15, La7's average all-day share was 3.14% and 3.84% in prime time (from 8:30 PM to 11:30 PM), with a high-quality target audience. La7d's share was 0.48%. The audience figures of the channel's news and discussion programmes - such as the 8 PM newscast (5,3% from Monday to Friday), "Otto e mezzo" (5%), "Piazza Pulita" (4.1%), "Crozza nel Paese delle Meraviglie" (7.8%) "Servizio Pubblico" (5.5%), "Le invasioni Barbariche" (3%), "Coffee Break" (4.5%), "Omnibus" (4.2%), "La Gabbia" (3.5%), "L'aria che tira" (5.6%), "Bersaglio Mobile" (4.1%), and "Di martedì" (5.4%) - were positive.

Cairo Communication Group – Consolidated figures

The main **consolidated income statement figures** in 1H15 can be compared as follows with those of 1H14:

(€ thousands)	30/06/2015 (Half-year)	30/06/2014 (Half-year)
Gross operating revenue	127,441	137,194
Advertising agency discounts	(12,449)	(13,829)
Net operating revenue	**114,992**	**123,365**
Change in inventory	(11)	(35)
Other revenue and income	5,570	5,042
Total revenue	**120,551**	**128,372**
Production cost	(82,062)	(81,353)
Personnel expense	(30,424)	(31,036)
Gross operating profit (EBITDA)	**8,065**	**15,983**
Amortization, depreciation, provisions and impairment losses	(3,573)	(2,025)
EBIT	**4,492**	**13,958**
Net financial income	399	1,207
Income (loss) on investments	-	(1)
Pre-tax profit	**4,891**	**15,164**
Income tax	579	(651)
Non-controlling interests	(10)	(8)
Profit from continuing operations attributable to the owners of the parent	**5,460**	**14,505**
Profit/ (loss) from discontinued operations attributable to the owners of the parent	-	-
Profit attributable to the owners of the parent	**5,460**	**14,505**

In 1H15, consolidated gross revenue came to approximately Euro 133 million (Euro 142.2 million in 2014). Consolidated gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 8.1 million and Euro 4.5 million (Euro 16 million and Euro 14 million in 1H14). Consolidated profit was approximately Euro 5.5 million (Euro 14.5 million in 1H14). The increase in "amortization, depreciation, provisions and impairment losses" in 1H15 was attributable to the amortization of television rights acquired by La7 effective from 1 May 2013.

As mentioned earlier, in 1H15 operating profit (EBIT) in the TV publishing segment (La7) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 6.1 million, due to the write-down of tangible and intangible assets made in 2013 in the purchase price allocation of the investment in La7. For the same reason, in 1H14, operating profit (EBIT) in the TV publishing segment (La7) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 12.4 million.

The Group **statement of comprehensive income** can be analyzed as follows:

(€ thousands)	30/06/2015 (Half-year)	30/06/2014 (Half-year)
Consolidated statement of comprehensive income		
Profit attributable to owners of the parent	**5,460**	**14,505**
Other non-reclassifiable items of the comprehensive income statement		
Actuarial profit (loss) from defined benefit plans	477	(695)
Tax effect	(131)	191
Total comprehensive income for the year	**5,806**	**14,001**

The Group's performance can be read better by analyzing the 1H15 results by **main business segment** (magazine publishing, advertising, TV publishing (La7), network operator (Cairo Network) and Il Trovatore) versus those of 1H14:

2015 (Half-year) (€ thousands)	**Magazine Publishing**	**Adver tising**	**TV publishing La7**	**Trovatore**	**Network operator (Cairo Network)**	**Intra-group and unallocated**	**Total**
Gross operating revenue	46,005	87,307	53,907	456	-	(60,234)	127,441
Advertising agency discounts	-	(12,449)	-	-	-	-	(12,449)
Net operating revenue	**46,005**	**74,858**	**53,907**	**456**	**-**	**(60,234)**	**114,992**
Change in inventory	(11)	-	-	-	-	-	(11)
Other income	923	415	4,227	2	3	-	5,570
Total revenue	**46,917**	**75,273**	**58,134**	**458**	**3**	**(60,234)**	**120,551**
Production cost	(29,472)	(69,628)	(42,687)	(365)	(24)	60,234	(82,062)
Personnel expense	(9,744)	(3,631)	(16,967)	(41)	(41)	-	(30,424)
Gross operating profit (EBITDA)	**7,701**	**1,894**	**(1,520)**	**52**	**(62)**	**-**	**8,065**
Amortization, depreciation, provisions and impairment losses	(482)	(327)	(2,763)	-	(1)	-	(3,573)
EBIT	**7,219**	**1,567**	**(4,283)**	**52**	**(63)**	**-**	**4,492**
Income (loss) on investments	-	-	-	-	-	-	-
Net financial income	(5)	62	338	4	-	-	399
Pre-tax profit	**7,214**	**1,629**	**(3,945)**	**56**	**(63)**	**-**	**4,891**
Income tax	(2,479)	(703)	3,750	(6)	17	-	579
Non-controlling interests	-	-	-	(10)	-	-	(10)
Profit from continuing operations attributable to the owners of the parent	**4,735**	**926**	**(195)**	**40**	**(46)**	**-**	**5,460**
Profit / (loss) from discontinued operations	-	-	-	-		-	-
Profit	**4,735**	**926**	**(195)**	**40**	**(46)**	**-**	**5,460**

2014 (Half-year) (€ thousands)	Magazine Publishing	Advertising	TV publishing La7	Trovatore	Network operator (Cairo Network)	Intra-group and unallocated	Total
Gross operating revenue	46,543	96,738	59,361	431	-	(65,879)	137,194
Advertising agency discounts	-	(13,829)	-	-	-	-	(13,829)
Net operating revenue	**46,543**	**82,909**	**59,361**	**431**	**-**	**(65,879)**	**123,365**
Change in inventory	(35)	-	-	-	-	-	(35)
Other income	864	481	3,697	-	-	-	5,042
Total revenue	**47,372**	**83,390**	**63,058**	**431**	**-**	**(65,879)**	**128,372**
Production cost	(31,437)	(75,287)	(40,155)	(353)	-	65,879	(81,353)
Personnel expense	(9,667)	(3,316)	(18,035)	(18)	-		(31,036)
Gross operating profit (EBITDA)	**6,268**	**4,787**	**4,868**	**60**	**-**	**-**	**15,983**
Amortization, depreciation, provisions and impairment losses	(542)	(606)	(877)	-	-	-	(2,025)
EBIT	**5,726**	**4,181**	**3,991**	**60**	**-**	**-**	**13,958**
Income (loss) on investments	-	(1)	-	-	-	-	(1)
Net financial income	17	325	865	-	-	-	1,207
Pre-tax profit	**5,743**	**4,505**	**4,856**	**60**	**-**	**-**	**15,164**
Income tax	(2,063)	(1,537)	2,970	(21)	-	-	(651)
Non-controlling interests	-	-	-	(8)	-	-	(8)
Profit from continuing operations attributable to the owners of the parent	**3,680**	**2,968**	**7,826**	**31**	**-**	**-**	**14,505**
Profit / (loss) from discontinued operations	-	-	-	-	-	-	-
Profit	**3,680**	**2,968**	**7,826**	**31**	**-**	**-**	**14,505**

Gross operating revenue in 1H15, split up by main business segment, can be analyzed as follows versus the amounts of 1H14:

Gross revenue (€ thousands)	**Half-year at 30/06/2015 (six months)**						
	Magazine publishing	**Advertising**	**TV publishing (La7)**	**Trovatore**	**Network operator (Cairo Network)**	**Intra-group eliminations and unallocated**	**Total**
Magazine over-the-counter sales	35,168	-	-	-	-	-	35,168
Print media advertising	9,707	12,806	-	-	-	(9,564)	12,949
TV advertising	-	72,135	52,539	-	-	(49,757)	74,917
Stadium signage	-	1,691	-	-	-	-	1,691
Internet advertising	-	375	213	286	-	(491)	383
Revenue from programming schedule space	-	-	594	-	-	-	594
Other TV revenue	-	-	561	-	-	-	561
Subscriptions	1,434	-	-	-	-	-	1,434
Books and catalogues	325	-	-	-	-	-	325
Other revenue	2	300	-	170	-	(422)	50
VAT relating to publications	(631)	-	-	-		-	(631)
Total gross operating revenue	**46,005**	**87,307**	**53,907**	**456**	**-**	**(60,234)**	**127,441**
Other revenue	923	415	4,227	2	3	-	5,570
Total revenue	**46,928**	**87,722**	**58,134**	**458**	**3**	**(60,234)**	**133,011**

Gross revenue	Half-year at 30/06/2014						
(€ thousands)	(six months)						
	Magazine publishing	Advertising	TV publishing (La7)	Trovatore	Network operator (Cairo Network)	Intra-group eliminations and unallocated	Total
Magazine over-the-counter sales	34,849	-	-	-	-	-	34,849
Print media advertising	10,517	14,013	-	-	-	(10,495)	14,035
TV advertising	-	80,744	57,311	-	-	(54,478)	83,577
Stadium signage	-	1,159	-	-	-	-	1,159
Internet advertising	-	521	231	261	-	(485)	528
Revenue from programming schedule space	-	-	521	-	-	-	521
Other TV revenue	-	-	1,298	-	-	-	1,298
Subscriptions	1,460	-	-	-	-	-	1,460
Books and catalogues	330	-	-	-	-	-	330
Other revenue	-	301	-	170	-	(421)	50
VAT relating to publications	(613)	-	-	-		-	(613)
Total gross operating revenue	**46,543**	**96,738**	**59,361**	**431**	**-**	**(65,879)**	**137,194**
Other revenue	864	481	3,697	-	-	-	5,042
Total revenue	**47,407**	**97,219**	**63,058**	**431**	**-**	**(65,879)**	**142,236**

The main figures of the consolidated **statement of financial position** at 30 June 2015 can be analyzed versus the situation at 31 December 2014:

(€ thousands)	30/06/2015	31/12/2014
Statement of financial position		
Property, plant and equipment	2,901	3,069
Intangible assets	60,533	56,871
Financial assets	1,702	1,175
Deferred tax assets	3,440	3,983
Net current assets	(26,034)	(19,071)
Total assets	**42,542**	**46,027**
Non-current borrowings and provisions	42,595	43,741
(Net financial position)/Net debt	(111,062)	(124,061)
Equity attributable to the owners of the parent	110,963	126,311
Equity attributable to non-controlling interests	46	36
Total equity and liabilities	**42,542**	**46,027**

At their Meeting on 28 April 2015, the shareholders approved the distribution of a dividend of 0.27 Euro per share, inclusive of tax, with coupon detachment date on 11 May 2015 (made payable on 13 May 2015).

In 2015, as part of the share buy-back plans, no treasury shares were sold or purchased. At 30 June 2015, Cairo Communication held a total of n. 779 treasury shares, or 0.001% of the share capital, subject to art. 2357-ter of the Italian Civil Code.

The consolidated **net financial position** at 30 June 2015, versus the situation at 31 December 2014, can be summarized as follows:

(€ thousands)	**30/06/2015**	**31/12/2014**	**Change**
Cash and cash equivalents	133,562	149,061	(15,499)
Current financial assets	-	-	
Bank loans	(22,500)	(25,000)	2,500
Total	**111,062**	**124,061**	**(12,999)**

The bank loan granted by Unicredit S.p.A. and used by Cairo Network to pay part of the rights of use of the TV frequencies, is secured by a guarantee issued by the parent Cairo Communication.
At 30 June 2015, the net financial position of La7 came to Euro 108.5 million, increasing versus 31 December 2014 (Euro 106.5 million).

Cairo Communication S.p.A. – Parent performance

The main **income statement figures of Cairo Communication S.p.A.** in 1H15 can be compared as follows with those of 1H14:

(€ thousands)	**30/06/2015 (Half-year)**	**30/06/2014 (Half-year)**
Gross operating revenue	55,468	62,578
Advertising agency discounts	-	-
Net operating revenue	**55,468**	**62,578**
Other revenue and income	264	144
Total revenue	**55,732**	**62,722**
Production cost	(53,003)	(57,880)
Personnel expense	(1,499)	(1,480)
Gross operating profit (EBITDA)	**1,230**	**3,362**
Amortization, depreciation, provisions and impairment losses	(121)	(100)
EBIT	**1,109**	**3,262**
Net financial income	21	310
Income (loss) on investments	7,465	1,039
Pre-tax profit	**8,595**	**4,611**
Income tax	(493)	(1,171)
Profit from continuing operations	**8,102**	**3,440**
Loss from discontinued operations	-	-
Profit	**8,102**	**3,440**

In 2015, Cairo Communication continued to operate in TV advertising sales (La7, La7d and theme channels Cartoon Network, Boomerang and CNN) and on the Internet through its subsidiary Cairo Pubblicità on a sub-concession basis, invoicing advertising spaces directly to its customers and returning to Cairo Communication a share of revenue generated by resources managed on a sub-concession basis. Specifically:

- gross operating revenue was approximately Euro 55.7 million (Euro 62.7 million in 1H14);
- parent gross operating profit (EBITDA) was approximately 1.2 million (Euro 3.4 million in 1H14);
- operating profit (EBIT) was approximately Euro 1.1 million (Euro 3.3 million in 1H14);
- profit was approximately Euro 8.1 million (Euro 3.4 million in 1H14).

"Income (loss) on investments" includes the dividends approved by the subsidiary Cairo Editore, amounting to Euro 7.5 million. In 2014, the item included the dividends approved by Cairo Pubblicità, amounting to Euro 1 million, while Cairo Editore had approved the distribution of dividends (Euro 6.2 million) at a later date, in December 2014.

The Parent's **statement of comprehensive income** can be analyzed as follows:

(€ thousands)	**30/06/2015 (Half-year)**	**30/06/2014 (Half-year)**
Statement of comprehensive income of the Parent		
Profit for the period	**8,102**	**3,440**
Other non-reclassifiable items of the comprehensive income statement		-
Actuarial profit (loss) from defined benefit plans	96	(39)
Tax effect	(26)	11
Total comprehensive income	**8,172**	**3,412**

The main figures of the **statement of financial position** of Cairo Communication S.p.A. at 30 June 2015 can be analyzed versus the situation at 31 December 2014:

(€ thousands)	**30/06/2015**	**31/12/2014**
Statement of financial position		
Property, plant and equipment	414	457
Intangible assets	299	320
Financial assets	23,123	23,124
Other non-current financial assets	5,563	1,663
Net current assets	5,600	7,325
Total assets	**34,999**	**32,889**
Non-current borrowings and provisions	1,448	1,485
(Net financial position)/Net debt	(10,641)	(25,768)
Equity	44,192	57,172
Total equity and liabilities	**34.999**	**32,889**

As mentioned in the notes to the consolidated statement of financial position, at their Meeting on 28 April 2015, the shareholders approved the distribution of a dividend of 0.27 Euro per share, inclusive of tax, with coupon detachment date on 11 May 2015 (made payable on 13 May 2015). The increase in "other non-current financial assets", amounting to Euro 3.9 million, is attributable to the shareholder loan granted to the subsidiary Cairo Network S.r.l.

The **net financial position** of the Parent at 30 June 2015, versus the situation at 31 December 2014, is summarized as follows:

(€ thousands)	**30/06/2015**	**31/12/2014**	**Change**
Cash and cash equivalents	10,641	25,768	(15,127)
Current financial assets	-	-	-
Total	**10,641**	**25,768**	**(15,127)**

Statement of reconciliation of the Parent's equity and profit and Group equity and profit

The **statement of reconciliation** of equity and profit of Cairo Communication S.p.A. and Group equity and profit at 30 June 2015 can be analyzed as follows:

(€ thousands)	**Equity**	**Net profit**
Half-year financial statements of Cairo Communication S.p.A.	**44,192**	**8,102**
Elimination of the carrying amount of consolidated equity investments:		
Difference between carrying amount of investments and their equity value	111,597	
Other effects of the purchase price allocation of La7 S.r.l.	(33,017)	6,398
Share in subsidiaries' profit net of investment impairment losses		(1,666)
Allocation of consolidation differences:		
Goodwill	7,198	
Elimination of intra-group profits net of income tax	(19,007)	90
Elimination of intra-group dividends		(7,465)
Half-year consolidated financial statements of the Cairo Communication Group	**110,963**	**5,460**

Main business segment operating results

PRINT MEDIA PUBLISHING

CAIRO EDITORE - CAIRO PUBLISHING

The results achieved by Publishing in 1H15 can be analyzed as follows:

Print media publishing *(€ thousands)*	**30 June 2015**	**30 June 2014**
Gross operating revenue	46,005	46,543
Other income	(11)	864
Change in inventory	923	(35)
Total revenue	**46,917**	**47,372**
Production cost	(29,472)	(31,437)
Personnel expense	(9,744)	(9,667)
Gross operating profit (EBITDA)	**7,701**	**6,268**
Amortization, depreciation, provisions and impairment losses	(482)	(542)
EBIT	**7,219**	**5,726**
Net financial income	(5)	17
Pre-tax profit	**7,214**	**5,743**
Income tax	(2,479)	(2,063)
Non-controlling interests	-	-
Profit from continuing operations attributable to the owners of the parent	**4,735**	**3,680**
Profit / (loss) from discontinued operations	-	-
Profit	**4,735**	**3,680**

In 1H15, Cairo Editore strengthened the results of its publications and worked on improving the levels of efficiency reached in containing production, publishing and distribution costs. Specifically, in 1H15:

- the operating results of the Group's publishing segment increased sharply versus 1H14,
- the excellent circulation results were confirmed, with revenue increasing to Euro 35.2 million (Euro 34.8 million in 1H14).
- Group gross advertising revenue, which reached Euro 12.6 million, dropped by 7.9% versus Euro 13.7 million in 1H14. The advertising revenue trend improved, however, in 2Q15, when gross advertising revenue reached Euro 8.2 million, down 2.3% versus 2Q14 (Euro 8.4 million).

In 1H15, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 7.7 million and Euro 7.2 million, up by 22.9% and 26.1% versus 1H14 (Euro 6.3 million and Euro 5.7 million).

The Group weeklies confirmed the excellent circulation results achieved, with an average ADS circulation in the January-May five-month period of 2015 of 513,500 copies for "Settimanale

DIPIU”, 328,126 copies for “DIPIU’ TV”, 157,693 copies for “Settimanale DIPIU’ e DIPIU’TV Cucina”, 179,598 copies for “Diva e Donna”, 203,570 copies for “Settimanale Nuovo”, 116,919 copies for “F”, 151,277 copies for “TVMia” and 118,512 copies for “Settimanale Giallo”, reaching a total of over 1.7 million average copies sold, and making the Group the leading publisher in copies of weeklies sold at newsstands, with an over 25% market share.

As far as circulation is concerned, the features of the Group’s publications and the Group strategy help maintain a strong lead over competitors in the current publishing market. Specifically:

- cover prices of the weeklies are lower, some half the price of those of the main competitors; this gap increases appeal and allows space for potential price increases, hence for increased profitability;
- sales are mostly over-the-counter (95%), with a minimum impact of revenue generated by gifts and sundry editorial material (approximately 2% on total publishing revenue, including advertising), whose sales figures have collapsed in the publishing segment; the Group has opted to focus on the quality of its publications; in 1H15, gross advertising revenue generated by the Group’s publications accounted for 26% (26% in 2014) - an extremely low figure if compared with the revenue breakdown of other major publishing groups, therefore based to a lesser extent on the economic cycle - while the remaining 74% (74% in 2014) came from direct sales and subscriptions, proof of the high editorial quality of publications;
- weekly magazines, which account for approximately 90% of publishing sales revenue, are sold as single copies and not bundled with other weeklies and/or dailies to bolster sales;
- the remarkable sales volumes achieved, both in absolute terms and versus Cairo Editore’s competitors, make the advertising pages highly appealing in terms of advertising cost per copy sold (equal to the difference between the price of the advertising page and copies sold), currently lower than the publications of its competitors.

In 2015, Cairo Editore will continue to pursue opportunities to optimize production, publishing and distribution costs, which mainly regarded negotiations for the reduction of paper costs, the optimization of bordereau costs, and the revision of certain corporate processes.

ADVERTISING

The results achieved by Advertising in 1H15 can be analyzed as follows:

Advertising (€ thousands)	**30 June 2015**	**30 June 2014**
Gross operating revenue	87,307	96,738
Advertising agency discounts	(12,449)	(13,829)
Net operating revenue	**74,858**	**82,909**
Other income	-	481
Change in inventory	415	-
Total revenue	**75,273**	**83,390**
Production cost	(69,748)	(75,287)
Personnel expense	(3,631)	(3,316)
Gross operating profit (EBITDA)	**1,894**	**4,787**
Amortization, depreciation, provisions and impairment losses	(327)	(606)
EBIT	**1,567**	**4,181**
Net financial income	62	325
Income (loss) on investments	-	(1)
Pre-tax profit	**1,629**	**4,505**
Income tax	(703)	(1,537)
Non-controlling interests	-	-
Profit from continuing operations attributable to the owners of the parent	**926**	**2,968**
Profit / (loss) from discontinued operations	-	-
Profit	**926**	**2,968**

Looking at the advertising segment, in 1H15 the Cairo Communication Group continued to operate as advertising broker - with its subsidiary Cairo Pubblicità - selling space in the print media for Cairo Editore ("For Men Magazine", "Natural Style", "Settimanale DIPIU'", "DIPIU' TV" and weekly supplements "Settimanale DIPIU' e DIPIU'TV Cucina" and "Settimanale DIPIU' e DIPIU'TV Stellare", "Diva e Donna", "TV Mia", "Settimanale Nuovo", "F" and "Settimanale Giallo"), the Editoriale Giorgio Mondadori division ("Bell'Italia", "Bell'Europa", "In Viaggio", "Airone", "Gardenia", "Arte" and "Antiquariato") and for Editoriale Genesis ("Prima Comunicazione" and "Uomini e Comunicazione"), for the sale of advertising space on TV for La7 and La7d, and for Turner Broadcasting (Cartoon Network, Boomerang, CNN), on the Internet (La7.it, TG.La7.it, Cartoon Network.it) and for the sale of stadium signage and space at the Olimpico in Turin for Torino FC.

In 1H15, total gross advertising revenue, which includes TV advertising revenue invoiced directly by La7 (Euro 3.1 million), came to approximately Euro 90.4 million. Specifically, gross advertising revenue on La7 and La7d channels amounted to Euro 74.2 million (Euro 82.4 million in 2014). Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 1.9 million and Euro 1.6 million (Euro 4.8 million and Euro 4.2 million in 1H14).

TV PUBLISHING (La7)

The results achieved by TV publishing (La7) can be analyzed as follows:

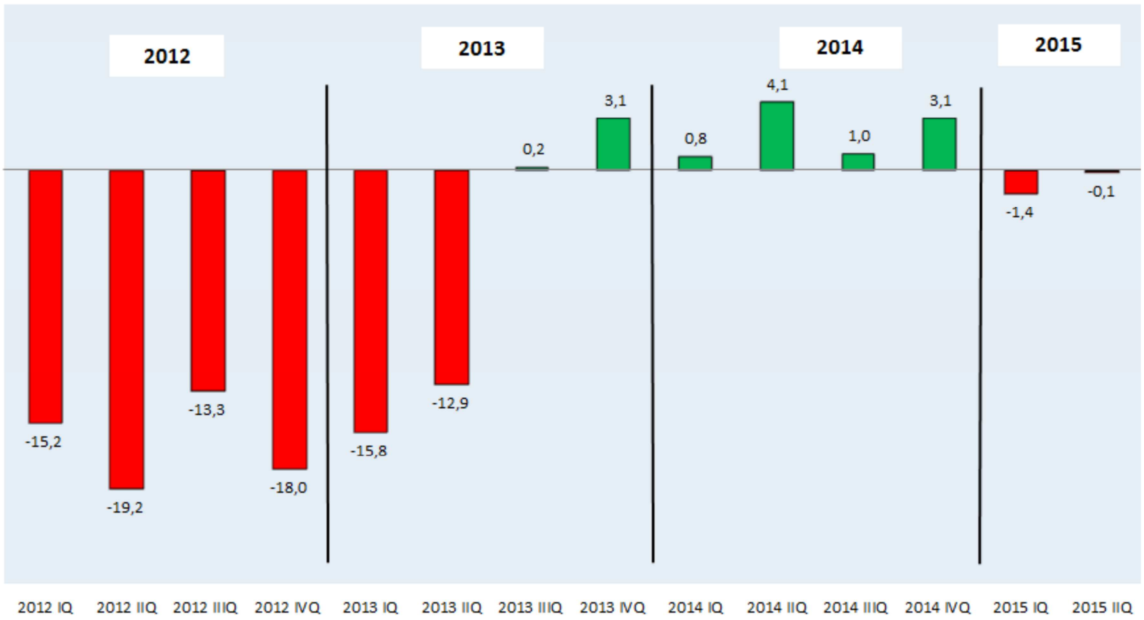
TV publishing (La7) (€ thousands)	**30 June 2015**	**30 June 2014**
Gross operating revenue	53,907	59,361
Advertising agency discounts	-	-
Net operating revenue	**53,907**	**59,361**
Other income	4,227	3,697
Change in inventory	-	-
Total revenue	**58,134**	**63,058**
Production cost	(42,687)	(40,155)
Personnel expense	(16,967)	(18,035)
Gross operating profit (EBITDA)	**(1,520)**	**4,868**
Amortization, depreciation, provisions and impairment losses	(2,763)	(877)
EBIT	**(4,283)**	**3,991**
Net financial income	338	865
Income (loss) on investments	-	-
Pre-tax profit	**(3,945)**	**4,856**
Income tax	3,750	2,970
Non-controlling interests	-	-
Profit	**(195)**	**7,826**

The Group started operations in the TV field in 2013, following acquisition from Telecom Italia Media S.p.A. of the entire share capital of La7 S.r.l. as from 30 April 2013, with the upstream integration of its concessionaire business for the sale of advertising space, diversifying its publishing activities previously focused on magazines.

At the acquisition date, the financial situation of La7 had called for the implementation of a restructuring plan aimed at reorganizing and streamlining the corporate structure and at curbing costs, while retaining the high quality levels of the programming.

Starting from May 2013, the Group began to implement its own plan to restructure the company, achieving, as early as the May-December eight-month period of 2013, a positive gross operating profit (EBITDA) of Euro 3.7 million, and strengthened in 2014 the results of the cost rationalization measures implemented during the eight months of activity in 2013, succeeding in achieving a positive gross operating profit (EBITDA) of Euro 9 million.

The trend of results (gross operating profit, EBITDA) achieved by La7 is shown in the chart below:



In 1H15, the Group continued to work on strengthening the results of the rationalization and cost-curbing measures achieved in 2013 and 2014.

As a result of the trend of advertising revenue, gross operating profit (EBITDA) and operating profit (EBIT) came to a negative figure of approximately Euro -1.5 million and Euro -4.3 million. The increase in "amortization, depreciation, provisions and impairment losses" is attributable to the amortization of television rights acquired by La7 effective from 1 May 2013.

Operating profit (EBIT) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 6.1 million, due to the write-down of tangible and intangible assets made in 2013 in the purchase price allocation of the investment.

In 1H14, gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 4.9 million and Euro 4 million and operating profit (EBIT) benefited in the consolidated financial statements, for the same reason, from lower amortization and depreciation of Euro 12.4 million. Mention should be made that in 1H13 - when La7 had not been included yet for the entire period in the scope of consolidation of the Cairo Communication Group - gross operating loss had amounted to approximately Euro 28.7 million.

In 1H15, La7's average all-day share was 3.14% and 3.84% in prime time (from 8:30 PM to 11:30 PM), with a high-quality target audience. La7d's share was 0.48%. The audience figures of the channel's news and discussion programmes - such as the 8 PM newscast (5,3% from Monday to Friday), "Otto e mezzo" (5%), "Piazza Pulita" (4.1%), "Crozza nel Paese delle Meraviglie" (7.8%) "Servizio Pubblico" (5.5%), "Le invasioni Barbariche" (3%), "Coffee Break" (4.5%), “Omnibus” (4.2%), “La Gabbia” (3.5%), “L’aria che tira” (5.6%), “Bersaglio Mobile” (4.1%), and “Di martedì” (5.4%) - were positive.

IL TROVATORE

In 2015, Il Trovatore continued operations, mainly providing technological services to develop and maintain the online platforms of the Group’s companies.

NETWORK OPERATOR (CAIRO NETWORK)

As mentioned earlier, in 2014 the subsidiary Cairo Network took part in the tender procedure opened by the Ministry of Economic Development for the assignment of rights to use TV frequencies for digital terrestrial broadcasting systems, submitting its binding bid and winning the rights to use a lot of frequencies ("Mux") for a period of 20 years.

Cairo Network and EI Towers S.p.A. (“EIT”) entered into the agreements firstly for the realization and then long-term technical management in full service mode (hospitality, service and maintenance, use of broadcasting infrastructure, etc.) of the Mux.

With the acquisition and realization of the Mux, the Cairo Communication Group will start operations as a network operator.

Alternative performance indicators:

In this Report, in order to provide a clearer picture of the financial performance of the Cairo Communication Group, besides of the conventional financial indicators required by IFRS, a number of alternative performance indicators are shown that should, however, not be considered substitutes of the disclosures required by IFRS.

The alternative indicators are:

· **EBITDA**: used by Cairo Communication as a target to monitor internal management, and in public presentations (to financial analysts and investors). It serves as a unit of measurement to evaluate Group and Parent operational performance, with the **EBIT**, and is calculated as follows:

Profit from continuing operations, pre tax

+/- Net finance income

+/- Share in associates

EBIT- Operating profit

+ Amortization & depreciation

+ Bad debt impairment losses

+ Provisions for risks

EBITDA – Operating profit, before amortization, depreciation, write-downs and impairment losses

The Cairo Communication Group also considers the **net financial position** as a valid indicator of the Group's ability to meet financial obligations, both current and future. As can be seen in the table used above, which details the equity figures used for the calculation of Group net financial position, this figure includes cash and other cash equivalents, bank deposits, securities and other current financial assets, reduced by current and non-current bank borrowings.

Transactions with parents, subsidiaries and associates

In 1H15, transactions with related parties, including with Group companies, were not considered to be atypical or unusual, and were part of the ordinary activities of Group companies. These transactions were carried out on market terms, taking account of the goods and services provided.

In 1H15, the relations and transactions with the parent U.T. Communications and with its subsidiaries can be analyzed as follows:

- the concession contract between Cairo Pubblicità and Torino FC S.p.A. (a subsidiary of U.T. Communications) for the sale of advertising space at the Olimpico football pitch and promotional sponsorship packages. This contract resulted in the payment in 1H15 of Euro 1.3 million to the concession holder against revenue of Euro 1.6 million net of agency discounts. Cairo Pubblicità earned further commissions of Euro 46 thousand. As part of the agreement, Cairo Pubblicità also purchased football tickets worth Euro 40 thousand;
- the agreement between Cairo Communication S.p.A. and Torino F.C. for the provision of administrative services such as bookkeeping, which provides for an annual consideration of Euro 100 thousand;
- the tax consolidation scheme.

Main risks and uncertainties to which the Group is exposed, which could impact on the business outlook for 2H15

The Directors' Report on the financial statements for the year ended 31 December 2014 includes a description, to which reference should be made, of the main risks and uncertainties to which Cairo Communication S.p.A. and the Group are exposed, as well as the strategies and activities implemented to monitor and counter them. Specifically:

- Risks associated with the general economic climate, and with the potential effects of the persisting factors of economic uncertainty in the short-medium term on the Group's business, strategies and outlook.
- Risks associated with advertising and publishing market trends, mainly related to the general contraction in sales and the advertising market trend, regarding mostly magazines and TV.
- Risks associated with extraordinary transactions, mainly related to the strengthening of the results of the rationalization and cost-curbing measures already achieved on La7.
- Risks associated with developments in the media segment as a result of the penetration of new communication resources, in particular the Internet and free digital TV, together with changes in the relevant regulatory framework.
- Risks associated with Management and "key staff", hence with the ability of its executive directors, editors-in-chief, TV personalities, and other Management members to efficiently manage the Group, and with the ability of the Group to attract and retain new talents.
- Risks associated with retaining the value of the brands of the Group titles, by maintaining the current levels of quality and innovation.
- Risks associated with business suppliers regarding the outsourcing of production processes, specifically printing and distribution, and the production of TV content.
- Risks associated with developments in the legal and regulatory framework, specifically for the television industry.
- Risks associated with litigation, the notes on "Other information" (Note 23 of the notes to the condensed consolidated half-year financial statements) contain information on the main pending cases.

This interim half-year report provides a summary of financial and other risks that could impact on the outlook for 2H15.

Risks associated with the general economic climate

The financial position, results and cash flows of the Cairo Communication Group may be influenced by various factors within the macro-economic environment.

In 1H15, the general economic and financial context, marked by a high degree of uncertainty, continued to report negative effects. To date, there remains uncertainty over the period required for a return to normal market conditions.

However, the evolution of the general economic situation could affect the full achievement of the Group's result targets.

Risks associated with advertising and publishing market trends

The deterioration of the short and medium-term economic uncertainty continued to impact negatively on the advertising market, and also slowed the pace of magazine sales.

The analysis by media shows that in the first six months of 2015:

- the magazine advertising market dropped by 3.4% versus 2014, when in 1H14 it had slid by 11% versus 2013,
- the TV advertising market fell by 3% versus 2014, when in 1H14 it had increased by 1.3% versus 2013.

The Cairo Communication Group is significantly exposed to advertising sales performance, which has progressively decreased over time as a result of significant developments in the publishing business.

Advertising sales are currently the main source of revenue for the TV publishing segment.

Advertising sales in 2014 represented approximately 65% of total Group revenue (66% in 1H15). Considering also advertising revenue generated by La7, the impact of advertising revenue in 2014 increases to 68% (68% in 1H15).

Considering the Group's publishing business alone, advertising revenue in 2014 accounted for 26% (basically confirmed in 1H15) - much lower than the revenue breakdown of other major publishing groups - while the remaining 74% (basically confirmed in 1H15) was generated by distribution and subscription revenue, demonstrating the great publishing strength of advertising products.

Risks associated with extraordinary transactions

In 2013 Cairo Communication S.p.A. acquired from Telecom Italia Media, through Cairo Due S.r.l., the entire share capital of La7 S.r.l.

The financial situation of La7 S.r.l. called for the implementation of a restructuring plan aimed at reorganizing and streamlining the corporate structure and at curbing costs, while retaining the high quality levels of the programming schedule.

Starting from May 2013, the Group began to implement its own plan to restructure the company, achieving, as early as the May-December eight-month period of 2013, a positive gross operating profit (EBITDA) of Euro 3.7 million, and in 2014 a positive gross operating profit (EBITDA) of Euro 9 million.

In 1H15, the Group continued to work on strengthening the results of the rationalization and cost-curbing measures achieved in 2013 and 2014.

As a result of the trend of advertising revenue, gross operating profit (EBITDA) and operating profit (EBIT) came to a negative figure of approximately Euro -1.5 million and Euro -4.3 million.

In the following months of 2015, the Group will continue to work on strengthening the results of the rationalization and cost-curbing measures achieved in 2013 and 2014.

However, the evolution of the general economic situation could affect the full achievement of these targets.

Risks associated with developments in the media segment

The media segment has seen an increase in the level of penetration of new communication resources, in particular the Internet, and the new free theme channels on the digital terrestrial platform, together with technology innovations that may lead to changes in demand by consumers, who in future will probably request personalized content by even directly selecting the source. As a result, this may change the relative importance of the various media and audience distribution, with consequent greater market fragmentation.

Whereas the development of the Internet may impact on the share of print media, mainly on dailies and to a much lesser extent on the weeklies published by the Group, the growth of the Internet and of digital theme television may impact on the generalist TV audience. Any development of new TV channels by the Group may allow it to take advantage of this situation.

The Group constantly monitors the level of penetration of new resources as well as changes in the business model related to the distribution of content available to assess the opportunity to develop the various distribution platforms, with particular attention to the Internet.

Developments in the regulatory framework are also continually monitored for the media segment and their disclosure within the Group is ensured.

Risks associated with Management and “key staff”

The Group’s success depends on the talents of its executive Directors and other members of Management to efficiently manage the Group and the individual business segments.

Editors and TV personalities, too, have a significant role in the titles published and programmes hosted.

The loss of the services of an executive Director, editor, TV personality or other key resource without an appropriate substitute, as well as the difficulty in attracting and retaining new and qualified resources, may impact negatively on the prospects, operations and financial results of the Group.

Risks associated with litigation

The notes on “Other information” (Note 23 of the notes to the condensed consolidated half-year financial statements) contain information on a number of cases. The evaluation of the potential legal and tax liabilities requires the Company to use estimates and assumptions in relation to forecasts made by the Directors, based upon the opinions expressed by the Company’s legal and tax advisers, in relation to the probable cost that can be reasonably considered to be incurred. The actual results may vary from these estimates.

Credit risks

The Group is exposed to credit risk, primarily in relation to its advertising sales activities. This risk is however mitigated by the fact that exposure is distributed across a large number of customers and that credit monitoring and control procedures are in place. The client concentration/advertising revenue ratio has not basically changed versus prior years. The risk on advertising receivables from print media is broken down into an even larger amount of clients, whilst for circulation revenue, the distribution contract provides for an advance payment equal to a very significant percentage of the estimated sales of each magazine.

The persisting uncertainty factors in the short and medium term, along with the resulting credit squeeze, may of course impact negatively the quality of credit and general payment terms.

The Group’s maximum theoretical exposure to credit risks at 30 June 2015 is given by the carrying amount of trade receivables and other recognized current assets totaling Euro 85.1

million, and by the nominal amount of guarantees given on third-party debts or commitments as indicated in Note 23 of the notes to the consolidated financial statements.
The credit risks associated with cash and cash equivalents, with a maximum theoretical exposure of Euro 111.1 million, are not considered significant as they are deposits spread across various banks, based on the criteria described below in the notes to the “liquidity risk”.

Liquidity risk

The Cairo Communication Group is not exposed to liquidity risk, in that on one hand, significant financial resources are held with a net available positive financial position of Euro 111.1 million while, on the other hand, the Group attempts to ensure that an appropriate ability to generate cash is maintained, even under the current market conditions, in its traditional segments.
An analysis of the company’s equity structure shows both liquidity, or the ability to maintain financial stability in the short term, and solidity, or the ability to maintain financial stability in the medium/long term.
It is Group policy to invest available cash in on-demand or short-term deposits at various banks, with the prime objective of maintaining a ready liquidity of the said investments. The investment products are selected on the basis of their credit rating, their reliability and the quality of services rendered.

Interest rate and currency risk

The Cairo Communication Group is not exposed to interest rate and currency risk, in that on one hand, the net financial position shows a positive figure, while on the other hand, Group operations are carried out and revenue is generated almost exclusively in Italy, and the main costs, except for certain TV rights acquired in USD, are incurred in Euro.
The interest rate risk only affects the yield on net funds.
Given the limited exposure to both interest rate and FOREX risk, the Group limited use of financial hedging instruments, to hedge currency risk on the acquisition of TV rights from film companies.

Other information

Human resources

By the nature of the activities it carries out, human resources form a critical factor for the success of the Group. The evaluation of staff, the development of their abilities and the recognition of their achievements and responsibilities are the principles which govern personnel management, from the selection phase, which is facilitated by the high degree of the Group's visibility and its ability to attract personnel.

Staff turnover in 1H15 and its composition can be analyzed as follows:

Description	01/01/2015	Recruitments	Terminations	Advancements	30/06/2015
Open-ended contracts	**712**	**10**	**(9)**	**1**	**714**
Senior managers	**25**	-	-	-	**25**
Managers	**82**	1	(1)	-	**82**
Employees	**384**	8	(6)	3	**389**
Journalists and freelance	**221**	1	(2)	(2)	**218**
Fixed-term contracts	**25**	**31**	**(17)**	(1)	**38**
Senior managers	**-**	-	-	-	**-**
Managers	**-**	-	-	-	**-**
Employees	**11**	17	(13)	-	**15**
Journalists and freelance	**14**	14	(4)	(1)	**23**
Grand total	**737**	**41**	**(26)**	**-**	**752**

Personnel can also be analyzed by average age, sex, education and seniority:

	Senior managers	Managers	Employees	Journalists
Men (number)	25	51	204	102
Women (number)	-	31	200	139
Average age	50	49	45	49
Seniority	13	14	12	14
Open-ended contracts	25	82	389	218
Fixed-term contracts	-	-	15	23
Other	-	-	-	-
Graduates	20	35	88	116
Diploma holders	5	47	291	123
Middle school graduates	-	1	24	2

Most of the employees (444) work in the TV segment, followed (224) by the magazine and book publishing segment. The advertising segment employs 79 people and draws on a sales force of approximately 100 agents (direct and indirect) who are coordinated by senior sales managers and staff who, together with their staff, also ensure coordination with the editors and the promotion of special initiatives.

The Group is committed to pursue health and safety objectives at the workplace. There were no accidents in the workplace or charges for occupational diseases during the year.

Events occurring after 1H15 and business outlook

In 1H15, despite the high degree of uncertainty of the economic context in general and specifically of its relevant markets (advertising and publishing), and despite the drop reported by advertising revenue due to the market trend, the Cairo Communication Group:

- achieved a strong growth in results in the magazine publishing segment, with gross operating profit (EBITDA) and operating profit (EBIT) increasing by 22.9% and 26.1% respectively versus 1H14 and reaching Euro 7.7 million and Euro 7.2 million, confirming the high circulation levels of the publications, and worked on improving the levels of efficiency reached in containing costs (production, publishing and distribution);
- continued to work on strengthening the results of the rationalization and cost-curbing measures achieved in the TV publishing segment (La7) in 2013 and 2014.

In the following months of 2015, the Cairo Communication Group will continue to:

- pursue the development of its traditional segments (magazine publishing and advertising sales). Despite the economic and competitive backdrop, given the high quality of the publications and of the media under concession, the Group considers it a feasible target to continue to achieve positive operating results.
- work on strengthening the results of the rationalization and cost-curbing measures achieved in the TV publishing segment in 2013 and 2014.

However, the evolution of the general economic situation could affect the full achievement of these targets.

For the Board of Directors

Chairman Urbano Cairo

CAIRO COMMUNICATION

Condensed consolidated half-year financial statements at 30 June 2015

INCOME STATEMENT AT 30 JUNE 2015

€ thousands	Notes	Half-year ended 30 June 2015	Half-year ended 30 June 2014
Revenue	1	114.992	123.365
Other revenue and income	2	5.570	5.042
Change in inventory of finished products	3	(11)	(35)
Raw materials, consumables and supplies	4	(10.393)	(11.724)
Services	5	(57.192)	(56.167)
Use of third-party assets	6	(13.707)	(12.599)
Personnel expense	7	(30.424)	(31.036)
Amortization, depreciation, provisions and impairment losses	8	(3.573)	(2.025)
Other operating costs	9	(770)	(863)
EBIT		**4.492**	**13.958**
Income / (loss) on investments	17	0	(1)
Net financial income	10	399	1.207
Pre-tax profit		**4.891**	**15.164**
Income tax	11	579	(651)
Profit from continuing operations		**5.470**	**14.513**
Loss from discontinued operations	12	**0**	**0**
Net Profit for the period		**5.470**	**14.513**
- Owners of the parent		5.460	14.505
- Non-controlling interests - discontinued operations		0	0
- Non-controlling interests - continuing operations		10	8
		5.470	**14.513**
Earnings per share (euro)			
- Earnings per share - continuing and discontinued operations	14	0,070	0,185
- Earnings per share - continuing operations	14	0,070	0,185

STATEMENT OF COMPREHENSIVE INCOME AT 30 JUNE 2015

		Half-year ended 30 June 2015	Half-year ended 30 June 2014
Profit for the period		**5.470**	**14.513**
Other reclassifiable items of the comprehensive income statement			
(Profit)/loss from the measurement of available-for-sale financial assets		0	0
Tax effect		0	0
Other non-reclassifiable items of the comprehensive income statement			
Actuarial profit (loss) from defined benefit plans	20	477	(695)
Tax effect		(131)	191
Total comprehensive income for the period		**5.816**	**14.009**
- Owners of the parent		5.806	14.001
- Non-controlling interests - discontinued operations		0	0
- Non-controlling interests - continuing operations		10	8
		5.816	**14.009**

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

€ thousands Assets	Notes	30 June 2015	31 December 2014
Property, plant and equipment	15	2.901	3.069
Intangible assets	16	60.533	56.871
Investments	17	62	62
Non-current financial assets	17	1.640	1.113
Deferred tax assets	18	3.440	3.983
Total non-current assets		**68.576**	**65.098**
Inventories	19	2.860	3.296
Trade receivables	19	75.659	79.957
Receivables from parents	19	4.702	6.539
Other receivables and other current assets	19	6.301	8.430
Cash and cash equivalents	21	133.562	149.061
Total current assets		**223.084**	**247.283**
Total assets		**291.660**	**312.381**

Equity and liabilities	Notes	30 June 2015	31 December 2014
Share capital		4.074	4.074
Share premium reserve		30.495	41.062
Prior-year earnings (losses) and other reserves		70.934	57.384
Profit for the period		5.460	23.791
Equity attributable to the owners of the parent		**110.963**	**126.311**
Non-controlling interests share capital and reserves		**46**	**36**
Total shareholders' equity	**22**	**111.009**	**126.347**
Non-current financial payables and liabilities	21	17.500	20.000
Post-employment benefits	20	12.862	13.398
Provisions for risks and charges	20	29.733	30.343
Total non-current liabilities		**60.095**	**63.741**
Current financial payables and liabilities	21	5.000	5.000
Trade payables	19	92.246	87.884
Payables to parents	19	600	156
Tax liabilities	19	3.201	5.487
Other current liabilities	19	19.509	23.766
Total current liabilities		**120.556**	**122.293**
Total liabilities		**180.651**	**186.034**
Total equity and liabilities		**291.660**	**312.381**

STATEMENT OF CASH FLOWS AT 30 JUNE 2015

€ thousands	Half-year ended 30 June 2015	Half-year ended 30 June 2014
CASH AND CASH EQUIVALENTS	**149.061**	**172.915**
OPERATING ACTIVITIES		
Profit for the period	5.470	14.513
Amortization/Depreciation	1.290	1.290
Income / (loss) on investments	0	1
Net financial income	(399)	(1.207)
Income tax	(579)	846
Change in post-employment benefits	(536)	685
Change in provisions for risks and charges	(610)	(933)
Cash flow from operating activities before changes in working capital	**4.636**	**15.195**
(Increase) decrease in trade and other receivables	6.427	4.708
Increase (decrease) in trade and other payables	105	(14.599)
(Increase) decrease in inventories	436	640
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	**11.604**	**5.944**
Income tax paid	1.117	(1.792)
Financial expense paid	(172)	(248)
TOTAL NET CASH FROM OPERATING ACTIVITIES (A)	**12.549**	**3.904**
INVESTING ACTIVITIES		
(Acquisition) disposal net of PPE and intangible assets	(4.784)	(4.197)
Interest and financial income received	571	1.455
Net increase in other non-current assets	(527)	76
NET CASH USED IN INVESTING ACTIVITIES (B)	**(4.740)**	**(2.666)**
FINANCING ACTIVITIES		
Dividends paid	(21.152)	(21.152)
Re-measurement of defined benefit plans inclusive of tax effect	346	(504)
Refund of loans	(2.500)	0
Other changes in equity	(2)	9
NET CASH USED IN FINANCING ACTIVITIES (C)	**(23.308)**	**(21.647)**
CASH FLOW OF THE PERIOD (A)+(B)+(C)	**(15.499)**	**(20.409)**
NET CASH AND CASH EQUIVALENTS CLOSING BALANCE	**133.562**	**152.506**

STATEMENT OF CHANGES IN EQUITY

€ thousands	Share capital	Share premium reserve	Prior-year earnings (losses) and other reserves	Reserve for available-for-sale financial assets	Interim dividend	Profit for the period	Equity attributable to owners of the parent	Non-controlling interests share capital and reserves	Total
Balance at 31 December 2012	**4.074**	**45.452**	**2.287**	**0**	**(10.126)**	**18.663**	**60.350**	**4**	**60.354**
Effects from application of amended IAS 19			(94)			94	0		0
Balance at 1 January 2013	**4.074**	**45.452**	**2.193**	**0**	**(10.126)**	**18.757**	**60.350**	**4**	**60.354**
Allocation of profit			18.757			(18.757)	**0**		**0**
Dividend distribution			(21.031)		10.126		**(10.905)**		**(10.905)**
Disposal of treasury shares			1.382				**1.382**		**1.382**
Actuarial profit (loss) from defined benefit plans			(370)			370	**0**		**0**
Other movements			7				**7**		**7**
Total comprehensive income for the period						73.824	**73.824**	8	**73.832**
Balance at 31 December 2013	**4.074**	**45.452**	**938**	**0**	**0**	**74.194**	**124.658**	**12**	**124.670**
Allocation of profit			74.194			(74.194)	**0**		**0**
Dividend distribution		(4.390)	(16.762)				**(21.152)**		**(21.152)**
Actuarial profit (loss) from defined benefit plans			(991)			991	**0**		**0**
Other movements			5				**5**		**5**
Total comprehensive income for the period						22.800	**22.800**	24	**22.824**
Balance at 31 December 2014	**4.074**	**41.062**	**57.384**	**0**	**0**	**23.791**	**126.311**	**36**	**126.347**
Allocation of profit			23.791			(23.791)	**0**		**0**
Dividend distribution		(10.567)	(10.585)				**(21.152)**		**(21.152)**
Actuarial profit (loss) from defined benefit plans			346			(346)	**0**		**0**
Other movements			(2)				**(2)**		**(2)**
Total comprehensive income for the period						5.806	**5.806**	10	**5.816**
Balance at 30 June 2015	**4.074**	**30.495**	**70.934**	**0**	**0**	**5.460**	**110.963**	**46**	**111.009**

INCOME STATEMENT PURSUANT TO CONSOB RESOLUTION n. 15519 OF 27 JULY 2006

€ thousands	**Half-year ended**			**Half-year ended**		
	30 June 2015	**related parties (*)**	**% of total**	**30 June 2014**	**% of total**	**% of total**
Revenue	114.992	96	0,1%	123.365	96	0,1%
Other revenue and income	5.570		0,0%	5.042		
Change in inventory of finished products	(11)			(35)		
Raw materials, consumables and supplies	(10.393)			(11.724)		
Services	(57.192)	(1.353)	2,4%	(56.167)	(1.032)	1,8%
Use of third-party assets	(13.707)			(12.599)		
Personnel expense	(30.424)			(31.036)		
Amortization, depreciation, provisions and impairment losses	(3.573)			(2.025)		
Other operating costs	(770)			(863)		
Operating profit	**4.492**			**13.958**		
Income / (loss) on investments	0			(1)		
Net financial income	399			1.207		
Pre-tax profit	**4.891**			**15.164**		
Income tax	579			(651)		
Profit from continuing operations	**5.470**			**14.513**		
Loss from discontinued operations	**0**			**0**		
Profit for the period	**5.470**			**14.513**		

(*) Related party transactions are analyzed in Note 24

STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB RESOLUTION n. 15519 OF 27 JULY 2006

€ thousands						
Assets	**30 June 2015**	**related parties (*)**	**% of total**	**31 December 2014**	**related parties (*)**	**% of total**
Property, plant and equipment	2.901			3.069		
Intangible assets	60.533			56.871		
Investments	62			62		
Non-current financial assets	1.640			1.113		
Deferred tax assets	3.440			3.983		
Total non-current assets	**68.576**			**65.098**		
Inventories	2.860			3.296		
Trade receivables	75.659	205	0,3%	79.957	471	0,6%
Receivables from parents	4.702	4.702	100,0%	6.539	6.539	100,0%
Other receivables and other current assets	6.301	47	0,7%	8.430	47	0,6%
Cash and cash equivalents	133.562			149.061		
Total current assets	**223.084**			**247.283**		
Total assets	**291.660**			**312.381**		
Equity and liabilities	**30 June 2015**			**31 December 2014**		
Share capital	4.074			4.074		
Share premium reserve	30.495			41.062		
Prior-year earnings (losses)	70.934			57.384		
Profit for the period	5.460			23.791		
Equity attributable to the owners of the parent	**110.963**			**126.311**		
Non-controlling interests share capital and reserves	46			**36**		
Total shareholders' equity	**111.009**			**126.347**		
Non-current financial payables and liabilities	17.500			20.000		
Post-employment benefits	12.862			13.398		
Provisions for risks and charges	29.733			30.343		
Total non-current liabilities	**60.095**			**63.741**		
Current financial payables and liabilities	5.000			5.000		
Trade payables	92.246	980	1,1%	87.884	1.428	1,6%
Payables to parents	600	600	100,0%	156	156	100,0%
Tax liabilities	3.201			5.487		
Other current liabilities	19.509			23.766		
Total current liabilities	**120.556**			**122.293**		
Total liabilities	**180.651**			**186.034**		
Total equity and liabilities	**291.660**			**312.381**		

(*) Related party transactions are analyzed in Note 24

STATEMENT OF CASH FLOWS PURSUANT TO CONSOB RESOLUTION n. 15519 OF 27 JULY 2006

€ thousands	Half-year ended 30 June 2015	related parties	Half-year ended 30 June 2014	related parties
CASH AND CASH EQUIVALENTS	**149.061**		**172.915**	
OPERATING ACTIVITIES				
Profit for the period	5.470	(1.257)	14.513	(936)
Amortization/Depreciation	1.290		1.290	
Income / (loss) on investments	0		1	
Net financial income	(399)		(1.207)	
Income tax	(579)		846	
Change in post-employment benefits	(536)		685	
Change in provisions for risks and charges	(610)		(933)	
Cash flow from operating activities before changes in working capital	**4.636**	**(1.257)**	**15.195**	**(936)**
(Increase) decrease in trade and other receivables	6.427	2.103	4.708	(1.912)
Increase (decrease) in trade and other payables	105	(4)	(14.599)	255
(Increase) decrease in inventories	436		640	
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	**11.604**	**842**	**5.944**	**(2.593)**
Income tax paid	1.117		(1.792)	
Financial expense paid	(172)		(248)	
TOTAL NET CASH FROM OPERATING ACTIVITIES (A)	**12.549**	**842**	**3.904**	**(2.593)**
INVESTING ACTIVITIES				
(Acquisition) disposal net of PPE and intangible assets	(4.784)		(4.197)	
Interest and financial income received	571		1.455	
Net increase in other non-current assets	(527)		76	
NET CASH USED IN INVESTING ACTIVITIES (B)	**(4.740)**	**0**	**(2.666)**	**0**
FINANCING ACTIVITIES				
Dividends paid	(21.152)		(21.152)	
Re-measurement of defined benefit plans inclusive of tax effect	346		(504)	
Refund of loans	(2.500)			
Other changes in equity	(2)		9	
NET CASH USED IN FINANCING ACTIVITIES (C)	**(23.308)**	**0**	**(21.647)**	**0**
CASH FLOW OF THE PERIOD (A)+(B)+(C)	**(15.499)**	**842**	**(20.409)**	**(2.593)**
NET CASH AND CASH EQUIVALENTS CLOSING BALANCE	**133.562**		**152.506**	

EXPLANATORY NOTES

STRUCTURE, FORM AND CONTENT OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AND ACCOUNTING STANDARDS ADOPTED

Basis of preparation

The Group's condensed consolidated half-year financial statements have been prepared in accordance with IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and approved by the European Union in accordance with Regulation 1606/2002. The term IFRS is used to also mean the International Accounting Standards (IAS) still in effect, and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

These condensed consolidated half-year financial statements have been prepared in summary form according to IAS 34 – *Interim financial reporting*. They do not contain all the information required for the Annual Report and should therefore be read together with the Annual Report for the year ended 31 December 2014.

The same accounting standards applied to prepare the Group's consolidated financial statements for the year ended 31 December 2014, have been applied to prepare these consolidated half-year financial statements, with the exception of those described in the following paragraph "Accounting standards, amendments and interpretations applied from 1 January 2015".

The preparation of the condensed consolidated half-year financial statements has required that Management make estimates and assumptions which affect the value of revenue, costs, assets and liabilities and the information relating to contingent assets and liabilities at the date of the interim financial statements. These estimates and assumptions have been based on Management's best evaluation. Should they, in the future, differ from the circumstances in effect at that time, they will be modified appropriately in the period in which the change in circumstances is recorded.

It should be noted, furthermore, that these evaluation processes, specifically the more complex ones, such as those relating to the calculation of potential impairment of non-current assets, are generally carried out in their entirety during the preparation of the year-end financial statements when all necessary information is available, unless impairment indicators exist which require an immediate evaluation of the potential impairment. Similarly, actuarial valuations, necessary for the calculation of the provision for benefits to staff and agents, are normally only carried out during the preparation of the year-end financial statements.

In general, no significant seasonal or cyclical fluctuations in sales revenue from Group activities exist between the first six months and the second six months of the financial year.

Income tax is recognized on the basis of the best estimate of the weighted average rate expected for the entire financial year.

The amounts in these notes are shown in thousands of Euro.

1. Accounting standards, amendments and interpretations effective as from 1 January 2015

The following accounting standards, amendments and interpretations, revised also following IASB's yearly improvement process, were applied for the first time starting from 1 January 2015:

IFRIC 21 – Levies **-** The interpretation, issued by the IASB in May 2013, provides guidance on when to recognize liabilities for a levy imposed by a government, with the exception of those governed by other standards (i.e. IAS 12 – *Income tax*). IAS 37 establishes the recognition criteria of liabilities, one of which is the existence of a present obligation on an entity resulting from past events (obligating event). The interpretation clarifies that the obligating event that gives rise to liability for payment of a levy is explained by the relevant legislation that gives rise to its payment. IFRIC 21 is applicable according to the IASB for annual periods beginning on or after 1 January 2014, while, according to the EU, for annual periods beginning on or after 17 June 2014. The application of the interpretation from 1 January 2015 had no effects on the figures of the Half-Year Report at 30 June 2015.

Improvements to IFRS: 2011-2013 Cycle **-** On 12 December 2013, the IASB published "*Annual Improvements to IFRSs: 2011-2013 Cycle*", which acknowledges the amendments to the standards as part of their annual improvement process. According to the IASB, the amendments became effective for financial statements beginning on or after 1 July 2014. According to the EU, entry into force has been postponed to the financial statements beginning on or after 1 July 2015. These amendments are applied prospectively and had no effects on the figures of the Half-Year Report at 30 June 2015.

The main amendments regard:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards* – It clarifies that a first-time adopter, as an alternative to the application of a principle currently in force on the date of the first IFRS financial statements, may opt for early application of a new standard intended to replace the principle in force. The option is admitted when the new standard allows early application. The entity is required to apply the same version of the standard in all periods presented in the first IFRS financial statements.
- *IFRS 3 Business combinations* – The amendments aim to clarify the exclusion from the application scope of IFRS 3 of all types of joint arrangements, not only of joint ventures.
- *IFRS 13 Fair Value Measurement* – IFRS 13, paragraph 52 ("*portfolio exception*"), in its current version, restricts to financial assets and liabilities included in the application scope of IAS 39 the possibility of fair value measurement on a net basis. The amendment clarifies that the possibility of fair value measurement on a net basis also applies to contracts within the application scope of IAS 39, but that do not meet the definition of financial assets and liabilities in IAS 32, such as contracts to buy and sell non-financial items that can be settled net in cash.

- *IAS 40 – Investment Property* - The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the purchase of a property falls within the scope of IFRS 3, it is necessary to refer to the specific indications in IFRS 3; instead, to determine whether the purchase of such property falls within the scope of IAS 40, it is necessary to refer to the specific indications in IAS 40.

2. Accounting standards, amendments and interpretations approved by the EU and applicable from annual periods after 1 January 2015

***Amendments to IAS 19 - Employee contributions to defined-benefit plans* -** The amendment, issued by the IASB in November 2013, introduces simplifications to account for defined-benefit plans that provide for contributions by employees or third parties. Specifically, the amendments to IAS 19 allow recognition of employee or third-party contributions as a reduction of service costs during the period in which services where rendered, if the following conditions are met:

- employee or third-party contributions are formally provided for in the terms of the plan;
- the contributions are linked to services rendered; and
- the amount of the contributions is independent of the number of years of service.

In all other cases, the recognition of these contributions will be more complex, as they will be allocated to each period of the plan through the actuarial calculation of the relating liabilities. According to the IASB, the amendments became effective for financial statements that began on or after 1 July 2014. According to the EU, entry into force has been postponed to the financial statements beginning on or after 1 February 2015. These amendments are applied retrospectively, but will have no effects on the figures of the Half-Year Report at 30 June 2015.

***Improvements to IFRS: 2010-2012* Cycle -** On 12 December 2013, the IASB published *"Annual Improvements to IFRSs: 2010-2012 Cycle*", which acknowledges the amendments to the standards as part of their annual improvement process. According to the IASB, the amendments became effective for financial statements that began on or after 1 July 2014. According to the EU, entry into force has been postponed to the financial statements beginning on or after 1 February 2015. These amendments are applied prospectively.

The main amendments regard:

- *IFRS 2 Share-based payments* – Amendments have been made to the definitions of "vesting condition" and "market condition", while further definitions have been added of "performance condition" and "service condition" (previously included in the broad definition of "vesting condition").
- *IFRS 3 Business combinations*- The amendments clarify that a contingent consideration classified as an asset or liability should be measured at fair value at each balance sheet date, regardless of whether

the contingent consideration is a financial instrument to which IAS 39 applies or a non-financial asset or liability. Changes in fair value are presented in profit/(loss) for the year.

- *IFRS 8 Operating segments* - The amendments require an entity to disclose those factors used by management to identify the entity's reportable segments when operating segments have been aggregated, including a description of the aggregated operating segments and economic indicators considered in determining whether these operating segments have "similar economic characteristics". The amendments also clarify that the reconciliation between total assets of the operating segments and the total assets of the entity is provided only in the event that the total assets of the operating segments are regularly provided to the chief operating decision-maker ("CODM").
- *IFRS 13 Fair Value Measurement* – Amendments have been made to the *Basis for Conclusions* in order to clarify that short-term receivables and payables are still able to be measured on an undiscounted basis where the effect of discounting is immaterial.
- *IAS 16 Property, plant and equipment and IAS 38 Intangible assets* – The amendments have eliminated inconsistency in the recognition of accumulated depreciation where the revaluation method of a property, plant or equipment or an intangible asset is applied. The new requirements clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset, and that accumulated depreciation is equal to the difference between gross carrying amount and carrying amount, less subsequent depreciation.
- *IAS 24 Related Party Disclosures* – following the amendment to IAS 24, the IASB:
  - has extended the definition of "related party" to entities that provide within the group key management personnel services (these entities are usually named "management companies");
  - it has clarified that it is sufficient to provide the total amount of the cost charged by the management company without separately indicating each type of benefit that the management company has paid its employees.

3. Accounting standards, amendments and interpretations yet to be approved by the EU and applicable from annual periods after 1 January 2015

***IFRS 14 Regulatory Deferral Accounts*:** IFRS 14, published by the IASB in January 2014, allows only first-time adopters of IFRSs to continue to recognize the amounts relating to regulatory accounts according to previously adopted accounting standards. In order to improve comparability with the entities that already apply the IFRSs and do not recognize these amounts, the standard requires that the balances recognized for the purposes of regulatory accounts should be presented separately from the other items. The standard applies from 1 January 2016; early application is allowed. Mention should be made that the approval process by the European Union is pending.

Amendments to IFRS 11 Joint arrangements: The amendments, published by the IASB in May 2014, provide clarification on the accounting of purchases of interests in a joint operation whose activity constitutes a business. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016; early application is allowed.

Amendments to IAS 16 and IAS 38 Property, plant and equipment and Intangible assets: The amendments, published by the IASB in May 2014, aim to clarify that depreciation criteria regarding property, plant and equipment, determined in accordance with revenue are not appropriate, as the revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of economic benefits that arise from the asset itself.

The IASB also clarified that revenue is not appropriate to measure the consumption of the economic benefits generated by an intangible asset. This presumption may, however, be overcome in limited circumstances. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016; early application is allowed.

IFRS 15 - Revenue from contracts with customers: The standard, published by the IASB in May 2014, introduces a general model to determine whether, when and to what extent will revenue be recognized. The standard replaces the recognition criteria set out in IAS 18 - *Revenue*, IAS 11 - *Work in progress*, IFRIC 13 - *Customer Loyalty Programmes,* IFRIC 15 - *Agreements for the Construction of Real Estate,* IFRIC 18 - *Transfers of Assets from Customers,* and SIC-31 - *Revenue: Barter Transactions Involving. Advertising Services.*

IFRS 15 applies to financial periods beginning on or after 1 January 2017, and early application is allowed. On first-time application, IFRS 15 is applied retrospectively. Certain simplifications are, however, applicable ("practical expedients"), as well as a different approach ("cumulative effect approach") that avoids the restatement of annual periods presented in comparative information; in the latter case, the effects arising from the application of the new standard should be recognized in the initial equity of the first annual period for which IFRS 15 is applied.

The Group is still assessing the potential effects of the application of IFRS 15 on the consolidated financial statements.

IFRS 9 – Financial instruments. The standard, published by the IASB in July 2014, supersedes IAS 39 - *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new provisions for the classification and measurement of financial instruments, including a new model for expected losses in the calculation of impairment losses on financial assets, and new general provisions for hedge accounting. It also includes provisions for the recognition and derecognition of financial instruments in accordance with the current IAS 39. The new standard will be applicable from 1 January 2018; early application is allowed. As a general rule, under IFRS 9, the standard must be applied prospectively, although certain exceptions are allowed.

Amendment to IAS 27 Separate financial statements: The amendments to IAS 27, published in August

2014, will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in the separate financial statements. The amendments will be retrospectively applicable for financial statements beginning on or after 1 January 2016; early application is allowed.

Amendment to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures: The amendment issued by the IASB in September 2014 highlights the changes to address an inconsistency in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the changes is that a full gain or loss is recognized when a transaction involves a business. The changes apply prospectively to financial statements of annual periods beginning on (or after) 1 January 2016. The IASB, however, in January 2015 decided to postpone this date of entry into force, as certain inconsistencies were found with some paragraphs in IAS 28. Following IASB's decision, the European Union has blocked the approval process, awaiting publication of the new document with the new date of entry into force.

Improvements to IFRS: 2012-2014 Cycle: In September 2014, the IASB published "Annual Improvements to IFRSs: 2012-2014 Cycle", which acknowledges the amendments to the standards as part of their annual improvement process. The amendments are applied to financial periods beginning on or after 1 January 2016. Early application is allowed.

The main amendments regard:

- *IFRS 5 Non-current assets held for sale and discontinued operations –* The amendment introduces specific guidance to IFRS 5 in case an entity reclassifies an asset (or disposal group) from held for sale to held-for-distribution (or vice versa), or when recognition of an asset held-for-distribution ceases.
- *IAS 19 Employee benefits* - The amendment to IAS 19 clarifies that high quality corporate bonds used to determine the discount rate of post-employment benefits must be issued in the same currency used in the payment of the benefits.
- *IAS 34 Interim financial reporting* - The amendment clarifies the requirements in the event that the disclosures required are presented in the interim financial report but not in the interim financial statements. The amendment requires that the disclosures be incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report and that the document be available to users of the financial statements on the same terms as the interim financial statements and at the same time.
- *IFRS 7 Financial instruments: disclosures* - The document introduces additional guidance to clarify whether a servicing contract constitutes a continuing involvement in a transferred asset for the purposes of applying these disclosure requirements to the transferred assets.

Amendment to IAS 1 Disclosure initiative: The amendments to IAS 1, published in December 2014, are applied to financial periods beginning on or after 1 January 2016. Early application is allowed.

The main amendments regard:

- *Materiality and aggregation*: An entity must not reduce the understandability of its financial statements by obscuring useful information with irrelevant information or by aggregating relevant information that has different characteristics or function. Additional subtotals must be reconciled to the subtotal and totals required.
- *Information to be presented in the statement of financial position and of comprehensive income:* specific items of profit or loss, other comprehensive income and the statement of financial position can be disaggregated. Subtotals must: be made up of items recognized and measured in accordance with IFRS, be presented and labeled in order to make the components of the subtotal clear and understandable, and be consistent from period to period.
- *Statement of other comprehensive income for the year* The share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate form but separately from other comprehensive income, as a single item, based on whether the items will or will not subsequently be reclassified to profit or loss.
- *Notes – Structure:* the entity is free to decide the order of presentation in the financial statements, but must consider the effect on the understandability and comparability of its financial statements, emphasizing the most relevant operating segments for the understanding of its financial performance and financial position.

Amendment to IFRS 10, IFRS 12 and IAS 28 - Investment entities: consolidation exceptions: The amendments, published in December 2014, are applied retrospectively to annual periods beginning on or after 1 January 2016. Early application is allowed.

The main amendments regard:

- *IFRS 10 Consolidated financial statements* – The amendments to the IFRS clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is, in turn, a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- *IAS 28 Investments in Associates* - The amendment to IAS 28 allows a non-investment entity, when applying the equity method of accounting for its investment in an investment entity, to retain the fair value measurement applied by the investment entity to its investments in subsidiaries.

  IFRS 12 Disclosure of interests in other entities - The amendment to IFRS 12 clarifies that this standard does not apply to an investment entity that prepares its financial statements measuring all its subsidiaries at the fair value recognized in profit and loss.

The Group will adopt these new standards, amendments and interpretations based on their date of application, and will assess the potential impacts following approval by the European Union.

Form and content of the financial statements

The **consolidated income statement** is presented by nature, highlighting interim operating results and pre-tax results, and in order to allow a better measure of ordinary operating management performance. Furthermore, cost and revenue components deriving from events or transactions which, by their nature or size are considered non-recurring, are also separately identified in the financial statements and the notes in accordance with the definition of non-recurring events and transactions held in Consob Communication No. 6064293 of 28 July 2006.

The economic effect of discontinued operations is shown in a single line of the income statement entitled "profit/loss from discontinued operations", under IFRS 5.

The **consolidated statement of comprehensive income** also reflects the "changes arising from transactions with non-owners"- separately showing the relevant tax effects, specifically:

- profit and loss that could be directly recognized in equity (for instance actuarial gains and losses from the measurement of defined benefit plans);
- the effects of the measurements of derivative instruments hedging future cash flows;
- the effects of the measurements of available-for-sale financial assets;
- the effects arising from any change in accounting standards.

The consolidated statement of comprehensive income presents the items relating to the amounts of the components of other comprehensive income for the period by nature and grouped into those which, in accordance with the provisions of other IAS/IFRS:

- will not be subsequently reclassified to profit (loss) for the year;
- will be subsequently reclassified to profit (loss) for the year, when certain conditions are met.

The **consolidated statement of financial position** presents separately assets and liabilities divided in current and non-current, indicating, on two separate lines, "Assets held for sale" and "Liabilities associated with discontinued operations", in accordance with IFRS 5. Specifically, an asset or a liability is classified as current when it satisfies one of the following criteria:

- it is expected to be realized or settled or it is expected to be sold or utilized in the normal operating cycle of the company;
- it is held principally to be traded;
- it is expected to be realized or settled within 12 months of the reporting date.

Otherwise, the asset or liability is classified as non-current.

The **consolidated cash flow statement** has been prepared applying the indirect method in which operating performance is adjusted to reflect transactions of a non-monetary nature, for whatever deferral or accrual of previous or future operating receipts or payments and for revenue or cost components connected to cash flows arising from investing or financing activities. Income and expense relating to medium or long-term financial operations and those relating to hedging instruments, and dividends paid are included in financing activities.

The **statement of changes in consolidated equity** shows the variations in equity relating to:

- allocation of profit for the year;
- amounts relating to transactions with owners (purchase and sale of treasury shares);

and separately income and expense defined as "*changes arising from transactions with non-owners*", also shown in the consolidated statement of comprehensive income.

Furthermore in order to comply with Consob Resolution No. 15519 of 27 July 2006 relating to financial statements schedules, specific additional consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows have been added highlighting significant related party transactions in order not to compromise the overall readability of financial statements schedules.

Scope of consolidation

The condensed half-year financial statements at 30 June 2015 include the financial statements of the Parent Cairo Communication S.p.A. and the following direct or indirect subsidiaries and associates:

Company	Head office	Share capital at 30/06/15:	% of investment	Reporting date	Business	Consolidation method
Cairo Communication S.p.A.	Milan	4,074		31/12	Advertising	Full
Cairo Editore S.p.A.	Milan	1,043	99.95	31/12	Publishing	Full
Cairo Pubblicità S.p.A.	Milan	2,818	100	31/12	Advertising	Full
La7 S.r.l.	Rome	1,020	100	31/12	TV publishing	Full
Diellesei S.r.l. in liquidation	Milan	10	60	31/12	In liquidation	Full re assets and liabilities (*)
Cairo Network S.r.l.	Milan	5,500	100	31/12	Network operator	Full
Cairo Publishing S.r.l.	Milan	10	100	31/12	Publishing	Full
Il Trovatore S.r.l.	Milan	25	80	31/12	Internet	Full
Edizioni Anabasi S.r.l.	Milan	10	99.95	31/12	Publishing	Full

(*) the income statement is consolidated on a single line basis in profit/(loss) from discontinued operations

In 2015, there were no changes to the scope of consolidation from the consolidated financial statements for the year ended 31 December 2014.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Regarding the items of the consolidated income statement, here are the main components of cost and revenue for the half-year ended 30 June 2015. The comparative figures refer to the half-year financial report at 30 June 2014.

1. Revenue

In order to provide a more detailed view, and in consideration of the specific features of the sector, gross operating revenue, advertising agency discounts and net operating revenue are analyzed as follows:

	Half-year at 30/06/2015	Half-year at 30/06/2014
Gross operating revenue	127,441	137,194
Advertising agency discounts	(12,449)	(13,829)
Net operating revenue	**114,992**	**123,365**

Revenue is generated almost exclusively in Italy and an analysis by geographical area is pointless. An analysis of revenue by operating segment is provided in Note 13.

Gross operating revenue can be analyzed as follows:

Description	Half-year at 30/06/2015	Half-year at 30/06/2014
TV advertising	74,917	83,577
Print media advertising	12,949	14,035
Stadium signage	1,691	1,159
Internet advertising	383	528
Revenue from sale of programming schedule space	594	521
Other TV revenue	561	1,298
Magazine over-the-counter sales	35,168	34,849
Subscriptions	1,434	1,460
Other revenue	325	50
Books and catalogues	50	330
VAT relating to publications	(631)	(613)
Total gross operating revenue	**127,441**	**137,194**

In 1H15:

- the excellent circulation results were confirmed, with revenue increasing to Euro 35.2 million versus Euro 34.8 million in 1H14;
- TV advertising revenue, amounting to Euro 74.9 million (Euro 83.6 million in 1H14), includes gross advertising sales on La7 and La7d channels, which amounted to Euro 74.2 million (Euro 82.4 million in 2014);

- Group gross advertising revenue on Group publications amounted to Euro 12.6 million (Euro 13.7 million in 1H14).

"Operating revenue" also includes the consideration of Euro 50 thousand from Torino Football Club S.p.A., a subsidiary of UT Communications - parent of Cairo Communication S.p.A. - for administrative services provided, disclosed in Note 24 on related-party transactions.

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2. Other revenue and income

"Other revenue and income", amounting to Euro 5,570 thousand (Euro 5,042 thousand at 30 June 2014), consists of revenue from pulp and paper sales, prior-year income, charging of technical advertising costs and other items of revenue other than operating revenue.

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3. Changes in inventory of finished goods

The item amounts to a negative Euro 11 thousand (a negative Euro 35 thousand at 30 June 2014), arising from the use of items sold during the ordinary course of business by Cairo Editore and Cairo Publishing.

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4. Raw materials, consumables and supplies

Raw materials, consumables and supplies refer mainly to the activities of Cairo Editore, Cairo Publishing and La7 and include the main items:

Description	**Half-year at 30/06/2015**	**Half-year at 30/06/2014**
Paper	9,654	10,795
Set design materials	20	71
Equipment and sundry materials	293	254
Change in inventories of paper, equipment, TV programmes and the like	426	604
Total raw materials, consumables and supplies	**10,393**	**11,724**

The change in inventories, amounting to Euro 426 thousand, refers to:

- a negative Euro 7 thousand for the change in inventories of in-house TV programmes of La7 S.r.l. or programmes purchased externally and yet to be aired, rights on films, soaps and the like and related ancillary costs within one year and yet to be aired;
- Euro 433 thousand for the change in inventories of paper and other consumables of Cairo Editore S.p.A..

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5. Services

As shown in the following chart, this item mainly comprises advertising concessionaire direct costs, external processing, consultancies and collaborations mainly for bordereau, TV costs, promotion costs, organization costs and overheads, broken down as follows:

Description	Half-year at 30/06/2015	Half-year at 30/06/2014
Advertising concessionaire direct costs	6,540	6,624
Technical costs	450	319
Consultancies and collaborations	6,618	7,188
External processing	8,097	8,268
Sub-contracted TV programmes	12,137	8,830
Professional and artistic services and other TV consulting	5,057	5,773
Shooting, crew, editing, and outdoor TV activities	543	1,300
News and sport information services and TV news agency	851	969
TV broadcasting services	6,450	6,108
TV artwork	271	291
Outdoor TV links	481	279
Advertising and promotion	2,814	2,776
Organization costs and overheads	6,833	7,442
Total services	**57,192**	**56,167**

"Advertising concessionaire direct costs" also includes Euro 1,313 thousand of Torino Football Club S.p.A., a subsidiary of U.T. Communications S.p.A., under the advertising concession agreement with Cairo Pubblicità S.p.A. as explained in Note 24 to related-party transactions.

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6. Use of third-party assets

The item amounts to Euro 13,707 thousand at 30 June 2015 (Euro 12,599 thousand at 30 June 2014) and mainly includes lease payments for property, rental and hire fees in the TV segment, rental fees for TV studio equipment and royalties for copyrights.

Description	Half-year at 30/06/2015	Half-year at 30/06/2014
Lease payments for property	1,740	1,855
Rental of TV studios	316	444
Rental fees for TV studio equipment	531	1,135
TV programme rights	7,045	4,911
Sport rights	20	43
Journalistic rights	1,481	1,347
Other copyrights (SIAE, IMAIE, SCF, AFI)	1,906	2,091
Royalty expense and sundry rights	306	410
Other costs for use of third-party assets	362	363
Total costs for use of third-party assets	**13,707**	**12,599**

7. Personnel expense

The item can be analyzed as follows:

Description	Half-year at 30/06/2015	Half-year at 30/06/2014
Wages and salaries	22,244	22,443
Social security charges	7,410	7,391
Post-employment benefits	545	524
Other expense	225	678
Total	**30,424**	**31,036**

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8. Amortization, depreciation, provisions and impairment losses

This item can be analyzed as follows:

Description	Half-year at 30/06/2015	Half-year at 30/06/2014
Amortization of intangible assets and depreciation of property, plant and equipment	3,065	1,292
Allowance for impairment	407	733
Other provisions	101	-
Total amortization, depreciation, provisions and impairment losses	**3,573**	**2,025**

The increase in “amortization and depreciation” is attributable to the amortization of television rights acquired by La7 effective from 1 May 2013.

Mention should be made that the acquisition of La7 S.r.l. had been accounted for under IFRS 3, applying the so-called "acquisition method", taking into account the future income capacity of La7 S.r.l. at the acquisition date.

This approach had resulted in the full write-down of non-current assets at the date of acquisition of La7, consisting primarily of TV broadcasting rights, and specific technical equipment, whose value was deemed unrecoverable in view of the income prospects of La7 S.r.l. at the acquisition date. It should be noted that, as a result of impairments made in the allocation of the purchase price of the investment in La7 S.r.l., in the consolidated financial statements, with respect to the separate financial statements of La7 S.r.l., lower levels of depreciation of "property, plant and equipment" - Euro 1,242 thousand - and amortization of “intangible assets” - Euro 4,860 thousand - were recognized in 1H15.

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9. Other operating costs

Other operating costs, amounting to Euro 770 thousand (Euro 863 thousand at 30 June 2014), relate mainly to sundry tax and contingent liabilities.

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10. Net financial income

“Net financial income” is composed as follows:

Description	**Half-year at 30/06/2015**	**Half-year at 30/06/2014**
Financial income	571	1,455
Financial charges	(172)	(248)
Total	**399**	**1,207**

Financial income includes interest on fixed-term deposits in current accounts and on treasury bank accounts used to employ liquidity.

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11. Income tax

This item can be analyzed as follows:

Description	Half-year at 30/06/2015	Half-year at 30/06/2014
IRES	(667)	(1,416)
IRAP	199	737
Deferred tax income	(111)	1,330
Total income tax	**(579)**	**651**

The estimated tax charge for the period considers the benefit arising from the formation of tax loss from La7 S.r.l.

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12. Loss from discontinued operations

This includes the net loss of Diellesei S.r.l. in liquidation, whose impact on the Group's income statement, statement of financial position and cash is irrelevant.

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13. Segment reporting

For a clearer understanding of the Group's economic performance, the analysis is focused on the results achieved in 1H15 by each business segment, which has been identified, in compliance with IFRS 8 – *Operating segments*, based on internal reporting which is regularly examined by the directors. The Group is organized in business units, each in turn structured around specific products and services, and has five reportable business segments:

- **magazine publishing**, the Group operates as a publisher of magazines and books through its subsidiaries Cairo Editore - which incorporated Editoriale Giorgio Mondadori in 2009 and publishes weeklies "Settimanale DIPIU'", "DIPIU' TV", "Diva e Donna", "TV Mia" and supplements "Settimanale DIPIU' e DIPIU'TV Cucina e Stellare", "Nuovo", "F" "Settimanale Giallo" and monthlies "For Men Magazine", "Natural Style", "Bell'Italia", "Bell'Europa", "In Viaggio", "Airone", "Gardenia", "Arte" and "Antiquariato" - and Cairo Publishing, publisher of books;
- **advertising**, the segment managed by Cairo Communication and Cairo Pubblicità, which work together in advertising sales in print media for Cairo Editore and Editoriale Genesis ("Prima Comunicazione"), on TV for La7 and La7d, and Turner Broadcasting (Cartoon Network, Boomerang, CNN), on the Internet and for the sale of stadium advertising spaces at the "Olimpico" football pitch in Turin for Torino FC;
- **TV publishing (La7)**, since 1 May 2013 following the acquisition of La7 S.r.l., the Group has operated as a TV publisher of La7 and La7d broadcasters respectively on channel 7 and channel

29 on the digital terrestrial platform;

- **network operator (Cairo Network)**, in 2014 the subsidiary Cairo Network S.r.l. (former Cairo Sport S.r.l.) took part in the tender procedure opened by the Ministry of Economic Development for the assignment of rights to use TV frequencies for digital terrestrial broadcasting systems, submitting its binding bid and winning the rights to use a lot of frequencies ("Mux") for a period of 20 years. With the acquisition of the Mux, the Cairo Communication Group started operations as a network operator.
- **Il Trovatore,** which provides technological services mainly for the development and maintenance of the Internet platforms of the Group's companies.
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No combinations were made for the definition of reportable business segments

2015 **(Half-year)** (€ thousands)	**Magazine Publishing**	**Adver tising**	**TV publishing La7**	**Trovatore**	**Network operator (Cairo Network)**	**Intra-group and unallocated**	**Total**
Gross operating revenue	46,005	87,307	53,907	456	-	(60,234)	127,441
Advertising agency discounts	-	(12,449)	-	-	-	-	(12,449)
Net operating revenue	**46,005**	**74,858**	**53,907**	**456**	**-**	**(60,234)**	**114,992**
Change in inventory	(11)	-	-	-	-	-	(11)
Other income	923	415	4,227	2	3	-	5,570
Total revenue	**46,917**	**75,273**	**58,134**	**458**	**3**	**(60,234)**	**120,551**
Production cost	(29,472)	(69,628)	(42,687)	(365)	(24)	60,234	(82,062)
Personnel expense	(9,744)	(3,631)	(16,967)	(41)	(41)	-	(30,424)
Gross operating profit (EBITDA)	**7,701**	**1,894**	**(1,520)**	**52**	**(62)**	**-**	**8,065**
Amortization, depreciation, provisions and impairment losses	(482)	(327)	(2,763)	-	(1)	-	(3,573)
EBIT	**7,219**	**1,567**	**(4,283)**	**52**	**(63)**	**-**	**4,492**
Income (loss) on investments	-	-	-	-	-	-	-
Net financial income	(5)	62	338	4	-	-	399
Pre-tax profit	**7,214**	**1,629**	**(3,945)**	**56**	**(63)**	**-**	**4,891**
Income tax	(2,479)	(703)	3,750	(6)	17	-	579
Profit from continuing operations attributable to the owners of the parent	**4,735**	**926**	**(195)**	**50**	**(46)**	**-**	**5,470**
Profit / (loss) from discontinued operations	-	-	-	-		-	-
Profit	**4,735**	**926**	**(195)**	**50**	**(46)**	**-**	**5,470**
Non-controlling interests	**-**	**-**	**-**	**10**	**-**	**-**	**10**

2014 (Half-year) (€ thousands)	Magazine Publishing	Advertising	TV publishing La7	Trovatore	Network operator (Cairo Network)	Intra-group and unallocated	Total
Gross operating revenue	46,543	96,738	59,361	431	-	(65,879)	137,194
Advertising agency discounts	-	(13,829)	-	-	-	-	(13,829)
Net operating revenue	**46,543**	**82,909**	**59,361**	**431**	**-**	**(65,879)**	**123,365**
Change in inventory	(35)	-	-	-	-	-	(35)
Other income	864	481	3,697	-	-	-	5,042
Total revenue	**47,372**	**83,390**	**63,058**	**431**	**-**	**(65,879)**	**128,372**
Production cost	(31,437)	(75,287)	(40,155)	(353)	-	65,879	(81,353)
Personnel expense	(9,667)	(3,316)	(18,035)	(18)	-		(31,036)
Gross operating profit (EBITDA)	**6,268**	**4,787**	**4,868**	**60**	**-**	**-**	**15,983**
Amortization, depreciation, provisions and impairment losses	(542)	(606)	(877)	**-**	-	-	(2,025)
EBIT	**5,726**	**4,181**	**3,991**	**60**	-	-	**13,958**
Income (loss) on investments	-	(1)	-	-	-	-	(1)
Net financial income	17	325	865	-	-	-	1,207
Pre-tax profit	**5,743**	**4,505**	**4,856**	**60**	**-**	**-**	**15,164**
Income tax	(2,063)	(1,537)	2,970	(21)	-	-	(651)
Profit from continuing operations attributable to the owners of the parent	**3,680**	**2,968**	**7,826**	**38**	**-**	**-**	**14,513**
Profit / (loss) from discontinued operations	-	-	-	-	-	-	-
Profit	**3,680**	**2,968**	**7,826**	**38**	**-**	**-**	**14,513**
Non-controlling interests	**-**	**-**	**-**	**8**	**-**	**-**	**8**

Management monitors the operating results of business units separately in order to decide on the allocation of resources and the evaluation of results. Transfer prices between business sectors are established based on market conditions applicable in transactions with third parties.

In accordance with the Improvement of IFRS 8 – *Operating segments*, total assets for each reportable segment are no longer provided, as they are not usually reviewed periodically by the chief operating decision-maker.

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14. Earnings per share

Earnings per share are calculated dividing the financial results of the Group by the weighted average of outstanding shares, excluding the weighted average of treasury shares held. Specifically:

Description	Half-year at 30/06/2015	Half-year at 30/06/2014
€ thousands:		
Profit from continuing operations	5,470	14,513
Profit / (loss) from discontinued operations	-	-
Profit for the period (€ thousands)	**5,470**	**14,513**
Weighted average number of shares outstanding	78,343,400	78,343,400
Weighted average number of treasury shares	(779)	(779)
Weighted average number of shares to calculate earnings per share	**78,342,621**	**78,342,621**
€ thousands		
Earnings per share attributable to continuing operations	0.070	0.185
Earnings / (loss) per share attributable to discontinued operations	0.000	0.000
Net earnings per share	**0.070**	**0.185**

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Asset and liabilities by category are analyzed in the following notes.

15. Property, plant and equipment

The movements in PPE can be analyzed as follows:

Description	Property	Plant and equipment	Other assets	Assets under development	Total
Carrying amount at 31/12/2014	**1,281**	**628**	**1,160**	**-**	**3,069**
Additions	1	39	37	-	77
Depreciation	(21)	(69)	(155)	-	(245)
Carrying amount at 30/06/2015	**1,261**	**598**	**1,042**		**2,901**

In 1H15, due to the impairment of fixed assets made in 2013 in the allocation of the purchase price of the investment in La7 S.r.l. with respect to the separate financial statements of La7 S.r.l., lower depreciation was recognized on "property, plant and equipment" in the amount of Euro 1,242 thousand.

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16. Intangible assets

The movements in intangible assets can be analyzed as follows:

Description	Television rights	Concessions, licenses and trademarks	Goodwill	Publication titles	Assets under development	Total
Carrying amount at 31/12/2014	**8,529**	**1,128**	**7,198**	**1,012**	**39,004**	**56,871**
Additions	4,830	276	-	-	1,372	6,478
Amortization	(2,346)	(338)	-	(132)	-	(2,816)
Carrying amount at 30/06/2015	**11,013**	**1,066**	**7,198**	**880**	**40,376**	**60,533**

In 1H15, due to the impairment of intangible assets made in 2013 in the allocation of the purchase price of the investment in La7 S.r.l. with respect to the separate financial statements of La7 S.r.l., lower amortization was recognized on “intangible assets" in the amount of Euro 4,860 thousand.

Assets under development

“Assets under development” refers primarily to the rights to use TV frequencies for digital terrestrial broadcasting systems (Euro 31.6 million, in addition to ancillary charges of Euro 2.5 million, which include financial charges of Euro 0.5 million), acquired in 2014 by the Group company Cairo Network S.r.l. These rights - for a period of 20 years – refer to the 2-SFN multiplex on channels 25 and 59 (“mux”).

The amortization of the rights to use the frequencies will start once the mux will be ready for use. The Network Plan is expected to be completed in 12 months’ time.

“Assets under development” also includes TV rights to be exploited in future years.

Television rights

This item includes the investments made by La7 S.r.l. in registration rights (with a duration of over 12 months) for the broadcasting of films, series and soaps.

Goodwill

This item refers to the excess of the purchase price over the percentage attributable to the Group of the fair value of assets, liabilities and identifiable contingent liabilities of a number of subsidiaries at their date of acquisition, net of related accumulated amortization at 30 September 2004, as the Group chose to adopt the exemption provided under IFRS 1 not to apply IFRS 3 retrospectively to transactions which took place prior to the date of transition to IAS/IFRS.

The item includes goodwill from each of the Group’s cash generating units (CGU): approximately Euro 4.7 million for publishing, approximately Euro 2.3 million for advertising and approximately Euro 0.2 million for Il Trovatore.

The Directors have verified the absence of indicators of impairment losses during the period and have therefore not considered it necessary that any of these assets be subject to impairment testing.

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17. Investments and non-current assets

The movements in this item can be analyzed as follows:

Description (€ thousands)	Carrying amount at 31/12/2014	Write-ups	Impairment losses	Carrying amount at 30/06/2015
Auditel S.r.l.	46	-	-	46
Other	16	-	-	16
Total other	62	-	-	62
Grand total	**62**			**62**

Other non-current financial assets amounted to Euro 1,640 thousand at 30 June 2015 (Euro 1,113 thousand at 31 December 2014), Euro 1.309 thousand (Euro 743 thousand at 31 December 2014) of which refer to the fair value of financial instruments to hedge exchange risks (forward currency purchases coinciding with schedules of contractual payments due) used by La7 S.r.l. to purchase TV rights from film companies.

The residual amount of Euro 331 thousand (Euro 370 thousand at 31 December 2014) refers mainly to loans to La7 S.r.l. employees.

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18. Deferred tax assets

Deferred tax assets, amounting to Euro 3,440 thousand at 30 June 2015 (Euro 3,983 thousand at 31 December 2014), refer to the recognition of deferred tax assets on the temporary differences between the carrying amounts of recognized assets and liabilities and their tax amounts.

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19. Working capital

Details on this item can be analyzed as follows:

Description	30/06/2015	31/12/2014	Change
Inventories	2,860	3,296	(436)
Trade receivables	75,659	79,957	(4,298)
Receivables from parents	4,702	6,539	(1,837)
Other receivables and other current assets	6,301	8,430	(2,129)
Trade payables	(92,246)	(87,884)	(4,362)
Payables to parents	(600)	(156)	(444)
Tax liabilities	(3,201)	(5,487)	2,286
Other current liabilities	(19,509)	(23,766)	4,257
Total working capital	**(26,034)**	**(19,071)**	**(6,693)**

Inventory is composed of:

- Euro 2,721 thousand, relating to inventory of Cairo Editore S.p.A. and Cairo Publishing S.r.l. of raw materials, mainly paper, work in progress and finished products, mainly books. Inventories are stated net of the provision for inventory write-down of Euro 1,032 thousand, unchanged versus 31 December 2014.
- Euro 138 thousand related to the inventory of La7 S.r.l. of TV programmes produced and awaiting to be aired at 30 June 2015, and to rights on films, soaps, cartoons and documentaries, acquired for a period of less than 12 months, whose available right has not exhausted and for which airing time during the next financial year is available.

Trade receivables are stated net of the allowance for impairment of Euro 10,113 thousand (Euro 9,969 thousand at 31 December 2014). The allowance increased over the period by Euro 407 thousand and decreased following utilization of Euro 263 thousand. The allowance takes account of both specific collection risks and a general risk of non-collectability based on the ordinary trend of company operations.

Parent receivables and payables of Euro 4,702 thousand and Euro 600 thousand, respectively, refer mainly to receivables from (Euro 4,643 thousand) and payables to (Euro 600 thousand) the parent UT Communications S.p.A. and arise from the national tax consolidation scheme, which Cairo Communication and its subsidiaries Cairo Editore, Cairo Pubblicità, Diellesei in liquidation, La7, Cairo Network and Cairo Publishing have agreed to participate in, as explained in Note 24 to related-party transactions.

Other receivables and other current assets, which include mainly tax credit, inclusive of advance payments and prepayments and accrued income, amounted to Euro 6,301 thousand, decreasing by Euro 2,129 thousand versus 31 December 2014.

Trade payables amounted to Euro 92,246 thousand, increasing by Euro 4,362 thousand versus 31 December 2014, and refer entirely to the current year.

Other current liabilities amounted to Euro 19,509 thousand at 30 June 2015, decreasing by Euro 4,257 thousand versus 31 December 2014, and mainly include advance payments received from clients for new magazine subscriptions, payables to personnel for holiday pay and salary accruals and accrued expenses and deferred income.

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20. Non-current and non-financial assets and liabilities

Post-employment benefits

This item reflects the accruals made for all employees at the reporting date made on the basis of the projected unit credit method, using actuarial valuations.

The composition and movements of this item is broken down as follows:

	30/06/2015	31/12/2014
Opening balance	**13,398**	**11,832**
Provisions	100	157
Interest expense	98	354
Profit (loss) from actuarial valuations	(477)	1,367
Utilization/other movements	(257)	(312)
Closing balance	**12,862**	**13,398**

Provisions for risks and charges

The movements of this provision are broken down as follows:

Description	31/12/2014	Increases	Utilizations	30/06/2015
Pension and similar provision	1,325	-	(18)	1,307
Provision for publishing returns	391	132	(391)	132
Provision for liquidation	64	-	-	64
Provisions for future risks and charges recognized under the purchase price allocation of La7 S.r.l.	19,052	-	(296)	18,756
Provision for other risks and charges	9,510	101	(137)	9,474
Grand total	**30,342**	**424**	**(1,457)**	**29,733**

The item “Provision for other risks and charges", amounting to Euro 9,447 thousand, mainly includes provisions for risks and charges of La7 for pending litigation with social security institutions, leased staff and employees. The item also includes funds for future expenses set aside to cover the risk arising from claims for damages originated during the production and airing of TV programmes.

Mention should be made that in 2013, in the purchase price allocation of La7 S.r.l., a negative fair value had been given, setting aside appropriate “provisions for future risks and charges recognized in the purchase price allocation of La7 S.r.l.”, to:

a) a number of contracts whose non-discretionary costs to meet contractual obligations exceed the economic benefits expected to be received;
b) specific risk situations related to (i) existing or performed contracts and (ii) pending litigation.

21. Net financial position

The net financial position of the Group can be analyzed as follows:

Description	30/06/15	31/12/14	Change
Cash and cash equivalents	133,562	149,061	(15,499)
Bank loans	(22,500)	(25,000)	2,500
Total	**111,062**	**124,061**	**12,999**

As shown in the consolidated cash flow statement, the change in the net financial position versus 31 December 2014 is mainly due to the distribution of dividends approved by the Shareholders’ Meeting on 28 April 2015 (0.27 Euro per share, for a total of Euro 21.2 million).

The bank loan of Euro 25 million, granted by Unicredit S.p.A. and used by Cairo Network to pay part of the rights of use of the TV frequencies, is secured by a guarantee issued by the parent Cairo Communication, and calls for certain constraints (negative pledges) and commitments (covenants) on the part of the company, which are typical of these transactions. Effective from 1 July 2015, the loan agreement was revised to provide for a reduction in the spread applied to the 3-month Euribor to determine the interest rate.

At 30 June 2015, the net financial position of La7 came to Euro 108.5 million (Euro 106.5 million at 31 December 2014).

It is Group policy to invest available cash in on-demand or short-term bank deposits, properly spreading the investments, essentially in banking products, with the prime objective of maintaining a ready liquidity of the said investments. The investment products are selected on the basis of their credit rating, their reliability and the quality of services rendered.

22. Consolidated equity

At 30 June 2015, consolidated equity was Euro 110,963 thousand, including profit for the period.

The share capital of Cairo Communication S.p.A., currently Euro 4,074 thousand, is made up of n. 78,343,400 ordinary shares.

At their Meeting on 28 April 2015, the shareholders approved the distribution of a dividend of 0.27 Euro per share, inclusive of tax. The balance of the dividend, amounting to Euro 21.2 million, was distributed with detachment date on 11 May 2015 (made payable on 13 May 2015).

In 2015, as part of the share buy-back plans, no treasury shares were bought or sold. At 30 June 2015, Cairo Communication held a total of n. 779 residual treasury shares, subject to art. 2357 ter of the Italian Civil Code.

23. Other information

The main guarantees given by third parties to the Cairo Communication Group amounted to Euro 2,612 thousand and are attributable to guarantees issued by banks and insurances.

The agreements reached in 2013 in the purchase of the entire share capital of La7 S.r.l. also included a multi-year agreement between La7 and Telecom Italia Media Broadcasting S.r.l. (TIMB) for the supply of transmission capacity that provides, among other things, the issue by Cairo Communication of a parent company guarantee to cover the payment obligations undertaken by La7, for a maximum amount of Euro 6,558 thousand (including VAT) per year.

As explained in the notes to the consolidated financial statements at 31 December 2014, the contract, signed on 6 March 2013 with Telecom Italia Media for the acquisition of the entire share capital of La7 S.r.l., provided for:

- the buyer’s commitment, for a period of 24 months (lock-up) from the date of finalization of the acquisition, not to sell, assign, transfer, dispose of in any way, in whole or in part, the investment in La7, or the business unit owning La7.
- Cairo Communication’s commitment, for a period of 24 months from the date of finalization of the acquisition, to use the financial resources arising from the contribution received from Telecom Italia Media in the exclusive interest and for the restructuring of La7, and the related prohibition to engage in certain transactions specified in the contract, including of an extraordinary kind, aimed at depriving La7 of the resources from the contribution to the benefit of third parties or related parties, or to make new investments.

Both commitments expired on 30 April 2015.

In 2014, the subsidiary Cairo Network S.r.l. took part in the tender procedure opened by the Ministry of Economic Development for the assignment of rights to use TV frequencies for digital terrestrial broadcasting systems, submitting its binding bid and winning the rights to use a lot of frequencies ("Mux") for a period of 20 years. In January 2015, Cairo Network and EI Towers S.p.A. ("EIT") therefore entered into the agreements for the realization and subsequent long-term technical management in full service mode (hospitality, service and maintenance, use of broadcasting infrastructure, etc.) of the Mux. The agreements provide, among other things, for:

- a transitional phase, which will see the realization and start-up of the MUX and the initial operations, which will run from the date the agreements were signed to 31 December 2017, and an operational phase of the Mux lasting 17 years (from 2018 to 2034);
- the right to free withdrawal of Cairo Network starting from 1 January 2025;
- guaranteed coverage at full performance of at least 94% of the population, in line with national Muxs with greater coverage;
- consideration to EIT:
    - o during the transitional phase (2015-2017), amounting to a total of Euro 11.5 million for the full three-year period;
    - o at full performance (starting from 2018), amounting to Euro 16.3 million per year.

  These amounts include compensation for the availability of the transmitters;
- an annual consideration from EIT to Cairo Network, starting from 2018, ranging between Euro 0 up to Euro 4 million, in the event that the available bandwidth on the Mux is not fully used by Cairo Network.

With the acquisition and realization of the Mux, the Cairo Communication Group will start operations as a network operator.

With regard to the Automatic Numbering Plan, the numbers currently in use (7 for La7 and 29 for La7d) are those assigned by the Ministry of Economic Development in 2010, under AGCOM resolution 366/2010/CONS. The Resolution had been challenged by Telenorba and other local broadcasters, with partial annulment specifically regarding the assignment of numbers 7-8 and 9 by the Council of State through Ruling 4660/12.

On 21 March 2013, the Communications Authority (AGCOM) unanimously approved the New Automatic Numbering Plan for digital terrestrial television (LCN) by Decision 237/13/CONS. The decision confirmed, for national traditional broadcasters, the assignment of numbers 0-9 of the first block of LCN numbering (see p. 39-40 and 44 of AGCOM Decision no. 237/13/CONS).

Deeming that the New Plan evaded the Council of State's ruling (given that it confirmed assignment to the national traditional broadcasters of numbers 0-9 in the first block of LCN numbering), Telenorba filed an appeal for compliance with ruling n. 4660/12. The appeal was upheld by the Council of State (ruling no. 6021 of 16 December 2013), which declared the New Numbering Plan void (pursuant to Resolution 237/2013) for numbers from 8 to 9, and appointed a special commissioner tasked with verifying the correct assignment of numbers from 8 to 9 within 90 days from the beginning of the proceedings, which started on 24 February 2014. However, since the partial annulment of the previous Plan initially included number 7, on initiation of the procedure, the special commissioner - inappropriately in the opinion of La7 - also referred to number 7, which instead, under the Ruling, is not subject to verification by the Commissioner. AGCOM has in the meantime re-extended the previous Plan (based on current assignments), as also suggested in the State Council's ruling, in order to avoid a regulatory void.

In execution of ruling no. 6021, the Special Commissioner launched a public consultation on an outline provision named "Automatic numbering plan of digital terrestrial free-to-air and pay TV channels, procedures for allocating numbers to providers of audiovisual services authorized to broadcast audiovisual content using digital terrestrial technology and relating conditions of use." Telenorba, All Music and AGCOM have challenged the acts adopted by the Commissioner, lodging enforcement reviews and claims before the State Council (the court of compliance), arguing that the Commissioner had exceeded the requirements of sentence no. 6021 of 2013.

Following orders n. 5041, 5127 and 5859 of 2014 and n. 27 of 2015, under which the Council of State has given the Commissioner certain regulations to discharge the task, the Commissioner adopted a new outline provision (no. 7 of 2015), accompanied by an explanatory report.

With such orders, deeming his task completed, the Commissioner stated that Lcn numbers 7, 8 and 9 established by AGCOM in the first plan of 2010 (Resolution no. 366/2010/CONS) should be confirmed. Specifically, the Commissioner determined that: a) in light of user preferences and habits at the time of the switch-off, numbers 7, 8 and 9 were to be assigned to a national broadcaster; b) in March 2010, seven national private commercial analogue broadcasters and three public channels were in operation (including La7); c) 9 broadcasters had a generalist schedule (including La7).

Telenorba lodged a complaint with the Council of State requesting the annulment of or a declaration of invalidity and/or ineffectiveness of the Special Commissioner's Resolution No. 7 of 2015, and relating annexes (and of any other resolutions adopted by the Commissioner to the extent that Telenorba is concerned). All Music also lodged a complaint against the resolution and the report recently adopted by the Commissioner.

On 2 July 2015, the hearing to discuss the appeal was held and the case was adjourned for judgment.

In the opinion of La7 and its legal advisers, in light of the task discharged by the Commissioner and the orders of the State Council, further assessments by the State Council on number 7 are unlikely to be made, nor will the allocation of this number to La7 be challenged.

As the result of a VAT audit performed on Cairo Communication S.p.A., in its report, the Guardia di Finanza (the Italian Tax Police) identified some findings for 2002 and subsequent years (2003, 2004, 2005 and 2006) relating to the application if any of VAT on dealing rights charged to media centres, which were subsequently included in the final audit reports issued in January 2008 (for 2002), in June 2008 (for 2003, 2004 and 2005) and on 24 November 2011 (for 2006), which the company has challenged. For the periods 2002, 2003, 2004 and 2005, the Provincial Tax Commission of Milan has ruled in favour of the Company's appeals. The Agenzia delle Entrate (Italian Tax Authorities) has filed an appeal with the Regional Tax Commission of Milan against these decisions. In April 2010, the Regional Tax Commission of Milan ruled in favour of the Agency's appeal regarding 2002, and in October 2011 also regarding the years 2003, 2004 and 2005, on questionable grounds. Cairo Communication has already appealed to the Court of Cassation against the judgment regarding 2002, for which the tax claim amounts to Euro 41 thousand in addition to penalties of Euro 51 thousand, and the judgment regarding the subsequent years 2003, 2004 and 2005, for which the tax claim totals Euro 247 thousand, in addition to penalties of Euro 272 thousand and interest.

The Company has filed an appeal for 2006; the discussion hearing was held on 23 May 2014 and, following the ruling filed on 31 March 2015, the Provincial Tax Commission of Milan acknowledged the Company's appeal. The deadline for the appeal by the Office is still pending.

The tax claim for 2006 amounts to Euro 63 thousand, in addition to penalties of Euro 79 thousand and interest.

In June 2012, in relation to 2003, 2004, 2005 and 2006, the Company received two tax assessments demanding payment of the amounts due arising as a result of the judgment of the Regional Tax Commission, for a total claim of approximately Euro 431 thousand, including penalties and interest. In relation to the tax claim contained in these reports, based also on the advice of its tax consultants, the Directors believe there are fundamental reasons and rights to oppose the relevant findings.

In its hearing on 18 October 2010, the Provincial Tax Commission of Milan acknowledged the appeal filed by Cairo Editore S.p.A. regarding the assessment notice for tax year 2004. The Italian Tax Authorities have filed an appeal with the Regional Tax Commission of Milan against the ruling. In its hearing on 27 May 2013, the Regional Tax Commission of Milan rejected the Agency's Appeal. On 16 June 2014, the Agency filed an appeal with the Supreme Court, and on 25 July 2014, the Company notified its response to the counterparty.

A previous shareholder of the subsidiary Il Trovatore S.r.l., who did not sell its shares to the parent company, had risen a claim against the current minority shareholder, involving Cairo Communication S.p.A. indirectly, questioning the validity of the contract under which he had sold the quota in the limited partnership Il Trovatore and the transformation of this company from a limited partnership to a limited liability company (S.r.l.), and requesting the annulment of the subsequent acquisition of the company by Cairo Communication. The requests of the counterparty were rejected in the first instance, although the counterparty has filed an appeal. After the filing of the final briefs, the case was adjourned for judgment.

Based also on the advice of its legal counsels, the Directors believe that the grounds of these claims are such as not to request a specific accrual.

Immobiledit S.r.l., the subsidiary merged into Cairo Editore in 2009, is party to a lawsuit regarding a property purchase. In 2004, the Court of Milan, in the first instance, had rejected the adverse party's claims, ordering the adverse party to pay damages, to settle in separate proceedings, and to repay legal expenses. The Court of Appeal has partly reversed the ruling of first instance, ordering Immobiledit to pay for the expenses of first and second instance, rejecting the adverse party's claim for damages, which has appealed to the Court of Cassation against the rejection. Following Ruling no. 25351/14, the Court of Cassation, rejecting all the other grounds of the main appeal of Italiana Assicurazioni, granted the first ground of appeal concerning compensation for damage suffered by Italiana Assicurazioni for the fitting-out of the property covered by the preliminary contract; the Court referred the case to the Court of Appeal of Milan, in a different formation, which will be called to review the issue of compensation for damage only on the point above; the request for compensation by Italiana Assicurazioni regarding the plea granted by the Court of Cassation amounts to approximately Euro 319 thousand, plus interest and monetary revaluation. Under the act notified on 25 May 2015, Reale Immobili (as transferee of the company) and Italiana Assicurazioni continued proceedings, following the ruling of the Court of Cassation, before the Court of Appeal of Milan. The first hearing has been set on 29 October 2015.

It is also noted that:

- The condensed consolidated half-year financial statements at 30 June 2015 do not include any receivables or payables with a residual term exceeding five years;
- The condensed consolidated half-year financial statements at 30 June 2015 reflect the capitalization of financial charges during the period of Euro 282 thousand, entered under assets under development and regarding the investments made by Cairo Network S.r.l.

24. Related party transactions

Transactions between the company and its consolidated subsidiaries, which are its related parties, have been eliminated from the condensed consolidated half-year financial statements and are therefore not shown in this note.

The Group holds relations with the parent (UT Communications S.p.A.) and with the latter's subsidiaries at conditions deemed normal in their respective relevant markets, taking into account the nature of services offered. Below is a summary of the statement of financial position and income statement balances deriving from the transactions made in 1H15 with these related parties, identified under IAS 24.

The effects of these relations on the consolidated income statement of the Cairo Communication Group at 30 June 2015 are as follows:

Revenue and costs (€ thousands)	Operating revenue	Operating costs	Financial income	Financial charges
Parent				
U.T. Communications S.p.A.	-	-	-	-
Jointly-controlled companies				
Torino FC S.p.A.	96	1,353	-	-
Mp Service S.r.l.				
Total	**96**	**1,353**	**-**	**-**

The effects of these relations on the consolidated statement of financial position of the Cairo Communication Group at 30 June 2015 are as follows

Receivables and financial assets (€ thousands)	Trade receivables	Other receivables and current assets	Receivables tax consolidation scheme	Other current financial assets
Parent				
U.T. Communications S.p.A.	59	-	4,643	-
Jointly-controlled companies				
Torino FC S.p.A.	205	-	-	-
Mp Service S.r.l.	47			
Total	**311**		**4,643**	-

Payables and financial liabilities (€ thousands)	Trade payables	Other payables and current liabilities	Payables tax consolidation scheme	Other current financial liabilities
Parent				
U.T. Communications S.p.A.	-	-	600	-
Jointly-controlled companies				
Torino FC S.p.A.	980	-	-	-
Total	**980**	**-**	**600**	**-**

In 1H15, the relations and transactions with the parent U.T. Communications and with its subsidiaries can be analyzed as follows:

- the concession contract entered into by Cairo Pubblicità and Torino Football Club S.p.A. for the sale of advertising space at the Olimpico football pitch and promotional sponsorship packages. The contract provides for the concession to the seller of a percentage of the profits gained (85%), net of advertising agency discounts relating to contracts signed directly and invoiced by Cairo Pubblicità, granting the latter 2% for contracts signed directly by Torino FC. This contract resulted in the payment in 1H15 of Euro 1,313 thousand against total revenue of approximately Euro 1,563 thousand net of agency discounts. Cairo Pubblicità earned further commissions of Euro 46 thousand. As part of the agreement, Cairo Pubblicità also purchased football tickets worth Euro 40 thousand;
- the agreement between Cairo Communication and Torino F.C. for the provision of administrative services such as bookkeeping. The agreement generated revenue of Euro 50 thousand in 1H15;

- the tax consolidation scheme, which governs the financial aspects of amounts paid or received in return for the advantages or disadvantages resulting from the tax consolidation, specifically provides that any greater charges or minor benefits that may accrue to the companies resulting from participation in the procedure, be suitably remunerated by the Parent. In relation to this, the half-year financial report at 30 June 2015 includes receivables from and payables to the parent UT Communications S.p.A. of Euro 4,643 thousand and Euro 600 thousand respectively.

At their meeting of 28 April 2015, the shareholders of the Parent approved the 2014 remuneration policy, as illustrated in Section 1 of the Remuneration Report, drawn up pursuant to art. 123-ter of Legislative Decree 58/1998 and 84 quater of the Issuers' Regulations and approved by the Board of Directors on 13 March 2015.

25. Transactions deriving from atypical and/or unusual transactions

Pursuant to Consob Communication of 28 July 2006 n. DEM/6064296, it should be noted that in 1H15 the Cairo Communication Group did not engage in any atypical and/or unusual transactions as defined by the above Communication.

26. Subsequent events

No significant events took place after the end of the period.

For the Board of Directors

Chairman Urbano Cairo

List of relevant investments pursuant to art. 125 of Consob Regulation n. 11971/1999 and subsequent amendments

Company	Country of origin	% of investment	Direct or indirect investment	Shareholder	Investment %
Cairo Editore S.p.A.	Italy	99.95	Direct	Cairo Communication S.p.A.	99.95
Diellesei S.r.l. in liquidation	Italy	60	Direct	Cairo Communication S.p.A.	60
La7 S.r.l.	Italy	100	Direct	Cairo Communication S.p.A.	100
Cairo Pubblicità S.p.A.	Italy	100	Direct	Cairo Communication S.p.A.	100
Cairo Publishing S.r.l.	Italy	100	Direct	Cairo Communication S.p.A.	100
Il Trovatore S.r.l.	Italy	80	Direct	Cairo Communication S.p.A.	80
Edizioni Anabasi S.r.l.	Italy	100	Indirect	Cairo Editore S.p.A.	100
Cairo Network S.r.l.	Italy	100	Direct	Cairo Communication S.p.A.	100

Declaration of the condensed consolidated half-year financial statements pursuant to Article 81-ter of Consob Regulation 11971 of 14 May 1999 and subsequent amendments and additions

1. The undersigned Urbano Roberto Cairo, as Chairman of the Board of Directors, and Marco Pompignoli, as Financial Reporting Manager of Cairo Communication S.p.A., also in accordance with art. 154 bis, paragraphs 3 and 4 of Legislative Decree n. 58 of 24 February 1998, certify:

• the suitability of the characteristics of the company (taking note of any changes taking place during the half-year period) and

• the actual application of administrative and accounting procedures for the preparation of the condensed consolidated financial statements for the first half of 2015.

2. We also certify that

2.1 the condensed consolidated financial statements at 30 June 2015

a) have been prepared in compliance with International Financial Reporting Standards endorsed by the European Union, pursuant to EEC Regulation 1606/2002 of the European Parliament and Council, of 19 July 2002;
b) are consistent with the accounting records and books of the Company;
c) give a true and fair view of the financial position and results of operations of the Issuer and the companies included in the scope of consolidation.

2.2 The Interim Management Report contains reference to all significant events that have taken place during the first six months of the financial year and their effect on the condensed consolidated half-year financial statements, together with a description of the principal risks and uncertainties expected in the second half of the financial year, and a reliable analysis of information on significant transactions with related parties.

Milan, 5 August 2015

For the Board of Directors
Chairman

Financial Reporting Manager

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…………………………………………

(Urbano Roberto Cairo)

(Marco Pompignoli)

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI

Telefono +39 02 6763.1
Telefax +39 02 67632445
e-mail it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Cairo Communication S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Cairo Communication Group, comprising the income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes thereto, as at and for the six months ended 30 June 2015. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as adopted in Italy (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Cairo Communication Group as at and for the six months ended 30 June 2015 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 6 August 2015

KPMG S.p.A.

(signed on the original)

Francesco Spadaro
Director of Audit

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Società per azioni
Capitale sociale
Euro 9.179.700,00 i.v.
Registro Imprese Milano e
Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA