Translation from the Italian original which remains the definitive version

2013 ANNUAL FINANCIAL REPORT

GRUPPO 24 ORE

DIRECTORS' REPORT

Corporate bodies

The Board of Directors and the Board of Statutory Auditors were elected by the Ordinary Shareholders' Meeting on 29 April 2013.

The Board of Directors and the Board of Statutory Auditors will remain in office until the Shareholders' meeting held to approve the 2015 separate financial statements.

Board of Directors

Chairman	Benito BENEDINI
Chief Executive Officer	Donatella TREU
Directors	Luigi ABETE
	Antonio BULGHERONI
	Alberto CHIESI (2)
	Maria Carmela COLAIACOVO
	Mario D'URSO (1)
	Marcella PANUCCI
	Alessandro SPADA
	Carlo TICOZZI VALERIO (1)
	Marco VENTURI

Secretary to the Board

Gianroberto VILLA

(1) Independent Director

(2) Co-opted on 30 April 2013 to replace Mario Mirarchi, who resigned on 29 April 2013

Board of Statutory Auditors

Chairman	Luigi BISCOZZI
Standing statutory auditors	Maurilio FRATINO
	Laura GUAZZONI
Alternate statutory auditors	Maria SILVANI
	Fabio FIORENTINO

Internal Control & Audit Committee

Chairman	Carlo TICOZZI VALERIO
Members	Mario D'URSO
	Alessandro SPADA

Human Resources and Compensation Committee

Chairman	Carlo TICOZZI VALERIO
Members	Mario D'URSO
	Antonio BULGHERONI

Representative of special-category shareholders

Mario ANACLERIO

Corporate financial reporting manager

Valentina MONTANARI

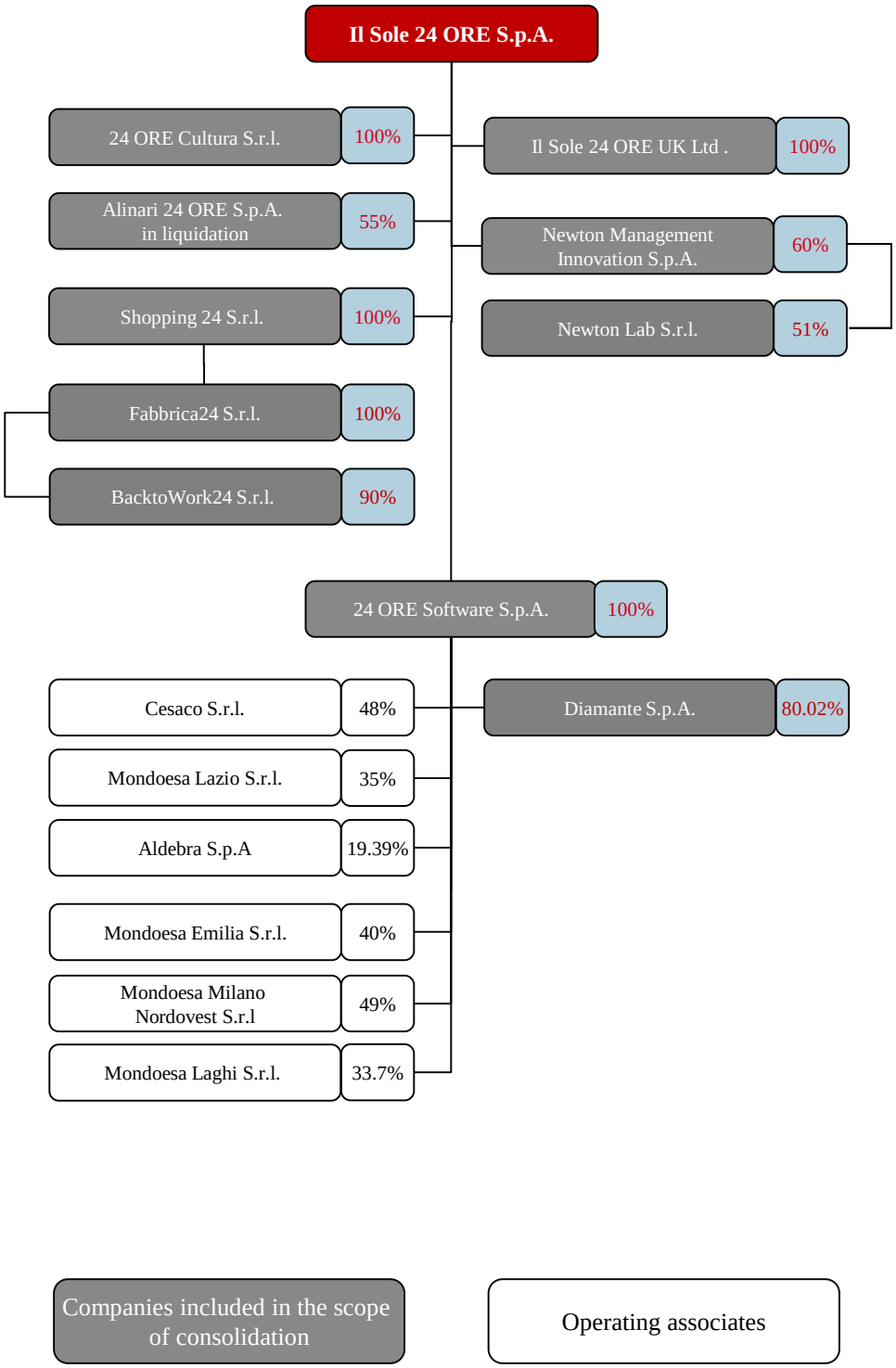
Internal Audit Manager

Massimiliano BRULLO

Independent auditors

KPMG S.p.A.

Structure of the 24 ORE Group



Highlights

- At December 2013 **Il Sole 24 ORE** was confirmed as Italy's first digital daily newspaper with 149,000 digital copies distributed. The total paper + digital circulation (Source: ADS data at December 2013) is 343,566 copies, confirming Il Sole 24 ORE's third-place position among the national newspapers. The positive effect of the digital development strategy, which saw a strong rise in digital circulation, new product launches and cutbacks in paper products, along with cost cutting initiatives particularly in the business area, improved the gross operating loss of Publishing by €5.5 million net of non-recurring charges and by €24.5 million also net of the decline in revenue from advertising.
- **Group digital revenue** was €141.8 million (36.8% of the total for 2013 compared to 31.1% in 2012), up as a result of the success of the new digital newspaper products, Tax & Legal area digital revenue and advertising in digital publications. Tax & Legal area digital revenue reached 59.8% of the Area's total revenue (52.5% in 2012), leading to the impact on gross operating profit/loss remaining at values in line with the same period last year. Subscribers to only digital versions of the magazines targeting professionals increased by 23.8%.
- The web site **www.ilsole24ore.com** is the only one in Italy with the paid content (metered) system, and had more than 15 thousand users subscribed at 31 December. In the same period, unique users of the site on an average day increased by 17.2% compared to 2012. There was also robust growth in unique users and mobile pages, of 10.6% and 11.8%, respectively, compared to 2012 (source: *Omniture Site Catalyst / Nielsen SiteCensus*).
- **Radio 24**, with listeners up by 9.6% compared to market growth of 1.3% (source: *GFK-Eurisko* total for 2013), was confirmed as the ninth-place national radio station with over 2 million listeners on an average day.
- The revenue of the **Radiocor** news agency increased by 2.3%, partially due to new international agreements.
- **Consolidated revenue** of €385.5 million was down by 10.5% mainly due to the continuing crisis in the advertising market. The decrease in this figure was more limited in the fourth quarter of 2013 (-6.3% compared to the same period of 2012) than in previous quarters (-13.3% in the first quarter, -14.2% in the second quarter, -7.5% in the third quarter).
- **System advertising revenue** decreased by 8.8% (market -12.3%; reference market -15.8%). Online revenue performance was good, recording a 9.5% increase, compared to the market which was down by 1.8% (source: *Nielsen Media Research*, January-December 2013).
- **Costs down by €53.7 million**, or 11.6%, compared to 2012 net of non-recurring charges and costs directly associated with digital development, as a result of Management and the entire Company's focus on implementing the digital strategy and the action plans approved by the Board of Directors. The overall decrease in costs was greater than the drop in revenue. Costs including non-recurring charges decreased by €40.1 million compared to 2012.
- The **gross operating loss net of non-recurring charges equal to €16.5 million improved by 30.3%** compared to 2012 due to cost cutting initiatives, benefits deriving from the integration strategy for the paper + digital offering and the acceleration of product, especially digital product, innovation with increasingly segmented subscription packages and the rationalisation of the production structure. In the second half of 2013 these actions made it possible to improve the comparable gross operating loss by €16.8 million compared to the second half of

the previous year, and in the last quarter of 2013 the comparable gross operating profit stood at €2.3 million. The gross operating loss totalled €42.7 million, compared with a gross operating loss of €41.7 million in 2012.

- The **operating loss** net of non-recurring charges amounted to €38.2 million compared to an operating loss of €45.5 million in 2012, an improvement of 16%.
- The **Group loss net of non-recurring charges** was €39.3 million, up by €21.7 million compared with 2012. The total Group loss including non-recurring charges of €36.9 million totalled €76.2 million (loss of€45.8 million in 2012, which included non-recurring charges of €28.5 million and deferred tax assets of €27.9 million).
- The **Net** indebtedness remained unchanged at €48.6 million compared to 30 September 2013.

Operating performance 2013

Market environment

The macro-economic scenario is confirmed as an extreme recession, with a direct impact on the traditional publications market and on advertising investments.

The negative trend in the reference market is confirmed also for 2013, which is affected by the heavy economic crisis in progress and the drop in the final demand of companies, public entities and households.

The advertising market as a whole, considering all media including television, contracted by 12.3% in 2013 compared to the previous year. The Group's reference market was down by 15.8%.

The press advertising revenue suffered greatly (-21.2%): daily newspapers dropped by 19.5% and magazines declined by 23.9%. Radio (-9.3%) and online (-1.8%) investments also decreased (source: *Nielsen Media Research, January-December 2013*).

The ADS circulation figures from 2013 and 2012 are only comparable in the April-December timeframe, since the actual monthly figures from 2012 are available only for that period. Internal estimates performed on ADS data indicate that sales of the main national daily newspapers in printed format were down by over 13% in 2013.

However, the circulation of paper copies in addition to digital copies (reported by ADS beginning in January 2013) was basically stable in April-December 2013 compared to 2012, a sign of the gradual replacement of the preferred platform.

The ongoing economic crisis has led to increasing difficulties in final demand in the Group's top markets: companies, households and professionals. In 2013, GDP fell by a further 1.9% compared to 2012, when there was already a 2.4% decline.

The consumption model is evolving in favour of electronic media, databases, online services and products. This phenomenon led to a downturn in expenditure, due to the difficulty to sell online information on the professional market at a price that is suitable for the paper version.

The Italian IT market has seen a further decrease in its overall expenditure, continuing the negative trend seen for several years, and according to the *Assintel* report it recorded a decrease of 4% in 2013. Despite basic stability in the past, there was a significant decline in software for the first time, by 3.2%.

Bankruptcy proceedings continue to rise, with a 14% increase compared to 2012. The last quarter of 2013 closed with a new record of bankruptcies (+14% compared to the fourth quarter of 2012, +39% compared to the same period of 2009). Quarterly surveys from the last four years indicate that the highest number of company closures was recorded in the last part of 2013. The building and commerce macro-sectors were most impacted (source: *CRIBIS D&B Gruppo CRIF Bologna*, January 2014).

Self-employment, a market important to the Group, recorded a drop in income to levels lower than those of 2007. The falling demand for services and in particular the delay in collections both from public administration and private customers have taken their toll.

Performance of the 24 ORE GROUP

HIGHLIGHTS OF 24 ORE GROUP		
(in thousands of euro)	Year 2013	Year 2012
Revenue	385,494	430,860
Gross operating loss	(42,667)	(41,668)
Gross operating loss net of non-recurring charges	***(16,497)***	***(23,685)***
Operating loss	(75,102)	(73,655)
Operating loss net of non-recurring charges	***(38,233)***	***(45,540)***
Loss before tax	(75,578)	(73,766)
Loss for the year	(76,135)	(48,415)
Loss attributable to owners of the parent	(76,213)	(45,755)
Net financial position (indebtedness)	(48,553)	5,317
Equity attributable to owners of the parent	121,582	199,447
Employee headcount at end of year	1,817	1,868

In 2013, the 24 ORE Group obtained **consolidated revenue** of €385.5 million, with a 10.5% decrease compared to the €430.9 million of 2012. This result mainly derives from:

- the overall negative advertising market trend (-12.3%). The Group's advertising revenue decreased by €16.2 million (-11.2%) compared with a reference advertising market that was down by 15.8% (reference market: total print, radio and web; source: *Nielsen Media Research January-December 2013*);
- streamlining of the books and magazines catalogue, with title transit from printed to digital versions.

Digital revenue amounts to €141.8 million, up €7.9 million (+5.9%) compared to 2013. The impact on total consolidated revenue increased from 31.1% to 36.8% due to the implementation of the Group's digital transition strategy.

In the last quarter of the year, Group revenue decreased by less than in prior periods, by 6.3%, compared to -13.3% in the first quarter, -14.2% in the second quarter and -7.5% in the third quarter with respect to the same periods of the year before.

Total costs decreased by €53.7 million, or 11.6%, compared to the previous year net of non-recurring charges and costs directly associated with digital development. The overall decrease in costs was greater than the drop in revenue. Costs including non-recurring charges decreased by €40.1 million compared to 2012.

Personnel expense net of non-recurring restructuring charges decreased by €14.7 million, equal to 9.6%. During the year €15.5 million was allocated for non-recurring restructuring charges, compared to €8.8 million in 2012. Total personnel expense decreased by €8.0 million, equal to 5.0%. This decrease is mainly due to the combined effect of:

- the falling average cost of employees, following application of the solidarity agreements implemented as a result of those signed with the trade unions;
- a drop in the average number of staff by 80, 43 of whom were employees and 37 of whom were temporary staff, apprentices and short-term contract staff.

Direct and operating costs net of non-recurring charges decreased by €32.1 million, equal to -10.8%, due to the implementation of the digital strategy and cost cutting initiatives, particularly:

- costs for raw materials and consumables decreased by €8.5 million (-28.0%);
- distribution costs declined by €7.4 million (-18.6%);
- printing costs declined by €9.1 million (-38.8%);
- commissions and other selling costs dropped (-2.6%), directly associated with the revenue performance and as a result of the rationalisation of sales structures.

Direct and operating costs including non-recurring charges decreased by €29.7 million.

The **gross operating loss** net of non-recurring charges totalled €16.5 million in 2013, compared with a gross operating loss of €23.7 million in 2012, therefore registering an improvement of 30.3%. The restructuring and reorganisation plan continued throughout 2013. Non-recurring charges from one-off and restructuring transactions impacted the gross operating loss by €26.2 million (€18.0 million in 2012).

In the last quarter, there was a gross operating profit net of non-recurring charges of €2.3 million, an improvement of €6 million compared to the same period of the previous year.

The initiatives undertaken in previous months, such as the greater drive towards the digital transition through the enhancement of editorial content and the offer of increasingly segmented packages, the streamlining of the production structure and cost cutting policies, made it possible to fully offset the effects of the €45.4 million decrease in revenue, mitigating the negative trend of results compared to the prior year.

The gross operating loss was €42.7 million (loss of €41.7 million in 2012), down by €1.0 million (-2.4%) compared to 2012.

The **operating loss** net of non-recurring charges amounted to €38.2 million compared to an operating loss of €45.5 million in 2012, an improvement of 16%.

Depreciation, amortisation and impairment losses totalled €32.5 million, in contrast with €33.0 million in 2012. The result was impacted by impairment losses on the Verona rotary printing press, which stopped operating in May 2013, and impairment losses of €2.9 million on Business Media publications and web sites.

The operating loss inclusive of non-recurring charges is €75.1 million, compared with an operating loss of €73.7 million recorded in 2012, down by €1.4 million.

The **loss attributable to owners of the parent** amounted to €76.2 million, compared with the loss of €45.8 million in the same period of 2012.

The Group's **net indebtedness** at 31 December 2013 came to €48.6 million, compared to a net financial position of €5.3 million at the start of the year.

Significant events of the year

In January 2013 the ADS regulation entered into force which also certifies digital copies sold over and above predefined price thresholds. The full text of the "Additional regulation for ADS surveys for digital publications" is available at: *http://www.adsnotizie.it/pdf/regolamento_edizioni_digitali.pdf.*

The Group's digital strategy led to the development of new products which privilege a focus on and profiling of customers and the expansion of the integrated paper and digital offering while enhancing the Group's editorial content. This activity, which began in the last quarter of 2012, led to the release of the following new products and related commercial mix:

- The new paid web site was launched on 21 January. The new site strengthens the identity with the daily newspaper and offers exclusive content and news updated in real time, Radio 24 interviews available as podcasts, Radiocor's breaking news, exclusive in-depths and analyses by the Il Sole 24 ORE experts, guides, specials and e-books. The increased wealth of information on the site is arranged in a multi-level product that includes areas of free content and others with paid content;
- On 17 February 2013 the new Radio 24 web site was launched, with a new concept designed to enhance the wealth of Radio 24 content also on the web, with a view to increasing the counts for unique users and pages visited, and to raising the level of appeal for the online advertising market;
- 8 April also saw the launch of the new "*Business Class*" subscription (along with a new version of the Tablet app) which includes the card, the free and paid web sites, the two digital editions of the newspaper, databases and international reviews;
- the April release of the new version of digital editorial reports, the digital wallet, a new tool available to readers for access to the digital content via credit usable directly online;
- the launch on 19 September of the "*Business Class Commercialisti*", the platform integrating tools available to tax professionals, for example the daily newspaper, specialist magazines and database consultation. It was subsequently enriched with *Quotidiano del Fisco*, the new digital product that collects and reorganises all of the most authoritative tax-related sources offered by Il Sole 24 ORE and each day provides a summary of the main tax news and in-depth information on the topics of greatest interest;
- the restyling of *Stream24*, the platform which collects and provides the group's multimedia content, which in September reached a record of pages viewed (12,990,338 total pages viewed per month - *Omniture Site Catalyst*).

On 27 February 2013 the solidarity agreement was finalised for the white collars and blue collars of Il Sole 24 ORE S.p.A. with a 20% graphics and polygraphics contract. This agreement entered into force on 1 March 2013 and will be valid for one year, extendable by a further twelve months.

On 29 April 2013 the shareholders' meeting of Il Sole 24 ORE S.p.A. appointed the Board of Directors, which will remain in office until the shareholders' meeting called to approve the financial statements as at and for the year ending 31 December 2015.

The appointed members were: Carlo Valerio Ticozzi, Mario Mirarchi, Benito Benedini, Donatella Treu, Marcella Panucci, Maria Carmela Colaiacovo, Luigi Abete, Antonio Bulgheroni, Marco Venturi, Alessandro Spada and Mario D'Urso. The first ten directors were appointed from the list filed by the majority shareholder, Confindustria, and the remaining director from the list filed by minority shareholders *The Gabelli Equity Trust Inc.* with other shareholders. Among the appointed directors, those confirming independence in accordance with law are Carlo Ticozzi Valerio, Mario Mirarchi and Mario D'Urso.

Benito Benedini was appointed Chairman of the Board of Directors.

The shareholders' meeting also appointed the Board of Statutory Auditors, which will remain in office until the shareholders' meeting called to approve the financial statements as at and for the year ending 31 December 2015.

Laura Guazzoni, Maurilio Fratino and Luigi Biscozzi were appointed standing auditors and Maria Silvani and Fabio Fiorentino were appointed alternate auditors. Laura Guazzoni, Maurilio Fratino and Maria Silvani were appointed from the list filed by the majority shareholder, Confindustria, whilst Luigi Biscozzi and Fabio Fiorentino were appointed from the list filed by the minority shareholder Edizione S.r.l.. Luigi Biscozzi was appointed Chairman of the Board of Statutory Auditors.

Following the resignation of Mario Mirarchi on 29 April 2013, due to other work commitments, on 30 April the Board of Directors appointed the next candidate indicated on the same list as the outgoing director, i.e. Alberto Chiesi, pursuant to Article 22 of the By-Laws.

Again on 30 April the Board confirmed Donatella Treu's appointment as Chief Executive Officer and assigned corporate management powers to the Chairman and to the Chief Executive Officer.

On 18 June 2013 the Board of Directors of Il Sole 24 ORE S.p.A. approved the plan to merge the wholly-owned subsidiary Nuova Radio S.p.A. into Il Sole 24 ORE S.p.A. The merger will become effective from 31 December 2013 with accounting and tax effects from 1 January 2013. This transaction will not change the scope of consolidation.

On 18 June 2013 Roberto Napoletano was appointed to manage Radio 24 and the press agency Radiocor, and became editorial director of the Group's media. This appointment resulted in the creation of a Group news room to increase the innovation rate of products and services by leveraging the abilities of journalists.

On 17 September 2013, the Il Sole 24 ORE S.p.A. Board of Directors appointed Valentina Montanari as Corporate financial reporting manager beginning on 1 October 2013.

In October, the new version of Il Sole's historical section, "L'Esperto Risponde", was launched with the bundled printed publications as well as the new digital version.

In November 2013 the Group launched its new organisational structure in order to implement the innovation model which places the reader-customer at the centre of the core business and targets digital development as an instrument of excellence to create value with increasingly personalised services and products.

In particular, the new organisation features combined journalistic and editorial management, where all Group activities (paper, website, specialised digital newspapers, specialised information, radio and press agency) work together to target specific reference markets, as well as a Marketing & Product Development department responsible for marketing and development of the publishing range for Group media on all platforms, and a Sales & Customer Management department responsible within the Group for sales of products and services on all channels and Group customer management activities.

On 17 December 2013 the deed was signed for the merger of Nuova Radio S.p.A. into Il Sole 24 ORE S.p.A.. The merger became effective on 1 January 2013.

Shareholders

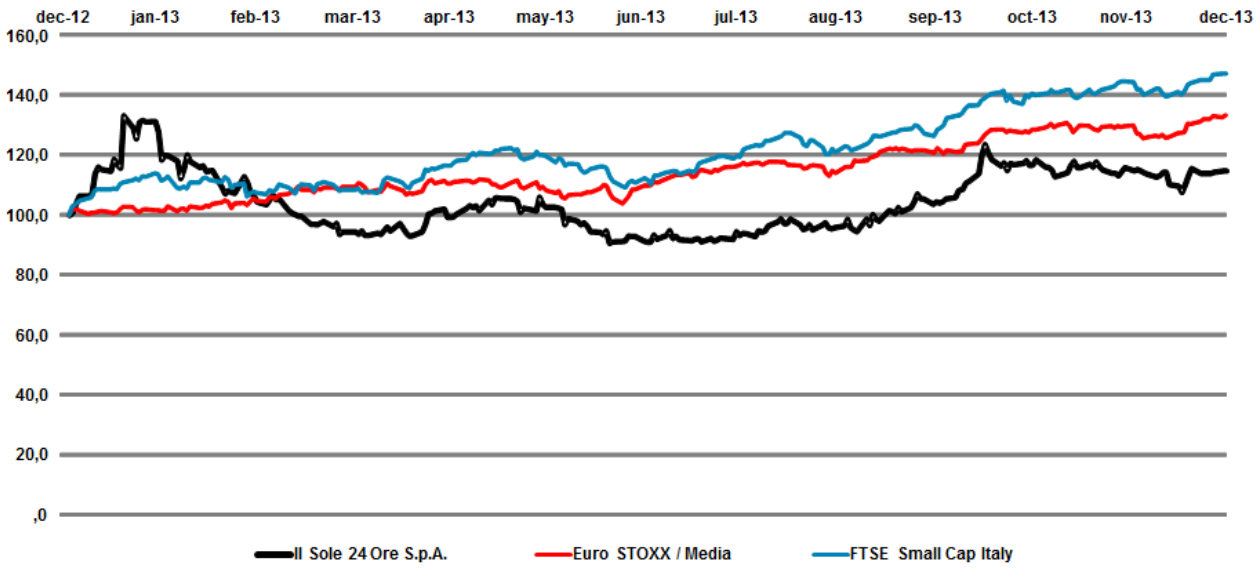
Through its Investor Relations department, the Company works to establish a transparent and ongoing dialogue with its shareholders and investors, based on understanding of their reciprocal roles.

To this end, events are organised over the year, such as conference calls, with a view to widening and promoting the market's knowledge of the Group and presenting its financial position and performance.

To ensure timely and easy access to the information concerning the issuer which holds importance for its shareholders, during 2013 the Company expanded the Investor section inside its corporate website (*www.gruppo24ore.com*). This section provides information required of the issuers about their financial position and performance, price-sensitive press releases and documents prepared to support events and presentations.

Arrangements were also made to set up a further special section of the Company's corporate web site (*www.gruppo24ore.com*), reserved to the Common Representative of Special-category Shareholders in which it is possible to find documents produced by the Representative and correspondence between the Representative and the special-category shareholders.

Performance of Il Sole 24 ORE stock against the main indexes in 2013 (01/01/2013 = 100)



THE SOLE 24 ORE SHARE ON THE STOCK MARKET			
Indicator	Date	Value	
Max price	18/01/2013	EUR	0.700
Min price	20/06/2013	EUR	0.478
Period start price	01/01/2013	EUR	0.527
Period end price	31/12/2013	EUR	0.603
Average price December		EUR	0.596
Average annual price		EUR	0.551
Max volumes (000)	15/10/2013	no.	1062.9
Min volumes (000)	01/01/2013	no.	0.0
Average annual volumes (000)		no.	115.5
Exact capitalisation (*)	31/12/2013	EUR M	80.4

(*) calculated including the 90 million unlisted ordinary shares held by Confindustria

Source: Factset for reference prices and volumes

Shareholder structure at 31 December 2013

SHAREHOLDER STRUCTURE				
Shareholders	no. ordinary shares	no. special category shares	Total shares	%
Confindustria	90,000,000	-	90,000,000	67.5%
Il Sole 24 ORE S.p.A.	-	3,302,027	3,302,027	2.5%
Market	-	40,031,186	40,031,186	30.0%
Total shares	**90,000,000**	**43,333,213**	**133,333,213**	**100.0%**

Principal risks and uncertainties

In the extensive number of activities where it is present, the 24 ORE Group is exposed to a series of risks. Their identification, assessment and management involve the Group's Chief Executive Officer – also in her capacity as executive director of the internal control and risk management system as per the Corporate Governance Code of Borsa Italiana S.p.A. – and the heads of business areas and central corporate functions.

As part of this process, the different types of risk (strategic, operating, legal and regulatory, financial and reporting) are classified according to assessment of their impact on achievement of objectives, the likelihood of their occurrence and the degree of effectiveness of protective actions implemented. The weighted result of the application of these assessment criteria permits prioritisation of action and monitoring and identification of those responsible for managing such risks.

In addition, in order to assure a further appropriate and timely risk-management tool, the principal risks and their indicators are constantly monitored as part of the Group's normal internal reporting process.

At the meeting of the Internal Control & Audit Committee on 27 February 2013 and of the Board of Directors of Il Sole 24 ORE S.p.A. on 1 March 2013, the report identifying the Group's principal risks was presented.

Risks connected with the going concern assumption

Also in light of the information provided in the Financial instruments and risk management - Liquidity risk paragraph of the Notes, the directors deem it reasonable to assume that the Group is able to obtain adequate financial resources to continue operating as a going concern in the foreseeable future and, as a result, they prepared the Group consolidated financial statements and the separate financial statements of the parent at 31 December 2013 on a going concern basis.

Strategic risks

Risks connected with strategies in the traditional and multimedia publishing sectors

The publishing industry is affected by a process of transition from conventional forms of publishing to electronic/online publishing, associated with the introduction of new technologies and distribution channels. It is difficult to predict the impacts of this in terms of the market's competitive dynamics.

The Group is continuing to expand its business to online publishing and digital products. It has in fact made investments targeting development of this sector within all business segments, and further investments are envisaged.

An important part of future growth will depend to a significant extent on growth of digital/electronic business. Given this, any failure of these initiatives, and also any delays in the transition process, might lead to adverse effects on the Group's financial position and performance.

Operating risks

Risks connected with the advertising revenue trend

The Group generates a considerable part of its revenue through sale of advertising space in its own media (the daily newspaper "*Il Sole 24 ORE*," magazines, sector-specific magazines, the radio, and websites) and those of independent publishers.

In 2013 advertising revenue totalled €128.0 million and accounted for 33.2% of Group revenue (vs. 33.5% of total revenue in 2012).

A significant share of revenue and profit margins therefore depends on the quality of publishing products created and on our ability to make them appealing to advertisers. Given this, the Group might have to make investments to maintain and/or increase the competitiveness of its publishing products to attract and/or maintain strong interest on the part of advertisers, with consequent effects on the Group's financial position and performance.

Moreover, domestic and international macroeconomic conditions heavily influence the level of advertising sales, so the present situation of global economic weakness will continue to have a negative impact in 2014 as well.

Risks connected with the newspaper's circulation trend

Advertising revenue and revenue from newsstand and subscription sales substantially depend on levels of circulation and readership. The entire paid daily press market has been riding a steadily downward trend for several years now, which is also related to ever-increasing competition from new media. The economic crisis currently underway has further exacerbated these circumstances. Support of circulation could generate additional costs that might not be recovered through higher advertising revenue.

Risks connected with maintenance of the high degree of reliability and reputation of our brand and products

We believe that our brands and products have an excellent reputation thanks to the quality of contents and professionalism of our staff, in particular to that of journalistic staff in the publishing field. Events eroding that reputation or reducing customers' trust in products' quality and reliability would therefore have a negative impact on the Group's business turnover and financial position and performance.

Risks connected with the relationship with certain Group worker categories

The Group's business and financial position and performance could suffer significantly from the effects of renewal of national and/or company-level collective agreements for some categories of workers, as well as of any cases of conflict that may occur, particularly during negotiation of such agreements.

Strikes, work slowdowns and interruptions of services and business activity, or contractual renewals that cause significant cost increases, leading to consequent operating rigidity of the Group, could therefore adversely affect its profitability and the possibility of maximising its operating efficiency.

Risks connected with the trade receivables trend

Based on the type of customers targeted by the products and services of the Group's various segments, it is not believed that there is a high risk in terms of trade receivables. It is nevertheless deemed advisable to activate operating procedures that limit sales to customers considered not to be solvent and to post a specific allowance for impairment to cover any losses caused by non-collectability of receivables.

At the same time, however, the difficult contingent economic situation is leading to increased credit risk exposure, in connection with customers' extension of payment times and the potential increase in insolvencies.

Risks connected with the regulatory framework

The regulatory framework of the Group's business area is nuanced and complex and subject to changes, for example in relation to privacy law, tax requirements and the administrative liability of entities. In this environment, contingent liabilities for possible legal and tax disputes as well as the evolution of more onerous Group governance cannot be ruled out.

Legal and regulatory risks

VAT regime applicable to bundled publishing products

Due to the publishing activities carried out by the Group, it is subject, among others, to Italian Law no. 47 of 8 February 1948 ("Provisions concerning the press"), Law no. 416 of 5 August 1981 ("Rules governing publishers and support measures for publishing"), and Law no. 62 of 7 March 2001 ("New rules for publishing and publishing products and amendments to Law no. 416 of 5 August 1981"). These laws contemplate a system of grants and facilitations from which publishing companies can benefit, also in order to promote and support technological innovation programmes.

However, Italian Decree Law no. 63 of 4 June 2013 (published in the Official Gazette of 5 June 2013) introduced some measures in favour of energy efficiency in buildings, which are partially financed by increasing the VAT applicable to publishing products sold bundled with other products (CDs, DVDs, gadgets).

In particular, at 1 January 2014:

(i) the regime of add-on products which currently allows publishing products to be bundled with add-on products with the application of a subsidised rate of 4% and considering returns on a lump-sum basis was cancelled. This amendment applies to all add-ons including supplementary products and other products or gadgets.

(ii) Bundled supplementary products and other products/gadgets are now each subject to their own VAT rate, without prejudice to the calculation of VAT on the basis of copies sold.

Publication of notices and calls for tender

Articles 66 and 122 of Italian Legislative Decree no. 163/2006 (Public Contract Code) require notices and calls for tender above the Community's threshold to be published in at least 2 of the main nationally distributed newspapers and at least two newspapers with the greatest local distribution in the location where the contract work is carried out (paragraph 7, article 66) and the publication of notices and calls for tender for works with a value exceeding €500 thousand in at least one of the main nationally distributed newspapers and at least one of the newspapers with the

greatest local distribution in the location where the contract work is carried out (paragraph 5, article 122).

This matter was impacted by the amendments introduced in article 32 of Italian Law no. 69/2009, described previously, but was also subject to additional changes which make it reasonable to believe that the provisions on the compulsory publication of the abstracts of notices and calls for tender required under the articles of the Public Contract Code referred to above remain in effect.

In particular, subsequent to Italian Law no. 69/2009, the lawmaker took actions:

a) with paragraph 31 of Italian Law no. 190/2012 (the anti-corruption law) which expressly reads that "the provisions on providing public disclosure set forth in the code pursuant to Italian Legislative Decree no. 163 of 12 April 2006 remain in effect" (including evidently the obligation of publishing notices and calls for tender in the press);
b) with paragraph 35 of article 34 of Italian Decree Law no. 179/2012 - as amended upon conversion of Italian Law no. 221/2012 - according to which "beginning with notices and calls for tender published subsequent to 1 January 2013, expenses for publication pursuant to the second sentence of paragraph 7 of article 66 and the second sentence of paragraph 5 of article 122 of Italian Legislative Decree no. 163 of 12 April 2006, shall be reimbursed to the commissioning body by the contractor within sixty days of the award of the contract";
c) with paragraph 1 of article 37 of Italian Legislative Decree no. 33/2013, according to which "without prejudice to the other legal advertising obligations and, in particular, those established in article 1, paragraph 32 of Italian Law no. 190 of 6 November 2012, each public administration, according to the provisions set forth in Italian Legislative Decree no. 163 of 12 April 2006 and, in particular, articles, 63, 65, 66, 122, 124, 206 and 223, the information relating to procedures for the award and execution of public works, services and supplies."

Based on the provisions briefly described here, it appears evident that the lawmaker wishes to repeal the provisions of article 32, paragraph 5 of Italian Law no. 69/2009 relating to the compulsory publication in newspapers of abstracts of notices and calls for tender, resulting in the full re-enactment of the provisions set forth on this matter in the Public Contract Code.

Financial disclosure requirements

As part of a broader regulatory simplification process and in order to combine market competitiveness with the necessary investor protection, on 20 January 2012 CONSOB adopted Resolution no. 18079 (the Resolution) containing provisions for amendment of the implementing rules for Italian Legislative Decree no. 58 of 24 February 1998 (the Consolidated Finance Act), concerning regulations for issuers adopted by Resolution no. 11971 of 14 May 1999, as amended (the IR or Issuers Regulation).

The CONSOB Resolution is the result achieved following extensive market consultation and is the initial implementation of the more general regulatory simplification process that CONSOB intends to launch with the aim of facilitating companies' recourse to the equity market and strengthening the competitive position of the Italian financial market.

The need to amend the Issuers Regulation was also called for as a result of the entry into force on 31 December 2010 of Directive 2010/73/EU (the New Prospectus Directive), containing amendments to Directive 2003/71/EC - on prospectuses to be published for public offerings or the admission to trading of financial instruments (the Prospectus Directive) - and Directive 2004/109/EC - on harmonisation of transparency obligations with regard to information on issuers whose securities are admitted to trading on a market (the Transparency Directive). The main changes adopted by EU law are to simplify and improve regulations on prospectuses with a view to

increasing the international efficiency and competitiveness of companies in the European Union. Member states have time until 1 July 2012 to adapt national regulations to the new EU provisions.

Through supervisory powers granted as stated in the Consolidated Finance Act, Consob has amended the IR to cover most of the new EU provisions on prospectuses. These changes are illustrated in the Resolution.

The subject is of interest to our Company in connection with the disclosure requirements for listed companies and the methods in which these requirements are considered as fulfilled.

The issue is not new and had already emerged during the implementation of the first "Prospectus" directive and "Transparency" directive.

The vision that transpires from the regulation adopted by CONSOB in recent years is one of a community of savers largely and perennially on-line. The world wide web is actually becoming the only recipient of the regulated disclosure requirements in the field of assets under management.

This information concerns most of the accounting data and other data useful to security holders to exercise their rights, e.g. half-yearly financial report, interim management statement, information on non-recurring transactions, offered options.

The new regulation adopted by CONSOB has implied the transfer of this information disclosure from printed paper to the web.

The new system assumes, for its full operations:

a) the establishment of an electronic system to distribute regulated information (SDIR);
b) a storage system, i.e. centralised archiving of the distributed information.

While waiting for the SDIR to be created and for the information to be entirely transferred, the aforementioned CONSOB resolutions established a transitional period during which this information is distributed in a priority manner through an IT site (the NIS circuit of Borsa Italiana) and only in a residual manner, with reference to a few types of information, also through newspapers.

This choice led to serious consequences for newspapers, which have experienced a compression of their traditional function even in the presence of a transitional phase for the installation of the SDIR system, but also an objective limitation to the ease and security of access to important news for the investing public.

By Communication no. 13028158 of 4 April 2013, CONSOB envisaged new reporting obligations for capital strengthening transactions of less than €5 million, and therefore exempt from publication of a prospectus (Article 34-ter, paragraph 1.c and Article 57, paragraph 1.l of the Issuers Regulation no. 11971/99).

The supervisory authority has discovered, in fact, that in the current difficult economic situation, issuers are making increasing use of non-recurring transactions not only to strengthen capital or to finance investments, but also to finance current operations or as part of more extensive corporate restructuring processes.

CONSOB therefore decided that, when such transactions form part of a broader restructuring programme, issuers must provide the market with a disclosure regarding the actual financial position and performance of the issuer or its group in order that target investors can make a more reasoned investment decision.

Human resources

The Group headcount at 31 December 2013 totalled 1,817 employees (Full time equivalent), including permanent or fixed-term employment contracts.

The tables below show a breakdown of staff based on the number of employees listed in the employee register at 31 December 2013. There was a reduction of 31 employees compared to 31 December 2012.

LENGTH OF SERVICE

Area	up to 10 years	10 to 20 years	over 20 years	Total
Staff	53	121	40	214
Publishing	195	356	205	756
System	30	18	19	67
Tax & Legal	50	111	14	175
Training and Events	34	22	3	59
Radio	36	53	-	89
Software and Management Services	286	132	39	457
Culture	20	9	-	29
E-commerce	11	-	-	11
Total	**715**	**822**	**320**	**1,857**
%	**38.5%**	**44.3%**	**17.2%**	**100.0%**

AGE BANDS

Area	up to 35 years	35 to 50 years	over 50 years	Total
Staff	14	145	55	214
Publishing	39	475	242	756
System	5	52	10	67
Tax & Legal	12	133	30	175
Training and Events	19	37	3	59
Radio	15	63	11	89
Software and Management Services	94	305	58	457
Culture	5	21	3	29
E-commerce	9	2	-	11
Total	**212**	**1,233**	**412**	**1,857**
%	**11.4%**	**66.4%**	**22.2%**	**100.0%**

MALE/FEMALE POPULATION

	Male	Female
Headcount at 31/12/2013	1,042	815
%	**56.1%**	**43.9%**

LENGTH OF SERVICE - EXECUTIVES

Area	up to 10 years	10 to 20 years	over 20 years	Total
Staff	14	8	2	24
Publishing	7	2	1	10
System	3	1	2	6
Tax & Legal	2	4	-	6
Training and Events	-	-	1	1
Radio	1	1	-	2
Software and Management Services	10	6	-	16
Culture	1	-	-	1
E-commerce	-	-	-	0
Total	**38**	**22**	**6**	**66**
%	**57.6%**	**33.3%**	**9.1%**	**100.0%**

AGE BANDS - EXECUTIVES

Area	up to 35 years	35 to 50 years	over 50 years	Total
Staff	-	9	15	24
Publishing	-	5	5	10
System	-	4	2	6
Tax & Legal	-	4	2	6
Training and Events	-	-	1	1
Radio	-	1	1	2
Software and Management Services	-	9	7	16
Culture	-	-	1	1
E-commerce	-	-	-	0
Total	**0**	**32**	**34**	**66**
Total	**0.0%**	**48.5%**	**51.5%**	**100.0%**

MALE//FEMALE POPULATION - EXECUTIVES

	Male	Female
Headcount at 31/12/2013	54	12
%	**81.8%**	**18.2%**

In 2013 total staff turnover was 6.1%, including the hiring and departure of staff with fixed-term contracts. For permanent staff only, turnover was 6.0%.

Labour relations

In 2013 the national industry agreements were not renewed, although the following collective agreements expired:

- polygraphic operators, on 31 December 2011;
- radio, on 31 December 2012;
- journalists, on 31 March 2013;
- graphic designers, on 31 March 2013.

During the year, the most significant trade union relations events, characterised by the implementation of additional actions to contain labour costs, were:

- the agreement of 27 February reached with the national, regional and corporate trade unions of graphics and polygraphics operators at the end of discussions which began the previous year, for the application of the solidarity agreement to approximately 870 employees of Sole 24 Ore S.p.A. and 24 Ore Cultura S.p.A. with a 20% reduction in working hours;

- the agreement of 26 March with the regional and corporate trade unions of business media journalists, which made it possible to apply a two-year solidarity agreement to this editorial office as well; this solidarity agreement continued to be applied for the second year to the editorial offices of the newspaper Il Sole 24 Ore, the press agency Radiocor (with an increased percentage), the Tax & Legal Guides and the specialised professional publishing tabloids;

- the agreements of 21 and 22 November relating to a reorganisation of printing procedures in the Milan and Carsoli plants, resulting in a significant recovery in efficiency which will be achieved through a proportional increase in the percentage of the solidarity agreement beginning from the second year of application (1 March 2014);

- the agreement of 19 December at the Ministry of Labour and Social Policies which, through recourse to early retirements provided for under the specific Publishing law, made it possible to terminate employment relationships with 21 graphic designers and polygraphic operators on 31 December.

Organisation

In 2013 the programme of cutbacks and reorganisation by processes and distinctive competencies continued while the hierarchical lines of the individual units were also streamlined.

In November a new organisation was launched, specifically involving:

- the creation of a new Marketing and Product Development department which incorporates the digital business area, marketing and the publishing units of the Professionals and Corporate sectors, and is responsible for special publishing product and advertising integration projects;

- the creation of the new Sales and Customer Management department, with the aim of naturally integrating Newspaper sales, Agency and Public Administration Services activities as well as the sale of products and services in the Professionals and Corporate sectors. At the same time, the same unit also handles customer relationship and management activities, including database marketing;

- the creation of the new Personnel and Operations department, which incorporates within a single organisational unit the integrated management of HR processes and policies, the organisation of the Group and of all supporting services and operations, including the supply chain, in order to coherently accompany the Group's management turnaround.

Other significant organisational developments were as follows:

- the editorial offices of Il Sole 24 ORE are organised according to theme sections and are located at the two main offices in Milan and Rome. The breakdown of the other offices throughout Italy and abroad was revised with a view to integration, cost structure revision and focus consistent with the publishing decisions of the newspaper and the need to deal with macro-political/economic trends. The presence in Italy was decreased to six offices (Genoa, Bologna, Turin, Naples, Venice and Palermo). In the overseas offices, the newspaper revised both the organisation of the individual offices and international coverage. There are seven foreign offices in Brussels, London, Frankfurt, Beijing, New York, Paris and Tokyo. The overall editorial organisation of the Publishing Area draws on the services of 281 journalist employees, who also contribute to the contents of the portal www.ilsole24ore.com and the Radiocor agency.

- On 1 January 2013 the mechanical engineering collective pay agreement was renewed, which applies to 24 ORE Software S.p.A., a wholly owned subsidiary of Il Sole 24 ORE S.p.A. Following its organisational and corporate integration process, 24 ORE Software S.p.A. is the reference legal entity for the Software area (which also includes some smaller companies, including Diamante, whose majority shareholder is Il Sole 24 ORE S.p.A.). 24 ORE Software S.p.A. takes over, with a new name, for Innovare 24 S.p.A., which, in turn, controlled the wholly owned subsidiary ESA Software S.p.A.. As part of the integration process, in April 2013 a trade union agreement was signed with the unitary union body and the industry trade unions in order to harmonise the rules and pay packages deriving from the previous company positions within a unitary framework of shared rules and additional conditions.

Training

In 2013 a total of 2,180 hours of training were provided for Il Sole 24 ORE S.p.A. and the merged company Nuova Radio S.p.A., with 298 participants among executives, journalists, white-collars and blue-collars. The courses were funded by two training funds to which Il Sole 24 ORE S.p.A. and the incorporated company Nuova Radio S.p.A. subscribe: Fondirigenti and Fondimpresa.

The main training topics in 2013 were:

- continuation of the Progetto Quadri: this regarded all Middle Managers previously involved in the first phase of the High Speed programme in 2012. The second phase was divided into three

course sequences chosen directly by participants by completing a questionnaire: Project Management, Leadership and Employee Management, Negotiation;

- model 231 training in e-learning format: an online course dedicated to updating and teaching of the contents of Italian Law 231 as part of the 24 ORE Group compliance procedures, launched at the end of 2012, was completed in the first part of the year;
- language training: 750 hours' individual language training were provided to 24 participants;
- Office training: 105 hours of courses were provided for the development of computer skills, particularly the use of MS Excel and MS Access.

Participation in the specialised and management training courses and master courses organised by the Education & Service Area continued for a total of 1,380 hours.

With regard to 24 ORE Software S.p.A., a total of 400 training hours were provided (both technical and commercial) to develop awareness of product-related technical and application upgrades, needs associated with use of new product development technology and to develop customer satisfaction skills in the marketing and sales processes. About 150 24 ORE Software S.p.A. employees were involved during 2013.

A project for continuous training and professional excellence (Skill Assessment) was implemented during the year with the involvement of 300 employees and the goal of achieving the following results:

- understanding the actual and updated competencies of people to conduct a gap analysis and make adjustments to achieve the highest professional standards;
- identifying project management skills in terms of team coordination and professional coordination;
- mapping and standardising skills at the highest levels in the various professional areas and regional locations;
- raising the awareness of the resources involved and stimulating them to increase awareness of their roles;
- accurately setting up individual training plans addressing technical skills as well as role-based abilities.

110 hours' training were provided for the Skill Assessment project. Part of the course was financed with available funds from the training account of the financing fund of which 24 ORE Software S.p.A. is a member: Fondimpresa.

During 2013 importance was also given to occupational safety courses: the emergency management team was set up with related basic training, and the team of staff appointed to implement fire-prevention and emergency management measures and staff appointed to implement first aid became operative. Basic courses were arranged for those assigned to these new duties (both types) along with refresher courses for those already qualified as first aid officers and requiring updates.

Environment and safety

Safety policy

The protection of worker's health and safety and its continuous improvement has always been a priority for the companies of the 24 ORE Group. This commitment is expressed through the constant quest for and the adoption of conditions that ensure such protection to employees, anyone who can be considered a "worker" pursuant to art. 2 of Italian Legislative Decree 81/08, and anyone involved in operating activities as contractors.

The organisational unit of the parent Il Sole 24 ORE S.p.A., dedicated to corporate work safety management, comprises the Employer (D.L.) which, pursuant to article 16 of Italian Legislative Decree 81/2008 and with the obligations established by art. 18 of the same Italian Legislative Decree, has appointed an Employer Safety Representative (DDL) and a Prevention and Protection Service Manager (RSPP).

The latter acts in close contact and agreement with the DDL although, for regulatory purposes, he/she reports to the DL. The RSPP manages two Prevention and Protection Service Officers (ASPP), reporting to the facility manager, which to the extent of their duties cover the Northern and Central Southern areas of Italy. The organisational structure also relies on the assistance of three medical officers (one of whom is the coordinator) for all the Italian facilities, and external consultants to carry out specific projects and regulatory studies. Junior advisors cover the lack of internal staff arrangements which, in view of the activities that are compulsory by law, should have a minimum staff of 7.

In line with its corporate policy and the provisions of legislation on health and safety in the workplace (legislative decree 81/2008 and subsequent amendments and integrations), the company has decided to implement a system to manage safety at work (SGSL). This project was adopted in July 2010 but has been delayed due to the continuous changes in the organisational structure and the methodology used and amended by Assolombarda (bottom-up system), which consists in the executives and officers learning about and sharing risks and methods with the departments concerned and envisages preventive interaction with the interested parties to create a system that is functional but above all shared. The reorganisations made it difficult to identify executives and officers, and new training regulations introduced 16-hour training periods which are difficult to reconcile with the normal course of work of those parties. Group training will be attempted in 2014 with the support of the Personnel Department.

The need to update the Risk Assessment Report (DVR) in accordance with the law amendments, the publications of the completion deeds, the progress in jurisprudence, regulations, structure and corporate organisation has been given constant attention. The updates to the DVR will be illustrated and discussed in the annual meeting on safety with the safety representatives of workers, which will be held in the first quarter of 2014. At the same meeting the accident trends will be analysed, which resulted in values in line with previous years (a seriousness index of 0.11 (0.12 in 2012) and a frequency index of 6.99 (5.84 in 2012)). The percentage of accidents en route rose to 2/3 of total accidents in terms of seriousness (days of absence) and frequency (number of accidents).

In any event, the accident numbers are not a concern as statistical indices are below the "natural" values defined by INAIL.

The Document Management System (DMS) project, the aim of which is to collect and digitalise the documents relating to safety and the environment and store them on the server in a system that makes them easily and immediately retrievable, continued as part of ordinary operations and with increasing use which made it an indispensable instrument. Please recall that the aim is a single database that replicates printed documents available and necessary at the Group offices. The Environment and Safety area created on the company's intranet to distribute general documents and information is now active, although more widespread use is expected after basic and specialised training on safety that was planned with 24 ORE Software S.p.A. in 2013 is carried out in 2014, with all employees invited to participate.

The A&S segment is now also equipped with a Training database (IMS). The documentation of completed training is a legal obligation, and it was decided to prepare all necessary elements (worker history, course schedules, tests, signature lists and certifications) in electronic format. There was a long development process, and the management of changes in personnel is a highly critical area since a data transfer methodology has only recently been applied with the Personnel Administration department. One negative aspect of this initiative is the duplication of activities caused by the lack of communication between A&S and Personnel systems.

Evacuation and emergency management simulations were also performed in 2013 at the various offices of the 24 ORE Group with the exception of the offices involved in large-scale moves such as Milan Via Monte Rosa, Pero and Rome. The emergency simulation for the head offices in Milan at Via M. Rosa, 91, via Busto Arsizio, 36 and via Carlo Pisacane, 1 in Pero is planned for February, and will be carried out in Rome between February and March 2014.

A specialised company provided support during an audit of the obligatory legal checks and an evolved schedule was developed which will enable a single A&S employee to keep track of the legally binding activities, to prevent delays.

Environmental assessments of physical and chemical risks were conducted, particularly in the offices involved in the transfers: Bologna, Naples, Padua, Pero and Milan via Monte Rosa, as well as the "historical" offices in Rome, Turin and Trento, taking into account the extent of their population.

Additional training is planned for the first quarter of 2014, also after the first-aid, fire-prevention and emergency teams were re-formed due to early retirements and turnover. Given the recurrence of earthquakes, there was a special focus on the organisational structure for emergencies, with appointment of the Emergency Managers in the various offices and the required explanations and simulations of conduct to be adopted in the event of an earthquake.

Special attention was paid to contract work activities, to be shared with the various corporate departments to manage numerous activities (events and services) carried out in the 24 ORE Group. Specific education and training sessions were arranged with the companies which - in partnership with the 24 ORE Group - manage the events, and most of the cooperation and coordination and/or DUVRI reports were prepared with regard to both Services and Facilities. The procedure with the various internal purchasing bodies and the awareness of managers should be improved. These topics will be addressed in detail during training in 2014.

An analysis of the objective parameters inherent in work-related stress associated with standard groups of workers, identified more specifically and in more detail than in the previous assessment, was planned in the first quarter of 2014 following the finalisation of objective data relating to

January-December 2013. The analysis will be conducted with the help of the Personnel Department and with the safety representatives of workers.

In terms of healthcare, the health of all the workers exposed to risk was monitored according to the medical protocol in force. No-one was deemed unfit to carry out the task assigned. No vocational or work-related illnesses were reported in 2013.

Pursuant to article 25, paragraph 1, letter i) of Legislative Decree 81/08, the Medical Officer made the annual visit to the working environments of all Group premises.

Throughout the year, a medical service was in operation at the Milan office in Via Monte Rosa between 2 pm and 6 pm. The number of admissions registered over the year and the ongoing monitoring and promotion of health by the Medical Officer or the professional nurse, as well as the possibility for workers to make use of a first port of call in the event of an accident or illness, testify to the usefulness of this initiative. This activity, which is not compulsory by law, will continue in 2014 with the same criteria and hours as for 2013.

As regards fire prevention, all group offices (including the two printing plants in Milan and Carsoli and excluding the site relating to public performance events) continued to check and comply with the fire prevention parameters reported in authorisations and/or permits issued by the various provincial fire brigade units responsible for the area.

Activities to obtain the permanent public performance permit for Sala Collina, Auditorium and Foyer at Via Monte Rosa 91 in Milan should be completed (unless further requests are made by the members of the Municipal Supervisory Committee) in the first half of 2014.

The Company undertook an information and training initiative for the new recruits. Many of the necessary fire prevention and first aid officers were trained in all the offices and part of the staff whose risk profiles include that of video terminal operator were trained using e-learning methods. The maintenance staff at the Carsoli plant were trained on the use of area platforms according to the methods required under the State-Regions Agreement of 22 February 2012. A training programme is planned for 2013 to complete the basic training for the various staff categories present in the 24 ORE Group (managers, officers and workers).

The *IMSWEB* software was implemented in 2013 to more effectively manage training activities and to ensure greater control over flows of personnel. All previous training carried out in the last 10 years has been gathered and entered in the database.

Environmental issues

The Group's plants and their activities are subject to the applicable environmental legislation.

The Environmental Management System certified in 2011 in accordance with the international standard ISO 14001 continued to be maintained and improved in 2013 for the two plants and for the Group's main offices (Monte Rosa, Pero and Rome), also with clearly positive repercussions regarding Legislative Decree 231/2001.

- *Atmospheric emissions*: the production sites located in Milan and Carsoli (L'Aquila) operate according to appropriate authorisations, for systems with low atmospheric emissions and in compliance with the legal limits established for such emissions. Qualified independent laboratories periodically perform chemical analyses to check the qualitative and quantitative gaseous emissions. The measured values are below the limits set by the relevant authorisations. Monitoring data is recorded in specific registers in accordance with legislation in force. All annual inspections conducted by ARTA Abruzzo at the Carsoli plant had positive results.

- *Noise:* based on the noise zoning plans prepared by the relative municipalities, the Milan and Carsoli (L'Aquila) production sites are located in mixed industrial/residential areas. Qualified technicians periodically conduct measurements to check for compliance with outside noise emission limits. However, considering the positioning of the Milan plant within a formerly industrial area with offices and homes in the immediate vicinity, the company plans to install some sound insulating noise barriers. Inspections were performed for this purpose by specialised firms in 2013, and some estimates were obtained.
- *Waste water*: the domestic waste water from the toilet facilities at the Milan plant is discharged into the sewer network of the municipality of Milan and the required authorisation has been obtained for this purpose.

  In 2013, the Carsoli plant was involved in a significant technical intervention to ensure that waste water complies with the requirements set forth by CAM, the sewer network operator.

  In fact, when the authorisation was renewed, and also to definitively resolve some uncertainties as regards the interpretation of the definition of "domestic waste water", the company began activities to separate waste water from toilet facilities from waste water coming from the osmosis and softening treatment plants. Pending the completion of such activities and to not run the risk of potential administrative penalties from CAM or the province of L'Aquila, the plant stopped discharging waste water from the toilet facilities into the sewer network for a few months and sent it to third-party plants for disposal as waste.
- Works are expected to be completed by the beginning of 2014 and as a result analyses will be conducted and sent to CAM to complete the administrative procedure for the issue of the new waste water discharge authorisation.
- *Waste disposal*: waste coming from the production cycle and offices is sorted and disposed of in compliance with current legal requirements. Sorting of the waste generated at the printing plants and offices allows the recovery and recycling of most of the waste produced. Particularly with regard to paper, the production process of the printing centres, including those owned by third parties, generates total discards and waste of about 9% (3,796 thousand tonnes).

In accordance with Ministerial Decree of 17 December 2009, the Company signed up to the Italian waste traceability control system (SISTRI) and collected the necessary equipment for its IT management. The Environment and Safety managers of the two production plants in Carsoli and Milan also took part in training sessions to acquire the necessary information and competences relating to SISTRI. In 2012 activation and testing of the extended use of the Anthea software, already in use at the Carsoli plant, was completed at the Milan – Busto Arsizio plant.

Paper management: in 2013 Il Sole 24 ORE S.p.A. purchased 6,338 thousand tonnes of recycled paper (pink and white paper for the newspaper). Around 98% of the paper purchased in 2013 was supplied by paper mills possessing the necessary forestry and environmental certifications, such as: Pefc (Pan-European Forest Certification), Fsc (Forest Stewardship Council), Emas (European Eco-Management and Audi Scheme) and ISO 14001, which guarantee the pursuit of eco-compatible forestry. Procedures are being implemented at the paper mills so that 100% of the supplied paper is covered by forestry and environmental certifications in 2013.

Asbestos: there are no asbestos cement products at the Milan and Carsoli (L'Aquila) production sites.

To comply with the provisions of EU Regulation 1907/2006 (Reach), the hazardous substance management system has been upgraded through the adoption of a new procedure that involves: survey of all substances and preparations, acquisition of suppliers' MSDS and Reach certificates, controlling the introduction of new preparations and periodic review and updating of records. The update of the inventory of chemicals in use was completed in 2013 and as a result the MSDS file was updated.

Il Sole 24 ORE S.p.A., owner of the radio broadcaster Radio 24, franchisee for nationwide commercial radio broadcasting, has a broadcasting network of 244 frequencies active on the Italian territory.

Regulatory aspects regarding the problem of electromagnetic pollution are currently regulated by Ministerial Decree 381/1998, subsequently supplemented and amended by the Prime Ministerial Decree of 8 July 2003, which set the intensity limits of electromagnetic fields which people can be exposed to.

Application of these decrees is delegated to regional authorities, which do so through the Arpa agencies. In addition, in the last few years nearly all Italian regions, pursuant to national framework Law 36/2001, have enacted regional laws that added details to the national rules and related maximum limits. Regional laws also establish the regions' own procedures for approval and control of broadcasting installations.

The 24 ORE Group believes that the situation of its broadcasting installations does not exceed the intensity limits for electromagnetic fields established by current regulations. The Group in any case constantly monitors the possible onset of potential risks, also taking preventive actions to eliminate the risk of exceeding field intensity limits.

In order to limit energy consumption, the light fixtures were replaced in various group offices and management programmes were launched to streamline criteria for the use of many utilities.

Main income statement, statement of financial position and cash flow figures of the 24 ORE Group

Consolidated income statement

HIGHLIGHTS OF THE CONSOLIDATED INCOME STATEMENT		
(in thousands of euro)	Year 2013	Year 2012
Revenue from sales and services	385,494	430,860
Other operating income	9,904	7,609
Personnel expense	(154,320)	(162,369)
Increase in internally-generated assets	2,015	-
Change in inventories	(11,165)	4,814
Purchase of raw materials and consumables	(10,701)	(35,175)
Services	(208,281)	(226,347)
Other operating costs	(46,872)	(50,039)
Provisions and allowances for impairment	(8,740)	(11,022)
Gross operating loss	**(42,667)**	**(41,668)**
Depreciation, amortisation and impairment losses	(32,485)	(33,006)
Net gains on disposal of intangible assets and property, plant and equipment	50	1,019
Operating loss	**(75,102)**	**(73,655)**
Net financial income (expense)	(1,989)	76
Income (expenses) from investments	1,513	(188)
Loss before tax	**(75,578)**	**(73,766)**
Income taxes	(557)	25,352
Loss from continuing operations	**(76,135)**	**(48,415)**
Profit (loss) from discontinued operations	-	-
Profit (loss) attributable to non-controlling interests	78	(2,659)
Loss attributable to owners of the parent	**(76,213)**	**(45,755)**

Revenue amounts to €385.5 million, down by 10.5%, or €45.4 million, compared to €430.9 million in 2012.

Revenue from the sale of daily newspapers, books and magazines totalled €96.6 million, compared with €125.9 million in 2012, a decrease of €29.3 million, or -23.3%. The newspaper's circulation revenue decreased from €78.3 million to €72.0 million (-8.0%), magazine revenue amounted to €28.7 million (-30.4%), book revenue amounted to €6.1 million (-32.6%) and sales of add-on products totalled €5.8 million (-25.5%).

Total advertising revenue declined by €16.2 million (-11.2%). Other revenue totalled €160.8 million, in line with €160.7 million in the previous year (0.1%).

Other operating income totalled €9.9 million, compared with €7.6 million in 2012. This item includes the recovery of costs, rental income, prior year income, contributions and other residual items.

Costs decreased by 11.6% net of non-recurring charges and costs and costs directly associated with digital development. The decrease in costs, of €53.7 million, was greater than the drop in revenue. Costs dropped overall by €40.1 million, or 8.3%, compared to last year.

Personnel expense totalled €154.3 million, compared with €162.4 million in 2012, reflecting a reduction of €8.0 million. This decrease was mainly the effect of the decrease in employees (an average headcount of 1,812, compared with 1,855 in 2012), and was tied to cutbacks in products and activities and organisational downsizing, this too forming part of the reorganisation plan. Non-recurring personnel expense reached €15.5 million in 2013 (€8.8 million in 2012).

Direct and **operating costs** amounted to € 275.0 million, with a €31.7 million YoY decrease (-10.3%), mainly as a result of the reduction in distribution costs by €7.4 million, set-up and printing costs by € million and editorial costs by € million. Costs for raw materials and consumables decreased by €8.5 million, particularly paper, which decreased by €5.7 million as a result of lower volumes, and sales costs - due to reorganisation of the networks and greater use of the online channel - fell by €2.5 million (-8.9%).

Provisions and **allowances for impairment** amount to €8.7 million versus €11.0 million in 2012.

Depreciation, amortisation and impairment losses totalled €32.5 million, in contrast with €33.0 million in 2012. Impairment losses were recognised on certain sector-specific publications and portals (€2.9 million) and due to the write-off of the Verona rotary printing press, which is no longer used due to the production structure streamlining carried out during the year (€7.8 million).

Financial income (expense) dropped from net income of €0.1 million in 2012 to net expense of €2.1 million in 2013. This is primarily because cash and cash equivalents have decreased since last year.

Income taxes totalled -€0.5 million versus €25.3 million in 2012. This overall change was impacted by the parent's decision not to recognise additional deferred tax assets on losses, which would have increased deferred tax assets by €19 million. The parent reserves the right to carry out a new assessment when it is likely to have greater capacity to absorb new losses compared to current plans.

Consolidated statement of financial position

HIGHLIGHTS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
(in thousands of euro)	31.12.2013	31.12.2012
Non-current assets	285,185	306,990
Current assets	170,165	200,333
Available-for-sale assets	1,300	-
Total assets	**456,650**	**507,323**
Equity attributable to owners of the parent	121,582	199,447
Equity attributable to non-controlling interests	343	(2,495)
Total equity	**121,925**	**196,953**
Non-current liabilities	52,546	65,081
Current liabilities	278,003	245,289
Available-for-sale liabilities	4,175	-
Total liabilities	**334,724**	**310,370**
Total equity and liabilities	**456,650**	**507,323**

Non-current assets amounted to €285.2 million compared with €307.0 million at 31 December 2012, for a decrease of €21.8 million.

Property, plant and equipment and intangible assets decreased by €21.9 million due to the amortisation of intangible assets and depreciation of property, plant and equipment for €21.8 million, partially offset by investments totalling €20.1 million. Impairment losses of €10.7 million were recognised, of which €7.8 million referring to the Verona rotary printing press and plants, and €2.9 million relating to certain sector-specific publications and portals.

Goodwill recognised in the consolidated financial statements amounted to €75.0 million, the same as in the previous year.

Deferred tax assets are basically in line with last year. The Group has decided not to recognise additional deferred tax assets on tax losses for the current year - although they may be carried forward for an unlimited period of time, the offsetting of tax assets in addition those recognised in the past is difficult to predict. Net deferred taxes totalled €57.7 million, unchanged with respect to last year, part of which may be liquidated in the event of a loss by adhering to the options offered by the tax system.

Current assets amounted to €170.2 million compared with €200.3 million at the beginning of the year, showing a decrease of €30.2 million. The decrease was due to the reduction in trade receivables for €15.9 million, inventories for €11.3 million and cash and cash equivalents for €3.7 million.

Equity totalled €121.9 million, compared with €197.0 million at 31 December 2012. Equity attributable to non-controlling interests was €0.3 million.

Non-current liabilities amounted to €52.5 million, compared with €65.1 million at the beginning of the year, with a decrease of €12.5 million. The main changes are attributable to employee benefit obligations for €4.9 million, the decrease in non-current financial liabilities by €3.3 million, equal to

the medium/long-term portion of loans and the restatement of the medium-term portion of debt for the acquisition of Diamante S.p.A., related to the estimated price to be paid for the purchase of 20% of the investment.

Current liabilities totalled €278.0 million, up €32.7 million from the €245.3 million reported at the beginning of the year. The rise is mainly the result of the increase in trade payables of €27.1 million.

Available-for-sale assets and liabilities refer to the sector-specific publishing business unit sold on 30 January 2014.

HIGHLIGHTS OF CONSOLIDATED CASH FLOWS		
(in thousands of euro)	Year 2013	Year 2012
Loss before tax attributable to owners of the parent	(75,656)	(71,107)
Adjustments	31,940	27,144
Changes in net working capital	2,933	32,711
Total cash flow used in operating activities	**(40,783)**	**(11,252)**
Investments	(20,067)	(20,125)
Other changes	7,728	(3,113)
Cash flow used in investing activities	**(12,339)**	**(23,238)**
Free cash flow	**(53,122)**	**(34,490)**
Cash flow from financing activities	**29,088**	**15,090**
Net decrease in cash & cash equivalents	**(24,034)**	**(19,399)**
Cash and cash equivalents:		
At the start of the year	9,268	28,667
At the end of the year	(14,766)	9,268

Total cash flow used during the year amounted to €24.0 million, compared to the 2012 cash flow utilisation of €19.4 million.

Cash flow used in operating activities stood at €40.8 million, compared to the cash flow utilisation of €11.3 million the previous year. This result is due to the positive performance of net working capital for €2.9 million, mainly attributable to the drop in trade receivables for €15.9 million and inventories for €11.3 million, the decrease in trade payables of €27.1 million and the increase in other assets and liabilities for €2.9 million.

Cash flow used in investing activities stood at €12.3 million, consisting mainly of operating investments. In 2012, this amount came to €23.2 million.

Cash flow from financing activities stood at €29.1 million. The most significant changes regarded hot money loan transactions for €20 million, and €13.3 million refers to the repayment of current account overdrafts and hot money for €33.3 million relating to advances on receivables.

Consolidated financial position (indebtedness)

CONSOLIDATED NET FINANCIAL POSITION (INDEBTEDNESS)		
(in thousands of euro)	31.12.2013	31.12.2012
Cash and cash equivalents	8,575	12,234
Bank overdrafts and loans - due within one year	(56,652)	(2,967)
Short-term net financial position (indebtedness)	**(48,078)**	**9,268**
Non-current financial liabilities	(371)	(3,686)
Fair value changes in financial hedging instruments	(105)	(266)
Medium-long term net indebtedness	**(476)**	**(3,951)**
Net financial position (indebtedness)	**(48,553)**	**5,317**

The **net financial position** decreased from €5.3 million at 31 December 2012 to net indebtedness of €48.5 million at 31 December 2013. Cash and cash equivalents decreased and bank overdrafts and loans due within one year increased in relation to the cash flow trend already discussed in the Statement of cash flows. Medium/long-term indebtedness included in non-current financial liabilities decreased, due to the repayment of the amount due during the year and the reclassification of the parent's subsidised loans to bank overdrafts and loans due within one year.

Related-party transactions

Related-party transactions are limited to those with subsidiaries and associates concerning commercial, administrative and financial services. These transactions form part of normal business operations and of the core business of each of the companies involved, and are regulated at market conditions.

The company follows the Transactions with Related Parties procedure resolved by the Board of Directors on 15 November 2010, in execution of CONSOB regulation approved with resolution no. 17221 of 12 March 2010, subsequently amended with resolution no. 17389 of 23 June 2010. Related-party transaction disclosure is provided in paragraph 13.1, "Related-party transactions" in the notes to the consolidated financial statements.

The related parties referred to are entered in the register of related parties, established by the procedure adopted on 12 November 2010. This procedure can be viewed in the Governance section of the web site *www.gruppo24ore.com*.

Segment reporting

Organisational and offer rationalisation action commenced in January 2013, which can be summarised as follows:

- To complete the printed and digital integration, the *Publishing & Digital BU* was created within the Publishing Area, which brought together the printing department, the digital version of the daily newspaper, new digital products and the web site *www.ilsole24ore.com*;
- The new *Fabbrica 24 & E-Commerce Area* was set up with the aim of combining expertise for the development of new e-commerce business and digital services, shown in the corporate and centralised services area table.

In order to compare the two years on a like-for-like basis, the results for 2012 have been reclassified on the basis of this organisational structure.

The table below provides the basic Group figures broken down by segment.

INCOME STATEMENT BY SEGMENT						
SEGMENT	Revenue from third parties	Revenue between segments	Tot. Revenue	GOP/GOL	Depreciation & Amortisation	Operating profit (loss)
PUBLISHING						
Year 2013	109,821	60,631	170,452	(39,966)	(4,022)	(54,673)
Year 2012	125,832	75,084	200,915	(37,621)	(5,382)	(54,360)
SYSTEM						
Year 2013	113,889	28	113,917	(3,680)	(8)	(3,688)
Year 2012	125,147	9	125,155	(4,203)	(5)	(4,208)
TAX & LEGAL						
Year 2013	64,752	802	65,554	17,855	(403)	17,459
Year 2012	77,083	898	77,981	21,501	(144)	21,358
SOFTWARE SOLUTIONS						
Year 2013	60,982	228	61,210	7,503	(6,034)	1,476
Year 2012	63,015	241	63,256	4,995	(5,857)	(850)
TRAINING AND EVENTS						
Year 2013	24,403	663	25,066	3,505	(248)	3,257
Year 2012	22,379	1,300	23,679	2,788	(248)	2,540
RADIO	-					
Year 2013	428	13,380	13,809	(339)	(690)	(1,029)
Year 2012	500	13,506	14,006	(240)	(666)	(906)
CULTURE						
Year 2013	10,304	478	10,782	(3,022)	(100)	(3,104)
Year 2012	16,424	745	17,169	(7,210)	(157)	(7,492)
CORPORATE AND CENTRALISED SERVICES						
Year 2013	914	1,395	2,309	(24,523)	(10,281)	(34,800)
Year 2012	481	1,583	2,064	(21,678)	(9,058)	(29,736)
CONSOLIDATED						
Year 2013	**385,494**	**-**	**385,494**	**(42,667)**	**(21,786)**	**(75,102)**
Year 2012	**430,860**	**-**	**430,860**	**(41,668)**	**(21,516)**	**(73,655)**

(*) The gross operating loss includes non-recurring charges of €26,170 thousand in 2013 and €17,983 thousand in 2012.

(*) The operating loss includes non-recurring charges of €36,869 thousand in 2013 and €28,115 thousand in 2012.

Publishing

Publishing is the division that heads up the daily newspaper Il Sole 24 ORE, its bundled add-on products and magazines as well as a number of primary processes (printing and distribution), also managed for other Group segments. This area manages the digital version of the daily newspaper, the new digital products, the www.ilsole24ore.com web site and the paid online content. The Area also comprises the Radiocor news agency and B2B integrated communication activity targeting SMEs in specific sectors, including agrifood, retail distribution, construction and welfare, directly managing dedicated advertising sales forces.

PUBLISHING AREA REVENUE			
(in thousands of euro)	Year 2013	Year 2012	% change
Publishing & Digital	141,582	165,954	-14.7%
Sector-Specific Publishing	20,296	26,582	-23.6%
Agency and P.A.	8,575	8,379	2.3%
Total	**170,452**	**200,915**	**-15.2%**

Information about products, customers and operations

The editorial offices of Il Sole 24 ORE are organised according to theme sections and are located at the Milan and Rome offices and at six other Italian offices (Genoa, Bologna, Turin, Naples, Venice and Palermo). The daily newspaper, in particular, has international coverage provided by correspondents seconded to seven foreign locations (Brussels, London, Frankfurt, Beijing, New York, Paris and Tokyo). The overall editorial organisation of the Publishing Area draws on the services of 281 journalist employees, who also contribute to the contents of the portal www.ilsole24ore.com and the Radiocor agency.

The newspaper is printed at the two owned printing centres in Milan and Carsoli (province of L'Aquila) and at the following six third-party production sites: Verona, Mechelen (Belgium), Benevento, Catania, Cagliari and Medicina (Bologna). During the year, production orders stopped being processed at the Verona and Benevento plants. Out of a total of 97.4 million copies printed in 2013, 63% were printed at the owned sites and 37% at third-party sites.

Market, performance and main activities in 2013

Market figures for 2013 show a downturn compared to 2012, with a contraction in the advertising market of 12.3% (-19.5% for daily newspapers, -23.9% for magazines - source *Nielsen Media Research* – January-December 2013).

Internal estimates performed on ADS data indicate that circulation of the main national daily newspapers in printed format was down by approximately 12% in 2013.

However, the circulation of paper copies in addition to digital copies (reported by ADS beginning in January 2013) was basically stable in April-December 2013 compared to 2012 (roughly -1%), a sign of the gradual replacement of the preferred platform.

At December 2013 Il Sole 24 ORE was confirmed as Italy's first digital daily newspaper with 149,000 digital copies distributed. The total paper + digital circulation (Source: ADS data at December 2013) is 343,566 copies, confirming Il Sole 24 ORE's third-place position among the national newspapers. The distribution of digital copies of our newspaper increased from 46,775 in January 2013 to 148,987 in December 2013.

According to the *Audipress* data regarding the comparison between the third cycle of 2013 (April-July and September-December 2013) and the second cycle of 2013 (January-March and April-July 2013), the average daily number of newspaper readers in Italy, equal 20,593 million, dropped by 197,000 (-0.9%).

In the same period Il Sole 24 ORE lost 1.2% of readers, with a total of 951,000 people who leaf through the newspaper on an average day, against 963,000 in the previous cycle (source *Audipress 2013.3 and Audipress 2013.2).*

Aggregate revenue generated by the ***Publishing Area*** was €170.5 million (-15.2% compared with 2012) primarily due to the performance of advertising revenue (-20.3%), circulation revenue and other revenue (-10.7%).

The strategic decision to target the digital realm, in addition to cutbacks in costs, products and the production structure, made it possible to improve the Publishing Area's gross operating loss by €24.5 million net of advertising revenue and non-recurring charges (equal to €7.8 million).

Publishing & Digital revenue dropped by 14.7% compared with the same period of the previous year, particularly due to decreases in advertising revenue, add-ons and magazines.

New products were launched during the year with a view to the paper+digital integration: the planning and development of new paid digital products aimed at professional customer segments resulted in the launch of additional new products by the end of the year.

The most significant events are summarised below:

- the January launch of the paid web site (metered) and of the new printed + digital newspaper subscription formulas. As at 31 December, approximately 15,000 users had purchased a website subscription while the number of unique site users continued to grow. Please note that the reporting system changed from *Nielsen Site Census* to *Omniture Site Catalyst* in July 2013. Therefore, a like-for-like comparison is not possible. In the last quarter of 2013, unique users of the website averaged around 10 million per month (source: *Omniture Site Catalyst*) compared to around 9 million in the same quarter of 2012 (source: *Nielsen Site Census*);

  In 2013, unique users of the site on an average day increased by 17.2% compared to the previous year, and an all-time record of unique users was reached in October. There was also robust growth in unique users and mobile pages, of 10.6% and 11.8%, respectively, compared to 2012 (source: *Omniture Site Catalyst / Nielsen SiteCensus*).
- the launch on 19 September of "*Business Class Commercialisti*", following the success of *Business Class* launched in April. "*Business Class Commercialisti*" is a platform integrating tools available to tax professionals, for example the daily newspaper, specialist magazines and database consultation. The offering was subsequently enriched with *Quotidiano del Fisco*, the new digital product that collects and reorganises all of the most authoritative tax-related sources offered by Il Sole 24 ORE and each day provides a summary of the main tax news and in-depth information on the topics of greatest interest;

- another three targeted digital theme newspapers were launched in the last quarter of 2013, which respond to the information and training needs of professionals in the worlds of finance (*Finanza24*), law (*Quotidiano del Diritto*) and construction (*Quotidiano della Casa & del Territorio)*. At the same time, the range of integrated subscription and multi-platform offerings was expanded with the introduction of 2 new Business Classes: *Business Class del Diritto* and *Business Class della Casa e del Territorio*;
- the restyling of **Stream24**, the platform which collects and provides the group's multimedia content, and which in September reached a record of pages viewed (12,990,338 total pages viewed per month - source: *Omniture Site Catalyst*);
- in the social sphere, at 31 December Il Sole 24 ORE's official Facebook page counted 315,000 fans, up 97.9% compared to 2012. The number of Twitter followers doubled to over 1 million.

During the year, the ***Daily Newspaper*** continued to fulfil its informational role by offering a diligent, authoritative and accurate service through a series of economic and social initiatives in addition to more cultural activities. In particular, in the last quarter the strengthening of publishing activities was based on integration between the paper version intended for the newsstand channel and the digital version, involving:

1) newspaper enhancement with a series of weekly publications sold in combination with the newspaper, such as:
   - the *Quaderni dell'Esperto Risponde* were presented on Tuesdays. Beginning on 8 October, 12 single theme volumes with the best responses to everyday questions and problems, from Condominium to Rentals to local taxes.
   - on Wednesdays, the *Focus de Il Sole 24ORE*, also available in e-book form: a 24-page special in tabloid format, produced by the Tax & Legal Area and providing updates on the most significant labour, welfare, civil and tax law matters.
   - the classical music CD initiative, *RITRATTI. I grandi interpreti della classica*, continued to be released on Fridays. Thirty CDs with the best performances by the most celebrated figures of twentieth-century classical music.
2) the implementation of free page insert initiatives:
   - the issue of Monday Practical Guides continued, weekly in-depth studies on tax and legal matters, associated with an online forum.
3) innovation continues in the newspaper's services, such as the traditional Monday insert "*L'Esperto risponde*", which has been sold at newsstands since October with a new graphic layout and updated content offering more questions and more detail. In addition, on the online front, the new version of the website www.ilsole24ore.com/espertorisponde has been designed to make searching in the database containing over 200 thousand queries and sending new questions even easier.

With regard to ***Add-ons***, figures from 2013 (up to December 2013, source: *M-Dis*) reflect the generalised downward trend, with estimated revenue of €265 million (-23.4% compared to the same period of 2012) and highlight a decline with respect to the trend in the first half of the year (-21%). At the end of the year, sales were down by 40%, an improvement compared to the first half (-44%), while average prices increased by 27.4%.

Total revenue of the *newspaper add-on market* amounts to €102 million, down by 33.8% and by 61.7% of average sales compared to 2012.

Revenue of Il Sole 24 ORE totalled €5.9 million (-28.7% compared to 2012), due to the decrease in average sales and the number of publications, as well as the publishing plan review, and marked less of a decrease than the reference market.

The ***Magazines*** market confirms the negative trend both in terms of advertising (-23.9%, source: *Nielsen Media Research, January-December 2013*) and in copies sold (-11% for magazines, internal source).

Total magazine revenue in 2013 amounted to €1.8 million, down 35.8% on the previous year. The decrease is linked in particular to a reduction in the product line (*English 24* and *I Viaggi del Sole*) and a decrease in advertising.

Sector-specific publishing showed a 23.6% contraction of revenue compared with 2012. The decrease is partially due to the continuing negative market trend and partially due to the disposal of some businesses that were no longer profitable in 2012, including the placement in liquidation of the subsidiary Business Media Web S.r.l. and the closure of some publications. This line was sold on 30 January 2014.

The Italian market of professional publishing in real time, in which the ***Agency and P.A. BU*** operates, was considerably impacted by the current economic crisis, and in a different way from traditional publishing. While the number of traditional operators remains the same, at over 15, the demand market fell even further as a result of the growing supply of real-time content available free of charge online and the drop/slowing of demand from PA.

Nonetheless, the Agency and PA BU's revenue increased by 2.3% compared to the previous year, as a result of two factors: the increase in revenue due to core business trends (news in Italian and English) and the higher revenue associated with the visibility exchange agreement signed between the LSE-Borsa Italiana Group and the 24 ORE Group which aims to set up the Italian finance hub in Europe.

Growth and expansion in international markets continued during the year. Today, based on figures provided by *DJ Factiva*, 40% of Radiocor's readership consists of investors, decision makers and stakeholders living in the US and the UK. Presence in other countries is making it possible to support revenue performance and increasingly affirm Radiocor's unique market positioning as the point of reference for international investors interested in the fixed income market, finance and the Italian economy.

PUBLISHING AREA RESULTS			
(in thousands of euro)	Year 2013	Year 2012	% change
Circulation/other revenue	95,597	107,019	-10.7%
Revenue from advertising	74,855	93,896	-20.3%
Revenue	**170,452**	**200,915**	**-15.2%**
Gross operating loss	(39,966)	(37,621)	-6.2%
GOL margin %	-23.4%	-18.7%	-4.7 p.p.
Operating loss	(54,673)	(54,360)	-0.6%

System area – Advertising sales

System is the division acting as the advertising sales agency for the Group's main media – except for sector-specific publishing, which has its own network, and for some third-party media.

SYSTEM AREA REVENUE			
(in thousands of euro)	Year 2013	Year 2012	% change
Captive revenue	90,639	109,373	-17.1%
Non-captive revenue	23,278	15,782	47.5%
Total	**113,917**	**125,155**	**-9.0%**

Information about products, customers and operations

In Italy the advertising sales agency has a matrix organisation based on district and product/type/means. The various sales territories are managed by seven different local offices that are either branches or sales agencies.

As at 31 December 2013 the sales organisation in Italy consisted of 39 employees and 70 agents. Outside Italy, advertising sales are handled by the International Division, which maintains a presence in all major countries through a network of representatives. The subsidiary Il Sole 24 ORE UK Ltd. handles the sale of advertising space in the United Kingdom.

The System Area's active customer base (i.e. customers for which at least one advertisement was published during the year) consists of around 4,900 customers. They mostly consist of major Italian and foreign companies operating in the finance, automotive, professional services, public administration, and manufacturing sectors.

Market, performance and main activities in 2013

For the market as a whole, 2013 closed with a double-digit reduction (-12.3%) although the contraction in advertising investments was smaller in the second half of the year. Difficulties were reported on all classic media, particularly for the press: daily newspapers -19.5% and magazines -23.9%. Performance was negative for radio at -9.3% and there was also a slight downturn for internet (-1.8%). *(Source: Nielsen - January-December 2013*).

Despite the negative performance of the press, **System** accounts for 63% of the agency's portfolio, with revenue at €113.9 million compared to 2012 (-9.0%), while the market was down by 12.3% and the reference market was down by 15.8% (reference market: press, radio and internet). This favourable comparison with the market is primarily due to the expansion and enrichment of the product range by acquiring new concessions of third-party sites and important foreign publications, initiatives which were rolled out at the end of 2012 and extended throughout 2013.

The advertising sales agency's trend improved in **printed** media, which went from -20.9% up to September 2013 to -15.1% for the year, compared with a market trend of -21.2%, a result achieved partially thanks to advertising sales in important foreign publications which generated roughly €7 million in revenue.

Il Sole 24 ORE as a whole (newspaper + supplements) closed 2013 down on 2012 (-23.7%). This result was impacted by a drop in advertising investments by companies belonging to

industries that typically invest in newspaper advertising, particularly the significant downturn in investments by automotive companies (space in newspapers -33%; source: *Nielsen*).

Finance/Insurance, Professional Services and Automotive take up the most advertising space in the newspaper, accounting for 47% of total advertising revenue in terms of pages.

While the market was down by 9.3%, **Radio 24** had a more limited decline of 2.5% owing to the quality and uniqueness of the publishing range accompanied by an appropriate commercial policy and special projects.
This result ensures that Radio 24 will consolidate its total radio market share (8.7% of the total market as measured by advertising seconds, source: *Nielsen*).

Automotive, Finance/Insurance and Professional Services, which account for 45% of total seconds broadcast, are the leading sectors in terms of seconds.

Internet posted a positive result with revenue up by 9.5%, countering the market trend which was down by 1.8% in the online segment, and improving to +12.6% net of the fund category. This result was impacted by acquisitions of new concessions which contributed total revenue of €2.4 million.

SYSTEM AREA RESULTS			
(in thousands of euro)	Year 2013	Year 2012	% change
Circulation/other revenue	317	592	-46.4%
Revenue from advertising	113,600	124,564	-8.8%
Revenue	**113,917**	**125,155**	**-9.0%**
Gross operating loss	(3,680)	(4,203)	12.4%
GOL margin %	-3.2%	-3.4%	0.1 p.p.
Operating loss	(3,688)	(4,208)	12.4%

Tax & Legal Area – Professional publishing

The Tax & Legal Area develops integrated product systems of technical and regulatory content targeting professionals, companies and the public administration. The specific market segments are controlled by three Business Units (Taxes/Labour/Economy, Law, Construction and Public Administration), which satisfy all the information, training and operative requirements of the reference targets through specialist information tools closely integrated one with the other: books, magazines, databases and Internet services.

TAX & LEGAL AREA REVENUE			
(in thousands of euro)	Year 2013	Year 2012	% change
Books	3,344	5,460	-38.8%
Magazines	21,310	29,376	-27.5%
Electronic publishing	30,914	33,810	-8.6%
IT services	8,301	7,092	17.1%
Other revenue	1,686	2,243	-24.9%
Total	**65,554**	**77,981**	**-15.9%**

Information about products, customers and operations

As at 31 December 2013 the Tax & Legal Area's line included a predominantly business to business product portfolio comprising: books (about 1,000 catalogue titles, of which 167 new titles and new editions compared to 258 new titles and new editions published in 2012), magazines/periodicals (26 specialised publications, of which 20 in paper and digital version and 6 only online) and databases (19, all accessible online). Magazines are sold mainly through subscriptions arranged by correspondence and e-commerce. Average circulation for active subscriptions in 2013 equalled about 106 thousand (about 133 thousand the previous year).

E-publishing products, 19 databases all accessible online, were sold via subscription largely through the agent network. In 2013 the subscription portfolio totalled about 53 thousand, basically unchanged compared to 2012 despite the consolidation of products. In 2013 new products aimed at increased integration with the newspaper were launched: *Soluzioni24 Adempimenti*, *Business Class Commercialisti and Diritto*.

Market, performance and main activities in 2013

The ***Tax & Legal Area*** operates in a market characterised by a markedly shrinking demand in a very negative economic environment. In 2013 professional publishing experienced an 8.9% decrease in turnover, expanding on the negative trend already seen 2012 (-6.3%).

The negative trend impacted all segments, with a lower impact in legal publishing (-8%) and a greater reduction in tax publications (-11.1%).

The decrease in traditional media was confirmed (-20.3% offline electronic publishing, -19.7% specialised magazines, -11.7% books) while online databases remained basically stable (+0.7%) (*source: Databank 2013*).

This negative trend was greatly affected by the heavy economic crisis in progress, causing a growing reduction in the spending power of companies, public entities and professionals, the main targets of this area.

Approximately 54 bankruptcies were registered per day in 2013, more than 2 every hour. A good 14,269 companies had to close their doors by the end of the year, +14% compared to 2012. The fourth quarter of 2013 closed with a new record of 4,257 bankruptcies (+14% compared to the fourth quarter of 2012, +39% compared to the same period of 2009). Geographically, the regions most impacted are Lombardy, Lazio and Veneto, which accounted for just over 40% of all bankruptcies in 2013 (*source: CRIBIS D&B – Analysis of bankruptcies in Italy - January 2014*).

In this serious crisis, price sensitivity is even increasing in the higher market range (chartered accountants, lawyers and notaries) with purchases increasingly guided by cost-effectiveness and selectivity (source: Databank 2013).

The need to limit spending also accelerated the trend of practising the profession in associated form (partially to share firm management costs), a phenomenon that further accentuates information and professional training spending cutbacks.

The need to limit costs, the trend of forming associations and a strong drive towards computerisation have also radically changed the consumption model in favour of electronic media, particularly internet, with increasing development of electronic products, and not only databases, but also online products and services more generally.

The market also remains plagued by critical issues linked to the growing distribution of free information managed by the Public Administration and Professional categories, which are playing an increasingly active role in providing publishing and training services and content to their members (*source: Databank 2013*).

Tax & Legal revenue of €65.6 million was down by 15.9% compared to 2012. The negative performance is concentrated primarily in printed products, books (-38.8%) and magazines (-27.5%), which confirm the decline recorded previously during the year. The drop in revenue was impacted by the digital transition of printed products with lower profitability.

In addition to the profound crisis seen in printed media, the drop in revenue is also primarily the result of:

- rationalisation of the magazines catalogue, with a number of publications becoming "digital only" from January 2013 (*Contabilità finanza e controllo, Guida alle pensioni*);
- rationalisation of the books publishing plan, resulting in catalogue cutbacks and fewer new publications.

Although there was a downturn in e-publishing (-8.6%), online services were on the rise (+17.1%), confirming the net shift to the online segment as a source of information and news. E-publishing and online service subscribers rose by 7% compared to 2012. Specifically, subscribers to only digital versions of the magazines targeting professionals increased by 23.8%, and long-term subscribers increased by roughly 4%.

This performance drove robust growth in digital revenue as a percentage of total revenue, from 52.5% in 2012 to 59.8% in 2013.

This increase was also supported by the process of integrating Group content in the targeted Business Classes, which began generating revenue for the Publishing area already at the end of 2013. In fact, the Business Class product range also includes the newspaper's digital version.

The following products were released in 2013:

- digital version of all magazines that may be consulted in the page turning format for PCs and tablets
- the *new semantic search engine* able to considerably improve product usefulness and performance
- *Lavoro24*, the online service dedicated to regulatory updates and in-depth labour law and personnel administration information
- the new *Lex 24 modulare*, which enables professionals to build a customised information system
- the *Soluzioni 24 Adempimenti* database, a one-stop shop for information on all tax and accounting requirements
- *Business Class*, an instrument which combines within a single product the content of the professional databases and the newspaper's digital version, developed for each individual reference market: tax (Business Class Commercialisti), legal (Business Class Diritto) and construction (Business Class Casa e Territorio)
- *Il Quotidiano del Fisco*, a product created in partnership with the Il Sole 24 Ore Norme e Tributi editorial office exclusively for subscribers to Business Class Commercialisti
- *Il Quotidiano del Diritto*, a product created in partnership with the Il Sole 24 Ore Norme e Tributi editorial office exclusively for subscribers to Business Class Diritto

- *Il Quotidiano della Casa e del Territorio*, a product created in partnership with the Il Sole 24 Ore Norme e Tributi editorial office exclusively for subscribers to Business Class Casa e Territorio
- Enhancement of the Soluzioni24Fisco product range with 4 legal theory modules
- *Tecnici24:* the modular database for professional experts

The different revenue mix in any event made it possible to maintain margins at a constant level of 27%.

TAX & LEGAL AREA RESULTS			
(in thousands of euro)	Year 2013	Year 2012	% change
Circulation/other revenue	65,086	77,410	-15.9%
Revenue from advertising	469	572	-18.0%
Revenue	**65,554**	**77,981**	**-15.9%**
Gross operating profit	17,855	21,501	-17.0%
GOP margin %	27.2%	27.6%	-0.3 p.p.
Operating profit	17,459	21,358	-18.3%

Software Solutions

The Software Solutions area includes all the software activities of the 24 ORE Group, through a functional organisation that covers various activities and addresses the markets through the brands that make it up. 24 ORE Software S.p.A. is the 24 ORE Group company covering the various product brands. The range specifically comprises software products with the "Software 24 ORE" brand, mainly addressed to professionals such as the STR, Data Ufficio and Softlab brands that are specific for the public administration, construction industry and legal markets, and lastly the Esa Software brand products targeting SMEs. Diamante products target the SME market and the development of Cloud solutions.

SOFTWARE SOLUTIONS AREA REVENUE BY SEGMENT			
(in thousands of euro)	Year 2013	Year 2012	% change
24ORE Software products	60,427	62,884	-3.9%
Diamante products	783	371	insig.
Total	**61,210**	**63,256**	**-3.2%**

The reference market of operations for the ***Software Solutions Area*** targets professionals such as chartered accountants, employment consultants, lawyers, engineers, architects, surveyors and small and medium enterprises. The area is also engaged in the Public Administration sector and associations such as the tax assistance centres (CAF).

In 2013, the Italian IT market saw a further decrease in its overall value for expenditure, continuing the negative trend seen for several years, and according to the *Assintel* report closed with a decrease of 4%. While SMEs were down from 14% to 19%, medium and large companies, which represent 62% of national IT expenditure, continue to drive the market with a contraction of just a few percentage points (top companies -0.3% and medium/large companies -0.5%). Despite basic stability in the past, there was a significant decline in software for the first time, by 3.2%. A detailed analysis indicates that application software had a more limited decline (-2.6%) than middleware (-3.8%) and System software (-4.3%). The digital market (mobile, social media, e-commerce, cloud - the latter with +43.2%) underwent significant growth, although absolute values remain limited and do not offset other losses (source: *Assintel Report, October 2013*).

IT expenditure is down for PA as a result of the economic crisis as well as the spending review. There was an average decline of 2.8% between 2007 and 2013 (source: *Assinform*). PA has been confirmed as a terrible payer: missing payments from PA entities increased from 49.4% in 2012 to 56.9% in 2013 (source: *Cerved*).

Construction is still in great difficulty: in 2013, investments in construction decreased by 6.9%. A further contraction in production levels is estimated for 2014, with a decline of investments in construction by 2.5% (source: *Ance*).

During the period under review the ***Software Area*** saw a 3.2% drop in revenue due to the crisis in the reference sectors, i.e. construction and SMEs. Net of the resale of hardware products to the SME market, the decline in revenue amounts to 1.8%.

Revenue from Il Sole 24 ORE brand products rose by 1.4% despite difficulties in the professional market, particularly due to an increase in the formation of associations among the professional firms for which these products are intended.

24 ORE Software brand products designed for tax assistance centres (CAF) and PA (including INPS), grew by 9.8% to €5.1 million.

Among the initiatives, worthy of note are the press conference presentation on 13 June of *24 ORE Cloud*, a professional marketplace offering apps and software specifically for microbusinesses. In the newfound market of professional cloud solutions, *EasyLex Cloud*, the online version of the software for law offices in the middle to high-end segment, and *Via Libera Condominio Cloud*, an online solution for condominium administrators, have been distributed since early September.

Besides new modules and functions, the first version of the new QTO (Quantity Take OFF) module was released in 2013, which enables STR Vision to integrate estimation, planning, management and accounting phases for construction works within one BIM (Building Information Model). The full integration of QTO with all other modules and particularly with *Works Planning* and *Cost/Needs Analysis* makes STR Vision a solution that fully supports the BIM paradigm.

Also as regards CAFs, over 4.2 million 730 tax returns and approximately 1.2 million ISE/ISEE (economic status indicator/equivalent economic status indicator) declarations have been issued.

Net of €0.7 million in restructuring charges, the gross operating profit stood at €8.2 million, up by 64.2% over 2012.

RESULTS OF THE SOFTWARE SOLUTIONS AREA			
(in thousands of euro)	Year 2013	Year 2012	% change
Circulation/other revenue	61,210	63,256	-3.2%
Revenue	**61,210**	**63,256**	**-3.2%**
Gross operating profit	7,503	4,995	50.2%
GOP margin %	12.3%	7.9%	4.4 p.p.
Operating profit (loss)	1,476	(850)	273.7%

Training and Events Area

The Training and Events area provides specialist training to young university graduates, managers and professionals and organises annual conferences and events on a contract basis for large customers all over Italy. Included in this area are the activities of the subsidiaries Newton Management Innovation S.p.A. (a management consulting and training company) and Newton Lab S.r.l. (an event organising and multimedia content management agency).

TRAINING AREA REVENUE BY SEGMENT			
(in thousands of euro)	Year 2013	Year 2012	% change
Business school	11,642	10,470	11.2%
Annual Training and Events	2,423	2,748	-11.8%
Newton Man. Innov. and Newton Lab products	9,666	8,699	11.1%
Training for Professionals and SMEs	1,334	1,761	-24.2%
Total	**25,066**	**23,679**	**5.9%**

The training market, excluding financial training, had estimated revenue of €300 million (source: *Asfor 2013*). Despite positive exceptions, investments in training continue to suffer from the recession in Italy.

The Funds finance 46% of total training activities (+8% compared to 2012), while direct financing by companies or their groups was down significantly (-12%). A significant portion of training financed with the Funds takes place in the classroom. Coaching, training on the job and e-learning programmes account for a much smaller share.

Classroom training continues to be the most common format: over half of training activities planned by companies take place with an active instructor.

Revenue from the ***Training BU***, including the revenue of 24 ORE Training, Events and the Newton line, grew by 5.9% compared to 2012.

Business school revenue totalled €11.6 million, up 11.2% on last year. The Full Time Masters recorded revenue up 20.0% as a result of development of the new Online Masters range with diploma. The Part Time Masters recorded growth of 2.6% compared to 2012, with 112 initiatives that involved over 2,300 managers.

Revenue from ***Newton Management Innovation and Newton Lab*** products rose by an aggregate 11.1%, mainly due to the acquisition of a number of new customers.

TRAINING AREA RESULTS			
(in thousands of euro)	Year 2013	Year 2012	% change
Circulation/other revenue	25,066	23,679	5.9%
Revenue	**25,066**	**23,679**	**5.9%**
Gross operating profit	3,505	2,788	25.7%
GOP margin %	14.0%	11.8%	2.2 p.p.
Operating profit	3,257	2,540	28.2%

Radio

The Radio Area manages the national radio station Radio24, a news and talk radio with an editorial format alternating news and entertainment programmes based almost exclusively on speech. Every week, over 40 different programmes cover all the key areas of public interest, ranging from national and international news to business and finance; from topics concerning the home, work and the environment to sport, culture and leisure; and from healthcare to wellbeing. Every day 19 editions of the radio news, 16 programmes and 8 reports on the financial markets are broadcast. Daily live hours total 18.

Available audience data indicate that in 2013 the daily radio audience reached 34,853,000 listeners on average, recording a 1.3% increase (+ 437,000) compared to the 2012 total. The radio advertising market recorded a downturn of 9.3% compared with the previous year (data source: *Osservatorio FCP Assoradio*).

In terms of volume, the radio market dropped by 9% compared to 2012 (source: *Nielsen, analysis per second*). An analysis of the total radio market revealed the Automotive and Distribution and Media Publishing sectors as leaders, experiencing a sharp drop.

In 2013 Radio24 had some of the best growth among the national radio stations with an increase of 9.6% in the number of listeners compared to 2012. The broadcaster of Il Sole 24ORE comes in at 9th place with 2,046,000 listeners on an average day (+179,000).

In February 2013 the new Radio 24 web site was launched, with a new concept meant to enhance the wealth of Radio 24 content also on the web.

As regards traffic performance, the web site recorded a strong increase in the number of unique users with an average of around 459,000 users per month in January-December 2013 (Sources: *Nielsen Site Census; Omniture Site Catalyst*), up 63% on 2012. This positive trend is also confirmed by the pages visited figure with an average 5,746,000 pages visited per month in 2013 (Sources: *Nielsen Site Census; Omniture Site Catalyst*), up 11% on 2012.

Radio Area revenue in 2013 totalled €13.8 million, down 1.4% compared with 2012. Radio 24 and web site advertising revenue dropped by 1.1%.

In terms of advertising space, Radio 24 recorded -8% compared to last year (source: *Nielsen analysis per second*), and its positioning in seconds compared to the total radio market remains steady at 9%. The leading sectors for Radio 24 are confirmed to be: Automotive, Finance/Insurance and Professional Services, which by themselves account for 45% of total seconds in the year 2013. Information technology/Photography was next with considerable growth of 41% in seconds compared to 2012.

Under the editorial management of Roberto Napoletano, Radio 24's new programming was launched in autumn 2013, featuring an even greater focus on information and current events with news, analyses and comments from Il Sole 24 ORE journalists, experts and correspondents.

Again in 2013, through the consortium Club Dab Italia S.p.A., Radio 24 confirmed its commitment to the development of the digital network by reinforcing systems for road network coverage.

RADIO AREA RESULTS			
(in thousands of euro)	Year 2013	Year 2012	% change
Circulation/other revenue	513	567	-9.5%
Revenue from advertising	13,296	13,439	-1.1%
Revenue	**13,809**	**14,006**	**-1.4%**
Gross operating loss	(339)	(240)	-41.1%
GOL margin %	-2.5%	-1.7%	-0.7 p.p.
Operating loss	(1,029)	(906)	-13.5%

Culture

This Area includes Group activities in the Culture segment, through 24 ORE Cultura S.r.l., and works in the area of the production of publishing content in two segments: the production of exhibitions and book publication.

In 2013, the ***Culture Area*** recorded revenue for €10.8 million, decreasing (-37.2%) over the same period of 2012.

Compared to 2012, Culture area revenue was down by €6.4 million, including €5.1 million relating to 24 Ore Cultura due to the different mix between directly managed and co-managed exhibitions and €1.4 million relating to Alinari 24 Ore due to the termination of activities following its placement in liquidation (August 2012).

This area's gross operating loss improved by €4.2 million compared to the same period of last year. The comparable gross operating loss, net of one-off costs (totalling €1.7 million in 2013 for 24 Ore Cultura for the write-down of part of the books inventory and €3.5 million in 2012 for liquidation expenses of Alinari), improved by €2.6 million basically because Alinari 24 Ore stopped operations.

The following exhibitions were produced in 2013: *Modigliani, Soutine e gli artisti maledetti, The Desire for Freedom. Arte in Europa dal 1948, Homo Sapiens e Manet, Pollock e gli Irascibili, Warhol, Brain, Kandinsky, Munch.*

24 ORE Cultura continues with the development of multi-channel publishing projects and international growth. Synergies are being strengthened between add-on products and important national and international newspapers. B2B publishing activities for important customers are also worthy of note.

CULTURE AREA RESULTS			
(in thousands of euro)	Year 2013	Year 2012	% change
Circulation/other revenue	10,782	17,169	-37.2%
Revenue from advertising	-	-	0.0%
Revenue	**10,782**	**17,169**	**-37.2%**
Gross operating loss	(3,022)	(7,210)	58.1%
GOL margin %	-28.0%	-42.0%	14.0 p.p.
Operating loss	(3,104)	(7,492)	58.6%

Main income statement, statement of financial position and cash flow figures of the parent

Income Statement

HIGHLIGHTS OF THE INCOME STATEMENT OF THE PARENT		
(in thousands of euro)	Year 2013	Year 2012
Revenue from sales and services	325,205	363,085
Other operating income	8,930	8,628
Personnel expense	(126,384)	(128,472)
Increase in internally-generated assets	-	-
Change in inventories	(9,421)	7,252
Purchase of raw materials and consumables	(7,703)	(31,187)
Services	(192,983)	(208,335)
Other operating costs	(37,790)	(38,927)
Provisions and allowances for impairment	(12,040)	(12,351)
Gross operating loss	**(52,186)**	**(40,306)**
Depreciation, amortisation and impairment losses	(26,079)	(25,840)
Net gains on disposal of intangible assets and property, plant and equipment	25	1,007
Operating loss	**(78,241)**	**(65,139)**
Net financial income (expense)	(1,333)	239
Expenses from investments	(2,853)	(900)
Loss before tax	**(82,427)**	**(65,800)**
Income taxes	518	21,607
Loss from continuing operations	**(81,909)**	**(44,194)**
Profit (loss) from discontinued operations	-	-
Loss for the year	**(81,909)**	**(44,194)**

The Parent closed 2013 with revenue of €325.2 million, down by 10.4%. This decrease was mainly the result of a 11.0% drop in advertising revenue and decreases for magazines (-30.4%) and books (-33.2%), partially offset by top line growth for e-publishing (+13.4%) and online services (+13.8%), conferences and training (+3.8%) and software (+1.0%).

The loss for the year was €81.9 million, compared with a loss of €44.2 million recorded in 2012 (which included non-recurring charges of €24.7 million and deferred tax assets of €21.5 million). This result is impacted by lower revenue and includes costs for non-recurring charges of €34.5 million.

Statement of financial position

HIGHLIGHTS OF THE STATEMENT OF FINANCIAL POSITION OF THE PARENT		
(in thousands of euro)	31.12.2013	31.12.2012
Non-current assets	276,819	312,286
Current assets	150,991	183,463
Available-for-sale assets	1,300	-
Total assets	**429,109**	**495,749**
Total equity	**126,822**	**231,444**
Non-current liabilities	45,040	47,766
Current liabilities	253,072	216,539
Available-for-sale liabilities	4,175	-
Total liabilities	**302,287**	**264,305**
Total equity and liabilities	**429,109**	**495,749**

Statement of cash flows

HIGHLIGHTS OF CASH FLOWS OF THE PARENT		
(in thousands of euro)	Year 2013	Year 2012
Loss before tax	(82,427)	(65,800)
Adjustments	28,229	27,427
Changes in net working capital	5,219	31,288
Total cash flow used in operating activities	**(48,979)**	**(7,085)**
Investments	(14,616)	(15,036)
Other changes	6,403	(936)
Cash flow used in investing activities	**(8,213)**	**(15,972)**
Free cash flow	**(57,192)**	**(23,057)**
Cash flow from financing activities	**30,463**	**16,011**
Net decrease in cash & cash equivalents	**(26,729)**	**(7,046)**
Cash and cash equivalents:		
At the start of the year	30,123	37,169
At the end of the year	3,394	30,123

Other information

Report on corporate governance and ownership structure (art. 123-*bis*, Italian Legislative Decree no. 58 of 24 February 1998)

With resolution of the shareholders' meeting of 20 August 2007, Il Sole 24 ORE S.p.A. adopted the corporate governance code for listed companies issued by Borsa Italiana S.p.A.

Later, with the Board of Directors resolution of 14 December 2012, the Company adopted the recent changes introduced by the new version of the Corporate Governance Code, which essentially refer to the following:

(i) the minimum number of independent directors: at least 1/3 independent on the boards of companies listed on the FTSE Mib, and at least 2 independent directors in other listed companies;

(ii) the independent directors must agree to maintain this requirement for the entire term of office and, if lost, must resign;

(iii) the recommendations on board evaluation were strengthened, highlighting the benefits obtainable from the presence of directors that are "different" in terms of experience (also at international level), professionalism (including managerial) and gender;

(iv) also at the request of other directors, the Chairman of the Board of Directors was granted the power to ask that managers in charge of items on the agenda attend Board of Directors' meetings;

(v) the workload of Directors: the Board of Directors establishes the maximum number of offices for Directors, taking into account their working and professional activities and their membership of Committees;

(vi) it was envisaged that the Chairman of the Internal Control Committee and of the Remuneration Committee must be an independent director;

(vii) the establishment of an Appointments Committee was recommended (until now it was only asked that the opportunity should be assessed);

(viii) it was recommended that the opportunity be assessed regarding the adoption of a succession plan and, if adopted by the Board, the Human Resources and Remuneration Committees should be entrusted with its preparation with disclosure to the market of the decisions made;

(ix) particular emphasis was placed on the role of the internal audit department and, in order to preserve its independence, it was envisaged that decisions concerning the appointment, dismissal and remuneration of the audit manager be adopted by the Board of Directors with the favourable and binding opinion of the Internal Control Committee and after consulting the Board of Statutory Auditors.

(x) it was envisaged that the audit tasks be performed according to a structured plan prepared by the department manager and approved by the Board of Directors.

The primary objective of the corporate governance system adopted by the Company is the creation of value for the shareholders, in the awareness of the importance of transparency in corporate choices and decision-making as well as the need to set up an effective internal control system.

Pursuant to art. 123-bis of the Consolidated Finance Act, art. 89-bis of Consob's Issuers Regulation and art. IA.2.6 of Borsa Italiana's Corporate Governance Code, the Report on Corporate Governance was prepared, which in addition to describing the corporate governance system adopted by the Group contains information on the ownership structures, adoption of the Corporate Governance Code and compliance with the resulting commitments.

This report can be consulted in the Governance section of the web site www.gruppo24ore.com, and is made up of two sections: the first part contains a description of the governance structure, the second reports on the implementation of Corporate Governance Code recommendations.

The aspects most relevant to the Directors' Report are presented below.

Ownership status and treasury shares

As at 31 December 2013, the share capital of Il Sole 24 ORE S.p.A., fully subscribed and paid in, totalled €35,123,787.40, divided into 90,000,000 ordinary shares (67.50% of share capital) and 43,333,213 special shares (32.50% of share capital), of which 3,302,027 treasury shares, without any indication of par value.

Pursuant to Article 93 of Italian Legislative Decree No. 58 of 24 February 1998, Confindustria (the Confederation of Italian Industry), which owns all ordinary shares of Il Sole 24 ORE S.p.A., accounting for 67.50% of the share capital and with voting right, directly exercises control over Il Sole 24 ORE S.p.A.

All Il Sole 24 ORE S.p.A. shares currently owned by Confindustria, as well as any shares it may acquire in future, are registered on a fiduciary basis in the name of Mr. Giorgio Squinzi, in his capacity as Chairman of Confindustria.

Shareholders, with the exception of the Company, as treasury shares, may not hold more special category shares than those representing one fiftieth of the share capital plus one share. The limit applies both to equity investments directly held by the individual shareholder, and (*i*) to shares owned by the shareholder's close family, including the non-legally separated spouse, dependent children and children living with the shareholder; (*ii*) to shares owned indirectly through subsidiary companies, fiduciaries or intermediaries; (*iii*) to shares owned directly or indirectly by a secured creditor or by a usufructuary, when corporate rights are assigned to them, and to repurchased shares.

The limit also applies to shares owned by the shareholder's group, i.e. the group formed by subsidiary entities, parent entities or entities subject to joint control and the group formed by persons connected with the shareholder, whatever their legal status.

Whoever holds more special category shares than the limit prescribed by the Company By-laws shall notify the Company in writing immediately after the occurrence of the event that led to the excess. The shares held in excess shall be sold within one year from the notice or, in the absence of any notice, from the company's notification that the prohibition was violated.

For the shares held above the possession limit prescribed by the company by-laws, the shareholder is not entitled to recording on the Shareholder Register and to exercise corporate rights. The dividends accrued on excess shares remain acquired by the company, which enters them in a specific reserve.

Special category shares are attributed a preferential dividend of 5% in proportion to the implicit par value of the share, which cannot be cumulated from one year to the next.

As at the date of the Board of Directors' meeting, based on the entries in the Shareholder Register, and taking into account the notifications received pursuant to Article 120 of the Italian Consolidated

Finance Act, the following parties directly or indirectly own Company shares accounting for 2% or more of share capital:

PARTIES DIRECTLY OR INDIRECTLY OWNING COMPANY SHARES ACCOUNTING FOR 2% OR MORE OF SHARE CAPITAL			
Declarant	Direct shareholders	% of ordinary share capital	% of capital voting rights
Ordinary shares			
Confindustria – Confederazione Generale dell'Industria Italiana	Confindustria – Confederazione Generale dell'Industria Italiana	67.500%	67.500%
Special-category shares			
Il Sole 24 ORE S.p.A.	Il Sole 24 ORE S.p.A.	2.477%	2.477%
Edizione S.r.l.	Edizione S.r.l.	2.000%	2.000%

There are no shareholders exceeding the special-share ownership limit under Article 8 of the Company By-Laws.

Note, however, that six different investment funds are the holders of special-category shares, to varying extents ranging from 0.045% to 1.208% for a total of 2.554%. These six investment funds (*The Gabelli Equity Trust Inc, The Gabelli Asset Fund, The Gabelli Dividend & Income Trust, The Gabelli Small Capital Group Fund, The Gabelli Global Multimedia Trust Inc.* and *Gamco West Wood Mighty Mites SM Fund*) are all based in the USA and the shareholders are separate legal entities.

Pursuant to paragraph 7 of Article 119-bis of the Issuers Regulation, introduced by Consob Resolution no. 18214 of 9 May 2012, asset management companies and qualified parties which, as part of the management activities pursuant to Article 116-terdecies, paragraph 1 letters e) and f), respectively, of the Issuers Regulation, have acquired managed holdings exceeding 2% and below 5% are not subject to the disclosure requirements established in Article 117 of the aforementioned Regulation.

The Shareholders' Meeting has not delegated any powers to the Board of Directors either to increase share capital under Article 2443 of the Italian Civil Code or to issue participatory financial instruments.

There are no Shareholder Meeting authorisations to buy back treasury shares pursuant to Articles 2357 et seq. of the Italian Civil Code.

Stock granting plan for employees

On 30 October 2007, the Board of Directors and the shareholders approved a plan for the granting of free special-category shares of Il Sole 24 ORE S.p.A. open to all employees of the parent and of Nuova Radio S.p.A. for the years 2007, 2008, 2009 and 2010.

The shares are granted to all employees who, on the last day of the second month prior to the month when the shares are actually granted (the "Grant Date"), have an indefinite-term or fixed-term employment relationship with Il Sole 24 ORE S.p.A. or Nuova Radio S.p.A.

On 15 December 2010, for the tranche relating to 2010, employees were granted 1,592,666 special shares, in addition to the 2007, 2008 and 2009 tranches, consisting of 1,991,126 special shares.

The total number of special shares granted to employees free of charge after the conclusion of the plan is equal to 3,583,792.

Organisational, management and control model pursuant to Italian Legislative Decree 231 of 8 June 2001

With the application of Italian Legislative Decree 231 of 8 June 2001 as amended, which introduced a specific regime of corporate liability for certain types of crime, the Company has adopted specific in-house rules and regulations aimed at reducing the risk of illicit acts that could benefit the Company.

In particular, the Company's Board of Directors has approved a model of organisation, management and control pursuant to Italian Legislative Decree 231/01 (hereinafter "the Model") which meets the requirements of said legislation and which has been prepared in accordance with the guidelines issued by Confindustria.

The current Model was drafted on the basis of a detailed analysis of the Company's operations designed to identify potentially at-risk activities. On the basis of the information collected and the observations formulated, the Company has drawn up rules of conduct, principles and control methods for drafting internal procedures. Driven by the Supervisory Committee, the Company updates, periodically and at least once a year, as well as in the case of regulatory and internal organisational changes, the company analysis to identify potentially at-risk activities, in order to ascertain the need to update the Model.

The Model includes specifications of the field of application and the target audience for the Model, and also defines the functions and powers of the Supervisory Committee, which is appointed by the Board of Directors, and establishes the information that must be provided to this committee.

The Model comprises a special part, which in turn is divided into sections that establish specific principles of control designed to prevent (i) crimes against the Public Administration, (ii) white collar crimes, (iii) market abuse, (iv) culpable manslaughter and bodily harm committed in breach of accident-prevention regulations and regulations for the protection of occupational hygiene and health, (v) receipt of stolen goods, money laundering and reuse (use of money, assets or profits having an illegal origin), (vi) computer crime, (vii) copyright infringement, (viii) environmental violations committed by Company directors, executives, employees or outsourcers or other offences contemplated by Italian Legislative Decree 231/01, whose risk of perpetration has been deemed remote, possible only in theory but not in practice.

Finally, the Model contains the Code of Conduct and set of principles and ethical and conduct principles designed to prevent commission of the offences envisaged in Legislative Decree 231/2001. The Model has also defined the disciplinary system, broken down according to the various types of recipients of the Model and designed to penalise violation of the provisions of the Model.

So as to ensure the utmost efficacy of application of these rules, the Company has promoted awareness of the Model and has arranged specific training and communication initiatives illustrating its contents.

The Model is available for viewing in the Governance section of the Company's website: *www.gruppo24ore.com*.

Reconciliation between consolidated and parent loss for the year and equity

The statements of reconciliation between consolidated and parent loss for the year and equity are shown in section 11 of the notes to the consolidated financial statements.

Significant events after the end of the year

The disposal of the Business Media business unit to Tecniche Nuove S.p.A. was completed on 30 January.

On 11 March 2014, the Board of Directors approved the 2014-2018 Plan, the first year of which is represented by the 2014 budget, which envisages organic growth. The prospects for development reflected in the plan are accompanied by significant objectives linked to the digital growth strategy, which has already been initiated. In particular, the plan sets forth:

- maintenance of the newspaper's market leadership and enhancement of that asset in Group business development;
- development of an innovative product offering system based on the integration of Group products targeted at specific market segments;
- focus on high-end segments and high-profitability products and the resulting diversification of sales channels based on customers served;
- revision of company processes and cost optimisation.

These objectives will make it possible to redefine the supply/services system by making it more consistent with the reliability of the brand.

On 31 January 2014 after the conclusion of negotiations, the newspaper's editorial board signed a union agreement governing the 14% solidarity contract for journalists, the retirement and early retirement of 38 journalists and the revision of certain company policies.

The agreement signed with the polygraphics unitary union bodies on 21 and 22 November 2013 for the reorganisation of the Milan and Carsoli plants became effective on 1 March 2014. This agreement envisages raising the solidarity percentage from 16% to 35%-40%.

Outlook

The recession continues to have a negative impact on revenue and on publishing industry profit margins. In 2013, GDP decreased by 1.9%, despite the trend reversal in recent months, which resulted in forecasts of moderate growth for 2014 (+0.4%).

Advertising market development forecasts for 2014 are still uncertain and, although the most recent estimates provided by major Media Centres indicate a slight recovery in the market as a whole compared to 2013, for the press market forecasts are still down, while some significant growth is expected in online advertising investments.

On 11 March 2014, the Board of Directors approved a five-year plan setting out a market and product strategy focused on greater value added and structural cost containment, which will enable the Group to remain flexible and competitive.

The macroeconomic trends described above have been incorporated within 2014-2018 plan forecasts. In 2014 an additional decline is expected for traditional publishing revenue, offset by significant growth in digital revenue, sustained by the increasing integration of all Group content for the world of professionals. Advertising revenue is expected to rise slightly as a result of new publishing initiatives and digital and radio development.

Also in 2014, the Group will remain committed to pursuing the actions already under way to reduce costs and streamline production and administrative units.

As things currently stand, and in the absence of currently unforeseeable events, the Group continues to closely monitor the reference scenario, which is still burdened by a high degree of uncertainty. Considering this environment, the gross operating loss is expected to improve in the coming year.

Proposal to cover the 2013 loss

To the Shareholders,

We submit for your approval the separate financial statements of Il Sole 24 ORE S.p.A. as at and for the year ended 31 December 2013, which show a loss for the year of €81,909,000. We propose that this loss be entirely covered using:

- retained earnings for €406,000
- share premium reserve for €81,503,000

Milan, 18 March 2014

The Chairman of the Board of Directors

Benito BENEDINI

(signed on the original)

CONSOLIDATED FINANCIAL STATEMENTS OF THE 24 ORE GROUP AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013

Consolidated financial statements

Consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
(in thousands of euro)	Note	31.12.2013	31.12.2012
ASSETS			
Non-current assets			
Property, plant and equipment	(1)	52,193	74,001
Goodwill	(2)	75,010	75,010
Intangible assets	(3)	82,039	82,164
Investments in associates and joint ventures	(4)	865	829
Available-for-sale financial assets	(5)	1,186	1,186
Other non-current financial assets		-	75
Other non-current assets	(6)	3,795	3,972
Deferred tax assets	(7)	70,097	69,752
Total		**285,185**	**306,990**
Current assets			
Inventories	(8)	6,005	17,283
Trade receivables	(9)	139,260	155,119
Other receivables	(10)	10,575	10,127
Other current assets	(11)	5,750	5,570
Cash and cash equivalents	(12)	8,575	12,234
Total		**170,165**	**200,333**
Assets held for sale	(13)	1,300	-
TOTAL ASSETS		**456,650**	**507,323**

(*) Section 11 of the Notes to the consolidated financial statements.

As required by Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the statement of financial position, the statement of comprehensive income and statement of cash flows of the 24 ORE Group are reported in Section 13.4 and detailed in Section 13.1.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)			
(in thousands of euro)	Note	31.12.2013	31.12.2012
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent			
Share capital	(14)	35,124	35,124
Equity reserves	(15)	180,316	180,316
Revaluation reserves	(16)	-	20,561
Hedging and translation reserves	(17)	(76)	(193)
Other reserves	(18)	15,251	22,250
Loss brought forward	(19)	(32,819)	(12,857)
Loss attributable to owners of the parent	(20)	(76,213)	(45,755)
Total		**121,582**	**199,447**
Equity attributable to non-controlling interests			
Capital and reserves attributable to non-controlling interests	(20)	265	165
Profit (loss) attributable to non-controlling interests	(20)	78	(2,659)
Total		**343**	**(2,495)**
Total equity		**121,925**	**196,953**
Non-current liabilities			
Non-current financial liabilities	(21)	371	3,686
Employee benefit obligations	(22)	27,802	32,733
Deferred tax liabilities	(7)	12,362	11,957
Provisions for risks and charges	(23)	11,310	13,733
Other non-current liabilities	(24)	701	2,972
Total		**52,546**	**65,081**
Current liabilities			
Bank overdrafts and loans - due within one year	(25)	56,652	2,967
Financial liabilities held for trading	(26)	105	266
Trade payables	(27)	146,345	173,422
Other current liabilities	(28)	10,367	10,476
Other payables	(29)	64,533	58,160
Total		**278,003**	**245,289**
Liabilities held for sale	(13)	4,175	-
Total liabilities		**334,724**	**310,370**
TOTAL EQUITY AND LIABILITIES		**456,650**	**507,323**

(*) Section 11 of the Notes to the consolidated financial statements.

As required by Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the statement of financial position, the statement of comprehensive income and statement of cash flows of the 24 ORE Group are reported in Section 13.4 and detailed in Section 13.1.

Consolidated income statement

CONSOLIDATED INCOME STATEMENT			
(in thousands of euro)	Note (*)	Year 2013	Year 2012
1) Continuing operations			
Revenue from newspapers, books and magazines	(30)	96,623	125,927
Revenue from advertising	(31)	128,046	144,257
Other revenue	(32)	160,825	160,676
Total revenue		**385,494**	**430,860**
Other operating income	(33)	9,904	7,609
Personnel expense	(34)	(154,320)	(162,369)
Increase in internally-generated assets	(35)	2,015	-
Change in inventories	(8)	(11,165)	4,814
Purchase of raw materials and consumables	(36)	(10,701)	(35,175)
Services	(37)	(208,281)	(226,347)
Use of third party assets	(38)	(29,432)	(31,845)
Other operating costs	(39)	(17,440)	(18,194)
Provisions	(23)	(1,728)	(3,145)
Allowance for impairment	(9)	(7,013)	(7,877)
Gross operating loss		**(42,667)**	**(41,668)**
Amortisation of intangible assets	(3)	(12,004)	(11,083)
Depreciation of property, plant and equipment	(1)	(9,782)	(10,434)
Impairment losses on property, plant and equipment and on intangible assets	(40)	(10,699)	(11,489)
Net gains on disposal of non-current assets	(41)	50	1,019
Operating loss		**(75,102)**	**(73,655)**
Financial income	(42)	207	750
Financial expenses	(42)	(2,197)	(674)
Net financial income (expense)		**(1,989)**	**76**
Other income (expenses) from investment assets and liabilities	(43)	1,461	(9)
Profits (losses) from equity-accounted investees	(44)	52	(179)
Loss before tax		**(75,578)**	**(73,766)**
Income taxes	(45)	(557)	25,352
Loss from continuing operations		**(76,135)**	**(48,415)**
2) Discontinued operations			
Profit (loss) from discontinued operations		**-**	**-**
Loss for the year	**(20)**	**(76,135)**	**(48,415)**
Profit (loss) attributable to non-controlling interests	**(20)**	**78**	**(2,659)**
Loss attributable to owners of the parent	**(20)**	**(76,213)**	**(45,755)**
Basic LPS (€)	**(20)**	**(0.59)**	**(0.35)**
Diluted LPS (€)	**(20)**	**(0.59)**	**(0.35)**

(*) Section 11 of the Notes to the consolidated financial statements.

Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
(in thousands of euro)	Year 2013	Year 2012
Loss for the year	**(76,135)**	**(48,415)**
Other comprehensive income (expense)		
Other reclassifiable comprehensive income	**116**	**37**
Effective portion of changes in fair value of cash flow hedges	160	51
Taxes on other reclassifiable comprehensive income	(44)	(14)
Other non-reclassifiable comprehensive income (expense)	**1,008**	**(2,786)**
Actuarial gains (losses) of defined-benefit plans	1,390	(3,841)
Taxes on other non-reclassifiable comprehensive income (expense)	(382)	1,055
Other comprehensive income (expense) after tax	**1,124**	**(2,749)**
Total comprehensive expense	**(75,011)**	**(51,164)**
Attributable to:		
Non-controlling interests	**78**	**(2,671)**
Owners of the parent	**(75,089)**	**(48,493)**
Total comprehensive expense for the year	**(75,011)**	**(51,164)**

(*) Section 11 of the Notes to the consolidated financial statements.

As required by Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the statement of financial position, the statement of comprehensive income and statement of cash flows of the 24 ORE Group are reported in Section 13.4 and detailed in Section 13.1.
The income components resulting from non-recurring events or transactions, or from transactions or events that do not recur frequently, are also reported in section 13.4.

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS			
(in thousands of euro)	Note	Year 2013	Year 2012
Items of the statement of cash flows			
Loss before tax attributable to owners of the parent [a]		(75,656)	(71,107)
Adjustments [b]		**31,940**	**27,144**
Profit (loss) attributable to non-controlling interests	(20)	78	(2,659)
Depreciation, amortisation and impairment losses	(1,3)	32,433	33,172
(Gains) losses	(1,3,41,43)	169	(1,010)
Change in provisions for risks and charges	(23)	(2,423)	512
Change in employee benefit obligations	(22)	(4,929)	507
Change in deferred taxes	(7.45)	3,286	(3,311)
Financial income/(expenses)	(42)	1,989	(76)
Other adjustments	(43,45)	1,338	8
Changes in net working capital [c]		**2,933**	**32,711**
Change in inventories	(8)	11,278	(4,814)
Change in trade receivables	(9)	15,858	33,556
Change in trade payables	(27)	(27,077)	11,709
Income taxes paid		(1,404)	(4,888)
Other changes in net working capital		4,277	(2,852)
Total cash flow used in operating activities [d=a+b+c]		**(40,783)**	**(11,252)**
Cash flow used in investing activities [e]		**(12,339)**	**(23,238)**
Investments in intangible assets and property, plant and equipment	(1,3)	(20,067)	(18,836)
Acquisition of investments in subsidiaries	(45)	-	(1,289)
Disposal of intangible assets and property, plant and equipment	(1,3,41)	8,350	537
Business unit transfers		-	1,000
Other changes in investing activities		(622)	(4,650)
Cash flow from financing activities [f]		**29,088**	**15,090**
Net financial interest received (paid)	(42)	(1,989)	76
Change in medium/long-term bank loans	(21)	(3,315)	(2,318)
Change in short-term bank loans	(25)	33,312	-
Change in non-current financial assets		(86)	20,284
Dividends paid		(132)	(204)
Change in capital and reserves		1,124	(2,738)
Change in equity attributable to non-controlling interests		102	(11)
Other changes in financing activities		72	-
Cash flows used during the year [g=d+e+f]		**(24,034)**	**(19,399)**
OPENING CASH AND CASH EQUIVALENTS		**9,268**	**28,667**
CLOSING CASH AND CASH EQUIVALENTS		**(14,766)**	**9,268**
DECREASE FOR THE YEAR		**(24,034)**	**(19,399)**

(*) Section 11 of the Notes to the consolidated financial statements.

As required by Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the statement of financial position, the statement of comprehensive income and statement of cash flows of the 24 ORE Group are reported in Section 13.4 and detailed in Section 13.1.

Consolidated statement of changes in Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euro)	Share capital	Equity reserves	Revaluation reserves	Hedging and translation reserves	Other reserves	Retained earnings/Loss brought forward	Loss for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Note (*)	(14)	(15)	(16)	(17)	(18)	(19)	(20)			(20)
Balance at 1 January 2012	**35,124**	**180,316**	**20,561**	**(229)**	**25,025**	**(4,491)**	**(8,366)**	**247,940**	**317**	**248,257**
Income/expenses recognised directly in equity										
Reserve for post-employment benefits	-	-	-	-	(3,826)	-	-	(3,826)	(15)	(3,841)
Fair value changes in hedging instruments	-	-	-	51	-	-	-	51	-	51
Taxes on expenses and income recognised in equity	-	-	-	(14)	1,051	-	-	1,037	4	1,041
Total income/expenses recognised directly in equity	**-**	**-**	**-**	**37**	**(2,775)**	**-**	**-**	**(2,738)**	**(11)**	**(2,749)**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(45,755)**	**(45,755)**	**(2,660)**	**(48,415)**
Total income/expenses recognised in the year	**-**	**-**	**-**	**37**	**(2,775)**	**-**	**(45,755)**	**(48,493)**	**(2,671)**	**(51,164)**
Change in the 2011 loss	-	-	-	-	-	(8,366)	8,366	-	-	-
Dividends	-	-	-	-	-	-	-	-	(204)	(204)
Change in % held of investments	-	-	-	-	-	-	-	-	63	63
Balance at 31 December 2012	**35,124**	**180,316**	**20,561**	**(193)**	**22,250**	**(12,857)**	**(45,755)**	**199,447**	**(2,495)**	**196,953**
Income/expenses recognised directly in equity								-		-
Reserve for post-employment benefits	-	-	-	-	1,390	-	-	1,390	-	1,390
Fair value changes in hedging instruments	-	-	-	160	-	-	-	160	-	160
Taxes on expenses and income recognised in equity	-	-	-	(44)	(382)	-	-	(426)	-	(426)
Total income/expenses recognised directly in equity	**-**	**-**	**-**	**116**	**1,008**	**-**	**-**	**1,124**	**-**	**1,124**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(76,213)**	**(76,213)**	**78**	**(76,135)**
Total income/expenses recognised in the year	**-**	**-**	**-**	**116**	**1,008**	**-**	**(76,213)**	**(75,089)**	**78**	**(75,011)**
Change in the 2012 loss	-	-	(20,561)	-	(8,008)	(17,186)	45,755	-	-	-
Dividends	-	-	-	-	-	-	-	-	(132)	(132)
Acquisitions and Change in % held of investments	-	-	-	-	-	(2,776)	-	(2,776)	2,835	59
Other changes	-	-	-	-	-	-	-	-	57	57
Balance at 31 December 2013	**35,124**	**180,316**	**-**	**(77)**	**15,250**	**(32,819)**	**(76,213)**	**121,582**	**343**	**121,925**

(*) Section 11 of the Notes to the consolidated financial statements.

Milan, 18 March 2014

The Chairman of the Board of Directors

Benito BENEDINI

(signed on the original)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The 24 ORE Group operates in a leadership position in the business news and information market. Its products and services are offered to the general public, professionals, businesses and financial institutions.

The composition of the Group and the scope of its consolidation at 31 December 2013, with the changes that have taken place with respect to 31 December 2012, are reported in Section 9 – Scope of consolidation.

The companies included in the scope of consolidation at 31 December 2013 were:

- **Il Sole 24 ORE S.p.A.**, the Parent, which acts both as the holding company for majority investments in Group companies, and as an operating company, by performing core business activities (general, financial and professional news and information, press agency, etc.);
- **24 ORE Software S.p.A.**, specialised in software solutions and IT services for public administration and construction industry professionals;
- **Il Sole 24 ORE UK Ltd.**, which mediates for the sale of advertising space in the United Kingdom;
- **24 ORE Cultura S.r.l.**, specialised in products dedicated to art and photography and in the organisation of shows and events.
- **Alinari 24 ORE S.p.A. (in liquidation)**;
- **Shopping 24 S.r.l.**, which is an e-commerce and online marketing company;
- **Newton Management Innovation S.p.A.**, a company active in training services;
- **Newton Lab S.r.l.**, a company active in training services. The company is indirectly controlled through Newton Management Innovation S.p.A.;
- **Fabbrica 24 S.r.l.**, active in the e-commerce sector. The company is indirectly controlled through Shopping 24 S.r.l.;
- **Diamante S.p.A.**, a software house specialising in the development of Management Solutions for SMEs and Professionals;
- **BacktoWork 24 S.r.l.**, specialised in the production and development of communications projects through the creation and management of a portal that aims to bring together managers and small businesses. The company is indirectly controlled through Fabbrica 24 S.r.l..

Compared with the latest financial statements approved, the following changes to the scope of consolidation took place:

- On 18 March 2013 Fabbrica 24 S.r.l. established BacktoWork 24 S.r.l., with a 90% investment in its quota capital for an amount equal to €100 thousand, thereby acquiring control.
- On 29 March 2013, Business Media Web S.r.l. (in liquidation) approved its final liquidation financial statements as at and for the period ended 20 March 2013 and the asset distribution plan.
- On 29 July 2013 the subsidiary Fabbrica 24 S.r.l. sold its entire 70% investment held in the quota capital of Lambdago S.r.l., and thereby lost control over that company.

- On 10 September 2013, following the resolution to write off the quota capital of Signet S.r.l. to cover its losses and to fully waive the subscription right forits recapitalisation, the subsidiary Fabbrica 24 S.r.l. no longer holds the 70% investment in the quota capital of Signet S.r.l., and has lost control over that company.
- On 18 December 2013 the deed was signed for the merger of Nuova Radio S.p.A. into the parent Il Sole 24 ORE S.p.A.. The merger became effective for accounting and tax purposes from 1 January 2013. This merger did not change the scope of consolidation.

The registered and administrative offices of Il Sole 24 ORE S.p.A. are located at Via Monte Rosa 91, Milan, Italy. Confindustria (the Confederation of Italian Industry) controls the parent.

- 90,000,000 ordinary shares owned by Confindustria, accounting for 67.5% of all shares;
- 40,031,186 special-category shares listed in the standard segment (Class 1) of the Milan screen-based equity market (MTA – Mercato Telematico Azionario) of Borsa Italiana S.p.A., accounting for 30.0% of all shares;
- 3,302,027 special-category treasury shares, accounting for 2.5% of all shares.

The company By-laws contain provisions whereby the controlling shareholders of the Issuer may not be changed. In particular, in accordance with Article 8 of the by-laws, shareholders may not hold more special-class shares than those that represent one fiftieth of the share capital plus one share, with the exception of the Issuer that owns them as treasury shares.

STOCK IDENTIFICATION CODES	
Name	Il Sole 24 ORE S.p.A.
ISIN	IT0004269723
Alphanumerical code	S24.MI
Reuters code	S24.MI
Bloomberg code	S24 IM

The annual financial report, comprising the consolidated financial statements of the Group as at and for the year ended 31 December 2013, the draft financial statements, the directors' report and the certification prescribed by Article 154-bis, Paragraph 5 of Italian Legislative Decree 58/1998 (Consolidated Finance Act), in compliance with the provisions set forth in Art. 154-*ter*, Paragraph 1 of Italian Legislative Decree 58/1998, was authorised for publication by the Board of Directors on 18 March 2014.

2. Format, content, and International Financial Reporting Standards

These consolidated financial statements were prepared on the assumption that the Group is operated on a going concern basis and in accordance with the recognition and measurement criteria set out in international financial reporting standards (International Accounting Standards – IAS and International Financial Reporting Standards – IFRS), as amended by the applicable interpretations (issued by the Standing Interpretations Committee – SIC and International Financial Reporting Interpretations Committee – IFRIC), endorsed and published by the International Accounting Standards Board – IASB, endorsed by EC Regulation 1126/2008 of the European Commission, as amended.

EC Regulation no. 1126/2008 as amended adopts the International financial reporting standards set by EC regulation 1606/2002 of the European Parliament and Council, absorbed with Italian Legislative Decree no. 38 of 28 February 2005 "Exercising the regulatory options of article 5 of EC regulation no. 1606/2002 regarding international financial reporting standards" (Italian Legislative Decree 38/2005).

The international financial reporting standards applied to the financial statements as at and for the year ended 31 December 2013, and the comparative figures as at and for the year ended 31 December 2012 are those endorsed by the European Commission as of the reporting date of these statements.

The Financial Statements of the parent and the main companies in the scope of consolidation are prepared in accordance with the International Financial Reporting Standards.

The financial statements of the consolidated companies 24 ORE Cultura S.r.l., Alinari 24 ORE S.p.A. in liquidation, Newton Management Innovation S.p.A., Newton La S.r.l., Shopping 24 S.r.l., Diamante S.p.A., Fabbrica24 S.r.l. and BacktoWork24 S.r.l. are prepared in accordance with Italian GAAP and adjusted at the time of consolidation.

The currency used to present the consolidated financial statements is the euro, and amounts are expressed in thousands of euro unless otherwise stated.

3. Consolidated financial statements

The Group has prepared the Statement of financial position by classifying current and non-current assets and liabilities separately.

For each asset and liability item that includes amounts falling due both within and beyond 12 months from the reporting date, the amount that is expected to be recovered or paid beyond 12 months has been indicated.

All revenue and cost items recognised during the year, including financial expenses, the portion of profit (loss) of associates and joint ventures measured at equity, tax payables and a single amount relating to the total discontinued assets are presented in the Income statement immediately preceding the Statement of comprehensive income.

The Statement of comprehensive income opens with the profit or loss for the year, presents the section on other comprehensive income (expense), the total other comprehensive income (expense) and the total comprehensive income (expense) resulting from the total of profit (loss) for the year and other comprehensive income.

The Income statement presents the breakdown of profit (loss) for the year attributable to owners of the parent and that attributable to non-controlling interests.

The Statement of comprehensive income shows the breakdown of comprehensive income (expense) for the year attributable to owners of the parent and that attributable to non-controlling interests.

The components that are recognised separately from profit (loss) for the current year pursuant to specific IAS/IFRS provisions are presented in Other comprehensive income (expense) in the Statement of comprehensive income.

The section on Other comprehensive income (expense) of the Statement of comprehensive income, prepared due to the amendments to *IAS 1 Presentation of financial statements* beginning from this year with retroactive effect, presents items relating to amounts of other comprehensive income (expense) for the year, classified by nature (including the portion of other comprehensive income (expense) of associates and joint ventures measured at equity) and grouped according to those which, in compliance with other IFRS:

- will no longer be reclassified in the income statement;
- will later be reclassified in the income statement when certain conditions are met.

Other comprehensive income (expense) that can be reclassified in the income statement includes:

- translation gains and losses;
- the effective portion of gains and losses on cash flow hedging instruments;
- the gains and losses resulting from restatement of available-for-sale financial assets.

Other comprehensive income (expense) that cannot be reclassified to the income statement relates to actuarial gains and losses on defined benefit plans.

The items of Other comprehensive income (expense) in the Statement of comprehensive income are presented gross of the related tax effects, with a single amount for total taxes attributable to these items. The tax is divided between items that could later be reclassified in the income statement and those that cannot.

Items are classified in the Income statement according to their nature.

Unless stated otherwise, when the term "Income Statement" is used in these consolidated financial statements, it means the Separate Income Statement.

Disclosure of cash flow is provided in the Statement of cash flows, which is an integral part of these consolidated financial statements.

The indirect method has been used for presenting cash flows, according to which the profit (loss) for the year has been adjusted for the effects of:

- changes in inventories, receivables and payables generated by operating activities;
- non-cash operations;
- all other elements whose cash effects are cash flows involved in investing or financing activities.

Reconciliation between the amounts relating to the components of cash and cash equivalents in the Statement of cash flows and the equivalent items reported on the Statement of financial position is reported in the notes to the consolidated financial statements.

The table illustrating the net financial position (indebtedness) has been prepared on the basis of the guidance provided by the Committee of European Securities Regulators (CESR) on 10 February 2005, "Recommendations for consistent implementation of the EU Commission's Regulation on Prospectuses." The table details the main components of net financial position and indicates payable/receivable positions vis-à-vis related parties.

The Statement of changes in equity shows:

- the total comprehensive income (expense) for the year, with separate indication of the total amounts attributable to the owners of the parent and those attributable to non-controlling interests;
- for each Equity item, any effects of retroactive application or retroactive restatement are recognised pursuant to IAS 8 *Accounting policies, changes in accounting estimates and errors*;
- for each Equity item, reconciliation of the carrying amount at the beginning and at the end of the financial year, with separate indication of the changes resulting from:
  - profit or loss;
  - other comprehensive income (expense) and
  - possible transactions with shareholders, with separate indication of capital injections by shareholders, distribution of Equity to shareholders, and changes in equity interest in the subsidiaries without loss of control.

For each Equity component, an analysis of Other Comprehensive income (expense) by item is presented in the statement of changes in Equity.

The Group has also prepared a reconciliation between the Consolidated equity and Profit or loss for the year and the related data in the Financial Statements of the parent.

At the foot of the Statement of financial position, Income statement, Statement of comprehensive income and Statement of cash flows, reference is made to a specific section where a statement illustrates the sub-items for the amounts of positions or transactions with related parties, with indication of the effects on the financial position, profit or loss for the year and cash flows of the Group.

The sub-items regarding any income (expense) component deriving from non-recurring events or operations are recorded separately in the cost or revenue items these refer to, with indication of the effects on the financial position, the results of operations and the cash flows of the Group.

A specific table, which is an integral part of these consolidated financial statements, lists the Group's companies indicating their name, registered office, share capital, equity interests directly or indirectly owned by the parent and each subsidiary, and consolidation method, as well as listing equity-accounted investments.

The Notes to the consolidated financial statements are presented in a systematic manner. In the Statement of financial position, the Income statement, the Statement of comprehensive income, the Statement of cash flows and the Statement of changes in equity, reference is made to the detailed disclosure provided in the Notes to the consolidated financial statements.

Comparative information with the previous financial year is provided for all amounts shown in these consolidated financial statements. Comparative information is also provided with regard to the commentary and notes to the consolidated financial statements, if this is material to understanding the consolidated financial statements for the current year.

For that purpose, two statements of financial position, two income statements, two statements of comprehensive income, two statements of cash flows and two statements of changes in equity are provided, as well as the associated notes.

The presentation and classification of the items in the consolidated financial statements remain consistent from one year to the next, unless otherwise indicated in Section 6 – Changes in accounting policies, errors and changes in estimates.

In cases in which the presentation or classification of consolidated financial statements items have changed, the comparative figures have been changed accordingly, and the nature, amount and reasons for the reclassification have been provided.

4. Consolidation policies

The 24 ORE Group consists of the parent Il Sole 24 ORE S.p.A. and its subsidiaries.

The parent consolidates all of its investments in subsidiaries in the consolidated financial statements.

Companies are considered subsidiaries if the parent has the power to determine their financial and operating policies in order to obtain benefits for its own activity.

In preparing these consolidated financial statements, the parent has consolidated its own financial statements and those of its subsidiaries on a line-by-line basis, as though they were the financial statements of a single economic entity.

The same accounting standards have been applied to similar transactions and events that took place in similar circumstances.

The financial statements of the parent and those of its subsidiaries, used to prepare the consolidated financial statements, were all drawn up at 31 December 2013.

Subsidiaries are included in the consolidated financial statements from the date when the parent acquires control and are no longer consolidated from the date when the parent loses control.

In preparing the consolidated financial statements, the parent aggregates its financial statements and those of the subsidiaries item by item, summing the various assets, liabilities, equity, revenue and costs.

The carrying amount of the investments held by the parent and by other Group companies in each subsidiary included in the scope of consolidation is eliminated against the related portion of equity.

Reference should be made to the item Goodwill and Business Combinations of Section 5, Accounting Policies, for a detailed explanation of the policy applied for the measurement of goodwill.

The portions of non-controlling interest in the equity of consolidated companies are recognised separately in the specific equity item- *Capital and reserves attributable to non-controlling interests*, whereas the portion of the profit (loss) attributable to non-controlling interests is shown in the separate income statement under *Profit (loss) attributable to non-controlling interests*.

All receivables and payables and costs and revenue deriving from transactions between companies included in the scope of consolidation are eliminated. Also eliminated are any profits and losses not yet realised and deriving from transactions between the consolidated companies of the Group. The dividends distributed by consolidated companies are also eliminated from the Income statement and added back to the prior years' profits if and to the extent that they were paid out of such earnings.

The financial statements of foreign subsidiaries expressed in currencies other than the euro are translated by adopting the procedures below:

- the assets and liabilities of all the statements of financial position presented (including comparative data) must be translated at the closing rate;
- revenue and costs in every statement of comprehensive income and income statement presented (including comparative data) must be translated at the exchange rates ruling at the transaction dates;
- all exchange differences must be recognised in Other comprehensive income (expense) in the Statement of comprehensive income.

Any exchange differences at the consolidated reporting date are recognised in a separate equity item known as the "Hedging and translation reserve."

5. Accounting policies

The consolidated financial statements of the 24 ORE Group have been prepared in compliance with international financial reporting standards and in application of the provisions of Italian Legislative Decree 38/2005.

This section provides a summary of the main international accounting standards applied, indicating the key reporting and accounting policies used in preparing the consolidated financial statements and any other international accounting standards used if they are considered significant for understanding the consolidated financial statements.

Non-current assets

Property, plant and equipment

This item includes the property, plant and equipment owned for use in production, to provide goods and services and for administrative purposes, and which are expected to be used for more than one financial year. Only those components that are likely to generate future economic benefits and which have a cost that can be reliably determined are recognised as such. Spare parts that can be defined as property, plant and equipment are likewise recognised as such.

Property, plant and equipment are initially recognised at cost, i.e. the amount of cash or cash equivalents paid or the fair value of another consideration paid at the time of acquiring the asset.

Cost includes the purchase or construction cost, ancillary charges and any directly attributable costs for bringing the asset to the place and condition necessary for it to function.

After initial recognition, the cost method is adopted, under which property, plant and equipment are shown in the statement of financial position at cost, net of accumulated depreciation and any impairment losses.

Each item of property, plant and equipment is depreciated on a straight-line basis over its estimated useful life on the assumption that its residual value is zero. Depreciation commences when the asset is available for use.

Land is of unlimited useful life and, therefore, it is not depreciated.

Items of property, plant and equipment that are not yet available for use are not depreciated.

Depreciation terminates on the more recent of two dates: when the asset is classified as held for sale (see the paragraph entitled Non-current assets classified as held for sale) and the date on which the asset is derecognised.

Depreciation is not interrupted just because the asset is not being used.

An item of property, plant and equipment is derecognised when it is disposed of or when no future economic benefit can be expected either from its use or from its disposal.

The period and method of depreciation of each component of property, plant and equipment are reviewed at the end of each year.

A check is carried out at each reporting date to see if there are any signs that assets are impaired. If there is any indication that this is the case, an estimate is made of the asset's recoverable amount.

This impairment test is carried out by comparing the carrying amount of the asset with its recoverable amount.

The recoverable amount is the higher out of the asset's fair value, net of any costs to sell, and its value in use.

The fair value is the price that would be received from the sale of an asset in an orderly transaction between market participants at the measurement date.

The value in use is calculated by estimating the net present value of the future cash flows expected to be generated by the asset being tested for impairment.

Impairment losses are recognised immediately in the Income statement.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, an estimate is made of the asset's recoverable amount.

An impairment loss recognised in previous years is reversed only if there is a change in the valuations used to calculate the asset's recoverable amount. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on property, plant and equipment are recognised in the Income statement.

Finance leases

Assets purchased under finance lease arrangements are initially recognised as property, plant and equipment at the present value of the minimum payments due under the lease contract, even if ownership of the leased asset has not been acquired, and are depreciated on a straight-line basis over their useful life.

The present value of the minimum payments due under the lease contract is also recognised initially as a payable under Liabilities.

Government grants

Government grants, including non-monetary grants measured at fair value, are not recognised until there is reasonable certainty that the conditions to obtain them will be respected and the grants will effectively be received.

Government grants related to assets, obtained in connection with property, plant and equipment, are recognised as deferred income and then transferred to the Income statement under "Other operating income", on a systematic and rational basis that spreads them appropriately over the asset's useful life.

Government grants offsetting costs or losses already incurred or to provide immediate financial support, without there being any related future costs, are recognised in the Income statement as income for the year in which they become collectable.

The benefits stemming from a public loan at an interest rate lower than the going market rate have been recognised as government grants, in compliance with the policies specified above. These benefits have been calculated by measuring the difference between the loan's initial carrying amount, calculated according to the amortised cost method, and the amounts received.

Business combinations and goodwill

Business combinations

All business combinations for which *IFRS 3 Business combinations* is applicable are accounted for applying the purchase method.

For business combinations with acquisition date from 1 January 2010 onwards, the excess of fair value of the consideration transferred, including the fair value of any potential consideration and the proportional amount of any non-controlling interest in the acquired company, in respect of the fair value on the acquisition date of assets identifiably acquired or liabilities identifiably assumed, is recognised as goodwill.

The costs incurred to realise the business combination are recognised as expenses in the periods when they are incurred, with the exception of costs associated with the issue of debt instruments, which are accounted for as an increase in the fair value of these debt instruments, and the costs associated with equity instruments, which are accounted for as a decrease in Equity.

Any potential consideration is an obligation for the buyer to transfer additional assets or interests to the previous shareholders of the acquired company as part of the business combination agreement, in case certain future events occur or certain conditions are met. If the potential consideration is classified as equity, it must not be recalculated and its subsequent settlement must be accounted for in equity. If, on the other hand, it is classified as a liability, the subsequent changes in fair value of the potential payment are recognised in profit or loss for the year.

For business combinations with acquisition date up to 31 December 2009, any cost excess for the business combination compared to the interest acquired in the net fair value of its identifiable assets, liabilities and contingent liabilities qualifying for accounting recognition is recognised as goodwill.

The costs incurred to realise the business combination are included in the business combination cost, with the exception of costs associated with the issue of debt instruments, which are accounted for as an increase in the fair value of these debt instruments, and the costs associated with equity instruments, which are accounted for as a decrease in Equity.

The potential consideration deriving from business combinations with acquisition date up to 31 December 2009 were not subsequently adjusted. For these combinations, any adjustments to the combination cost subject to future events were included in the combination costs on the acquisition date only if the adjustments were likely and could be determined in a reliable manner.

Goodwill

The goodwill recognised in a business combination is an asset that produces future economic benefits deriving from other assets acquired in a business combination, but that cannot be individually identified nor accounted for separately.

For the purposes of impairment testing, goodwill acquired as part of a business combination is allocated to the individual cash-generating units or groups that are expected to benefit from the synergies created by the combination.

The CGUs to which the goodwill is allocated represent the minimum level inside the company where the goodwill is monitored on an operational basis, and is never bigger than an operating segment, as identified in Section 12 Segment reporting, before the business combination.

The CGUs to which the goodwill is allocated are verified on a yearly basis in terms of impairment. In case such a reduction is suggested, their carrying amount is compared with their recoverable amount.

Impairment tests are carried out more frequently if specific events or changed circumstances suggest that goodwill has suffered impairment. If goodwill is initially recognised during the current year, an impairment test is carried out prior to the end of the same year.

The recoverable amount is the greater of fair value net of any costs to sell and value in use, calculated by estimating the net present value of the future cash flows expected to derive from the CGU being tested for impairment.

If the CGU's recoverable amount is lower than its carrying amount, an impairment loss is recognised.

An impairment loss recognised for goodwill cannot be reversed in future years.

If the net fair value of the identifiable assets acquired and the identifiable liabilities assumed at the acquisition date exceeds the transferred consideration, as defined in the item *Business combinations*, the profit resulting from acquisition of the subsidiary at favourable prices is recognised in the Income statement at the acquisition date. This profit is attributed to the parent.

Any temporary differences emerging from the difference between the net fair value of identifiable assets acquired and identifiable liabilities assumed at the acquisition date and their value recognisable for tax purposes give rise to deferred tax assets and/or liabilities if the required conditions exist.

Intangible assets

Recognised intangible assets are non-monetary assets that have no physical substance, which have to be:

- identifiable, in other words separable or arising from contractual or other legal rights;
- under the company's control as a result of past events;
- likely to generate future economic benefits for the company;
- and with a cost that can be measured reliably.

Initial recognition is at cost.

The cost includes the purchase price and any other direct cost to prepare the asset for use.

The process of formation of intangible assets generated internally distinguishes between the research and development phases. No intangible asset deriving from the research phase is recognised. Intangible assets deriving from the development phase are recognised if they satisfy the conditions listed above.

Trademarks, publications and publishing rights generated internally are not recognised as intangible assets.

The cost of intangible assets generated internally is represented by the sum of the cost incurred from the date on which the intangible asset first satisfies the conditions for accounting recognition.

The cost of an intangible asset generated internally includes all directly attributable costs needed to create, produce and prepare the asset to ensure that it operates as intended by the company management. Costs directly attributable to intangible assets generated internally are essentially the costs for materials and services used or consumed in generating the intangible asset and the personnel expense deriving from the generation of the intangible assets.

After initial recognition, the cost method is adopted.

Intangible assets with a finite useful life are recognised in the statement of financial position at cost, net of accumulated amortisation and impairment losses.

The cost of intangible assets with a finite useful life is amortised on a straight-line basis over their estimated useful life on the assumption that their residual value is zero. Amortisation commences when the asset is available for use.

Intangible assets with a finite useful life that are not yet available for use are not amortised.

The period and method of amortisation of intangible assets with a finite useful life are reviewed at the end of each financial year.

Amortisation terminates on the more recent of two dates: when the intangible asset is classified as held for sale (see Non-current assets classified as held for sale) and the date on which the asset is derecognised.

An intangible asset is derecognised when it is disposed of or when no future economic benefit can be expected either from its use or from its disposal.

Intangible assets with an indefinite useful life are not amortised.

An intangible asset has an indefinite useful life when, based on certain key factors, there is no foreseeable limit to the period in which it is expected to generate net cash inflows.

Among the key factors playing a significant role in determining the existence of indefinite useful life, we have considered:

- the asset's expected utilisation;
- the productive life cycles typical of the asset, also based on information of public domain concerning estimated useful lives of asset categories used in similar ways;
- technical, technological and any other type of obsolescence;
- the stability of the economic sector in which the asset operates and changes in demand for the products and services originated by the asset;
- actions that will presumably be taken by competitors;
- the level of maintenance costs necessary to obtain the future economic benefits expected from the asset;
- the period of control over the asset and the legal limits to its utilisation;
- the dependence of its useful life on the useful life of other assets.

The useful life of intangible assets that are not amortised is reviewed at the end of each accounting period to ascertain whether the key factors mentioned above still support the assumption of an indefinite useful life.

A check is carried out at each reporting date to see if there are any signs that intangible assets are impaired.

Intangible assets with an indefinite useful life and those that are still not available for use are subjected to annual impairment testing, whether or not there are signs of impairment losses.

This impairment test is carried out by comparing the carrying amount of the intangible asset with its recoverable amount.

The recoverable amount is the higher of fair value net of any costs to sell and value in use, determined by estimating the net present value of the future cash flows expected to derive from the intangible asset that is being tested for impairment.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the CGU to which the asset belongs is determined. This recoverable amount is then compared with the CGU's carrying amount.

If the recoverable amount of the individual intangible asset or the CGU is lower than its carrying amount, an impairment loss is recognised.

Impairment losses are recognised immediately in the Income statement.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, an estimate is made of the asset's recoverable amount.

An impairment loss recognised in previous years is reversed only if there is a change in the valuations used to calculate the asset's recoverable amount. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on intangible assets are recognised in the Income statement.

Investments in associates and joint ventures

Associates are those companies over which the parent exercises significant influence, although without holding a controlling interest.

Investments in associates are accounted for under the equity method, excluding those classified as held for sale (see Non-current assets classified as held for sale).

Under the equity method, the investment is initially recognised at cost. The carrying amount is subsequently increased or decreased to reflect the investor's share of the associate's profits or losses made after the date of acquisition. The investor's share of the associate's profit or loss for the year is recognised in the investor's Income statement.

Any dividends received from the associate reduce the carrying amount of the investment.

Any part of the investor's share of the associate's profits and losses deriving from transactions between the two companies is eliminated.

The latest available Financial Statements of the associate are used to apply the Equity method.

In the event that the investor's share of an associate's losses exceeds the carrying amount of its investment in that associate, the investor accounts for any further losses as liabilities, but only to the extent that the company has contracted legal or constructive obligations on behalf of the associate.

Following application of the equity method, an individual review is carried out at each reporting date to see if there is any objective evidence that investments in individual associates are impaired.

If there is an indication of a possible impairment loss, the entire carrying amount of the investment is tested for impairment, by comparing its recoverable amount with its carrying amount. The recoverable amount, which is the higher of the fair value less costs to sell and the value in use, is determined for each investment in an associate.

The fair value is the price that would be received from the sale of the investment in the associate in an orderly transaction between market participants at the measurement date.

The value in use is calculated by estimating the parent's interest in the present value of future cash flows that are expected to derive from the associate, including the cash flows stemming from its operating activities and the proceeds from final disposal of the investment.

If the recoverable amount of the associate is lower than its carrying amount, an impairment loss is recognised.

Impairment losses are recognised immediately in the Income statement.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, the recoverable amount of that investment is estimated.

An impairment loss recognised in previous years is reversed only if there is a change in the valuations used to calculate the investment's recoverable amount. If this is the case, the carrying amount of the investment is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on investments in associates are recognised in the income statement.

Available-for-sale financial assets

Investments in other companies, over which the parent has neither control nor significant influence, are classified in this category.

Initial measurement of these investments is at fair value on the trading date (identifiable as the purchase cost), net of transaction costs directly attributable to the purchase.

After initial recognition:

- investments consisting of equity instruments that do not have a market price listed on an active market and whose fair value cannot be measured reliably are measured at cost;

- investments consisting of equity instruments that have a market price listed on an active market or whose fair value can be measured reliably are measured at fair value, or the price that would be received from the sale of the investment in an orderly transaction between market participants at the measurement date. The gains and losses deriving from changes in fair value are recognised under other comprehensive income (expense) in the Statement of comprehensive income, except for impairment losses and foreign exchange gains and losses.

An individual review is carried out at each reporting date to see if there is any objective evidence that investments have suffered an impairment loss.

If there is objective evidence that there has been an impairment loss:

- for investments measured at cost, the amount of the loss is measured as the difference between the investment's carrying amount and the present value of the expected future cash flows discounted at a current market rate of return for a similar financial asset. Impairment losses are recognised immediately in the Income statement and can never be reversed;
- for investments measured at fair value, the amount of the loss is measured as the difference between the investment's purchase cost and its current fair value. Any impairment losses are recognised in the Income statement, as are any losses charged against equity. The latter have to be reversed and cumulatively recognised in the income statement. Impairment losses can never be reversed on the Income statement.

Dividends coming from investments in other companies are recognised among "Other income (expenses) from investment assets and liabilities" when the shareholders' right to receive the payment has been established.

Other non-current financial assets

This category includes all medium-/long-term receivables and financial instruments that are held to maturity.

Initial measurement of non-current financial assets is at fair value on the trading date (identifiable as the purchase cost), net of transaction costs directly attributable to the purchase.

After initial recognition, both medium-long term receivables and financial instruments held to maturity are measured at amortised cost using the effective interest method.

The effective rate of interest is the rate that exactly discounts the future cash flows expected over the estimated life of the financial instrument to its carrying amount.

An individual review is carried out at each reporting date to see if there is any objective evidence that any non-current financial asset has suffered an impairment loss.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the carrying amount of the medium-long term receivable or the investment held to maturity and the present value of the expected future cash flows discounted at the original effective rate of interest of the financial asset concerned.

The amount of the loss is recognised in the Income statement.

If in a subsequent year, the amount of the impairment loss decreases and this decrease is linked to an event that took place after recognising the loss, it is reversed and reflected in the Income statement.

Other non-current assets

This category includes:

- guarantee deposits;
- tax receivables still to be refunded.

Initial measurement of the tax receivables still to be refunded and of the guarantee deposits is at fair value at the transaction date, net of any directly attributable transaction costs.

After initial recognition, both the tax receivables still to be refunded and the guarantee deposits are measured at amortised cost, using the effective interest method, calculated as indicated in the paragraph on *Other non-current financial assets*.

An individual review is carried out at each reporting date to see if there is any objective evidence that other non-current assets have suffered an impairment loss.

If there is objective evidence that there has been an impairment loss, the amount is determined.

The amount of the loss is measured as the difference between the carrying amount and the present value of the expected future cash flows discounted at the original effective rate of interest of the non-current asset in question.

The amount of the loss is recognised in the Income statement.

If in a subsequent year, the amount of the impairment loss decreases and this decrease is linked to an event that took place after recognising the loss, it is reversed and reflected in the Income statement.

Deferred tax assets

Deferred tax assets are portions of income tax that will be recovered in future years, relating to:

- deductible temporary differences;
- unutilised tax losses carried forward;
- unutilised tax receivables carried forward.

Deductible temporary differences are differences between the carrying amount of an asset or liability shown in the statement of financial position and the value that is recognised for tax purposes. When calculating the taxable income of future years, these will translate into deductibles when the carrying amount of the asset or liability is realised or extinguished.

Deferred tax assets are recognised on all deductible temporary differences and on all unutilised tax losses and tax receivables carried forward, if it is probable that sufficient taxable income will be generated in future years to offset them.

Deferred tax assets are measured at the tax rates that are expected to apply during the year when the tax asset will presumably be realised, based on the measures in force at the reporting date.

Deferred tax assets are not discounted to their present value.

The tax benefit of deferred tax assets is recognised in the Income statement, unless the tax stems from a transaction or event that was recognised in the other comprehensive income (expense) section of the Statement of comprehensive income or directly in Equity or came from a business combination.

Deferred tax assets resulting from items recorded in Other comprehensive income (expense) of the Statement of comprehensive income are also recognised in the Other comprehensive income (expense) section of the Statement of comprehensive income. Deferred tax assets resulting from items credited or debited directly to Equity are also credited or debited directly to Equity.

Current assets

Inventories

Inventories include saleable goods, such as items bought for resale and items produced internally, as well as goods that are used in their production as part of the company's normal operations, such as semi-finished products, work in progress, raw and ancillary materials, and consumables.

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories includes all purchase costs, transformation costs and any other costs incurred to bring stocks to their current position and condition.

When determining the purchase cost, account is taken of the price effectively paid, including directly applicable ancillary costs such as transport and customs duty, net of any trade discounts.

For goods already produced or being processed internally, the historical cost used is manufacturing cost. The calculation of manufacturing cost takes into account the purchase cost, as mentioned previously, plus all production or transformation expenses, i.e. direct costs and a reasonable allocation of indirect costs for the manufacturing period in question.

Raw and ancillary materials and consumables are measured at their weighted average cost for the period, taking the balance of opening inventory into account.

If it is no longer possible to measure inventories at historical cost as explained above, due to a decrease in selling prices, deterioration of goods, or the presence of obsolete or slow-moving goods, the net realisable value is used. This value is based on market trends for goods, finished products, semi-finished products produced internally, and work in progress and the replacement cost for raw materials, consumables and ancillary materials and for semi-finished products purchased.

Net realisable value represents the selling price under normal business conditions, net of any costs to completion and direct selling costs that can be reasonably expected.

Replacement cost represents the cost at which a certain item of inventory can be repurchased or reproduced, under normal business conditions.

The adjustment to replacement cost for raw materials is carried out directly, whereas the adjustment to net realisable value for finished products is done by setting up a suitable allowance for inventory write-down, which is then deducted directly from the nominal amount shown under assets.

Trade receivables

Trade receivables include amounts due from customers and advances to suppliers.

Trade receivables are initially measured at their fair value on the transaction date, i.e. for the amount expected to be received less any directly attributable transaction costs.

After initial recognition, trade receivables are shown at their estimated realisable value. The initial recognition value of trade receivables is adjusted to the estimated realisable value through an allowance for impairment, which directly reduces trade receivables.

The adjustment to estimated realisable value is achieved by reducing the face value of the receivables, taking account of losses due to non-collection, returns and billing adjustments, discounts and allowances not accrued and any other reasons why a lower amount is likely to be received. Billing adjustments also include estimates of books and newspapers likely to be returned in the future.

If receivables are factored definitively (i.e. on a non-recourse basis), they are derecognised and the profit (or loss) is recognised for the difference between the amount received and their carrying amount.

Advances to suppliers refer to advance payments for physical goods to which the right of access does not yet exist or for services not yet received. The right of access to physical goods arises when ownership is achieved or when the supplier makes them available in accordance with the terms agreed. Services are considered to have been received when the supplier has performed them in compliance with a service agreement.

Other receivables

Other receivables include the following:

- Italian and EU VAT receivables for which a refund has been claimed, as well as the tax receivables for the publishing industry and the advance tax paid on post-employment benefits;
- payments on account and advances to employees;
- receivables from others, on transactions that do not generate revenue. This caption also includes advances to suppliers for the purchase of property, plant and equipment and intangible assets.

Other receivables are recognised at their fair value on the transaction date, i.e. for the amount expected to be received less any directly attributable transaction costs.

Current tax assets are only shown in this category if, and only if, the amount already paid for the current year and for previous years exceeds the amount due.

Other current assets

Other current assets include accrued income and prepaid expenses.

Accrued income and prepaid expenses represent portions of costs or revenue that relate to two or more years. They measure revenue and costs that have to be accounted for earlier or later than the monetary event that gives rise to their original recognition. The fundamental condition for them to be recognised is that the amount of these portions of costs and revenue that are common to several years varies on a time basis.

Cash and cash equivalents

These include bank and post office deposits, as well as cash in hand and cash equivalents.

Bank and post office deposits, cash in hand and cash equivalents in national functional currency are shown at face value.

Cash and deposit accounts include all movements that took place up to the reporting date. Accrued interest and related charges due at the reporting date are included, even if actual receipt takes place subsequently.

Cash collections received after the reporting date are not included in this item, even if backdated.

Cash payments made or requested after the reporting date are not taken into consideration.

Non-current assets classified as held for sale and discontinued operations

All non-current assets and disposal groups classified as held for sale are shown separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are shown separately from other liabilities in the statement of financial position.

The carrying amount of non-current assets and disposal groups classified as held for sale will be recovered mainly by selling them off, rather than by using them on an ongoing basis.

The carrying amount is considered recoverable mainly by selling off the assets when management has decided on a disposal plan.

Non-current assets classified as held for sale are measured at the lower out of their carrying amount and their fair value net of costs to sell. Such assets are not depreciated.

Held-for-sale non-current assets which represent an autonomous business segment or geographic area, or are investments in subsidiaries acquired solely for subsequent sale, are classified as discontinued operations.

The Income Statement includes a section relating to discontinued operations. The profit or loss resulting from discontinued operations, as well as the related capital gains or losses on the discontinued operations, which are recognised at fair value net of costs to sell, are shown separately under a single item on that section of the Income statement.

All gains or losses deriving from non-current assets classified as held for sale, other than discontinued operations, are included in the profit (loss) from continuing operations.

Equity

This represents the difference between all Assets and Liabilities, determined according to the applied recognition and measurement criteria.

Equity is split between the portion attributable to the owners of the parent and the portion attributable to non-controlling interests.

Equity includes the items listed below:

Capital, i.e. the par value of the amount paid by shareholders on the date of establishment or for subsequent capital increases plus the value of reserves converted into share capital over time, net of the par value of any amounts due from shareholders for capital subscribed and not yet called up and for capital called up but not yet paid in.

Equity reserves, which include:

- *capital injections*, i.e. reserves made up of new contributions made by shareholders;
- the *share premium reserve*, i.e. the difference between the issue price of the shares and their par value;
- *equity transaction costs*, i.e. all costs associated with the purchase or issue of new shares, including the costs originated by the procedure for listing on a regulated market incurred by the parent during the year.

Hedging and translation reserves, which include:

- the Translation reserve, which contains the exchange differences generated from the translation into the currency the financial statements are prepared in for foreign subsidiaries included in consolidation, which prepare their individual financial statements in a currency other than the euro;
- the Cash flow hedging reserve, relating to the part of the profit or loss on cash flow hedging instruments that is considered an effective hedge.

The hedging reserve, which is set up following changes in the fair value of cash flow hedging instruments, is not available for distribution in accordance with Article 6, paragraphs 1 and 4, Italian Legislative Decree 38/2005.

Other reserves, which include:

- the Legal reserve, which is an obligatory reserve under Article 2430 of the Italian Civil Code, requiring that at least 5% of the profit for the year has to be set aside in the legal reserve until it reaches one fifth of the share capital. Up to this limit, the Reserve is not available for distribution;
- the Negative goodwill reserve. This is an adjustment to equity relating to the merger of companies in prior years;
- the Post-employment benefit IFRS adjustment reserve relates to the recognition of actuarial gains and losses on post-employment benefits in the Other comprehensive income (expense) section of the Statement of comprehensive income. This item reflects changes in the present value of this liability as a result of the programme evolving differently from how it was initially envisaged from an actuarial point of view;
- the IFRS FTA reserve, which is made up of the adjustments deriving from the transition to the IFRSs related to the value of "treasury shares". This reserve has a corresponding entry of the same amount in the *Non-available treasury share reserve*. Subsequent adjustments related to the IFRS transition have been reclassified as *Retained earnings*;
- the Statutory reserve and other discretionary Reserves include any reserve envisaged by the by-laws or approved by the shareholders;
- the Non-available reserve consisting of profit for the year recognised on the Income statement representing capital gains – net of related tax effect – stemming from application of the Equity method, as required by Article 6, paragraphs 1 and 2, Italian Legislative Decree 38/2005.

Retained earnings (loss brought forward), i.e. prior years' profits or losses that have not been distributed or allocated to other reserves and the losses of other years that have not been otherwise covered. This also includes all amounts related to the IFRS transition, with the exception of amounts relating to "treasury shares".

Profit (Loss) for the year, i.e. the financial performance for the year, as shown in the corresponding item of the Income statement.

Equity is shown by separately indicating the portion attributable to the owners of the parent, broken down in the accounts indicated above, and the portion attributable to non-controlling interests, broken down between:

- the portion of the profit/loss for the year of consolidated subsidiaries, separately identified, attributable to non-controlling interests;
- the portion of the share capital and reserves of consolidated subsidiaries attributable to non-controlling interests, made up of the value of non-controlling interests at the date of acquisition of the investment and the non-controlling interests' share of any changes in equity since that date.

Non-current liabilities

Non-current financial liabilities

This caption essentially includes the amounts due to banks for medium-long term loans.

The initial measurement of non-current financial liabilities is at fair value as at the trading date, net of directly attributable transaction costs.

After initial recognition, non-current financial liabilities are measured at amortised cost using the effective interest method.

Employee benefit obligations

This caption comprises the Post-employee benefit provision accrued for all contractual categories of employees at the reporting date, in consideration of the indications below.

Following the amendments made to Italian post-employment benefit ("TFR") regulations by the Supplementary Pension Provision Reform with Italian Legislative Decree no. 252 of 5 December 2005 – Regulation on supplementary pensions, as amended, the Group adopted the following accounting policy:

- the Post-employment benefits accrued at 31 December 2006 are considered defined-benefit plans, and consistent with the recognition and classification applied in previous financial years. The guaranteed employee termination benefits that are paid upon termination of the employment relationship are recognised in the year when the right accrues;
- the related net liability for defined benefits is calculated by using the projected unit credit actuarial method to reliably estimate the final cost for the entity of the benefits accrued by employees in exchange for their work in the current year and previous years;
- the application of the projected unit credit method by professional actuaries makes it possible to determine the present value of the defined benefit obligation and the cost of labour, considering demographic variables such as employee rotation and mortality and financial variables, such as healthcare costs and the discount rate. In particular, the discount rate applied to defined benefit obligations, calculated with reference to market returns at year-end, determines the net interest on net liabilities for defined benefits. In consideration of the provisions introduced by the supplementary pension reform, the variable tied to

expected future pay increases was excluded from present-value calculation beginning 1 January 2007;

- the cost relating to current services, costs relating to past services, the profits and losses arising at the time of settlement and the net interest on net liabilities for defined benefits are recognised in the Income statement;
- the actuarial gains and losses are recognised in the Post-employment benefit IFRS adjustment reserve, classified under *Other reserves*, as indicated in the Equity items, and shown in the Other comprehensive income (expense) section of the Statement of comprehensive income.

For post-employment benefits accruing as from 1 January 2007, reference should be made to *Other Payables*.

Deferred tax liabilities

Deferred tax liabilities are portions of income taxes due in future years because of taxable temporary differences.

Taxable temporary differences are differences between the carrying amount of an asset or liability shown in the statement of financial position and the value that is recognised for tax purposes. When calculating the taxable income of future years, they will translate into taxable amounts when the carrying amount of the asset or liability is realised or extinguished.

Deferred tax liabilities are recognised for all taxable temporary differences except in those cases where the liability derives from:

- initial recognition of goodwill, or
- initial recognition of an asset or liability in a transaction that is not a business combination and has no effect either on the reported profit (loss) for the year or that for tax purposes at the date of the transaction.

Deferred tax liabilities are also recognised for the taxable temporary differences deriving from investments in associates, except in the case where the following two conditions exist simultaneously: the Parent is able to control when taxable temporary differences are eliminated, and it is probable that the temporary differences will be eliminated in the foreseeable future.

Deferred tax liabilities are measured at the tax rates that are expected to apply during the year when the tax liability will presumably be extinguished, based on the tax rates enacted at the reporting date.

Deferred tax liabilities are not discounted to present value.

Deferred tax liabilities are recognised in the Income statement, unless the tax stems from a transaction or event that was recognised in the Statement of comprehensive income or directly in equity or came from a business combination.

Deferred tax liabilities resulting from items recorded in Other comprehensive income (expense) of the Statement of comprehensive income are also recognised in the Other comprehensive income (expense) section of the Statement of comprehensive income. Deferred tax liabilities resulting from items credited or debited directly to equity are also credited or debited directly to equity.

Deferred tax liabilities are offset by deferred tax assets only if the two items refer to the same tax.

Provisions for risks and charges

This item includes the various provisions made for risks and charges.

These provisions are set up to cover liabilities whose amount or timing is uncertain, which arise from legal or constructive obligations, and that exist at the reporting date as the result of a past event.

These obligations, which derive from contractual provisions, legal regulations, long-standing models of corporate practice or public assumptions of responsibility, mean that the company has no real alternative than to comply.

Obligations are recognised when they effectively exist, based on a past event, and when compliance will probably mean using economic or financial resources for an amount that can be estimated with a certain degree of accuracy.

Provisions are measured at the value that represents the best estimate of the amount required to extinguish the obligation or to transfer it to third parties at the reporting date.

If discounting for the cost of money has a significant effect because of the expected timing of the obligation, the amount of the provision is equal to the present value of the outflow expected to be needed to extinguish the liability.

The financial component of the discounted provisions is recognised in the Income statement under financial expenses.

Current portions of provisions for risks and charges are reclassified to *Current portions of provisions for risks and charges*.

Contingent liabilities

Contingent liabilities are obligations deriving from past events whose existence will be confirmed by future events not entirely under the control of the Group, or obligations the extinction of which is unlikely to involve an outlay of economic or financial resources, or the amount of which cannot be estimated with sufficient accuracy.

Contingent liabilities are not recognised in the accounts, but rather described exactly in the notes to the financial statements.

Other non-current liabilities

This category includes guarantee deposits received and payables due after more than twelve months from the reporting date.

Guarantee deposits and payables due after more than twelve months are initially recognised at their fair value on the transaction date, net of any directly attributable transaction costs.

After initial recognition, other non-current liabilities are measured at amortised cost using the effective interest method.

Current liabilities

Bank overdrafts and loans

This item includes the bank current accounts with an overdraft balance, as well as the current portions of amounts due to banks for medium-long term loans which are expected to be settled within twelve months of the reporting date.

Other current financial liabilities

This category includes:

- short-term financial payables;
- accrued liabilities for financial expenses.

Short-term financial payables are recognised at their fair value on the transaction date, i.e. for the amount expected to be paid less any directly attributable transaction costs.

Accrued liabilities for financial expenses are recognised in the same way as the other accruals in *Other current liabilities*.

This item also includes hedging instruments for which a hedging relationship has been established for the element being hedged.

Hedging instruments are designated derivatives whose cash flows are expected to offset changes in the cash flows of a designated hedged element. Designated hedging relationships are considered cash flow hedges, i.e. hedges for exposure to the variability of cash flows due to a particular risk associated with a recognised asset or liability which could have an impact on the Income statement. A position is designated as a hedging relationship when there is formal documentation supporting management of the risk and the related hedging strategy and when the hedge is highly effective and reliably measurable.

Derivatives designated as hedging instruments are initially recognised at their fair value on the initial recognition date, i.e. at the transaction price of the consideration given or received.

Following initial recognition, recognition of hedging transactions entails an equal and opposite recognition through Profit or loss of the changes in the fair value of the hedging instrument and of the element hedged.

In designated cash flow hedge relationships, the portion of the profit or loss on the hedging instrument that is considered an effective hedge is recognised directly in equity and disclosed on the Other comprehensive income (expense) section of the Statement of comprehensive income. The ineffective portion of the profit or loss on the hedging instrument is recognised in the Income statement.

Trade payables

Trade payables include the amounts due to suppliers, the liabilities to be paid for goods and services received and invoiced, the advances received from customers for goods and services still to be rendered, and deferred income relating to products sold on a subscription basis.

The amounts due to suppliers and the advances from customers are recognised at fair value at the transaction date, i.e. at the amount formally agreed with the counterparty, net of any trade discounts and adjusted for returns or other billing adjustments.

The deferred income relating to products sold on a subscription basis is recognised in the same way as explained for other deferred income in "Other current liabilities".

When the payment of trade payables is deferred and the transaction effectively constitutes a form of financing, after initial recognition, they are measured at amortised cost using the effective interest method.

Other current liabilities

Other current liabilities include accrued liabilities other than those relating to financial expenses, classified under *Other current financial liabilities*, and deferred income other than that relating to revenue for products sold on a subscription basis, which are classified under *Trade payables*.

As already explained for accrued income and prepaid expenses, accrued liabilities and deferred income also represent portions of costs or revenue that relate to two or more years.

This category includes also the current direct taxes for the year and for previous years, to the extent that they have not already been paid.

The amount in the statement of financial position is shown net of advance payments of tax, withholding taxes and tax receivables, unless a refund has been requested for them.

Current income taxes are measured for the amount expected to be paid to the tax authorities, applying current tax rates and regulations, or substantially enacted as at the reporting date.

Current taxes are recognised as an expense on the Income statement, with the exception of taxes that result from transactions or events recognised in the Other comprehensive income (expense) section of the Statement of comprehensive income, or which are credited or debited directly to equity.

Current tax liabilities referring to items recorded in the Other comprehensive income (expense) section of the Statement of comprehensive income are also recognised in the Other comprehensive income (expense) section of the Statement of comprehensive income. Current tax liabilities referring to items credited or debited directly to equity are also credited or debited directly to equity.

Other payables

Other payables include:

- the amounts due to social security institutions for social security charges and pension contributions;
- tax liabilities other than for direct taxes classified under *Other current liabilities*, such as the taxes payable for tax assessments or disputes that have been settled, for tax withheld as a withholding agent and for tax claims of any kind in the hands of collection agencies. The amount in the statement of financial position is shown net of advance payments of tax, withholding taxes and tax receivables, unless a refund has been requested for them;
- amounts due to employees for wages and salaries, expense reports to be reimbursed, accrued holidays and additional months' pay;
- dividends payable to shareholders;
- other payables that cannot be classified under any other current liability item.

Other payables are initially recognised at their fair value on the transaction date, i.e. for the amount agreed with the counterparty, less any directly attributable transaction costs.

Because of their nature and duration, other payables do not have a set discount rate. After initial recognition these payables are shown at their original value, as discounting would have an insignificant effect.

This item also includes the termination benefits due to employees.

Termination benefits are due when the Group decides to conclude the employment relationship or when an employee decides to accept the Group's offer of benefits in exchange for the termination of the employment relationship. The termination benefits due to employees do not include employee benefits resulting from the termination of the employment relationship at the request of the employee, without the Group offering benefits, or as a result of compulsory retirement requirements.

The liability and cost relating to termination benefits are recognised on one of the following dates, whichever is sooner:

- the moment at which the Group can no longer withdraw the offer of such benefits; and
- the moment at which the Group recognises the costs of restructuring which falls within the scope of *IAS 37 Provisions, contingent liabilities and contingent assets* and entails the payment of benefits due for the termination of the employment relationship.

When the termination benefits due are an improvement over post-employment benefits, the provisions on post-employment benefits shall apply for measurement purposes, using the actuarial assessment method described in the item *Employee benefit obligations*. Otherwise:

- if it is established that the termination benefits will be fully paid within twelve months of the end of the year in which such benefits are recognised, the undiscounted cost is reported;

- if it is not established that the termination benefits will be fully paid within twelve months of the end of the year, the reported cost is discounted and the actuarial gains and losses are recognised in the Income statement.

As from the financial year beginning 1 January 2007, this category also includes:

- amounts payable to Supplementary pension funds, relating to the accrued portions of employees' post-employment benefits and not yet paid to the funds;
- amounts payable to the Central treasury fund set up with INPS (the Italian state pension & welfare agency) relating to the accrued portions of employees' post-employment benefits not yet paid to the fund.

Following the pension reform mentioned above in relation to *Employee benefit obligations*, the portions of post-employment benefits accrued as from 1 January 2007 have been, at the employee's discretion:

- allocated to forms of supplementary pension provision;
- held within the company, which transfers these portions of post-employment benefit to the central treasury fund set up by INPS.

Both those portions of Post-employment benefits allocated, as from 1 January 2007, to supplementary pension provision and those allocated, as of the same date, to the central treasury fund with INPS, are recognised as post-employment benefits and classified as defined-contribution plans.

Contributions to be paid to a defined-contribution plan are accounted for on an accruals basis as amounts payable to Supplementary pension funds and/or to the INPS treasury fund, against service rendered by employees. More specifically, the liability for benefit portions payable to the INPS treasury fund does not include the cost of revaluation, which is instead incumbent on INPS.

Effects of fluctuations in foreign exchange rates

At each reporting date, all monetary elements in foreign currency, i.e. all assets and liabilities that will be collected or paid in a fixed or determinable quantity of foreign currency, are translated at the end-of-year spot exchange rate.

Exchange differences deriving from the translation of monetary elements at a different rate from the one used at the time of initial recognition during the year or in previous financial statements are recorded on the Income statement in the year when they arise, except for exchange differences deriving from a monetary element that forms part of an investment in a foreign associate.

Exchange differences deriving from a monetary element that forms part of an equity investment in a foreign associate are recognised in an Equity Reserve and held there until the investment is sold. They are reported on the Other comprehensive income (expense) section of the Statement of comprehensive income. The total amount of the exchange differences classified in the special Equity Reserve is recognised in the Income statement at the time that the gain or loss on sale of the investment is recognised.

At each reporting date, all non-monetary elements measured at historical cost in a foreign currency are translated at the exchange rate in force on the date of the transaction. All non-monetary elements expressed in foreign currency and measured at fair value are translated at the exchange rate in force on the date that the fair value was determined.

When the carrying amount of a non-monetary element expressed in foreign currency is determined, in application of the reference accounting standards, by comparing two or more amounts, the exchange rate applied to the amounts used for comparison with the original carrying amount is the rate prevailing at the time the comparison is made, i.e. the closing rate on the reporting date.

This implies that if the carrying amount to be recorded is the one of the amounts compared, any exchange differences that arise are recognised in the Income statement, when the element they refer to is recognised in the Income statement, or in the Other comprehensive income (expense) section of the Statement of comprehensive income, when the element they refer to is recognised in the Other comprehensive income (expense) section of the Statement of comprehensive income.

If a designated fair value hedging relationship has been set up between a hedging instrument and an element being hedged in foreign currency, the accounting treatment applied is the same as for hedges, as explained under *Other current financial assets*.

Revenue

Revenue from the sale of goods is recognised in the income statement when:

- a significant portion of the risks and rewards of ownership of the goods have been transferred to the buyer;
- the revenue amount can be measured reliably;
- there is no longer any effective control over the goods sold;
- it is probable that there will be economic benefits from the transaction;
- related transaction costs can be reliably determined.

Revenue from the provision of services is recognised in the Income statement with reference to the stage of completion of the transaction at the reporting date when:

- the revenue amount can be reliably measured;
- it is probable that there will be economic benefits from the transaction;
- the stage of completion of the transaction can be reliably measured;
- the costs incurred and to be incurred can be reliably calculated.

More specifically:

- revenue from the sale of goods is considered earned when ownership is transferred, which is generally considered as coinciding with shipment, both for daily newspapers and magazines sold individually, and for book publications that are sold on a firm-sale basis (i.e. no returns). Revenue is recognised net of a reasonable estimate of returns;
- revenue from the sale of newspapers and magazines on a subscription basis is recognised over the period of the subscription;
- revenue from the sale of advertising space is recognised on the basis of the date of publication of the notice or advertisement;
- revenue from services with a contractual duration, such as online, master-course and database subscription services, is recognised over the period of the contract;
- revenue from the sale of software products is recognised at the time title to the licences changes hands;
- revenue for software implementation and maintenance services is recognised according to the contractual state of completion.

Costs and revenue relating to the same transaction or to another event are recognised simultaneously, applying the matching principle.

When revenue components are significant, their nature and amount are shown separately.

Costs

Costs are recognised in the Income statement when a decrease in future economic benefits has taken place involving a decrease in assets or an increase in liabilities that can be reliably measured.

In particular, a cost is recognised immediately when and to the extent that:

- an expense does not result in any future economic benefit;
- future economic benefits do not qualify, or cease to qualify, for recognition as assets in the Statement of financial position;
- a liability is incurred without an asset being recognised.

When cost components are significant, their nature and amount are shown separately.

Earnings per share

Basic earnings per share (EPS), shown in the Income statement for each year presented, is calculated by dividing the profit or loss attributable to the ordinary and special owners of the parent by the weighted average number of shares outstanding during the year. The basic earnings per share relating to discontinued operations is also shown in the Income Statement.

Diluted EPS, again reported on the Income statement for each year presented, is calculated by adjusting – in order to take account of all potential shares with dilutive effects – both the earnings or losses attributable to ordinary and special owners of the parent and the weighted average number of ordinary and special shares outstanding during the financial year. The diluted earnings per share relating to discontinued operations is also shown in the Income Statement.

The dilutive effects of potential ordinary and special shares are those that reduce earnings or increase losses per share as a consequence of:

- conversion of convertible instruments into ordinary and special shares;
- exercise of options or warrants on ordinary shares;
- issuance of new ordinary shares if certain conditions are met.

Guarantees

The carrying amount of financial assets given as guarantee for liabilities or for contingent liabilities and clauses and conditions relating to such assets' use are indicated in the notes to the consolidated financial statements. If the financial assets given as guarantee can be, by contract or by custom, sold or newly pledged, their carrying amount is reclassified on the Statement of financial position, separately from other assets.

For guarantees received that can be sold or newly pledged, as well as guarantees received and newly pledged, fair value and the clauses and conditions associated with their use are shown separately.

Hedging transactions

For each type of hedge, the notes to the consolidated financial statements separately describe:

- the transaction;
- the financial instruments designated as hedging instruments and their fair values at the reporting date;
- the nature of the risks hedged.

The Notes to the consolidated financial statements also provide detailed information on cash flow and fair value hedges.

Fair value

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability, in an ordinary transaction among market participants at the measurement date.

The price considered is the quoted price on the principal, or most advantageous market, not adjusted on the basis of transaction costs, at current market conditions (exit price), regardless of whether the price is directly observable or estimated using another valuation technique.

In particular, when the fair value applies to a non-financial asset, it considers the capacity of a market participant to generate economic benefits using the asset at its highest and best use or by selling it to another market participant who would use it at its highest and best use.

The following have therefore been determined in accordance with the fair value measurement approach:

- the particular asset or liability that is the subject of the measurement, consistently with its unit of account;
- for a non-financial asset, the valuation premise that is appropriate for the measurement, consistently with its highest and best use;
- the principal (or most advantageous if there is no principal market) market for the asset or liability;
- the valuation techniques appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability.

Valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value were used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In particular, the three main valuation techniques were used, i.e.:

- the market approach;
- the cost approach;
- the income approach.

IFRS 13 *Fair value measurement* establishes a hierarchy which categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The fair value hierarchy gives priority to the inputs used in the valuation techniques and not to the valuation techniques. In some cases, the data used to measure the fair value of an asset or a liability could be classified in different levels of the fair value hierarchy. In these cases, the fair value measurement was classified entirely within the level in which the input at the lowest level of the hierarchy used for the valuation is classified.

6. Changes in accounting policies, errors, and changes in estimates

The accounting policies adopted are only changed from one year to the next if the change is required by a new official accounting standard or if it helps to provide more pertinent and reliable information on the effects of transactions performed on the entity's financial position, results of operations or cash flows.

The changes in accounting policies are recognised:

- in accordance with the provisions of specific transitory measures (if any) of that Policy;
- retroactively, if the accounting policy does not contain transitory provisions, or if the policy is changed voluntarily, recording the effect to opening equity for the earliest of the financial years being presented. Other comparative figures for each prior year are also adjusted as if the new policy had always been applied.

The prospective approach is used only when it is impractical to determine the specific effects on the year or the cumulative effect of the change for all previous years.

In case of material errors, the same policy is applied as for changes in the accounting policies illustrated above. In the case of non-material errors, accounting adjustments are made in the income statement in the year when the error is found.

In years in which an accounting standard is applied with retroactive effects, or certain items of the financial statements are restated retroactively or reclassified, an additional Statement of financial position at the start of the previous year is presented only if the retroactive application, retroactive restatement or reclassification of the items has a significant impact on disclosures made in the Statement of financial position at the start of the previous year. In these cases, three Statements of financial position are therefore presented:

- the end of the current financial year;
- the end of the previous financial year;
- the start of the previous year.

Changes in accounting estimates are recognised prospectively in the Income statement in the year when the change occurs if it affects only that year, or in the year when the change occurred and in future years if the change also affects those years.

These consolidated financial statements include the first-time application of the new *IFRS 13 Fair value measurement*, endorsed by (EU) Regulation no. 1255/2012, and the revised version of *IAS 19 Employee Benefits*, endorsed by (EU) Regulation no. 475/2012. *IFRS 13 Fair value measurement* contains specific transitional provisions regarding its retroactive application from financial statements with financial years beginning on or after 1 January 2013, whilst the transitional provisions for the revised version of *IAS 19 Employee benefits* establish retroactive application from financial statements with financial years beginning on or after 1 January 2013 in accordance with the provisions of *IAS 8 Accounting policies, changes in accounting estimates and errors*.

IFRS 13 Fair value measurement represents a single source of reference for the measurement of fair value and related disclosures when such measurement is required or permitted by other accounting standards. The standard combines the definition of fair value, establishing it as the price that would be received from the sale of an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Furthermore, the new standard replaces and expands the financial statements disclosures required on fair value measurement under other accounting standards, including *IFRS 7 Financial instruments: disclosures*. The Group has presented the required disclosures in compliance with the new standard.

In compliance with the transitional provisions of *IFRS 13 Fair value measurement*, the Group has applied a new fair value measurement method prospectively, without providing comparative information for the new financial statements disclosure. However, the change has had no material effect on the measurement of the Group's assets and liabilities.

The amendments to *IAS 1 Presentation of financial statements* with regard to financial statements presentation of items of other comprehensive income, endorsed by (EU) Regulation no. 475/2012, and amendments to *IFRS 7 Financial instruments: disclosures* on offsetting financial assets and liabilities, endorsed by (EU) Regulation no. 1256/2012, were also applied for the first time in these consolidated financial statements. The amendments to *IAS 1 Presentation of financial statements* entered into force from financial years beginning on or after 1 July 2012 and, as there are no transitional provisions, are applied with retroactive effects pursuant to *IAS 8 Accounting policies, changes in accounting estimates and errors*. The amendments to *IFRS 7 Financial instruments: disclosures* became effective from financial years beginning 1 January 2013 or thereafter, and the specific transitional provisions establish application with retroactive effects.

On 1 January 2013 other changes came into force, introduced by the IASB document "Annual Improvements to IFRSs 2009-2011 Cycle", endorsed with (EU) regulation no. 301/2013 and related to the following standards:

- *IAS 1 Presentation of financial statements*, amended in relation to comparative disclosures on a mandatory and voluntary basis. The specific transitional provision establishes that application of this amendment is with retroactive effects;
- *IAS 16 Property, plant and equipment*, amended with regard to the recognition of spare parts, stand-by equipment and servicing equipment. The specific transitional provision establishes that application of this amendment is with retroactive effects;
- *IAS 32 Financial Instruments: Presentation*, amended with regard to the recognition of income taxes on dividends. The specific transitional provision establishes that application of this amendment is with retroactive effects;
- *IAS 34 Interim financial reporting*, amended with regard to total segment assets and liabilities. The specific transitional provision establishes that application of this amendment is with retroactive effects.

The new standards and amendments made to existing standards which entered into force with retroactive effect this year have already been applied in the Condensed half-yearly consolidated financial statements as at and for the period ended 30 June 2013. Their application, in compliance with regulatory provisions, had no specific and/or cumulative effects either on the determination of Equity and profit/loss for the period, or on earnings per share.

Note that the following also entered into force from 1 January 2013:

- the amendments to *IAS 12 Income taxes* regard the calculation of deferred tax assets and liabilities on investment property measured at fair value, endorsed by (EU) Regulation no. 1255/2012. The IASB date of entry into force of the amendments to *IAS 12 Income taxes*, i.e. 1 January 2012, was postponed by one year by the European Commission. As there are no transitional provisions, these amendments are applied with retroactive effects pursuant to *IAS 8 Accounting policies, changes in accounting estimates and errors*;
- the new *IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine* governing waste removal costs incurred during a mine's production phase, was endorsed by (EU) Regulation no. 1255/2012. The specific transitional provision establishes that application of this Interpretation is with retroactive effects.

The cases specifically governed by amendments to *IAS 12 Income taxes* and the new *IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine* are not present within the Group at the date of these consolidated financial statements, but could have accounting effects on future transactions or agreements.

7. Financial instruments and risk management

In order to provide disclosures that allow assessment of the materiality of the financial instruments on the statement of financial position, income statement and cash flows, supplementary information is provided to facilitate evaluation of the magnitude and nature of the related risks.

The risks related to the financial instruments used are:

- market risk, i.e. the risk of a financial instrument's fair value or cash flows fluctuating following changes in market prices. This risk can be further broken down into:
  - foreign exchange risk, i.e. the risk that the value of a financial instrument might fluctuate as a result of movements in exchange rates;
  - interest rate risk on fair value, i.e. the risk that the value or future cash flows of a financial instrument might fluctuate as a result of changes in market interest rates;
  - price risk, i.e. the risk that the fair value of a financial instrument or its future cash flows might fluctuate as a result of changes in market prices;
- credit risk, i.e. the risk that one of the parties of a financial instrument does not fulfil an obligation and causes a financial loss to the other;
- liquidity risk, i.e. the risk of having problems in fulfilling the obligations associated with financial liabilities settled via cash or other financial assets.

For each type of risk stemming from financial instruments, qualitative information is provided about:

- risk exposure and how it is generated;
- objectives, procedures and processes for managing and controlling risks and the methods used to measure them;
- any changes compared with the previous year.

For each type of risk stemming from financial instruments, summary quantitative information is provided on risk exposure as at the reporting date. Detailed disclosure concerning analytical quantitative data has been prepared in compliance with the provisions of *IFRS 7 Financial Instruments: disclosures* and in the Appendixes which are integral part of them, highlighting the existence of any concentration of risk.

For each class of financial asset and liability, whether recognised at fair value or measured by one of the other methods subsequent to their initial recognition as specified by *IAS 39 Financial instruments: recognition and measurement*, the Notes to the consolidated financial statements include separate indication of the fair value, to make a comparison with the relative carrying amount possible.

The disclosure on the fair value of financial instruments is always necessary except in the following cases:

- when the carrying amount is a reasonable approximation of fair value;
- for investments in equity instruments that do not have a quoted price on an active market.

Financial instrument classes have been grouped in a manner pertinent to the nature of the disclosures. Sufficient information has been provided to permit reconciliation with the carrying amount of items classified in the Statement of financial position.

Disclosures have also been provided as required:

- for all financial assets transferred which have not been derecognised and for any residual involvement existing in a transferred asset as at the reporting date, regardless of when the corresponding transfer transaction took place;
- for all financial instruments recognised and subject to offsetting in compliance with rules established by IFRS, i.e. for all financial assets and liabilities for which there is currently a legally enforceable right of set-off and for which there is the intention either to settle on a net basis or to realise the financial asset and settle the financial liability simultaneously, so as to enable users of financial statements to assess the effect or potential effect of offsetting arrangements on the Group's financial position.

Financial risk

Financial risk management is performed following a principle of prudence and of minimisation of the risks connected with financial assets and liabilities. The investment of surplus cash or the raising of necessary resources is carried out with the priority objective of neutralising the risk of loss of capital, avoiding speculation, and interest rate fluctuations, avoiding exposure of the operating profit (loss) to any unexpected increases in financial expenses.

The Group constantly monitors the financial risks to which it is exposed, in order to assess any negative impact and initiate appropriate mitigation action. The Board of Directors of the parent has the overall responsibility for creating and supervising the Group's risk management system, as well as for the development and control of risk management policies.

The Group's risk management policies are intended to identify and analyse the risks to which the Group is exposed, defining appropriate limits and the monitoring systems for such risks. Policies and related systems are periodically reviewed in consideration of changes in market conditions and in Group activities.

Financial management of subsidiaries takes place through specific intercompany current accounts on which any cash surpluses are deposited or on which the Parent provides the financial resources needed for the subsidiaries to conduct their business operations. The aim is also to optimise the impact on the income statement of the financial income and expenses accruing on these current accounts.

Centralised management of the Group's finances also makes it possible to control and co-ordinate the operations of each subsidiary efficiently, also via more effective financial planning and control. This also provides useful input to ensure the best possible handling of the Group's relationships with its main banks and credit institutions and to help monitor the Group's financial risk and treasury movements in a systematic way.

Financial guarantees

Group policies provide for the issue of financial guarantees mainly in the following cases:

- for prize competitions, as regulated by Italian Presidential Decree 430/2001;
- for Public Administration tenders/contracts, as required in tenders and/or awarding rules;
- as a guarantee for use of Group VAT consolidation procedures;
- for rental contracts instead of guarantee deposits;
- for special service supply contracts.

Group policy gives preference to the issue of bank sureties at parent level, avoiding their issue by subsidiaries.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument fluctuate following changes in market prices, due to changes in interest rates, exchange rates or in the market prices of equity instruments. The objective of market-risk management is to manage and control the Group's exposure to the risk and keep it within appropriate limits, whilst also optimising the return on investments to which such risk relates.

The Group uses derivative instruments during the normal course of its financing activities and also takes on financial liabilities to manage market risk. It performs these activities in accordance with the guidelines established by the Board of Directors of the parent. The Group performs hedging transactions to manage the volatility of results relating to financial instruments.

Foreign exchange risk

The Group is marginally exposed to foreign exchange risk on purchases denominated in currencies other than the functional currency of the various Group entities.

These transactions mainly refer to the following exchange rates: EUR/USD, EUR/GBP, and EUR/CHF.

The Group in any case has the policy of hedging foreign exchange risk for specific purchases of investment assets denominated in currencies other than the functional currency in order to preserve the forecast return on such investments. It is the Group's policy to undertake full hedging, where possible, of significant exposures arising from receivables and payables denominated in currencies other than the euro.

Interest risk

The Group's financial performance is exposed to fluctuations in market interest rates, with special reference to net financial expenses relating to facilitated medium-long term floating-rate loans.

The return on financial investments, consisting of short-term cash investments with a maturity of not more than three months, is not affected by changes in interest rates.

To manage interest risk, the Group uses interest-rate derivatives – mainly Interest Rate Swaps (IRSs) – to eliminate or mitigate, at acceptable economic conditions, the impact of interest rate fluctuations on profit performance.

The return on financial investments, consisting of short-term cash investments with a maturity of not more than three months, as well as financial expense associated with current account overdrafts and short-term hot money, is not affected by changes in interest rates.

Price risk

The main raw material used by the Group that could be exposed to significant price risk is paper.

Paper is handled centrally for all of the Group's business units by means of careful procurement planning and inventory management. In line with best market practices, supply contracts are agreed with leading Italian and foreign paper companies for fixed quantities at fixed prices for the maximum period that the market currently permits, i.e. about one year.

The Group does not use hedges such as paper swaps, as they offer limited liquidity in terms both of counterparties and maturities.

Credit risk

Credit risk is the risk of a customer or one of the counterparties of a financial instrument causing a financial loss by not honouring an obligation.

Within the Group, credit risk mainly relates to trade receivables from sales of products and services by the various business units, as well as to financial receivables in connection with the investment of surplus cash.

Considering the type of customers that the Group has for its products and services, management does not believe there is a high level of trade credit risk. As there is no high concentration of this risk, the policy is to limit sales to any customers that are considered insolvent or are unable to provide adequate guarantees.

Customer credit risk is controlled by grouping customers by type and business area, considering whether customers are advertising agencies, financial companies and institutions, public entities, professionals and natural persons, distributors and bookstores, or other customers. Other factors examined are geographical location, business sector, credit age, the due dates of invoices issued, and previous payment behaviour.

In the face of this risk, a specific allowance for impairment is made to cover any losses caused by non-collectability.

As regards financial receivables, it is believed that the Group is not exposed to significant risk as it invests surplus cash only with banks of premier standing, mainly using short-term investment instruments with maturities of not more than 3 or 6 months (on demand or term deposits).

Liquidity risk

Liquidity risk is the risk of the Group having difficulty in meeting obligations associated with financial liabilities and therefore of having difficulty in accessing, at suitable economic conditions, the financial resources necessary for its operations.

In managing liquidity risk, the Group's approach is to ensure, as far as possible, that there are always sufficient financial reserves to meet its obligations when due, both in normal conditions and in conditions of financial stress.

Besides the trend in market interest rates, the main factors determining Group liquidity are the cash flows generated or absorbed by operating and investing activities and the flows relating to repayment of financial liabilities and collection of income relating to financial investments.

The Group has taken a series of actions designed to optimise the management of financial resources and mitigate liquidity risk. More specifically:

- centralised management of Group liquidity through constant withdrawal of cash surpluses from subsidiaries and through coverage of the latter's requirements with resources provided by the parent;
- maintenance of an adequate reserve of available liquidity;
- availability of adequate short-term lines of credit;
- planning of the future financial position, also as regards the impact of medium-long term debt on the overall net financial position;
- utilisation of an appropriate internal control system to assess available liquidity in relation to operational planning.

For coverage of short-term financial requirements, the Group currently has usable credit facilities available for a total of €83.9 million. More specifically:

- €42.1 million relating to revocable current account overdrafts, subject to collection and unsecured, paid at an average interest rate of 3.82%;
- €25.0 million relating to revocable bank credit facilities for hot money that can be used for short-term temporary financial requirements, at an average cost equal to Euribor +3.45%;
- €13.0 million in credit lines for advances on trade receivables;
- €3.8 million in medium/long-term loans, of which €3.2 million relating to subsidised loans maturing primarily in 2015 which, since the covenants set forth in the loan agreements were not respected, are payable in the short-term and classified as current liabilities, including the residual portion maturing beyond 31 December 2014.

Although a gross operating profit is forecast for 2014, additional financial requirements amounting to roughly €40 million are also expected beyond the Net indebtedeness at 31 December 2013, which totalled €48.6 million.

This requirement, linked primarily to investments, working capital trends and non-recurring outlays for restructuring costs, will gradually rise during the year, and the maximum exposure is expected to be reached at the end of 2014.

As at 31 December 2013, a total of €57.0 million of the credit facilities has been used; the remaining availability on such facilities is therefore not fully sufficient to cover the cash requirements expected for 2014, particularly the requirements forecast for year-end.

Therefore, the Group decided to take measures to limit such requirements and additional actions to increase available funds.

When it prepares the first forecast for the end of 2014, the Company will possibly assess additional initiatives to limit costs and investments depending on its financial position and performance in the first months of the year.

As regards the actions to limit cash requirements, a partial postponement of planned investments has primarily been considered, as this would not present problems in terms of reaching budget objectives; actions could also be taken in terms of controlling net working capital, particularly with regard to trade receivables collection and trade payables payment performance, as well as possibly deferring some non-recurring outlays.

From the financial perspective, the following additional actions may be taken to face temporary cash flow requirements:

- further acceleration in the collection of trade receivables through new factoring transactions (e.g. transfer of approximately €5.0 million in trade receivables due from P.A. and large customers);
- expansion by an additional €10.0 million of the ongoing programme for obtaining advances on trade receivables, beyond the €13.0 million used previously.

In addition, considering that outstanding bank loans mainly consist of revocable facilities, in order to structure financial debt using a loan better suited to the Group's financial requirements, meetings have been held with the Group's current lenders to define structured medium/long-term loans for a substantial amount of the requirements, to be used partially alongside the short-term facilities already in place. It is believed that current meetings with the banks may lead to the approval of the requested loan in the coming months.

With regard to medium/long term loans in place at 31 December 2013, in 2005 the parent agreed three facilitated loans under Italian Law 62/2001 (Contributions to the Publishing Industry), with maturity date at 30 June 2015:

- a loan of €6,976 thousand from Credito Emiliano (100% used);
- two loans from Intesa San Paolo in the amounts of €3,595 thousand (100% used) and €8,199 thousand (a loan issued according to project completion status and partly used out of a total authorised amount of €10,530 thousand).

These loans are to be repaid in fixed amounts of principal every six months and were agreed at a floating rate linked to the 6-month Euribor. Such loans, as mentioned above, include covenants that were not respected, so the related amounts have been classified as current liabilities.

As part of the Group's Risk management policy, hedging contracts are in place to mitigate the risk of fluctuations in the interest rates on these loans.

On 17 January 2006, three Payer Interest Rate Swaps – Forward Start (i.e. the hedge takes effect after the date the IRS contract is signed) were entered into for which the company pays a fixed rate that transforms the interest rate on the underlying loan from floating to fixed, with an exchange of interest flows as from 31 December 2008 to 30 June 2015.

Each IRS follows the trend of the repayment plan and of the interest settlement dates for the loan to which it refers.

The IRSs made it possible to convert the floating rate of the loans into a fixed rate of approximately 3.20%.

The Company has evaluated the effectiveness of the hedges, using the Hedge Accounting methodology based on the Cash flow hedge model. This refers to hedging of exposure to the variability of cash flows, attributable to the particular risk associated with the underlying liability.

Based on this methodology, after determining the fair value of the derivative, the value of the effective part of the hedge is recognised under Other comprehensive income (expense), whereas the value of the ineffective part of the hedge is recognised in the income statement.

The effectiveness of the hedging relationship is measured by comparing the change in the clean fair value of the derivative with that of a Hypothetical Swap representing a synthetic fixed-rate bond at the market conditions existing when the hedge was agreed.

The ex ante effectiveness of the hedge of the instrument has been assessed by analysing Critical Items and by measuring the fair value of the hedging derivative and of the hypothetical derivative.

The retrospective effectiveness of the hedge (ex post effectiveness test) is assessed regularly by calculating the change in the fair value of the hedging derivative compared with that of the hypothetical derivative, determined by the fluctuation that has occurred between the current interest rate curve compared with the rate curve at the date when the swap was agreed (Cumulative Based Test).

The hedge is considered retrospectively effective if the ratio between the two variances, in absolute terms, lies within a range of 80-125%. This test is performed on a cumulative basis, performing calculations as at the date of the test and as at the start date.

Financial income and expenses

FINANCIAL INCOME AND EXPENSES		
(in thousands of euro)	Year 2013	Year 2012
Recognised in the Income statement		
Interest income from unimpaired financial assets held to maturity	124	406
Interest income from available-for-sale financial assets	-	-
Interest income from bank deposits	65	344
Net foreign exchange gains	19	4
Financial income	**208**	**753**
Interest expense on financial liabilities and other financial expenses	(2,111)	(579)
Net foreign exchange losses	(65)	(76)
Change in fair value of financial assets designated at fair value through profit or loss	-	-
Impairment losses on securities held to maturity	(22)	(22)
Ineffective portion of changes in fair value of cash flow hedges	-	-
Financial expenses	**(2,197)**	**(677)**
The financial income and expenses shown above include the following amounts relating to assets (liabilities) not designated at fair value through profit or loss:		
Total interest income on financial assets	**208**	**753**
Total interest expenses on financial liabilities	**(2,197)**	**(677)**
Recognised directly in equity		
Effective portion of changes in fair value of cash flow hedges	(105)	(266)

Financial assets

OTHER FINANCIAL ASSETS		
(in thousands of euro)	31.12.2013	31.12.2012
Non-current financial assets		
Financial assets held to maturity	619	854
Current financial assets		
Cash and cash equivalents	8,575	12,911
Derivative hedging instruments	(105)	(266)
Total financial assets	**9,089**	**13,499**

Non-current financial assets held to maturity refer to other securities and guarantee deposits.

Current financial assets refer to cash and cash equivalents and to the fair value of derivative hedging instruments.

Financial liabilities

LOAN CONTRACTS		
(in thousands of euro)	31.12.2013	31.12.2012
Non-current liabilities		
Secured bank loans	-	-
Unsecured bank loans	371	3,686
Total non-current liabilities	**371**	**3,686**
Current liabilities		
Current portion of secured bank loans	-	-
Current portion of unsecured bank loans	3,409	2,322
Other financial liabilities to banks	-	701
Unsecured current account advances	53,242	620
Total current liabilities	**56,652**	**3,643**
Total financial liabilities	**57,023**	**7,329**

Loan contracts

This note illustrates the contractual conditions governing the Group's interest-bearing financial liabilities measured at nominal value.

LOAN CONDITIONS AND REPAYMENT TERMS						
(in thousands of euro)			31.12.2013		31.12.2012	
	Nominal interest rate	Year of maturity	Nominal value	Carrying amount	Nominal value	Carrying amount
Unsecured bank loan	Euribor +0.875%	2015	1,101	1,101	1,836	1,836
Unsecured bank loan	Euribor +0.850%	2015	568	568	946	946
Unsecured bank loan	Euribor +0.850%	2015	1,537	1,537	2,562	2,562
Unsecured bank loan	3.00%	2015	166	166	245	245
Unsecured bank loan	Euribor +3.250%	2015	21	21	34	34
Unsecured bank loan	Euribor +6.074%	2015	16	16	26	26
Unsecured bank loan	Euribor +5.500%	2016	47	47	62	62
Unsecured bank loan	2.25%	2018	224	224	265	265
Unsecured bank loan	Euribor +2.350%	2013	7	7	8	8
Unsecured bank loan	4.02%	2016	94	94	-	-
Unsecured bank loan	6.85%	2013	-	-	6	6
Unsecured bank loan	Euribor +2.350%	2013	-	-	18	18
Total interest-bearing liabilities			**3,781**	**3,781**	**6,008**	**6,008**

The effectiveness of the hedges, measured through the Hedge Accounting method, enabled the fair value of the abovementioned IRSs to be recognised in a specific equity reserve.

Credit risk exposure

The carrying amount of financial assets and trade receivables represents the Group's maximum exposure to credit risk. At the reporting date, this exposure was as follows:

CREDIT RISK EXPOSURE		
(in thousands of euro)	31.12.2013	31.12.2012
Assets held to maturity	619	854
Trade receivables (*)	150,232	167,955
Cash and cash equivalents	8,575	12,911
Interest rate swap hedges:	-	-
Assets	13	28
Total	**159,439**	**181,748**

(*) Does not include: Allowance for impairment, Advances to suppliers, Agents and Copyright

At the reporting date, the Group's exposure to credit risk relating to trade receivables by geographical area was as follows:

BREAKDOWN BY GEOGRAPHICAL AREA		
(in thousands of euro)	31.12.2013	31.12.2012
Italy	146,656	163,832
Eurozone countries	1,259	1,584
United Kingdom	1,055	681
Other European countries	849	1,540
United States	223	195
Other	188	123
Total	**150,232**	**167,955**

At the reporting date, the Group's exposure to credit risk relating to trade receivables by customer type was as follows:

BREAKDOWN BY CUSTOMER TYPE		
(in thousands of euro)	31.12.2013	31.12.2012
Advertising agencies	15,230	29,775
Companies and financial institutions	60,201	68,489
Public entities	9,824	12,604
Professionals and private individuals	34,112	33,462
Other customers	30,865	23,625
Total	**150,232**	**167,955**

Impairment losses on trade receivables

The following table shows the age of trade receivables at the reporting date:

AGE OF TRADE RECEIVABLES				
(in thousands of euro)		31.12.2013		31.12.2012
	Gross	Allowance for impairment	Gross	Allowance for impairment
Due	103,233	2,497	112,929	1,997
Past due 1-30 days	4,079	231	5,346	197
Past due 31 - 120 days	7,132	1,356	10,425	1,607
Past due 121 days - 1 year	16,187	4,438	17,244	3,846
More than 1 year	19,601	12,743	22,011	15,050
Total	**150,232**	**21,265**	**167,955**	**22,697**

Changes in the allowance for impairment relating to trade receivables over the year were as follows:

CHANGES IN ALLOWANCE FOR IMPAIRMENT				
(in thousands of euro)		Year 2013		Year 2012
Balance at 1 January	22,697		23,780	
Loss for the year		(8,429)		(9,024)
Provisions	7,013		7,867	
Other changes		(15)	74	
Total	**21,265**		**22,697**	

Liquidity risk

The contractual due dates of financial liabilities and trade payables are shown in the table below:

LIQUIDITY RISK							
(in thousands of euro)				**31.12.2013**			
	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loan	3,780	(3,879)	(1,280)	(1,139)	(1,279)	(181)	-
Unsecured current account advances	53,242	(53,242)	(53,242)	-	-	-	-
Other financial liabilities to banks	-	-	-	-	-	-	-
Trade and other payables	113,704	(113,704)	(113,704)	-	-	-	-
Derivative financial liabilities							
Interest rate swap hedges	118	(118)	(58)	(39)	(21)		-
Total	**170,845**	**(170,943)**	**(168,284)**	**(1,178)**	**(1,300)**	**(181)**	**-**
(in thousands of euro)				**31.12.2012**			
	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loan	6,008	(6,113)	(1,263)	(1,253)	(2,341)	(1,256)	-
Unsecured current account advances	620	(620)	(620)	-	-	-	-
Other financial liabilities to banks	701	(701)	(701)	-	-	-	-
Trade and other payables	138,659	(138,659)	(138,659)	-	-	-	-
Derivative financial liabilities							
Interest rate swap hedges	294	(294)	(97)	(137)	(60)	-	-
Total	**146,282**	**(146,387)**	**(141,340)**	**(1,390)**	**(2,401)**	**(1,256)**	**-**

Cash flow hedging

Expected future cash flows associated with hedging derivatives are shown in the table below:

CASH FLOW HEDGING							
				31.12.2013			
(in thousands of euro)	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Interest rate swap hedges:							
Assets	13	13	6	5	2	-	-
Liabilities	(118)	(118)	(58)	(39)	(21)	-	-
Total	**(105)**	**(105)**	**(52)**	**(34)**	**(19)**	-	-

				31.12.2012			
(in thousands of euro)	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Interest rate swap hedges:							
Assets	28	28	9	13	6	-	-
Liabilities	(294)	(294)	(97)	(137)	(60)	-	-
Total	**(266)**	**(266)**	**(88)**	**(124)**	**(54)**	-	-

Interest rate risk - Profile

The profile of the interest rates applied to the Group's interest-earning financial instruments at the reporting date is shown below:

INTEREST RATE RISK		
	Carrying amount	
(in thousands of euro)	Balance at 31.12.2013	Balance at 31.12.2012
Fixed-rate financial instruments		
Financial assets	632	882
Financial liabilities	(484)	(390)
Total	**148**	**492**
Floating-rate financial instruments		
Financial assets	8,575	12,911
Financial liabilities	(56,657)	(4,736)
Total	**(48,082)**	**8,175**

Sensitivity analysis – fair market value of fixed-rate instruments

At 31 December 2013, the Company did not post any financial asset or liability at fair value through profit or loss, and did not account for hedging derivatives (Interest Rate Swaps) using the fair value hedge accounting method. Consequently, any changes in interest rates at the reporting date did not have any effect on the income statement.

Sensitivity analysis – fair market value of floating-rate instruments

If interest rates had increased or decreased by 100 basis points at the reporting date, equity and profit/(loss) for the year would have respectively increased or decreased by €33 thousand and €253 thousand, as shown in the following table:

SENSITIVITY ANALYSIS

	Profit / Loss for the year		Equity	
(in thousands of euro)	Increase of 100 bps	Decrease of 100 bps	Increase of 100 bps	Decrease of 100 bps
Year 2013				
Floating-rate financial instruments	(253)	253	-	-
Interest rate swaps	-	-	33	(32)
(Net) sensitivity of cash flows	**(253)**	**253**	**33**	**(32)**
Year 2012				
Floating-rate financial instruments	275	(275)	-	-
Interest rate swaps	-	-	141	(21)
(Net) sensitivity of cash flows	**275**	**(275)**	**141**	**(21)**

Criteria for determining fair value

The methods and main assumptions used to determine the fair value of financial instruments are specified below.

Derivative financial instruments

The fair value of Interest Rate Swaps is calculated on the basis of brokers' prices, the fairness of which is checked by discounting estimated future cash flows based on the terms and maturity of each contract for each financial instrument, applying the market interest rate at the reporting date for a similar financial instrument.

CONTRACTS RELATING TO DERIVATIVES

			31.12.2013		31.12.2012	
(in thousands of euro)	Interest rate due	Year of maturity	Notional amount	Fair Value	Notional amount	Fair Value
Interest Rate Swap	3.04%	2015	1,101	(36)	1,836	(90)
Interest Rate Swap	3.30%	2015	568	(19)	946	(48)
Interest Rate Swap	3.30%	2015	1,537	(50)	2,562	(128)
Total			**3,206**	**(105)**	**5,344**	**(266)**

Non-derivative financial liabilities

Fair value is calculated based on the present value of the estimated future cash flows of principal and interest, discounted using the market interest rate at the reporting date.

Interest rates used to calculate fair value

The interest rates used to discount projected cash flows, where applicable, are based on the yield curve of government bonds at the reporting date, plus a suitable credit spread.

Fair value and carrying amount

The following table shows – for each financial asset and liability and for trade receivables and payables – the carrying amount recognised in the statement of financial position and the related fair value:

FAIR VALUE				
(in thousands of euro)	31.12.2013		31.12.2012	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets held to maturity	619	619	854	854
Trade receivables	150,232	150,125	167,955	167,835
Cash and cash equivalents	8,575	8,575	12,911	12,911
Interest rate swap hedges:				
Assets	13	13	28	28
Liabilities	(118)	(118)	(294)	(294)
Unsecured bank loans	(3,781)	(3,847)	(6,008)	(6,165)
Unsecured current account advances	(53,242)	(53,242)	(620)	(620)
Bank overdrafts and loans - due within one year				
Other financial liabilities to banks	0	0	(701)	(701)
Trade and other payables	(113,704)	(113,704)	(138,659)	(138,659)
Total	**(11,406)**	**(11,579)**	**35,466**	**35,189**
Lloss not recognised		**(173)**		**(277)**

Guarantees

The Group has outstanding bank sureties totalling €13,200 thousand.

These sureties are summarised below:

- sureties issued by the parent and its subsidiaries as security on lease contracts for €8,713 thousand. Specifically, there are sureties in favour of Stremmata, the owner of the property located in via Monte Rosa in Milan for a total of €3,393 thousand, in favour of Quorum SGR for the lease of the property located in Via Pisacane in Pero for €4,500 thousand, and in favour of Finamo for the lease of the property located in Piazza Indipendenza in Rome for €670 thousand;
- sureties issued by the parent and its subsidiaries in favour of Ministries, Public Entities or Municipalities, as guarantees for prize competitions, service supply contracts, etc. for a total of €3,211 thousand;
- sureties issued by the parent and its subsidiaries to private third-party counterparties for commercial transactions, supply contracts, etc. for a total of €1,276 thousand.

8. Principal reasons for uncertainties in estimates

Estimates are used mainly to evaluate the going concern assumption, to recognise impairment losses on assets, to calculate probable future returns of publications that have been distributed, to determine the extent to which receivables and inventories should be impaired and written down, and to quantify the amounts to be provided for probable risks.

Estimates are also used in the actuarial calculation of Post-employment benefits, for quantification of income taxes, calculation of the fair value, the useful life of assets, and the recoverability of deferred tax assets.

These estimates and assumptions are reviewed at least once a year and the effects of each change are immediately reflected in the Income statement.

In particular, the estimates pertaining to the measurement of the recoverable amount of goodwill and other intangible assets with indefinite useful life are made on the basis of the fair value, net of costs to sell or value in use, using the discounted cash flow method. The recognition methods and the assumptions adopted are illustrated in section 11 Notes to the consolidated financial statements under the reference items.

Publication returns are estimated using statistical techniques and updated monthly on the basis of actual figures received.

The estimate of legal risks also takes the nature of the litigation and the adverse outcome probability into account.

9. Scope of consolidation

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS						
Company name	Business	Headquarters	Currency	Share/quota capital paid in	% of ownership	Held by
24 ORE Software S.p.A.	Software solutions	Milan	EUR	7,232,000	100.0%	Il Sole 24 ORE S.p.A.
24 ORE Cultura S.r.l.	Art products	Milan	EUR	120,000	100.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE UK Ltd	Sale of advertising space	London	EUR	50,000	100.0%	Il Sole 24 ORE S.p.A.
Alinari 24 ORE S.p.A. (in liquidation)	Photographs and exhibitions	Florence	EUR	120,000	100.0%	Il Sole 24 ORE S.p.A.
Newton Management Innovation S.p.A.	Training services	Milan	EUR	160,000	60.0%	Il Sole 24 ORE S.p.A.
Shopping 24 S.r.l.	E-commerce	Milan	EUR	10,000	100.0%	Il Sole 24 ORE S.p.A.
Newton Lab S.r.l.	Training services	Turin	EUR	100,000	30.6%	Newton Management Innovation S.p.A.
Diamante S.p.A.	Software solutions	Verona	EUR	680,000	100.0%	24 ORE Software S.p.A.
Fabbrica24 S.r.l.	E-commerce	Milan	EUR	120,000	100.0%	Shopping 24 S.r.l.
BacktoWork 24 S.r.l.	Internet services	Milan	EUR	32,500	90.0%	Fabbrica 24 S.r.l.

ASSOCIATES CONSOLIDATED AT EQUITY						
Company name	Business	Headquarters	Currency	Share/quota capital paid in	% of ownership	Held by
Mondoesa Emilia S.r.l.	Software solutions	Parma	EUR	20,800	40.0%	24 ORE Software S.p.A.
Mondoesa Lazio S.r.l.	Software solutions	Frosinone	EUR	20,800	35.0%	24 ORE Software S.p.A.
Mondoesa Laghi S.r.l.	Software solutions	Venegono inferiore (VA)	EUR	107,500	33.70%	24 ORE Software S.p.A.
Mondoesa Milano Nordovest S.r.l.	Software solutions	Milan	EUR	107,100	49.0%	24 ORE Software S.p.A.
Cesaco S.r.l.	Software solutions	Vicenza	EUR	90,000	48.0%	24 ORE Software S.p.A.
Aldebra S.p.A.	Software solutions	Trent	EUR	1,272,908	19.39%	24 ORE Software S.p.A.

Investments in subsidiaries

During the year, Nuova Radio S.p.A. merged into Il Sole 24 ORE S.p.A. in December, with accounting and tax effects from 1.1.2013. The merged company was fully owned and the transaction involved no change in the scope of consolidation.

The changes in the scope of consolidation, compared with the financial statements as at 31 December 2012 relate to:

- On 18 March 2013 Fabbrica 24 S.r.l. established BacktoWork 24 S.r.l., subscribing 90% of its quota capital for an amount equal to €100 thousand.
- On 29 March 2013, Business Media Web S.r.l. (in liquidation) approved its final liquidation financial statements as at and for the period ended 20 March 2013 and the asset distribution plan.
- On 29 July 2013 the subsidiary Fabbrica 24 S.r.l. sold its entire 70% investment held in the quota capital of Lambdago S.r.l., and thereby lost control over that company.
- On 10 September 2013, following the resolution to write off the quota capital of Signet S.r.l. to cover its losses and to fully waive the subscription right for its recapitalisation, the subsidiary Fabbrica 24 S.r.l. no longer holds the 70% investment in the quota capital of Signet S.r.l., and has lost control over that company.

Investments in associates and joint ventures

Changes of investments in associates occurred in 2013 are shown in the relevant section of the notes to the Statement of Financial Position.

No new equity interests were acquired during the year.

Non-controlling investments

Changes in non-controlling investments occurred in 2013 are shown in the relevant section of the notes to the Statement of Financial Position.

10. Reclassified essential data in the financial statements of subsidiaries, associates and joint ventures

STATEMENT OF FINANCIAL POSITION

Company	Note	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities	Total equity	Total equity and liabilities
24 ORE Software S.p.A.		92,347	28,102	120,449	(6,692)	(33,150)	(39,842)	(80,607)	(120,449)
Il Sole 24 ORE UK Ltd	(1)	2	1,040	1,042	-	(52)	(52)	(990)	(1,042)
24 ORE Cultura S.r.l.	(1)	1,065	9,830	10,895	(307)	(9,387)	(9,694)	(1,201)	(10,895)
Diamante S.p.A.	(1)	764	464	1,228	(313)	(344)	(657)	(571)	(1,228)
Newton Management Innovation S.p.A.	(1)	288	1,918	2,206	(183)	(1,567)	(1,750)	(456)	(2,206)
Newton Lab S.r.l.	(1)	79	2,250	2,329	(70)	(2,010)	(2,080)	(249)	(2,329)
Alinari 24 ORE S.p.A. (in liquidation)	(1)	1	403	404	(32)	(813)	(845)	441	(404)
Shopping24 S.r.l.	(1)	248	164	412	-	(1,790)	(1,790)	1,378	(412)
Fabbrica24 S.r.l.	(1)	369	1,261	1,630	(8)	(1,377)	(1,385)	(245)	(1,630)
BacktoWork24 S.r.l.	(1)	186	828	1,014	(5)	(928)	(933)	(81)	(1,014)
Total subsidiaries		**95,349**	**46,260**	**141,609**	**(7,610)**	**(51,418)**	**(59,028)**	**(82,581)**	**(141,609)**
Aldebra S.p.A.	(2)	3,112	13,216	16,328	(2,275)	(12,560)	(14,835)	(1,493)	(16,328)
Mondoesa Milano Nordovest S.r.l.	(2)	213	1,591	1,804	(311)	(1,408)	(1,719)	(85)	(1,804)
Mondoesa Emilia S.r.l.	(2)	404	1,815	2,219	(294)	(1,801)	(2,095)	(124)	(2,219)
Mondoesa Lazio S.r.l.	(2)	252	1,177	1,429	(352)	(824)	(1,176)	(253)	(1,429)
Mondoesa Laghi S.r.l.	(2)	56	1,262	1,318	(364)	(715)	(1,079)	(239)	(1,318)
Cesaco S.r.l.	(2)	28	589	617	(90)	(226)	(316)	(301)	(617)
Total associates		**4,065**	**19,650**	**23,715**	**(3,686)**	**(17,534)**	**(21,220)**	**(2,495)**	**(23,715)**
Total subsidiaries and associates		**99,414**	**65,910**	**165,324**	**(11,296)**	**(68,952)**	**(80,248)**	**(85,076)**	**(165,324)**

(1) Statutory figures adjusted for IFRS

(2) Last available financial statements 2012

INCOME STATEMENT						
Company	Note	Revenue	Gross operating profit (loss)	Operating profit (loss)	Profit (loss) before tax	Profit (loss) for the year
24 ORE Software S.p.A.		52,135	7,177	2,171	1,850	572
Il Sole 24 ORE UK Ltd	(1)	469	124	122	118	92
24 ORE Cultura S.r.l.	(1)	10,257	(2,111)	(2,217)	(2,324)	(2,197)
Diamante S.p.A.	(1)	1,088	112	(206)	(218)	(230)
Newton Management Innovation S.p.A.	(1)	3,635	569	370	355	250
Newton Lab S.r.l.	(1)	6,262	257	228	214	138
Alinari 24 ORE S.p.A. (in liquidation)	(1)	532	(289)	(315)	(432)	(432)
Shopping24 S.r.l.	(1)	-	(11)	(11)	(1,424)	(1,424)
Fabbrica24 S.r.l.	(1)	341	(493)	(508)	(997)	(998)
BacktoWork24 S.r.l.	(1)	659	(429)	(438)	(442)	(325)
Total subsidiaries		**75,378**	**4,906**	**(804)**	**(3,300)**	**(4,554)**
Aldebra S.p.A.	(2)	30,242	397	(327)	(145)	(232)
Mondoesa Milano Nordovest S.r.l.	(2)	3,064	67	24	18	(31)
Mondoesa Emilia S.r.l.	(2)	3,612	145	79	111	60
Mondoesa Lazio S.r.l.	(2)	2,280	91	50	69	20
Mondoesa Laghi S.r.l.	(2)	2,031	(14)	(28)	(22)	(42)
Cesaco S.r.l.	(2)	771	81	63	68	33
Total associates		**42,000**	**767**	**(139)**	**99**	**(192)**
Total subsidiaries and associates		**117,378**	**5,673**	**(943)**	**(3,201)**	**(4,746)**

(1) Statutory figures adjusted for IFRS
(2) Last available financial statements 2012

11. Notes to the consolidated financial statements

Non-current assets

(1) Property, plant and equipment

At year end the carrying amount of property, plant and equipment was €52,193 thousand. The following changes took place:

PROPERTY, PLANT AND EQUIPMENT							
(in thousands of euro)	Opening balance	Purchases	Disposals	Depreciation	Impairment losses	Other changes	Closing balance
Historical cost:							
Land	2,870	-	-	-	-	-	2,870
Buildings	31,143	30	(11)	-	-	7	31,169
Plant and equipment	125,283	801	(18,187)	-	(7,776)	497	100,617
Industrial and commercial equipment	47,510	2,568	(960)	-	-	492	49,610
Other assets	1,004	632	-	-	-	(980)	655
Total historical cost	**207,809**	**4,031**	**(19,158)**	**-**	**(7,776)**	**15**	**184,920**
Accumulated depreciation:							
Buildings	(17,661)	-	11	(1,106)	-	-	(18,757)
Plant and equipment	(78,505)	-	10,027	(5,800)	-	39	(74,239)
Industrial and commercial equipment	(37,642)	-	824	(2,876)	-	(38)	(39,732)
Total accumulated depreciation	**(133,808)**	**-**	**10,862**	**(9,782)**	**-**	**1**	**(132,727)**
Property, plant and equipment:						-	
Land	2,870	-	-	-	-	-	2,870
Buildings	13,482	30	-	(1,106)	-	7	12,412
Plant and equipment	46,778	801	(8,160)	(5,800)	(7,776)	535	26,377
Industrial and commercial equipment	9,868	2,568	(136)	(2,876)	-	454	9,878
Other assets	1,004	632	-	-	-	(980)	655
Total	**74,001**	**4,031**	**(8,297)**	**(9,782)**	**(7,776)**	**16**	**52,193**

During the year, investments totalling €4,031 thousand were made, and related mainly to:

- plant and equipment for €801 thousand, mainly attributable to work on properties for €274 thousand, purchases for the printing production in Milan for €204 thousand and radio broadcasting systems for €274 thousand;
- €2,568 thousand for industrial and commercial equipment, specifically €1,478 thousand for hardware purchases, €856 thousand for iPads lent free of charge to customers, €104 thousand for furniture and fittings and €101 thousand for air conditioning systems;
- other assets for €632 thousand, mainly relating to equipment and plant at the Carsoli site which are still not operational, for €90 thousand and investments in radio broadcasting systems for €489 thousand;
- €30 thousand for buildings, relating to temporary buildings.

Disposals totalling €8,297 thousand primarily relate to the sale of the Bologna rotary printing press at the carrying amount of €8,107 thousand.

Impairment losses amount to €7,776 thousand and relate to the Verona production plants which were fully written down since they have not been operating since May.

Depreciation of property, plant and equipment, based on their estimated useful life, totalled €9,782 thousand. Assets purchased during the year are depreciated as from the start of use.

The following table shows the useful life of the assets included in the various categories shown in these consolidated financial statements:

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT

Asset category	Useful life	Rate
Land	Indefinite	-
Buildings		
Industrial buildings	30-33 years	3% -3.33%
Temporary buildings	10-12 years	8.33% -10%
Plant and equipment		
Generic plant	10-20 years	5%-10%
Plant (leasehold improvements)	3-15 years	6.66%-33.33%
Rotary printing presses	15 years	6.50%
Finishing machinery	15 years	6.50%
Electronic photocomposition and photo-reproduction systems	3-5 years	20%-33.33%
Radio broadcasting plant	10 years	10%
Other assets		
Hardware	4-5 years	20%-25%
Furniture and fittings	5-8 years	12%-20%
Electronic office machinery	5 years	20%
Air-conditioning systems	5-20 years	5%-20%
Internal means of transport	5-10 years	10%-20%
Sundry tools & minor equipment items	4 years	25%

(2) Goodwill

The amounts recognised in the consolidated financial statements and the related change in goodwill attributed to the cash generating units (CGU) are as follows:

GOODWILL							
(in thousands of euro)	Historical amount	Impairment losses of previous years	Opening balance	Acquisitions	Increase due to change in scope of consolidation	Impairment losses	Closing balance
Publishing	513	-	513	-	-	-	513
Tax & Legal	15,469	-	15,469	-	-	-	15,469
Sector-Specific Publishing	10,292	(10,292)	-		-	-	-
Software solutions	56,863	-	56,863	-	-	-	56,863
Training	2,165	-	2,165	-	-	-	2,165
Culture	2,036	(2,036)	-	-	-	-	-
Total	**87,338**	**(12,328)**	**75,010**	**-**	**-**	**-**	**75,010**

Goodwill recognised at 31 December 2013 did not change compared to the previous year. Goodwill is subject to impairment tests (see section "Goodwill and intangible assets with an indefinite useful life" for details).

(3) Intangible assets

Intangible assets amounted to €82,039 thousand. The following changes took place during the year:

INTANGIBLE ASSETS								
(in thousands of euro)	Opening balance	Purchases	Disposals	Amortisation	Reclassifications and other changes	Impairment losses	Operating assets held for sale	Closing balance
Historical cost:								
Publications	29,515	-	-	-	-	(2,194)	(27,320)	0
Trademarks	3,190	-	-	-	(88)	-		3,101
Radio broadcasting frequencies	105,148	-	-	-	-	-		105,148
Licences and software	171,493	11,119	(96)	-	324	(728)	(14,858)	167,255
Intangible assets in progress & down payments	6,807	4,917	(4)	-	(764)	-	-	10,956
Total historical cost intangible assets	**316,153**	**16,036**	**(100)**	**-**	**(528)**	**(2,923)**	**(42,178)**	**286,460**
Accumulated amortisation:								
Publications	(26,181)	-	-	(238)	0	-	26,419	0
Trademarks	(1,455)	-	-	(155)	0	-	-	(1,610)
Radio broadcasting frequencies	(77,325)	-	-	-	-	-	-	(77,325)
Licences and software	(129,028)	-	97	(11,610)	496	-	14,559	(125,487)
Total accumulated amortisation	**(233,989)**	**-**	**97**	**(12,004)**	**496**	**-**	**40,978**	**(204,422)**
Intangible assets:								
Publications	3,333	-	-	(238)	0	(2,194)	(901)	(901)
Trademarks	1,735	-	-	(155)	(88)	-		1,492
Radio broadcasting frequencies	27,823	-	-	-	-	-	-	27,823
Licences and software	42,465	11,119	1	(11,610)	820	(728)	(299)	41,768
Intangible assets in progress & down payments	6,807	4,917	(4)	-	(764)	-	-	10,956
Total	**82,164**	**16,036**	**(3)**	**(12,004)**	**(32)**	**(2,923)**	**(1,200)**	**82,039**

Investments totalled €16,036 thousand.

Investments in licences and software amount to €11,119 thousand. The main investments include:

- new sales cycle for €2,692 thousand;
- industrial systems of the subsidiary 24 ORE Software S.p.A. for €2,089 thousand;
- online product systems for €2,088 thousand;
- management systems for €957 thousand;
- publishing systems for €987 thousand;
- other product systems for €1,121 thousand;
- infrastructure and other software for €266 thousand.

Investments in intangible assets in progress, totalling €4,917 thousand, related to software projects in progress, which will become operational in the next year.

Concessions and broadcasting frequencies total €27,823 thousand, unchanged since the previous year. Concessions and broadcasting frequencies were assigned an indefinite useful life and therefore are not amortised, so are subject to annual impairment testing. Regarding impairment testing, reference should be made to the next section Goodwill and intangible assets with indefinite useful life.

Impairment losses amounted to €2,923 thousand and refer to Sector-Specific Publishing publications. This impairment loss was recognised following the disposal of these publications in January 2014 to align the carrying amounts with those agreed with the counterparty.

The amortisation of intangible assets, based on their estimated useful life, totalled €12,004 thousand. Assets purchased during the year are amortised as from the start of use.

The following table shows the useful life of the assets included in the various categories shown in these financial statements:

USEFUL LIFE OF INTANGIBLE ASSETS

Asset category	Useful life	Rate
Publications		
Area	20 years	5.00%
Bargiornale	20 years	5.00%
GDO Week	20 years	5.00%
Other food publications	20 years	5.00%
01 Net.it (online publication)	20 years	5.00%
Applicando	20 years	5.00%
Eurosat	3 years	33.30%
Millecanali	3 years	33.30%
Mark up	20 years	5.00%
Ambiente Cucina	20 years	5.00%
Automazione Industriale	20 years	5.00%
Come Ristrutturare	20 years	5.00%
Graph	20 years	5.00%
Pcb Magazine	20 years	5.00%
Pianeta Hotel	20 years	5.00%
Portali Elettronica (Jce.It)	20 years	5.00%
Selezione Di Elettronica	20 years	5.00%
Safety	20 years	5.00%
Motta Architettura trademark	Indefinite	-
Specialist publishing trademarks	10 years	10.00%
Application software & management solutions		
Data Ufficio	until 2011	20% -33%
STR	3-5 years	20% - 33%
Specific intangibles – Esa Software	3-15 years	33% - 6.7%
Radio broadcasting frequencies	Indefinite	-
Other intangible assets	3-5 years	20% - 33%

Goodwill and intangible assets with an indefinite useful life

Intangible assets having an indefinite useful life and goodwill subject to impairment testing are as follows:

- Concessions and broadcasting frequencies;
- Goodwill:
  - Publishing;
  - Tax & Legal;
  - Software solutions;
  - Training.

Intangible assets with indefinite useful life are not subject to amortisation, but to impairment tests on the carrying amount recognised in the financial statements. These tests are carried out on the individual asset or the CGU to which it belongs, and are conducted whenever it is considered that there has been an impairment loss and in any case at least once a year.

The following table lists the intangible assets with an indefinite useful life, together with their carrying amounts.

GOODWILL AND INTANGIBLE ASSETS SUBJECT TO IMPAIRMENT TESTS		
(in thousands of euro)	31.12.2013	31.12.2012
Intangible assets with indefinite useful life		
Concessions and broadcasting frequencies	27,823	27,823
Total Intangible assets with indefinite useful life	**27,823**	**27,823**
Goodwill:		
Publishing	513	513
Tax & Legal	15,469	15,469
Software solutions	56,863	56,863
Training	2,165	2,165
Total Goodwill	**75,010**	**75,010**
Total	**102,833**	**102,833**

Impairment tests are carried out by comparing the carrying amount of the intangible asset with an indefinite useful life with its recoverable amount. The latter is the higher out of the asset's fair value, net of any costs to sell, and its value in use. It is sufficient for one of the two values to be higher than the carrying amount to demonstrate that the intangible asset has not suffered an impairment loss.

The following table summarises the characteristics and main parameters used to conduct the impairment tests of goodwill and intangible assets with indefinite useful life and the reference CGU.

ASSETS SUBJECT TO IMPAIRMENT TESTS AND MAIN PARAMETERS						
Assets	Reference CGU	Impairment test approach	Time span of the plan	(pre tax) discount rate	(post tax) discount rate	Terminal value growth rate
24 ORE Group	-	Value in use	2014-2018	12.67%	8.35%	0.00%
Concessions and broadcasting frequencies	Radio	Fair Value	na	na	na	na
Goodwill	Publishing	Fair Value	na	na	na	na
Goodwill	Tax & Legal	Value in use	2014-2018	12.20%	8.69%	0.00%
Goodwill	Software solutions	Value in use	2014-2018	12.70%	7.94%	0.00%
Goodwill	Training	Value in use	2014-2018	12.35%	8.69%	0.00%

The estimates pertaining to the measurement of the recoverable amount of concessions and broadcasting frequencies are made with reference to fair value, net of the costs to sell, determined on the basis of inputs compared with a sample of sale contracts for broadcasting frequencies.

The asset was tested for impairment. Impairment tests are carried out by comparing the carrying amount of the intangible asset with an indefinite useful life with its recoverable amount, determined with reference to the asset's fair value, net of costs to sell, which in this case were considered to be zero.

It is some years that the Company has been availing of the assistance of an external expert to issue an assessment report, the results of which fully confirm the carrying amounts.

The main assumptions to estimate the fair value, in the absence of an active market for frequency trading, are:

- The population covered, i.e. the number of people reached by the radio signal sent by the individual broadcasting systems. To determine this index, ISTAT demographic data and the quality perceived by the audience was considered; this was determined objectively through a system of technical measurements of the audio signal received by a common radio receiver.
- The per capita value of the individual frequency. This value was determined for each frequency and depends on the population density in the area, the purchasing power of the population covered, the Effective Radiated Power of the system, the road networks and the provincial capitals covered.

The algorithm was determined by using a sample of sale contracts for frequencies where all of the variables mentioned above were known as well as the value of the transactions performed between 2000 and 2011.

Analysis of the assumptions showed that:

- from a regulatory point of view the situation has not changed;
- Radio24 assets are still made up of 206 systems distributed in Italy and no evidence was found of impairment losses;
- the Italian economic performance is the only indicator that changed in estimating the assets;
- no new significant transactions were performed in 2012 and 2013;

- lacking significant transactions which could confirm the calculation criterion, the estimated value was adjusted on the basis of advertising market performance.

Given the above, the market value calculation of radio broadcasting frequencies was updated, recording a decrease in the overall value and in any event confirming the carrying amounts.

Estimates regarding the value in use of goodwill are made by projecting the cash flows formulated by the company management for a certain time period, based on reasonable and sustainable assumptions, using a growth rate for subsequent years that is in line with the growth expectations of the market in question. Impairment tests are carried out with the support of an external expert.

The discount rate used is the weighted average cost of capital (WACC), which represents the minimum return required by the market to remunerate the capital committed to the specific CGU, and is calculated by weighting the cost of risk capital and cost of debt to reflect the corresponding weight of a target financial structure in the reference sector. The cost of risk capital, estimated on the basis of the capital assets pricing model, includes not only a premium for the general market investment risk, but also a premium for the systemic or non-diversifiable risk attributable to the specific business.

The discount rate (WACC) used to calculate the value in use was estimated according to the following parameters:

24 ORE Group

- A risk-free rate of 1.91% (annual Interest Rate Swap average)
- Equity Risk Premium of 5.50%
- Beta Unlevered of 1.58
- Target financial structure (debt/equity) equal to 78.0% obtained based on the average for the sector

Tax & Legal and Training

- A risk-free rate of 1.91% (annual Interest Rate Swap average)
- Equity Risk Premium of 5.50%
- Beta Unlevered of 1.15
- Target financial structure (debt/equity) equal to 30.8%, coinciding with the median D/E for the sector

Software solutions

- A risk-free rate of 1.91% (annual Interest Rate Swap average)
- Equity Risk Premium of 5.50%
- Beta Unlevered of 1.01
- All equity target financial structure (debt/equity equalling 0%)

Based on these parameters, a weighted average cost of capital (post tax WACC) was obtained, equal to:

- Tax & Legal and Training: 8.69%
- Software Solutions: 7.94%

The value in use of each CGU is estimated from the 2014-2018 Business Plan approved by the Board of Directors on 11 March 2014 and in compliance with the "Impairment testing procedure for goodwill and intangible assets with indefinite life" adopted by the Group.

Given the above, the following is noted:

- **Publishing.** This CGU groups the daily newspaper Il Sole 24 ORE, magazines, add-on products and the press agency Radiocor. The value of these activities and the allocated assets is greater than the carrying amount of the goodwill. The current negative situation, which has hit advertising particularly hard, caused losses that do not affect the recoverability of the recognised amount.
- **Tax & Legal.** The carrying amount of goodwill associated with the CGU is €15,469 thousand. GOP for 2014 (€17,855 thousand) and the results of the 2014-2018 business plan by far confirm the carrying amount. Significant changes in the main assumptions adopted would not have led to changes in the result of the impairment test. In fact, in order for the value in use to be equal to the carrying amount the WACC must be much greater than 20% or the post-plan growth rate must be negative and much higher than the WACC in absolute terms.
- **Software Solutions.** Goodwill, totalling €56,863 thousand relates to the development, production and sale of tax return and management software for SMEs on the management software market, available from 24 ORE Software S.p.A., and to the activities of Diamante S.p.A. The 2014-2018 business plan envisages a rationalisation of the activities with consequent operating synergies, the rationalisation of the offer, the technological upgrading and the development of new products. The results of the impairment tests confirm the carrying amount of the goodwill. The sensitivity analysis, conducted by changing the post-tax WACC and the "g" growth rate to the terminal value, reveals a discount rate of 8.37% or a negative g growth rate of -0.58%, respectively, which may cancel out the positive spread between value in use and the carrying amount.
- **Training.** The carrying amount of goodwill associated with the CGU is €2,165 thousand. GOP for 2013 (€3,505 thousand) and the results of the 2014-2018 business plan by far confirm the carrying amount. Significant changes in the main assumptions adopted would not have led to changes in the result of the impairment test. In fact, in order for the value in use to be equal to the carrying amount the WACC must be much greater than 20% or the post-plan growth rate must be negative and much higher than the WACC in absolute terms.

In relation to the market performance of the listed special-category shares, second level impairment testing was carried out comparing the 24 ORE Group equity value with the equity's carrying amount at the reporting date. To this end, the Group's equity value was estimated according to the value in use, by referring to the cash flows in the 2014-2018 business plan. The fair value, net of costs to sell, calculated using the multiples of comparable companies, was also used as a control method.

The results of these analyses showed that the Group's equity value is higher than the equity's carrying amount.

(4) Investments in associates

Investments in associates rose from €829 thousand to €865 thousand, as a result of the following changes:

INVESTMENTS IN ASSOCIATES						
(in thousands of euro)	Opening balance	Acquisition	Disposals i	Profit (losses) from equity-accounted investees	Other changes	Closing balance
Aldebra S.P.A.	254	-	-	5	-	259
Mondoesa Lazio S.r.l.	192	-	-	11	-	203
Mondoesa Laghi s.r.l.	124	-		(9)	-	115
Mondoesa Milano Nordovest S.r.l.	108	-	-	3	-	111
Cesaco S.r.l.	115	-	-	16	-	131
Mondoesa Emilia S.r.l.	21	-	-	26	(1)	46
Italia news S.r.l. in liquidazione	15	-	-	-	(15)	-
Total	**829**	**-**	**-**	**52**	**(16)**	**865**

(5) Available-for-sale financial assets

This item relates to non-controlling investments and amounted to €1,186 thousand, with the following breakdown:

NON-CONTROLLING INVESTMENTS					
(in thousands of euro)	Opening balance	Acquisitions	Impairment losses	Other changes	Closing balance
Ansa Soc. Coop a r.l.	370	-	-	-	370
Sorma S.p.A.	268	-	-	-	268
Editoriale Ecoprensa S.A.	266	-	-	-	266
Actinvest Group S.r.l.	225	-	-	-	225
Mondoesa Sud S.r.l.	27	-	-	-	27
Consorzio Club Dab Italia Scrl	15	-	-	1	16
C.S.I.E.D.	10	-	-	-	10
Immobiliare Editoriale Giornali S.r.l.	3	-	-	-	3
Audiradio S.r.l. (in liquidation)	1	-	-	(1)	-
S.F.C. Soc. Consortile per azioni	1	-	-	-	1
Total	**1,186**	**-**	**-**	**-**	**1,186**

(6) Other non-current assets

These amount to €3,795 thousand and refer to tax receivables for €3,176 thousand and guarantee deposits for €619 thousand.

(7) Deferred tax assets and liabilities

These items show the impact of deferred tax assets and liabilities. These are respectively calculated on the deductible and taxable differences that temporarily arise between carrying amounts and their tax value.

The amounts of deferred tax assets and liabilities at 31 December 2013 and 31 December 2012 are shown below:

DEFERRED TAX ASSETS			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Deferred tax assets	**70,097**	**69,752**	**345**

DEFERRED TAX LIABILITIES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Deferred tax liabilities	**12,362**	**11,957**	**405**

The table below shows the changes for the year:

DEFERRED TAX ASSETS AND LIABILITIES			
(in thousands of euro)	Deferred tax assets	Deferred tax liabilities	Net
Balance at 31/12/2012	69,752	(11,957)	57,795
Other effects on the income statement	3,204	28	3,232
Changes in scope of consolidation	(5)	(7)	(12)
Other effects recognised in the statement of comprehensive income	-	(426)	(426)
Transformation of DTA	(1,786)	-	(1,786)
IRES reimbursement (years recording a loss)	-	-	-
Other changes	(1,068)	-	(1,068)
Balance at 31/12/2013	**70,097**	**(12,362)**	**57,735**

To be highlighted:

- the recognition of deferred tax assets, limited to the net deductible differences on temporary changes that emerged during the year, and posted to the income statement as specified in note (44);
- the recognition of deferred tax liabilities in other comprehensive income (expense) relating to the measurement of derivative instruments and defined benefit plans (€426 thousand);
- the transformation of deferred tax assets on intangible assets into tax credits as set forth in art. 2, paragraphs 55-58 of Italian Law Decree 225/2010 (€1,512 thousand). In this respect note that the DTA from realignment and in general those relating to intangible assets are recoverable not only against future taxable income but also through their transformation and offsetting pursuant to art. 2, Italian Law Decree 225/2010 in the event of statutory and/or tax losses;
- the use of deferred tax assets for taxable income offset as part of the tax consolidation procedure (€1,068 thousand).

The following table shows the detail of deferred tax assets and liabilities at 31 December 2013 and 2012:

DEFERRED TAX ASSETS AND LIABILITIES						
(in thousands of euro)	Assets		Liabilities		Net	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Property, plant and equipment	2,589	147	(100)	(86)	2,489	61
Intangible assets	16,429	16,852	(11,987)	(12,353)	4,441	4,500
Receivables and provisions	7,132	7,465	(234)	451	6,898	7,916
Other	33	153	40	70	73	223
Loss carry-forward	43,834	45,095	-	-	43,834	45,095
Deferred tax assets (liabilities)	**70,017**	**69,712**	**(12,281)**	**(11,918)**	**57,735**	**57,795**
Change in tax rate	-	-	-	-	-	-
Netting of taxes	81	40	(81)	(40)	-	-
Net deferred tax assets (liabilities)	**70,097**	**69,752**	**(12,362)**	**(11,957)**	**57,735**	**57,795**

CHANGES IN DEFERRED TAX ASSETS/LIABILITIES – GROUP							
(in thousands of euro)	31.12.2013	31.12.2012	Recognised in the separate income statement	Recognised in other comprehensive income (expense)	Transferred as part of tax consolidation scheme	Changes in consolidated companies	Transformation of DTA
Property, plant and equipment	2,489	61	2,428	-	-	-	-
Intangible assets	4,441	4,499	1,728	-	-	-	(1,786)
Receivables and provisions	6,898	7,916	(580)	(426)	-	(12)	-
Other	73	224	(151)	-	-	-	-
Loss carry-forward	43,834	45,095	(193)	-	(1,068)	-	-
Deferred tax assets (liabilities)	**57,735**	**57,795**	**3,232**	**(426)**	**(1,068)**	**(12)**	**(1,786)**

The loss carry-forward of €43,834 thousand is mainly attributable to the parent. Losses and other deferred tax assets were considered recoverable in consideration of:

- the option to settle part of the deferred tax assets, particularly those relating to intangible assets, through their transformation and offsetting against other taxes;
- the regime introduced by art. 23, paragraph 9, Italian Decree Law no. 98 of 6 July 2011, which introduced certain changes to the tax treatment of business losses for IRES taxpayers. The new provisions set a longer period to recover losses, which substantially coincides with the duration of the company;
- the option to use taxable income generated by other Group companies participating in the tax consolidation for offsetting purposes.

Although deferred tax assets may be carried forward indefinitely, they were not recognised on current year tax losses since the time horizon within which the additional losses generated in 2013 could be used does not enable the Group to determine their recoverability with sufficient certainty.

The Group will periodically re-assess the deferred tax assets and will report the deferred tax assets not recognised on losses previously to the extent that future taxable income is likely to arise enabling the recovery of these deferred tax assets.Please note that the tax assets not recognised on current year losses in the financial statements amount to €19,084 thousand.

Current assets

(8) Inventories

INVENTORIES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Paper	4,193	13,050	(8,857)
Ink	108	139	(31)
Photographic material	149	248	(99)
Raw and ancillary materials and consumables	**4,449**	**13,437**	**(8,988)**
Work in progress and semi-finished products	**6**	**7**	**(1)**
Books	2,333	5,556	(3,223)
Software	2	2	-
CDs	88	74	14
Other products	73	1,607	(1,534)
Allowance for inventory write-down - finished products	(1,238)	(3,650)	2,412
Finished products	**1,258**	**3,588**	**(2,330)**
Other merchandise bought	328	455	(127)
Allowance for inventory write-down - merchandise	(36)	(205)	169
Merchandise	**291**	**250**	**41**
Total	**6,005**	**17,283**	**(11,278)**

Inventories are net of the allowance for inventory write-down, which featured the following movements:

ALLOWANCE FOR INVENTORY WRITE-DOWN				
(in thousands of euro)	Opening balance	Provisions	Use of provisions	Closing balance
Allowance for inventory write-down - finished products	(3,650)	(315)	2,728	(1,238)
Allowance for inventory write-down - merchandise	(205)	-	168	(36)
Total	**(3,855)**	**(315)**	**2,896**	**(1,274)**

Given the nature of the inventories, it is highly unlikely that the circumstances that caused the write-down itself will change in subsequent years.

(9) Trade receivables

Trade receivables stem from the normal course of continuing operations and featured the following breakdown:

TRADE RECEIVABLES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Trade receivables	150,232	167,955	(17,723)
Provision for returns to be received	(1,567)	(1,892)	325
Allowance for impairment	(21,265)	(22,697)	1,432
Net trade receivables	**127,400**	**143,366**	**(15,966)**
Ordinary advances to suppliers	6,381	7,304	(924)
Agents and agencies	2,833	3,037	(205)
Receivables from associates and non-controlling interests	2,647	1,410	1,236
Total	**139,260**	**155,119**	**(15,858)**

Trade receivables are shown net of the provision for returns to be received in the following year of €1,567 thousand. Receivables are shown net of the allowance for impairment for €21,265 thousand.

Changes in these provisions and allowances for impairment were as follows:

PROVISION FOR RETURNS TO BE RECEIVED AND ALLOWANCE FOR IMPAIRMENT				
(in thousands of euro)	Opening balance	Provisions	Use of provisions	Closing balance
Provision for returns to be received	(1,892)	(1,567)	1,892	(1,567)
Allowance for impairment	(22,697)	(7,013)	8,445	(21,265)
Total	**(24,589)**	**(8,580)**	**10,337**	**(22,832)**

(10) Other receivables

OTHER RECEIVABLES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Current income tax	3,427	2,718	709
Tax receivables	1,821	1,937	(116)
Employee-related receivables	441	725	(285)
Other receivables	4,887	4,747	139
Total	**10,575**	**10,127**	**448**

The detail of tax receivables is shown below:

TAX RECEIVABLES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
VAT receivables	1,092	1,311	(219)
VAT awaiting reimbursement	533	533	-
VAT on invoices to be received	196	93	102
Total	**1,821**	**1,937**	**(116)**

Receivables from employees, in the amount of €441 thousand, relate to expense allowances and loans to employees.

Other receivables, in the amount of €4,887 thousand, mainly refer to the following:

OTHER RECEIVABLES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Receivables from Italian Post Office	2,756	2,893	(137)
Receivable for sale of equity interest in Faenza Industrie Grafiche S.r.l.	85	85	-
Advances to agents	804	1,009	(205)
Other	1,242	760	482
Total	**4,887**	**4,747**	**140**

(11) Other current assets

These are made up of prepaid expenses:

PREPAID EXPENSES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Agents' commissions	2,142	2,010	132
Hardware and software maintenance fees	413	165	248
Sundry taxes	318	415	(97)
IT services	189	203	(14)
Royalty and copyright costs	142	162	(20)
Rental costs	224	707	(483)
Licence fees	873	378	495
Administrative and commercial services	711	246	465
Employee insurance premiums	169	27	142
Information and data expenses	37	22	15
Other production services	-	669	(669)
Insurance premiums	168	185	(17)
Conference organisation expenses	127	-	127
Rental fees	40	-	40
Other	195	381	(186)
Total	**5,749**	**5,570**	**178**

(12) Cash and cash equivalents

Cash and cash equivalents amounted to €8,575 thousand, decreasing by €3,660 thousand compared to the previous year. They consist of cash in hand, cash equivalents, and demand or short-term bank deposits that are actually available and readily convertible into cash.

Cash and cash equivalents totalling -€14,766 thousand are reported on the statement of cash flows, net of current account overdrafts and portions due within one year of bank borrowings as shown below:

CASH AND CASH EQUIVALENTS		
(in thousands of euro)	31.12.2013	31.12.2012
Cash and cash equivalents	8,575	12,234
Bank overdrafts - due within one year	(19,931)	(645)
Current portion of medium-long term loans	(3,409)	(2,322)
CLOSING CASH AND CASH EQUIVALENTS	**(14,766)**	**9,268**

Available-for-sale assets and liabilities

(13) Available-for-sale assets and liabilities

Available-for-sale assets pertain to the Business Media business unit operating in the B2B segment, which publishes 72 publications and web portals targeting various professional segments.

This business unit was sold in January 2014 and consists of the following assets and liabilities:

AVAILABLE-FOR-SALE ASSETS AND LIABILITIES	
(in thousands of euro)	Balance at 31.12.2013
Available-for-sale assets	
Intangible assets	1,200
Inventories	100
Total	**1,300**
Available-for-sale liabilities	
Provisions for risks and charges	951
Employee benefit obligations	2,103
Other payables	354
Deferred income	767
Total	**4,175**

After the sale, the intangible assets were written down by €2,923 thousand and a contractual liability of €7,800 thousand was recognised.

Equity

(14) Share capital

Share capital, fully subscribed and paid in, amounts to €35,123,787, divided into 133,333,213 shares, of which 90,000,000 ordinary shares (67.5% of share capital) and 43,333,213 special shares (32.5% of share capital), of which 3,302,027 treasury shares.

At the beginning of the year the number of treasury shares was 3,302,027 and there were no changes during the year. The carrying amount of treasury shares (€22,447 thousand) was cancelled out by an equity item of the same amount.

(15) Equity reserves

Equity reserves, which amounted to €180,316 thousand, were set up in 2007 following the listing of special shares on the Milan screen-based equity market, and consist of the share premium reserve.

(16) Revaluation reserves

The revaluation reserves were fully utilised to cover part of the loss for the previous year.

(17) Hedging and translation reserves

The hedging and translation reserve came to a negative €76 thousand and covers the fair value of Interest Rate Swaps, which were set up to hedge the risk of fluctuations in interest rates on three facilitated loans, net of related deferred tax assets. More specifically, the portion of fair value forming the reserve in question concerns the IRS contracts classified as cash flow hedges, the value of which decreased by €36 thousand (post-tax) compared to the previous year, and which are considered effective for the purpose of IAS 39.

(18) Other reserves

OTHER RESERVES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Negative goodwill	11,272	11,272	-
Legal reserve	7,025	7,025	-
Stock Granting Reserve (Fair value)	-	7,619	(7,619)
Post-employment benefit reserve (IFRS adjustment)	(3,046)	(4,054)	1,008
Other	-	388	(388)
Total	**15,251**	**22,250**	**(6,999)**

The items with a zero balance in the statement above were generated by the change of results in the year 2012.

(19) Loss brought forward

The loss brought forward increased from €12,857 to €32,819 thousand due to the coverage of the loss for the previous year and the loss brought forward of the subsidiary Alinari S.p.A. (in liquidation).

(20) Loss for the year

The loss for the year totalled €76,135 thousand. The loss attributable to owners of the parent was €76,213 thousand. The profit attributable to non-controlling interests was €78 thousand.

The loss per share was €0.59, and is calculated by taking the loss attributable to the owners of the parent (€76,213 thousand) and dividing it by the weighted average number of outstanding shares during the year (130,031,186).

The following tables show a reconciliation with the financial statements of the parent:

RECONCILIATION OF PARENT AND CONSOLIDATED LOSS FOR THE YEAR		
(in thousands of euro)	Year 2013	Year 2012
Loss for the year reported by the parent Il Sole 24 ORE S.p.A.	**(81,909)**	**(44,194)**
Subsidiaries' loss for the year	(4,513)	(8,355)
Amortisation of intangible assets, net of tax effects, from consolidation entries	(482)	(211)
Derecognition of dividends paid by subsidiaries	(1,181)	(286)
Provisions on subsidiaries in the parent's financial statements	10,034	4,568
Portion of profit attributable to equity-accounted investees	52	199
Income from Diamante investment price adjustment	1,671	-
Other intergroup changes	193	(136)
Consolidated loss for the year 24 ORE Group	**(76,135)**	**(48,415)**

RECONCILIATION OF PARENT AND CONSOLIDATED EQUITY		
(in thousands of euro)	31.12.2013	31.12.2012
Equity reported by the parent Il Sole 24 ORE S.p.A.	**126,822**	**231,444**
Investments in subsidiaries	(95,113)	(140,355)
Liability recorded in the consolidated financial statements for acquisition of Diamante S.p.A. shares	(1,267)	(3,438)
Equity and profit of consolidated companies	76,421	87,711
Provisions on subsidiaries in the parent's financial statements	8,043	3,428
Intangible assets and deferred taxes from consolidation entries	2,418	13,814
Goodwill from consolidation entries	4,553	4,503
Equity-accounted investees	64	(12)
Other intergroup changes	(16)	(143)
Consolidated equity 24 ORE Group	**121,925**	**196,952**

OTHER COMPREHENSIVE INCOME (EXPENSE) AND RELATED TAX EFFECTS				
(in thousands of euro)	Year 2013		Year 2012	
	Gross amount	Tax effect	Gross amount	Tax effect
Other comprehensive income (expense)				
Actuarial gains (losses) of defined-benefit plans	1,390	(382)	(3,841)	1,055
Effective portion of changes in fair value of cash flow hedges	160	(44)	51	(14)
Total	**1,550**	**(426)**	**(3,790)**	**1,041**

Non-current liabilities

(21) Non-current financial liabilities

Non-current financial liabilities amounted to €371 thousand (€3,686 thousand at the end of the previous year) and refer to the medium/long-term portion of the loans of the subsidiary 24 ORE Software S.p.A., under the Technological Innovation Law, the loans obtained by the subsidiary Newton Lab S.r.l. and the loans of the subsidiary Diamante S.p.A., as summarised in the following table:

MEDIUM-LONG TERM LOANS								
Bank	Facilitation	Amount paid out	Interest rate	Date of maturity	Current portion	M/L-term portion	Residual amount at 31.12.2013	Loan with clause
Credito Emiliano S.p.A.	Law 62/2001 Publishing Industry	6,976	6-mo. Euribor + 0.875%	30/06/2015	1,101	-	1,101	1,101
Intesa Sanpaolo S.p.A.	Law 62/2001 Publishing Industry	3,595	6-mo. Euribor + 0.85%	30/06/2015	568	-	568	568
Intesa Sanpaolo S.p.A.	Law 62/2001 Publishing Industry	8,199	6-mo. Euribor + 0.85%	30/06/2015	1,537	-	1,537	1,537
Minis. Ind. Att. Comm. (MICA)	Law 46/82 Tech. innovation	739	3.00%	23/02/2015	82	84	166	166
Minis. Prod. Activ. (MAP)	Law 46/82 Tech. innovation	423	2.25%	20/05/2018	43	180	223	223
Intesa Sanpaolo S.p.A.	-	78	7.25%	28/09/2016	16	31	47	
UBI	-	100	4.02%	11/10/2016	32	62	94	
Cassa Risparmio del Veneto	-	50	1-mo. Euribor + 3.250%	28/06/2015	14	7	21	
Cassa Risparmio del Veneto	-	30	1-mo. Euribor + 6.074%	24/07/2015	10	6	16	
Cassa Risparmio del Veneto	-	50	1-mo. Euribor + 2.350%	28/08/2014	7	-	7	
Total		**20,240**			**3,410**	**371**	**3,779**	**3,595**

For the fixed-rate loans of the subsidiaries, no guarantees have been given, nor have covenants been requested.

The floating-rate loans (6-month Euribor + spread) of the parent have been hedged against interest rate fluctuations by using specific derivatives, as already described in Section 7 - Risk management. These loans are not backed by collateral, but include specific covenants.

The decrease of €3,315 thousand compared with the figure at 31 December 2012 was due to the repayment of loan instalments during the year and, following the failure to meet the covenants, the recognition of the loans received by the parent as short-term borrowings based on Law 62/2001 relating to the Publishing Industry.

(22) Employee benefit obligations

EMPLOYEE BENEFIT OBLIGATIONS

(in thousands of euro)	Opening balance	Cost of labour	Financial income	Actuarial losses	Reclassification to non-current liabilities held for sale	Uses and other changes	Closing balance
Post-employment benefits	32,733	141	860	(1,390)	(2,103)	(2,439)	27,802
Total	**32,733**	**141**	**860**	**(1,390)**	**(2,103)**	**(2,439)**	**27,802**

The main actuarial assumptions used to estimate the benefits to be awarded on termination of employment are as follows:

Demographic assumptions:

- the RG48 tables were used for mortality rates;
- the annual probability of a post-employment benefit advance being requested was set at 2%, based on historical data of the companies being evaluated.

Economic and financial assumptions:

- the discount rate was determined at 3% based on the High Quality Corporate Bond for the euro zone;
- the inflation rate used was 2%;
- the percentage of accrued post-employment benefits requested in advance was set at 66.75% based on historical figures.
- wages/salaries growth rate of 2.75%.

(23) Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES

(in thousands of euro)	Opening balance	Provisions	Use of provisions	Reclassification to non-current liabilities held for sale	Closing balance
Provision for legal disputes	3,548	979	(904)	-	3,622
Provision for sundry risks	3,479	134	(1,301)	-	2,312
Provision for agent indemnities	6,706	616	(995)	(951)	5,376
Total	**13,733**	**1,728**	**(3,199)**	**(951)**	**11,310**

Provisions for legal disputes (€3,622 thousand) cover litigation risks known at the reporting date. These risks relate in particular to personnel lawsuits (€1,621 thousand), lawsuits against the newspaper (€726 thousand), disputes with social security institutions (€1,029 thousand), forecast legal expenses (€168 thousand) and other litigation (€78 thousand).

The provision for legal disputes was used by €904 thousand as there was no longer a requirement for the provision to be maintained, mainly for lawsuits against the newspaper (€330 thousand), personnel lawsuits (€442 thousand), forecast legal expenses (€38 thousand) and other litigation (€94 thousand).

The provision for sundry risks (€2,312 thousand) is to cover the residual risks relating to contractual obligations connected with the construction of the building in Via Monte Rosa, Milan (€1,645 thousand) and other risks of a contractual nature (€667 thousand).

Uses of the provision for sundry risks for €1,301 thousand resulted from the reduction in the provisions regarding risks for contractual obligations connected with construction of the building in Via Monte Rosa, Milan (€130 thousand) and other risks for which there is no longer any reason to maintain the associated provisions, for a total of €1,171 thousand.

Agents' indemnities are provisions to cover the risks deriving from early termination of the contract and those relating to discontinuation of the agency relationship as per Article 1751 of the Italian Civil Code.

Note that the Italian Inland Revenue has repeatedly challenged the legal classification of plant sale contracts with related usage rights for radio and TV broadcasting frequencies, sometimes claiming that these should qualify as disposals of plant subject to VAT and other times as business unit disposals subject to proportionate registration tax, though without adopting a standard position on such issues.

As a result, in recent months operators have acted in the knowledge that whatever decision they made, it could be subject to tax disputes. The merged company Nuova Radio S.p.A. was also involved in disputes for 8 sale and purchase deeds signed between 2005 and 2009. At the reporting date, the status of the dispute is on the whole in favour of the company, pending a definitive ruling by the Court of Cassation.

Therefore, the company believes that the Tax Authority claims are unfounded and that in any event, under art. 40, paragraph 9-bis, Italian Decree Law no. 201 of 6 December 2011, converted with amendments by Italian Law no. 214 of 22 December 2011 designed clarify this issue, other than the aforementioned outcome of disputes involving the Group, the risk in question does not exist.

(24) Other non-current liabilities

This item totalled €701 thousand, down €2,271 thousand on €2,972 thousand at the end of the previous year, due to the recognition of the medium term portion of the payable relating to the acquisition of the remaining 20% of the investment in Diamante S.p.A..

Current liabilities

(25) Bank overdrafts and loans - due within one year

These amounted to €56,652 thousand (€2,967 thousand in the previous year) and mainly related to:

- current account overdrafts for €19,931 thousand;
- short-term bank loans for €33,312 thousand, of which €20,000 thousand for hot money transactions and €13,312 thousand for advances on trade receivables;
- current portion of medium-long term loans for €3,410 thousand.

(26) Financial liabilities held for trading

Financial liabilities held for trading totalled €105 thousand, as shown in the section *Cash flow hedging* in Section 7 Risk Management.

(27) Trade payables

TRADE PAYABLES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Suppliers	106,371	131,755	(25,384)
Deferred income	32,641	34,763	(2,122)
Trade payables to associates and non-controlling interests	394	508	(114)
Other trade payables	6,939	6,396	543
Total	**146,345**	**173,422**	**(27,077)**

The breakdown of deferred income is shown below:

DEFERRED INCOME			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Sale of magazines	6,598	10,179	(3,582)
Online publications by subscription	12,249	10,432	1,817
Il Sole 24 ORE newspaper subscriptions	8,966	10,622	(1,656)
IT services	3,924	2,366	1,558
Software by subscription	904	1,163	(259)
Total	**32,641**	**34,763**	**(2,122)**

Other trade payables totalled €6,924 thousand, including €4,746 thousand relating to payables to agents.

(28) Other current liabilities

OTHER CURRENT LIABILITIES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Deferred income	9,258	9,390	(132)
Accrued liabilities	37	23	14
Current tax liabilities	1,072	1,062	10
Total	**10,367**	**10,476**	**(109)**

The breakdown of deferred income is shown below:

DEFERRED INCOME			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Annual service contracts	3,305	3,511	(206)
Conferences	4,494	4,086	408
Sales of software licences	199	376	(177)
Services	298	277	21
Interest expense on M/L fin. payable to third parties	154	273	(119)
Rent income	236	1	235
Other deferred income	571	866	(295)
Total	**9,258**	**9,390**	**(133)**

(29) Other payables

OTHER PAYABLES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Payables to employees for restructuring	15,924	10,500	5,424
Social security institutions	7,734	10,072	(2,338)
Tax payables	6,152	6,964	(812)
Holidays	7,988	8,833	(845)
Other employee payables	6,153	6,789	(636)
13th and 14th-month salaries accrued and not yet paid	2,481	2,676	(195)
Miscellaneous payables	18,102	12,326	5,776
Total	**64,533**	**58,160**	**6,373**

Tax payables mainly refer to withholding tax on payroll and on freelancers' invoices.

Payables to employees for restructuring include provisions allocated, net of disbursements. Charges of €15,760 thousand were allocated during the year, against an outlay of €10,336 thousand.

The breakdown of miscellaneous payables is shown below:

MISCELLANEOUS PAYABLES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Liability for sale of Business Media	7,800	-	7,800
Payable for ESA Software S.p.A. acquisition	6,592	6,761	(169)
Payable to Ifitalia	475	1,692	(1,217)
Other payables	3,235	3,873	(638)
Total	**18,102**	**12,326**	**(2,024)**

Income Statement

(30) Revenue from newspapers, books and magazines

REVENUE FROM NEWSPAPERS, BOOKS AND MAGAZINES				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Newspaper	56,012	67,824	(11,812)	-17.4%
Magazines	28,743	41,316	(12,573)	-30.4%
Books	6,068	8,999	(2,931)	-32.6%
Add-ons	5,800	7,788	(1,988)	-25.5%
Total	**96,623**	**125,927**	**(29,304)**	**-23.3%**

(31) Revenue from advertising

Revenue from advertising amounted to €128,046 thousand, with a decrease of €16,211 thousand, or -11.2%, compared to the previous year.

(32) Other revenue

OTHER REVENUE				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Software	57,147	58,667	(1,520)	-2.6%
Electronic publishing	42,476	37,452	5,024	13.4%
Revenue from conferences and training	25,468	23,743	1,725	7.3%
IT products	16,077	14,081	1,996	14.2%
Revenue from other products and services	19,656	26,733	(7,077)	-26.5%
Total	**160,825**	**160,676**	**148**	**0.1%**

(33) Other operating income

OTHER OPERATING INCOME				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Prior year income	2,181	1,241	940	75.7%
Sundry expense recoveries	3,676	3,338	338	10.1%
Grants	364	770	(407)	-52.8%
Rent income	1,211	704	508	72.2%
Other	2,472	1,556	916	58.8%
Total	**9,904**	**7,609**	**2,295**	**30.2%**

(34) Personnel expense

PERSONNEL EXPENSE				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Wages & salaries	98,467	107,394	(8,927)	-8.3%
Social security charges & pension contributions	32,234	35,884	(3,650)	-10.2%
Post-employment benefits	8,067	8,603	(536)	-6.2%
Overtime, holidays and other expense	15,551	10,488	5,063	48.3%
Total	**154,320**	**162,369**	**(8,049)**	**-5.0%**

Personnel expense decreased by €8,049 thousand.

This decrease is mainly due to the combined effect of:

- the falling average cost of employees, following application of the solidarity agreements implemented as a result of those signed with the trade unions;
- a drop in the average headcount by 43 staff. The comparison shows a decrease in the average headcount from 1,855 in 2012 to 1,812 in 2013;
- a drop in the average number of temporary staff, apprentices and short-term contract staff by 37.

During the year €15,460 thousand in restructuring expenses were allocated, compared to €8,778 thousand last year, associated with cutbacks in products and activities and organisational downsizing, both forming part of the reorganisation plan under way.

(35) Increase in internally-generated assets

This item refers to the capitalisation of management software project development costs. The strategic projects currently under way relate to the development of management software by the subsidiaries 24 ORE Software and Diamante.

(36) Purchases of raw materials and consumables

PURCHASES OF RAW MATERIALS AND CONSUMABLES				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Paper	5,106	27,734	(22,628)	-81.6%
Goods for resale	2,754	3,544	(790)	-22.3%
Photographic material and ink	1,113	1,485	(372)	-25.1%
Plant maintenance materials	715	860	(145)	-16.9%
Fuel	419	414	5	1.2%
Stationery & printed materials	184	254	(70)	-27.6%
Spare parts	255	374	(119)	-31.8%
Packaging materials	112	148	(36)	-24.3%
Other sundry costs	43	362	(319)	-88.2%
Total	**10,701**	**35,175**	**(24,474)**	**-69.6%**

(37) Services

SERVICES				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Distribution	32,312	39,679	(7,367)	-18.6%
Commissions & other selling expenses	25,815	28,325	(2,510)	-8.9%
Advertising & promotion	17,151	17,604	(453)	-2.6%
Printing	14,343	23,424	(9,081)	-38.8%
Advertising costs for publishers	18,012	11,375	6,637	58.3%
Miscellaneous production and software development costs	14,263	13,715	548	4.0%
Editorial costs	13,667	16,120	(2,453)	-15.2%
Conferences	12,275	15,502	(3,227)	-20.8%
Commercial and administrative services	10,986	6,229	4,757	76.4%
IT and Software services	8,154	9,482	(1,328)	-14.0%
Utilities (telephone, electricity, water, etc.)	6,242	6,447	(205)	-3.2%
Maintenance & repairs	5,138	4,972	166	3.3%
Set-up costs	3,771	5,456	(1,685)	-30.9%
General facility services	4,083	3,979	104	2.6%
Employee services	3,044	3,773	(729)	-19.3%
Legal and notary fees	2,580	3,459	(879)	-25.4%
Personnel expense refunds	2,716	3,248	(532)	-16.4%
Press agencies	2,361	2,455	(94)	-3.8%
Corporate bodies' and independent auditors' fees	1,972	2,103	(131)	-6.2%
Other collaboration and advisory services	3,079	2,344	735	31.4%
Product warehousing costs	1,831	2,096	(265)	-12.6%
Bank expenses	1,502	1,167	335	28.7%
Insurance	1,200	1,561	(361)	-23.1%
News purchase	1,106	741	365	49.2%
Packing costs	680	1,092	(412)	-37.7%
Total	**208,281**	**226,347**	**(18,065)**	**-8.0%**

(38) Use of third party assets

USE OF THIRD PARTY ASSETS				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Rental costs	16,029	16,610	(581)	-3.5%
Royalties	3,907	5,186	(1,278)	-24.6%
Car rental for company/private use	4,334	4,585	(251)	-5.5%
Copyright royalties	1,311	1,973	(662)	-33.5%
Rental of radio transmission equipment	1,318	1,287	31	2.4%
Other fees	2,153	1,818	336	18.5%
Hardware lease/rental costs	72	11	60	538.5%
Other sundry costs	307	376	(68)	-18.1%
Total	**29,432**	**31,845**	**(2,413)**	**-7.6%**

(39) Other operating costs

OTHER OPERATING COSTS				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Prior year costs	1,665	8,439	(6,774)	-80.3%
VAT borne by publisher	1,829	2,222	(393)	-17.7%
Miscellaneous taxes	2,347	2,836	(489)	-17.3%
Entertainment expenses	446	603	(157)	-26.1%
Purchase of newspapers and magazines	636	768	(132)	-17.2%
Association membership dues	480	578	(98)	-17.0%
Purchase of books and magazines for promotional purposes	27	3	24	766.7%
Other miscellaneous expenses	10,011	2,745	7,266	264.7%
Total	**17,440**	**18,194**	**(754)**	**-4.1%**

The item other miscellaneous expenses includes contractual expenses of €7,800 thousand relating to the sale of the Business Media business unit.

(40) Impairment losses on property, plant and equipment and on intangible assets

Impairment losses amounted to €10,699 thousand and refer mainly to:

- Verona production plant impairment for €7,776 thousand, for which reference should be made to note (1);
- Publication impairment for €2,923 thousand, for which reference should be made to note (3).

(41) Net gains on disposal of non-current assets

These gains were realised on the disposal of intangible assets, property, plant and equipment and amounted to €50 thousand.

(42) Net financial income (expense)

NET FINANCIAL INCOME (EXPENSE)				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Financial income from investment of surplus cash	66	385	(318)	-82.8%
Other financial income	122	365	(243)	-66.5%
Foreign exchange gains	19	4	15	375.0%
Total income	**207**	**754**	**(547)**	**-72.5%**
Foreign exchange losses	(64)	(76)	12	15.7%
Financial expenses on short-term borrowings	(1,136)	(90)	(1,046)	-1164.3%
Financial expenses on medium-/long-term borrowings	-	(49)	49	100.0%
Other financial expenses	(996)	(462)	(534)	-115.6%
Total expenses	**(2,197)**	**(677)**	**(1,520)**	**-224.4%**
Total	**(1,989)**	**77**	**(2,066)**	**INSIG.**

Net financial expense amounted to €1,989 thousand and is broken down as follows:

- financial income of €207 thousand on cash and cash equivalents and on short-term cash investments. It was €547 thousand lower than the previous year because of lower average deposits in the year and the drop in interest rates;
- financial expenses of €2,197 thousand related to medium/long-term facilitated loans and other financial expenses. Their amount rose by €1,520 thousand compared to the previous year, mainly due to the effect of financial expenses relating to trade receivables factoring transactions and higher foreign exchange losses.

(43) Other income (expenses) from investment assets and liabilities

OTHER INCOME (EXPENSES)				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Subsidiaries	(204)	-	(204)	insig.
Associates	(16)	(9)	(7)	-77.8%
Non-controlling investments	1	-	1	insig.
Other income	9	-	9	insig.
Diamante investment price adjustment	1,671	-	1,671	insig.
Total	**1,461**	**(9)**	**1,470**	**INSIG.**

Expenses on subsidiaries relate to losses for the disposal of controlling interests in Signet S.r.l., for €177 thousand and Lambdago S.r.l., for €27 thousand.

The Diamante S.p.A. investment price adjustment, equal to €1,671 thousand, refers to the restatement of the payable to the non-controlling shareholders for the purchase of the last 20% tranche of the investment. This restatement was based on the new estimate of the variable price component calculated on expected profit margins.

(44) Profits (losses) from equity-accounted investees

PROFITS (LOSSES) FROM EQUITY-ACCOUNTED INVESTEES			
(in thousands of euro)	Year 2013	Year 2012	Change
Aldebra S.p.A.	5	(152)	157
Mondoesa Lazio S.r.l.	11	3	8
Mondoesa Laghi s.r.l.	(9)	2	(11)
Mondoesa Milano Nordovest S.r.l.	3	(52)	55
Cesaco S.r.l.	16	35	(19)
Mondoesa Emilia S.r.l.	26	(25)	51
Total	**52**	**(189)**	**241**

(45) Income taxes

Taxes for the year were negative at €557 thousand, with the following breakdown:

INCOME TAXES			
(in thousands of euro)	Year 2013	Year 2012	Change
IRES (corporate income tax)	(1,212)	(127)	(1,085)
IRAP (regional business tax)	(2,220)	(2,204)	(16)
Substitute income taxes	-	(2,603)	2,603
Tax reimbursements for repeat settlement of tax returns with a positive taxable amount	-	2,914	(2,914)
Prior year taxes	(329)	(468)	139
Foreign taxes	(27)	(32)	5
Total current taxes	**(3,789)**	**(2,520)**	**(1,269)**
Deferred tax assets/liabilities arising from realignment		6,118	(6,118)
Deferred tax assets	3,232	18,563	(15,331)
Tax reimbursements for restatement of tax losses		3,193	(3,193)
Deferred tax assets	**3,232**	**27,874**	**(24,642)**
Taxes attributable to discontinued operations	-	-	-
Total	**(557)**	**25,354**	**(25,911)**

The following table shows the reconciliation between the theoretical tax rate and the effective tax rate:

RECONCILIATION OF THEORETICAL AND EFFECTIVE TAX RATE						
(in thousands of euro)	31/12/2013	%	31/12/2012	%	Change	%
Loss before tax	**(75,578)**		**(73,766)**		**(1,812)**	
Theoretical income taxes	**(23,732)**	**31.4%**	**(23,162)**	**(31.4%)**	**(570)**	**31.46%**
Tax effect of permanent differences	**4,852**	**(6.4%)**	**7,381**	**57.0%**	**(2,529)**	**139.6%**
Personnel expense	4,339	-5.7%	4,326	50.1%	13	-0.7%
Non-deductible financial expenses	-	0.0%	-	-0.5%	-	0.0%
Expenses from investments	1,288	-1.7%	1,558	1.4%	(270)	14.9%
Car & telephone costs	151	-0.2%	166	0.5%	(15)	0.8%
Non-deductible depreciation & amortisation	-	0.0%	-	6.7%	-	0.0%
Difference between taxable bases for IRES (corporate income tax) and IRAP (regional productivity tax)	122	-0.2%	2,076	-2.6%	(1,954)	107.8%
Other permanent differences (increases)	(930)	1.2%	1,351	2.7%	(2,281)	125.9%
Income from investments	-	0.0%	-	0.6%	-	0.0%
Grants	-	0.0%	(101)	0.0%	101	-5.6%
Other permanent differences (decreases)	(119)	0.2%	(1,995)	-1.8%	1,876	-103.5%
Prior-year income taxes	**329**	**-0.4%**	**168**	**0.5%**	**161**	**-8.9%**
Tax effect of different foreign tax rates	**(7)**	**0.0%**	**(7)**	**-0.1%**	**-**	**0.0%**
Deferred taxes with no provision allocated	**19,084**	**-25.3%**	**(129)**		**19,213**	**-1060.3%**
Use of tax losses	**-**	**0.0%**	**-**	**-4.7%**	**-**	**0.0%**
Tax differences previously not recognised	**30**	**0.0%**	**17**	**0.2%**	**13**	**-0.7%**
IRES reimbursement (total)	**-**	**0.0%**	**(6,106)**	**0.0%**	**6,106**	**-337.0%**
Tax rate alignment	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
Effect of realignment	**-**	**0.0%**	**(3,514)**	**-32.0%**	**3,514**	**-193.9%**
Taxes attributed to continuing operations	**557**	**-0.7%**	**(25,352)**	**-10.5%**	**25,909**	**-1429.9%**
Taxes attributed to discontinued operations	**-**	**0.0%**	**-**	**-4.0%**	**-**	**0.0%**
Taxes recognised in the financial statements	**557**	**-0.7%**	**(25,352)**	**-14.5%**	**25,909**	**-1429.9%**

Please note that the parent basically did not recognise new deferred tax assets for IRES, except as specified below.

Although they may be carried forward indefinitely, the Group decided not to recognise additional deferred tax assets on tax losses, as a result of:

- the option to settle part of the deferred tax assets, particularly those relating to intangible assets, through their transformation and offsetting against other taxes;
- the regime introduced by art. 23, paragraph 9, Italian Decree Law no. 98 of 6 July 2011, which introduced certain changes to the tax treatment of business losses for IRES taxpayers. The new provisions set a longer period to recover losses, which substantially coincides with the duration of the company;
- the option to use taxable income generated by other Group companies participating in the tax consolidation for offsetting purposes.

The Group will periodically re-assess the deferred tax assets and will report the deferred tax assets not recognised on losses previously to the extent that future taxable income is likely to arise enabling the recovery of the deferred tax assets.

Please note that the tax assets not recognised on current year losses in the financial statements amount to €19,084 thousand.

The Group recognised:

- Deferred tax assets deriving from new net deductible temporary differences for IRAP purposes because the taxable base for this tax was positive (€304 thousand).
- Deferred tax assets on net deductible temporary IRES differences, since it expects these assets to be offset in upcoming tax periods in which available taxable income is forecast (€1,450 thousand).
- Deferred tax assets on tax losses deriving from the deduction of negative income items on the amortisation of radio broadcasting frequencies (€426 thousand), whose recoverability is guaranteed under art. 2, paragraphs 55-58 of Italian Law Decree 225/2010. This regulation governs the conversion into tax credits of deferred tax assets deriving from negative income items relating to goodwill and other intangible assets. Tax credits are attributed against the corresponding tax losses and other tax items associated with the deferred tax assets.

The subsidiaries also recognised net deferred tax assets totalling €1,003 thousand.

Statement of cash flows

(46) Acquisition of investments in subsidiaries

The investment in subsidiaries refers to BacktoWork 24 S.r.l.

ACQUISITION OF INVESTMENTS IN SUBSIDIARIES	
Item	BacktoWork 24 S.r.l.
Intangible assets	50
Change in equity attributable to non-controlling interests	(14)
Impact on the Income statement	(36)
Subtotal	**-**
Change in cash and cash equivalents	90
Total disbursement	**90**

12. Segment reporting

Segment reporting has been prepared in such a way as to provide the information necessary to evaluate the nature and financial effects of operating activities and of the economic environments concerned.

The operating segments have been identified based on business operating activities generating revenue and costs, whose results are regularly reviewed at the highest operating decision-making level to decide on resource allocation and assess results, and for which separate financial information is available.

An operating segment identified in compliance with the qualitative requirements illustrated above is subject to separate reporting when the following quantitative limits were exceeded:

- the segment's reported revenue, from both external customers and inter-segment sales, accounts for at least 10% of the combined total revenue of all operating segments;
- its reported profit or loss accounts for at least 10% of the greater, in absolute amount, of the combined reported profit of all operating segments that reported a profit and the combined reported loss of all operating segments that reported a loss;
- its assets account for at least 10% of the combined assets of all operating segments.

If the above quantitative thresholds have not been exceeded, but corporate management has deemed it useful to provide separate disclosure to aid evaluation of the nature and financial effects of the related operating activities, the operating segments identified to this end have been subjected to detailed disclosure.

Based on the above criteria, the operating segments for which the Group provides separate reporting are as follows:

- **Publishing Area - Generalist and sector-specific publishing** is the division that heads up the daily newspaper Il Sole 24 ORE, its bundled add-on products, the monthly IL – Il maschile de Il Sole 24 ORE, plus a number of primary processes (printing and distribution) also managed for other Group segments. The Area also comprises the Radiocor news agency, B2B integrated communication activity targeting SMEs in specific sectors, including agrifood, retail distribution, construction and welfare, directly managing dedicated advertising sales forces;
- **System** is the division acting as the advertising sales agency for the Group's main media – except for sector-specific publishing, which has its own network, and for some third-party media;
- **Tax & Legal** develops integrated product systems of technical and regulatory content targeting mainly professionals, companies and the public administration. The specific market segments are controlled by three Business Units (Taxes/Labour/Economy, Law, Construction and Public Administration), which satisfy all the information, training and operative requirements of the reference targets through specialist information tools closely integrated with each other: books, magazines, databases and Internet services.
- **Software Solutions** includes all the software activities of the 24 ORE Group, through a functional organisation that covers various activities and addresses the markets through its related brands, which are all included in 24 ORE Software S.p.A. The range specifically comprises software products with the "Software 24ORE" brand, mainly addressed to professionals such as the *STR*, *Data Ufficio* and *Softlab* brand products that are specific for the public administration, the construction industry and the lawyer market, and finally the

Esa Software brand products targeting SMEs. Diamante, 80% owned by 24 ORE Software S.p.A., has products targeting the SME market and the development of Cloud solutions;

- **Training and Events** provides specialist training to young university graduates, managers and professionals and organises annual conferences and events on a contract basis for large customers all over Italy. Included in this area are the activities of the subsidiaries Newton Management Innovation (a management consulting and training company) and Newton Lab (an event organising and multimedia content management agency);
- **Radio** manages the national radio station Radio 24, a news and talk radio with an editorial format alternating news and entertainment programmes based almost exclusively on speech. Every week, over 40 different programmes cover all the key areas of public interest, ranging from national and international news to business and finance; from topics concerning the home, work and the environment to sport, culture and leisure; and from healthcare to wellbeing. Every day 19 editions of the radio news, 15 programmes, 12 reports on the financial markets and 25 traffic updates are provided. Daily live hours total 18;
- **Culture** includes Group activities in the culture segment, through 24 ORE Cultura S.r.l. Its scope ranges from the planning and staging of art and photography exhibitions to the sale of objects, the publication of essays, art and photographs sold on a catalogue or contract basis, educational and digital products.

The following information is provided for these segments, as regularly presented to the highest operating decision-making level:

- revenue from external customers for measuring segment profit or loss;
- inter-segment revenue for measuring segment profit or loss;
- impairment losses and amortisation/depreciation for measuring segment profit or loss;
- measurement of segment profits and losses, consisting of gross operating profit/loss and Operating Profit/Loss;
- the assets for each sector are shown for assessment of segment performance, and mainly concern property, plant and equipment, intangible assets, goodwill and trade receivables.

Information broken down by geographical area is not provided, insofar as the Group's activities are concentrated primarily in Italy, with its activities in other countries being immaterial. With regard to disclosures about company customers, there are no external customers who individually represent more than 10% of the Group's total revenue.

INCOME STATEMENTS AND ASSETS BY SEGMENT										
SEGMENT	Revenue from third parties	Revenue between segments	Tot. Revenue	GOP/GOL	Depreciation & Amortisation	Operating profit (loss)	Property, plant and equipment	Goodwill	Intangible assets	Trade receivables
PUBLISHING										
Year 2013	109,821	60,631	170,452	(39,966)	(4,022)	(54,673)	14,504	513	1,623	17,613
Year 2012	125,832	75,084	200,915	(37,621)	(5,382)	(54,360)	33,768	513	4,785	19,606
SYSTEM										
Year 2013	113,889	28	113,917	(3,680)	(8)	(3,688)	7	-	12	36,677
Year 2012	125,147	9	125,155	(4,203)	(5)	(4,208)	8	-	16	54,799
TAX & LEGAL										
Year 2013	64,752	802	65,554	17,855	(403)	17,459	1,745	15,469	14	29,339
Year 2012	77,083	898	77,981	21,501	(144)	21,358	1,298	15,469	82	25,343
SOFTWARE SOLUTIONS										
Year 2013	60,982	228	61,210	7,503	(6,034)	1,476	745	56,863	19,642	32,539
Year 2012	63,015	241	63,256	4,995	(5,857)	(850)	958	56,863	24,435	24,192
TRAINING AND EVENTS										
Year 2013	24,403	663	25,066	3,505	(248)	3,257	22	2,165	83	8,291
Year 2012	22,379	1,300	23,679	2,788	(248)	2,540	283	2,165	253	8,316
RADIO	-									
Year 2013	428	13,380	13,809	(339)	(690)	(1,029)	2,210	-	27,834	196
Year 2012	500	13,506	14,006	(240)	(666)	(906)	2,388	-	27,825	580
CULTURE										
Year 2013	10,304	478	10,782	(3,022)	(100)	(3,104)	198	-	43	7,534
Year 2012	16,424	745	17,169	(7,210)	(157)	(7,492)	359	-	65	8,381
CORPORATE AND CENTRALISED SERVICES										
Year 2013	914	1,395	2,309	(24,523)	(10,281)	(34,800)	32,763	-	32,788	7,072
Year 2012	481	1,583	2,064	(21,678)	(9,058)	(29,736)	34,939	-	24,702	13,902
CONSOLIDATED										
Year 2013	**385,494**	**-**	**385,494**	**(42,667)**	**(21,786)**	**(75,102)**	**52,193**	**75,010**	**82,039**	**139,261**
Year 2012	**430,860**	**-**	**430,860**	**(41,668)**	**(21,516)**	**(73,655)**	**74,001**	**75,010**	**82,164**	**155,119**

13. Other information

13.1 Related-party transactions

A related party is a person or entity related to the parent, indicated in compliance with the provisions of *IAS 24 Related party disclosures*. The definition of related party always includes subsidiaries owned by the associates and joint ventures of the parent.

For the transactions carried out with related parties in the reference period of these Consolidated financial statements, the nature of the relationship existing with the related party is stated, together with the amount of the transactions, the amount of the existing balances, including commitments, contractual terms and conditions, any guarantee received or provided. If allowances for doubtful receivables or impairment losses on receivables need to be recognised, evidence must be provided.

The relations between the parent and the subsidiaries are always stated, regardless of any transactions carried out between them.

Information regarding related parties and the relationships with them is summarised in the table on the next page, with specific indication of the transactions, positions or balances that have an impact on the Group's statement of financial position, results of operations or cash flows. The transactions and the balances regarding intercompany related parties are eliminated when preparing these Consolidated financial statements.

Related-party transactions are limited to those with subsidiaries and associates concerning commercial, administrative and financial services. These transactions form part of normal business operations and of the core business of each of the companies involved, and are regulated at market conditions.

The company follows the Transactions with Related Parties procedure resolved by the Board of Directors on 15 November 2010, in execution of CONSOB regulation approved with resolution no. 17221 of 12 March 2010, subsequently amended with resolution no. 17389 of 23 June 2010.

The related parties referred to are entered in the register of related parties, established by the procedure adopted on 12 November 2010. This procedure can be viewed in the Governance section of the web site *www.gruppo24ore.com*.

RELATED-PARTY TRANSACTIONS								
Company	Trade and other receivables	Financial receivables	Trade and other payables	Financial payables	Revenue and operating income	Costs	Financial income	Financial expenses
Confederazione Generale dell'Industria Italiana (Confederation of Italian Industry)	15				71			
Total ultimate parent entity	**15**	**-**	**-**	**-**	**71**	**-**	**-**	**-**
Sipi S.p.A.	51	-	-	-	102	(75)	-	-
Key management personnel	-	-	(316)	-	-	(4,650)	-	-
Other managers	-	-	(573)	-	-	(2,368)	-	-
Board of Directors	-	-	(272)	-	-	(1,128)	-	-
Board of Statutory Auditors	-	-	(479)	-	-	(479)	-	-
Other related-party persons	-	-	(234)	-	9	(1,457)	-	-
Total other related parties	**51**	**-**	**(1,874)**	**-**	**111**	**(10,157)**	**-**	**-**
Total related parties	**66**	**-**	**(1,874)**	**-**	**182**	**(10,157)**	**-**	**-**
Change versus previous year	(721)	(26,740)	2,471	372				
Amount recognised in the Group's consolidated financial statements	149,836	-	(238,681)		395,398	(431,340)	207	(2,197)
Amount recognised in the parent's financial statements	114,304	23,490	(215,608)	-	334,135	(374,281)	745	(2,078)
% impact on the parent's financial statements	*0.1%*	*0.0%*	*0.9%*	*0.0%*	*0.1%*	*2.7%*	*0.0%*	*0.0%*
Net cash used in the Group's operating activities	(40,783)		(40,783)		(40,783)	(40,783)		
Net cash used in the parent's operating activities	(48,979)		(48,979)		(48,979)	(48,979)		
% impact on net cash flow used in the parent's operating activities	*-0.1%*		*3.8%*		*-0.4%*	*20.7%*		
Net cash used in the Group's financing activities		(12,339)		(12,339)			(12,339)	(12,339)
Net cash used in the parent's financing activities		(8,213)		(8,213)			(8,213)	(8,213)
% impact on cash flow used in the parent's financing activities		*0.0%*		*0.0%*			*0.0%*	*0.0%*
% impact on parent's equity	*0.1%*	*0.0%*	*-1.5%*	*0.0%*				
% impact on parent's loss for the year					*0.2%*	*-12.4%*	*0.0%*	*0.0%*

Financial receivables relate to:

- current account relationships with the subsidiaries 24 ORE Software S.p.A., 24 ORE Cultura S.r.l., Alinari 24 ORE S.p.A. (in liquidation), Shopping 24 S.r.l. and Fabbrica 24 S.r.l. to maximise returns on subsidiaries' cash deposits. To its receivable balances, the parent applies an interest rate of 1-month Euribor/365 basis plus 0.20%. To its payable balances, the parent applies an interest rate of 1-month Euribor/365 basis.

Trade/other receivables mainly related to:

- amounts due from Newton Management Innovation S.p.A. for the charge-back of insurance costs
- amounts due from 24 ORE Cultura S.r.l. for operations services and the sale of advertising space;
- amounts due from Fabbrica 24 S.r.l. and Backtowork S.r.l. for centralised services;
- sale of advertising spaces to the related party Sipi S.p.A.

Trade/other payables mainly related to:

- payables to the subsidiary Il Sole 24 ORE UK Ltd., for the commercial intermediation activity relating to the sale of advertising space in the UK;
- payables to group companies for operations services (operational planning and coordination, sales management and customer services) and development of software products.

Revenue and operating income mainly relate to:

- charging of centralised services to Group companies;
- sale of advertising space in Group-owned publications.

Costs mainly refer to:

- contractual agreement with the subsidiary Il Sole 24 ORE UK Ltd., for the commercial intermediation activity relating to the sale of advertising space in the UK;
- operations services (operational planning and coordination, sales management and customer services) and development of software products.

Key management personnel are the managers of the corporate functions, the business managers and the central Group managers. The costs refer to remuneration, social security contributions and post-employment benefits.

Financial income refers to the interest income on the financial receivables mentioned above and the collection of the dividend distributed by the subsidiary Newton Management Innovation S.p.A..

Financial expenses refer to interest expense on the financial payables mentioned above.

13.2 Events after the end of the year

The disposal of the Business Media business unit to Tecniche Nuove S.p.A. was completed on 30 January.

On 11 March 2014, the Board of Directors approved the 2014-2018 Plan, the first year of which is represented by the 2014 budget, which envisages organic growth. The prospects for development reflected in the plan are accompanied by significant objectives linked to the digital growth strategy, which has already been initiated. In particular, the plan sets forth:

- maintenance of the newspaper's market leadership and enhancement of that asset in Group business development;
- development of an innovative product offering system based on the integration of Group products targeted at specific market segments;
- focus on high-end segments and high-profitability products and the resulting diversification of sales channels based on customers served;
- revision of company processes and cost optimisation.

These objectives will make it possible to redefine the supply/services system by making it more consistent with the reliability of the brand.

On 31 January 2014 after the conclusion of negotiations, the newspaper's editorial board signed a union agreement governing the 14% solidarity contract for journalists, the retirement and early retirement of 38 journalists and the revision of certain company policies.

The agreement signed with the polygraphics unitary union bodies on 21 and 22 November 2013 for the reorganisation of the Milan and Carsoli plants became effective on 1 March 2014. This agreement envisages raising the solidarity percentage from 16% to 35%-40%.

13.3 Disclosure pursuant to Consob regulation no. 11971 as amended

Fees for services provided by the independent auditors and other entities within their network

The statement below was prepared pursuant to art. 149-*duodecies* of Consob Regulation no. 11971, as amended, and highlights the amounts pertaining to 2013 for auditing services and other services provided by the independent auditors and the entities within their network.

INDEPENDENT AUDITOR FEES

Service provided	Service provider	Recipient	Fees for 2013
Auditing	KPMG S.p.A.	Il Sole 24 ORE S.p.A.	184
	KPMG S.p.A.	Subsidiaries	149
Certification services	KPMG S.p.A.	Il Sole 24 ORE S.p.A.	14
	KPMG network	Il Sole 24 ORE S.p.A.	-
Other services	KPMG S.p.A.	Il Sole 24 ORE S.p.A.	24
	KPMG network	Il Sole 24 ORE S.p.A.	63
Total			**434**

13.4 Disclosures pursuant to Consob Resolution No. 15519 of 27 July 2006

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)	Note (*)	31.12.2013	of which related parties	31.12.2012	of which related parties
ASSETS					
Non-current assets					
Property, plant and equipment	(1)	52,193	-	74,001	-
Goodwill	(2)	75,010	-	75,010	-
Intangible assets	(3)	82,039	-	82,164	-
Investments in associates and joint ventures	(4)	865	-	829	-
Available-for-sale financial assets	(5)	1,186	-	1,186	-
Other non-current financial assets	-	-	-	75	-
Other non-current assets	(6)	3,795	-	3,972	-
Deferred tax assets	(7)	70,097	-	69,752	-
Total		**285,185**	**-**	**306,990**	**-**
Current assets					
Inventories	(8)	6,005	-	17,283	-
Trade receivables	(9)	139,260	338	155,119	241
Other receivables	(10)	10,575	-	10,127	-
Other current assets	(11)	5,750	-	5,570	-
Cash and cash equivalents	(12)	8,575	-	12,234	-
Total		**170,165**	**338**	**200,333**	**241**
Assets held for sale	(13)	1,300	-	-	-
TOTAL ASSETS		**456,650**	**338**	**507,323**	**242**

(*) Section 11 of the Notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

(in thousands of euro)	Note	31.12.2013	of which related parties	31.12.2012	of which related parties
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent					
Share capital	(14)	35,124	-	35,124	-
Equity reserves	(15)	180,316	-	180,316	-
Revaluation reserves	(16)	-	-	20,561	-
Hedging and translation reserves	(17)	(76)	-	(193)	-
Other reserves	(18)	15,251	-	22,250	-
Loss brought forward	(19)	(32,819)	-	(12,857)	-
Loss attributable to owners of the parent	(20)	(76,213)	-	(45,755)	
Total		**121,582**	**-**	**199,447**	**-**
Equity attributable to non-controlling interests					
Capital and reserves attributable to non-controlling interests		265	-	165	-
Profit (loss) attributable to non-controlling interests	(20)	78	-	(2,659)	-
Total		**343**	**-**	**(2,495)**	**-**
Total equity		**121,925**	**-**	**196,953**	**-**
Non-current liabilities					
Non-current financial liabilities	(21)	371	-	3,686	-
Employee benefit obligations	(22)	27,802	546	32,733	864
Deferred tax liabilities	(7)	12,362	-	11,957	-
Provisions for risks and charges	(23)	11,310	-	13,733	-
Other non-current liabilities	(24)	701	-	2,972	-
Total		**52,546**	**546**	**65,081**	**864**
Current liabilities					
Bank overdrafts and loans - due within one year	(25)	56,652	-	2,967	-
Financial liabilities held for trading	(26)	105	-	266	-
Trade payables	(27)	146,345	985	173,422	706
Other current liabilities	(28)	10,367	-	10,476	-
Other payables	(29)	64,533	343	58,160	690
Total		**278,003**	**1,328**	**245,289**	**1,396**
Liabilities held for sale	(13)	4,175	-	-	-
Total liabilities		**334,724**	**1,874**	**310,370**	**2,260**
TOTAL EQUITY AND LIABILITIES		**456,650**	**1,874**	**507,323**	**2,260**

(*) Section 11 of the Notes to the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)	Note (*)	Year 2013	of which related parties	of which non-recurring transactions	Year 2012	of which related parties	of which non-recurring transactions
1) Continuing operations							
Revenue from newspapers, books and magazines	(30)	96,623	26	-	125,927	14	-
Revenue from advertising	(31)	128,046	102	-	144,257	489	-
Other revenue	(32)	160,825	54	-	160,676	62	-
Total revenue		**385,494**	**182**	**-**	**430,860**	**565**	**-**
Other operating income	(33)	9,904	-	-	7,609	-	-
Personnel expense	(34)	(154,320)	(7,018)	(15,460)	(162,369)	(8,983)	(8,778)
Increase in internally-generated assets	(35)	2,015	-	-	-	-	-
Change in inventories	(8)	(11,165)	-	(1,702)	4,814	-	(1,529)
Purchase of raw materials and consumables	(36)	(10,701)	-	-	(35,175)	-	-
Services	(37)	(208,281)	(3,106)	(909)	(226,347)	(2,970)	-
Use of third party assets	(38)	(29,432)	(34)	-	(31,845)	(6)	-
Other operating costs	(39)	(17,440)	-	(8,099)	(18,194)	-	(6,776)
Provisions	(23)	(1,728)	-	-	(3,145)	-	(900)
Allowance for impairment	(9)	(7,013)	-	-	(7,877)	-	-
Gross operating loss		**(42,667)**	**(9,977)**	**(26,170)**	**(41,668)**	**(11,394)**	**(17,983)**
Amortisation of intangible assets	(3)	(12,004)	-	-	(11,083)	-	-
Depreciation of property, plant and equipment	(1)	(9,782)	-	-	(10,434)	-	-
Impairment losses on property, plant and equipment and on intangible assets	(40)	(10,699)	-	(10,699)	(11,489)	-	(11,132)
Net gains on disposal of non-current assets	(41)	50	-	-	1,019	-	1,000
Operating loss		**(75,102)**	**(9,977)**	**(36,869)**	**(73,655)**	**(11,394)**	**(28,115)**
Financial income	(42)	207	-	-	750	-	-
Financial expenses	(42)	(2,197)	-	-	(674)	-	-
Net financial income (expense)		**(1,989)**	**-**		**76**	**-**	
Other income (expenses) from investment assets and liabilities	(43)	1,461	-	-	(9)	-	-
Profits (losses) from equity-accounted investees	(44)	52	-	-	(179)	-	-
Loss before tax		**(75,578)**	**(9,977)**	**(36,869)**	**(73,766)**	**(11,394)**	**(28,115)**
Income taxes	(45)	(557)	-	-	25,352	-	-
Loss from continuing operations		**(76,135)**	**(9,977)**	**(36,869)**	**(48,415)**	**(11,394)**	**(28,115)**
2) Discontinued operations							
Profit (loss) from discontinued operations		**-**	**-**	**-**	**-**	**-**	**-**
Loss for the year	**(20)**	**(76,135)**	**(9,977)**	**(36,869)**	**(48,415)**	**(11,394)**	**(28,115)**
Profit (loss) attributable to non-controlling interests	**(20)**	**78**	**-**	**-**	**(2,659)**	**-**	**-**
Loss attributable to owners of the parent	**(20)**	**(76,213)**	**(9,977)**	**(36,869)**	**(45,755)**	**(11,394)**	**(28,115)**

(*) Section 11 of the Notes to the consolidated financial statements.

STATEMENT OF CASH FLOWS

(in thousands of euro)	Note	Year 2013	of which related parties	Year 2012	of which related parties
Loss before tax attributable to owners of the parent [a]		(75,656)	-	(71,107)	-
Adjustments [b]		**31,940**	**(318)**	**27,144**	**(49)**
Profit (loss) attributable to non-controlling interests	(20)	78	-	(2,659)	-
Depreciation, amortisation and impairment losses	(1,3)	32,433	-	33,172	-
(Gains) losses	(1,3,41,43)	169	-	(1,010)	-
Change in provisions for risks and charges	(23)	(2,423)	-	512	-
Change in employee benefit obligations	(22)	(4,929)	(318)	507	(49)
Change in deferred taxes		3,286	-	(3,311)	-
Financial income/(expenses)	(42)	1,989	-	(76)	-
Other adjustments		1,338	-	8	-
Changes in net working capital [c]		**2,933**	**308**	**32,711**	**(318)**
Change in inventories	(8)	11,278	-	(4,814)	-
Change in trade receivables	(9)	15,858	97	33,556	(39)
Change in trade payables	(27)	(27,077)	279	11,709	(139)
Income taxes paid		(1,404)	-	(4,888)	-
Other changes in net working capital		4,277	(68)	(2,852)	(140)
Total cash flow used in operating activities [d=a+b+c]		**(40,783)**	**(10)**	**(11,252)**	**(367)**
Cash flow used in investing activities [e]		**(12,339)**	**36**	**(23,238)**	**-**
Investments in intangible assets and property, plant and equipment	(1,3)	(20,067)	-	(18,836)	-
Acquisition of investments in subsidiaries	(45)	-	-	(1,289)	-
Disposal of intangible assets and property, plant and equipment		8,350	-	537	-
Business unit transfers		-	-	1,000	-
Other changes in investing activities		(622)	36	(4,650)	-
Cash flow from financing activities [f]	**-**	**29,088**	**-**	**15,090**	**-**
Net financial interest received (paid)	(42)	(1,989)	-	76	-
Change in medium/long-term bank loans	(21)	(3,315)	-	(2,318)	-
Change in short-term bank loans	(25)	33,312	-	-	-
Change in non-current financial assets	-	(86)	-	20,284	-
Dividends paid		(132)	-	(204)	-
Change in capital and reserves		1,124	-	(2,738)	-
Change in equity attributable to non-controlling interests		102	-	(11)	-
Cash flows used during the year [g=d+e+f]		**(24,034)**	**26**	**(19,399)**	**(367)**
OPENING CASH AND CASH EQUIVALENTS		**9,268**	**-**	**28,677**	**-**
CLOSING CASH AND CASH EQUIVALENTS		**(14,766)**	**-**	**9,268**	**-**
DECREASE FOR THE YEAR		**(24,034)**	**26**	**(19,399)**	**(367)**

(*) Section 11 of the Notes to the consolidated financial statements.

No atypical and/or unusual transactions were carried out with third parties, related parties or Group companies.

13.5 Net financial position (indebtedness)

The following table details the components of the net financial position (indebtedness):

NET FINANCIAL POSITION (INDEBTEDNESS)		
(in thousands of euro)	31.12.2013	31.12.2012
Cash and cash equivalents	8,575	12,234
Bank overdrafts and loans - due within one year	(56,652)	(2,967)
Short-term net financial position (indebtedness)	**(48,078)**	**9,268**
Non-current financial liabilities	(371)	(3,686)
Fair value changes in financial hedging instruments	(105)	(266)
Medium-long term net indebtedness	**(476)**	**(3,951)**
Net financial position (indebtedness)	**(48,553)**	**5,317**

13.6 Employees

The average number of employees by contractual category was as follows:

EMPLOYEES						
AVERAGE HEADCOUNT	Year 2013		Year 2012		Change	
	Number	%	Number	%	Number	%
Managers	72.9	4.0%	80.9	4.4%	(8.0)	-9.9%
Journalists	389.1	21.5%	396.9	21.4%	(7.8)	-2.0%
White-collars	1,251.7	69.1%	1,268.9	68.4%	(17.3)	-1.4%
Blue-collars	98.1	5.4%	108.3	5.8%	(10.2)	-9.4%
Total	**1,811.8**	**100.0%**	**1,855.1**	**100.0%**	**(43.3)**	**-2.3%**

13.7 New financial reporting standards

The IASB and the IFRIC have approved some changes to the IFRS currently in force and issued new IFRS and new IFRIC interpretations. As the effective date of these documents is deferred, they have not been adopted for the presentation of these consolidated financial statements, but will be applied from the pre-established date on which they become mandatory. The main changes concern:

IAS 19 Employee Benefits was amended by the document "Narrow-scope amendments to IAS 19 Employee Benefits: Defined Benefits Plans – Employee Contributions", published on 21 November 2013. These amendments regard accounting for defined benefit plans which require an employee contribution to the cost of the plan, and simplify the recognition of contributions that are independent of the number of years of service of the employee, for example because they are calculated as a fixed percentage of the salary. The change, not yet endorsed with an (EU) regulation, is expected to apply retroactively for the financial years starting on or after 1 July 2014.

IAS 32 Financial Instruments: presentation was changed by the document "Amendments to IAS 32" published on 16 December 2011. This change clarifies the requirements for the offsetting of financial instruments. In particular it illustrates the meaning of the expression "the entity currently has a legally enforceable right to set off the recognised amounts" (paragraph 42, letter a), *IAS 32 Financial Instruments: Presentation*) and specifies how some systems for the realisation of assets and extinction of liabilities can be considered equivalent to the extinction of the net residue. The change, endorsed with (EU) Regulation no. 1256/2012 of 13 December 2012, will apply retroactively for financial years starting on or after 1 January 2014.

IAS 36 Impairment of Assets was amended by the document "Narrow-scope amendments to IAS 36 Impairment of Assets", published on 29 May 2013. This amendment clarifies that the scope of disclosures about the recoverable amount of impaired assets is limited to the recoverable amount that is based on fair value less costs of disposal. The change, endorsed with (EU) Regulation no. 1374/2013 of 19 December 2013, will apply retroactively for financial years starting on or after 1 January 2014.

IAS 39 Financial Instruments: Recognition and Measurement was amended by the document "Narrow-scope amendments to IAS 39 Financial Instruments - Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting, published on 27 June 2013. This amendment makes it possible to continue hedge accounting in the same manner, even if the original counterparty is replaced due to laws or regulations, or the introduction of laws or regulations. The change, endorsed with (EU) Regulation no. 1375/2013 of 19 December 2013, will apply retroactively for financial years starting on or after 1 January 2014.

IFRS 9 Financial Instruments is a new International Financial Reporting Standard, the completion of which was broken down into three steps, leading to complete replacement of *IAS 39 Financial Instruments: Recognition and Measurement.* The first phase was subdivided into two parts, the first regarding financial assets and the second financial liabilities.

The first part of the first phase was completed on 12 November 2009 with the publication of a document regarding the recognition and measurement of financial assets. This first part addresses the need to improve the ability of investors and the other users of financial information to understand the mechanisms used to recognise financial assets, reducing their complexity. Specifically, the new standard uses a single approach to determine whether a financial asset must be measured at its amortised cost or fair value, thereby replacing the many different rules set out in *IAS 39 Financial Instruments: Recognition and Measurement.* The basic concept is based on the

business model used by the company to manage its financial instruments and determine the characteristics of related contractual cash flow.

Part two of the first phase was completed on 28 October 2010 with the publication of a document regarding the recognition and measurement of financial liabilities. This second part deals with the problem of volatility in profits and losses resulting from the decision to measure financial liabilities at fair value. According to the new provisions, if a company decides to measure its financial liabilities at fair value, the portion of the change in fair value determined by a change in the company's credit risk, will be shown in the Other comprehensive income (expense) section of the Statement of comprehensive income, rather than in profit or loss. The complete implementation of the first phase of the project regarding the classification and measurement of financial instruments replaces the provisions of *IAS 39 Financial Instruments: Recognition and Measurement.*

The second phase, focused on the methods for determining impairment of financial assets, is still in the completion phase and will not be completed before the end of 2014.

The third phase, focused on hedging, was completed on 19 November 2013 with the introduction of a new hedge accounting model and an indication of the compulsory disclosures to be provided for entities that apply hedging.

A compulsory enforcement date had initially been set for *IFRS 9 Financial Instruments*, not yet endorsed with an (EU) regulation, with retroactive application for the financial years starting on or after 1 January 2013. On 16 December 2011, the IASB published an "Amendment to IFRS 9" that postponed the compulsory enforcement date with prospective application to financial years starting on or after 1 January 2015. On 19 November 2013, the IASB published an additional "Amendment to IFRS 9" that definitively removed the compulsory enforcement date of *IFRS 9 Financial Instruments*, considering that the impairment phase was not yet completed and, as a result, a compulsory enforcement date will be decided only when the entire *IFRS 9 Financial Instruments* project is completed. However, it is possible to choose to apply *IFRS 9 Financial Instruments* immediately.

The EU Commission in charge of approving IFRS has announced that it interrupted the process of endorsement of *IFRS 9 Financial Instruments*, for the purpose of endorsement with the (EU) Regulation, on the same day the IASB published part one of the first phase. This choice was justified by the Commissioner for Internal Market and Services, who pointed out that *IFRS 9 Financial Instruments* is only the first step in the revision of *IAS 39 Financial Instruments: Recognition and Measurement.* The Commission has decided to examine the adoption of *IFRS 9 Financial Instruments* once the entire project is completed, for the thorough revision and complete replacement of *IAS 39 Financial Instruments: Recognition and Measurement.*

IFRS 10 Consolidated Financial Statements is a new International Financial Reporting Standard published on 12 May 2011 for the complete replacement of *SIC-12 Consolidation – Special purpose entities* and the partial replacement, regarding the provisions of the consolidated financial statements, of *IAS 27 Consolidated and Separate Financial Statements*.

IFRS 10 Consolidated Financial Statements provides a unified consolidation model that identifies control as a basis for consolidation of all types of entities. The definition of control includes three fundamental elements: power over the investee, the exposure or the right to the financial position and results of an investee and the ability to use the power to influence the financial position and results of the investee. Power is not defined as the contractual or legal right to direct the significant activities of the investee, but is rather based on the existing ability to unilaterally direct the significant activities of the investee.

The investees that were previously included in the scope of application of *SIC-12 Consolidation – Special Purpose Entities*, will now be considered part of the unified consolidation model established by *IFRS 10 Consolidated Financial Statements*, as there is no longer a separate regulation for special types of entities. Therefore, a special purpose entity will always be consolidated when the company preparing the consolidated financial statements (reporting entity) is able to direct its significant operations despite being only partly exposed to its risks and benefits. The consolidation model created is not a quantitative one, based exclusively on risks and benefits, but rather a qualitative model based on power and results, and on the link established between these two reference indicators.

IFRS 10 Consolidated Financial Statements also governs the situations in which control is difficult to identify. Potential voting rights, for example, are considered to determine control when these are substantial, i.e. when the holder of these rights has the practical ability to exercise them, and when these rights can be exercised at the time when decisions must be taken with regard to important activities. When the decision-making authority is delegated to an agent, this agent is never considered as holding control over the investee. Many practical examples illustrate how to apply the new regulation. The Standard also contains the accounting provisions and consolidation procedures reproduced without changes from *IAS 27 Consolidated and Separate Financial Statements*.

The IASB announced that *IFRS 10 Consolidated Financial Statements* will be applicable retroactively to financial years starting on or after 1 January 2013, but the endorsement through (EU) Regulation no. 1254/2012 of 11 December 2012 postponed entry into force to the start of the first financial year beginning on or after 1 January 2014. On the same date, *SIC 12 - Consolidation - Special purpose entities* was withdrawn, *IAS 27 Consolidated and Separate Financial Statements* was cancelled and replaced with regard to the part on the Consolidated financial statements and was renamed *IAS 27 Separate Financial Statements*.

The document Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) was published on 28 June 2012, amending IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. This document better clarifies the guidance already contained in IFRS 10 Consolidated Financial Statements for transition to the adoption of the new accounting standards referred to in the title of the amending document. Furthermore, the changes introduce further exemptions in relation to comparative data, limited solely to the previous year, on first-time adoption of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The IASB announced that these changes, endorsed with (EU) regulation no. 313/2013 of 4 April 2013, will apply retroactively for financial years starting on or after 1 January 2013, aligned with the entry into force of the new reporting standards to which they refer. As in the case of the reference accounting standards, the changes will also be endorsed by the (EU) regulation, with entry into force for financial years starting on or after 1 January 2014.

On 31 October 2012 the document Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27) was published, amending IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements. The changes introduced an exception, referring exclusively to investment entities, to the consolidation principles established in IFRS 10 Consolidated Financial Statements. The investment entities identified, which include private equity funds, venture capital organisations, pension funds, sovereign funds and other investment funds, must measure certain subsidiaries at fair value through profit and loss instead of including them in the consolidation. The changes, endorsed with (EU) regulation no. 1174/2013 of 20 November 2013, will apply retroactively for financial years starting on or after 1 January 2014.

IFRS 11 Joint Arrangements is a new international financial reporting standard published on 12 May 2011 to fully replace *IAS 31 Investments in Joint Ventures* and *SIC-13 Jointly controlled entities – Non-monetary contributions by venturers*. The Standard established the fundamental criteria for the recognition of joint agreements between the parties.

The main key criterion applicable to all joint arrangements provides for any party involved in a joint arrangement to recognise the rights and obligations deriving from the arrangement as these represent its underlying economic substance. The application of this criterion requires for each entity to make a precise assessment to identify its rights and obligations in the signed joint arrangement. The assessment will focus on the structure of the arrangement, the legal form of the entity established based on the arrangement, the methods and terms of the arrangement and, when significant, other facts and circumstances. Once this assessment has been made, the entity concerned must classify the joint arrangements alternatively in one of the two joint arrangement categories envisaged by *IFRS 11 Joint Arrangements*: joint operations or joint ventures.

A joint operation is a joint arrangement in which the parties have rights on the assets and are responsible for the obligations originating from the liabilities associated with the arrangement. A party involved in a joint operation must measure the assets, liabilities, revenue and costs attributable to it in compliance with the terms of the joint arrangement. This category of joint arrangement is recognised according to *IFRS 11 Joint Arrangements.*

A joint venture, on the other hand, is a joint arrangement in which the parties have rights on the net assets deriving from the arrangement. A party involved in a joint venture must recognise an investment in the joint arrangement by using the equity method. The proportional consolidation method previously envisaged by *IAS 31 Interests in Joint Ventures* has been eliminated as the main recognition method for jointly controlled entities. The elimination was motivated by the fact that none of the parties involved in a joint venture has control of all the assets of the same joint venture, but rather all the parties together have joint control and must agree on managing such assets. The parties concerned thus have rights on the net assets deriving from the arrangement and the equity method is suitable for representing such an interest. Furthermore, not all jointly controlled entities will be classified as joint ventures pursuant to *IFRS 11 Joint Arrangements*. Some will be classified as joint operations, in agreement with the main key criterion established by *IFRS 11 Joint Arrangements*, based on which any joint arrangement must be recognised by making reference to the rights and obligations of the parties involved. The recognition of this category of joint arrangement is governed by *IAS 28 Investments in Associates and Joint Ventures*, as amended after *IFRS 11 Joint Arrangements* came into force.

The IASB announced that *IFRS 11 Joint Arrangements* will be applicable retroactively to financial years starting on or after 1 January 2013, but the endorsement through (EU) Regulation no. 1254/2012 of 11 December 2012 postponed entry into force to the start of the first financial year beginning on or after 1 January 2014. On the same date, *IAS 31 Investments in joint ventures* and *SIC-13 Jointly controlled entities – Non-monetary contributions by venturers* were withdrawn, and *IAS 28 Investments in Associates* was amended and supplemented for the part regarding provisions on joint ventures, and its name was changed to *IAS 28 Investments in Associates and Joint Ventures.*

The document Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) was published on 28 June 2012, amending IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. This document, endorsed with (EU) Regulation no. 313/2013 of 4 April 2013, better clarifies the guidance already contained in IFRS 10 Consolidated Financial Statements for transition to the adoption of the new accounting standards referred to in the title of the amending document, using the terms and methods already specifically indicated in the paragraph on IFRS 10 Consolidated Financial Statements in the Transition Guidance.

IFRS 12 Disclosure of Interests in Other Entities is a new international financial reporting standard published on 12 May 2011. This standard regulates disclosures regarding any kind of interest in other entities, including subsidiaries, joint ventures, associates and other unconsolidated structured entities. The G20 (Group of twenty), the Financial Stability Board and other international organisations expressly asked the IASB to reconsider the disclosures prescribed on the risks companies are exposed to due to their interest in other entities. The new disclosure obligations will provide users of the financial statements with the information needed to understand the extent and size of the activities performed by the entity subject to disclosure through its interests in other entities. It will also be possible to assess the nature, extent and effects of the interests in other entities on the statement of financial position and income statement as well as the nature of the risks deriving from such entities. Specific disclosures are envisaged to better understand the impact of non-controlling interests on the financial statements of the entity in charge of the consolidation. The IASB announced that *IFRS 12 Disclosure of Interests in Other Entities* will be applicable retroactively to financial years starting on or after 1 January 2013, but the endorsement through (EU) Regulation no. 1254/2012 of 11 December 2012 postponed entry into force to the start of the first financial year beginning on or after 1 January 2014.

The document Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) was published on 28 June 2012, amending IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. This document, endorsed with (EU) Regulation no. 313/2013 of 4 April 2013, better clarifies the guidance already contained in IFRS 10 Consolidated Financial Statements for transition to the adoption of the new accounting standards referred to in the title of the amending document, using the terms and methods already specifically indicated in the paragraph on IFRS 10 Consolidated Financial Statements in the Transition Guidance. In addition, with regard to the information to be provided on non-consolidated entities, the changes eliminate the requirement to present comparative data for previous years on application of IFRS 12 Disclosure of Interests in Other Entities.

On 31 October 2012 the document Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27) was published, amending IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements. The changes introduce particular provisions on financial statement disclosures for investment entities applying the exception, reserved solely for such entities, as established in IFRS 10 Consolidated Financial Statements. The change, endorsed with (EU) regulation no. 1174/2013 of 20 November 2013, will apply retroactively for financial years starting on or after 1 January 2014.

IFRS 14 Regulatory Deferral Accounts is a new interim international financial reporting standard published on 30 January 2014. The chief objective of this standard is to favour the comparability of financial statements drawn up by entities whose activities are subject to rate regulation. *IFRS 14 Regulatory Deferral Accounts* does not apply to entities whose activities are subject to rate regulation and which already present IFRS financial statements. In fact, this standard is exclusively intended for first-time adopters of IFRS that apply a deferred accounting method for regulated activities in accordance with their previous GAAP. Indeed, many governments regulate the supply and pricing of particular types of utilities such as gas, electricity and water, in order to reduce price volatility. Pending the completion of the Comprehensive Rate-regulated Activities IFRS Project, the IASB decided to publish this interim IFRS which does not establish any specific provisions on the matter, but requires that the effect of recognising the deferred account balances that arise from rate regulation be presented separately from other items. The separate presentation of regulatory deferral account balances and the relative required disclosures will make it easier for users of financial statements to understand the effects of rate regulation on the financial statements of first-time adopters of IFRS beginning from the date on which *IFRS 14 Regulatory Deferral Accounts* enters into force, and will enhance comparability with the financial statements of entities that already apply IFRS and that are not authorised to recognise the deferred amounts.

IFRS 14 Regulatory Deferral Accounts, not yet endorsed with an (EU) regulation, will apply retroactively for first-time adopters of IFRS for the financial years starting on or after 1 January 2016.

IFRIC 21 Levies is a new interpretation published on 20 May 2013. It provides guidance on accounting for levies imposed by a government, besides income tax, focusing in particular on when such levies must be recognised. *IFRIC 13 Levies*, not yet endorsed with an (EU) regulation, is expected to be applicable retroactively to financial years starting on or after 1 January 2014.

Over the years, the IASB undertook a cyclical review of a number of IFRS already issued, the main aim of which was to clarify and further discuss certain concepts contained in various IFRS and which did not appear to be sufficiently understandable.

On 12 December 2013, two documents entitled "2010-2012 Annual Improvements Cycle" and "2011-2013 Annual Improvements Cycle" were published, introducing the following main amendments:

- *IAS 24 Related Party Disclosures*. The amendment clarifies that an entity that provides key management personnel services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The change, not yet endorsed with an (EU) regulation, will apply retroactively for the financial years starting on or after 1 July 2014 (*2010-2012 Annual Improvements Cycle).*
- *IFRS 2 Share-Based Payments.* The change regards the definition of vesting condition and market condition. The definition of performance condition and service condition is also added, which were previously part of the definition of vesting condition. The change, not yet endorsed with an (EU) regulation, will apply prospectively for the financial years starting on or after 1 July 2014 (*2010-2012 Annual Improvements Cycle).*
- *IFRS 3 Business Combinations.* One amendment clarifies that the contingent consideration classified as an asset or a liability must be measured at fair value at each reporting date *(2010-2012 Annual Improvements Cycle).* Another change excludes from the scope of *IFRS 3 Business Combinations* the recognition of joint arrangements in the financial statements of the joint venture or the joint operation itself *(2011-2013 Annual Improvements Cycle).* Both changes, not yet endorsed with an (EU) regulation, will apply prospectively for the financial years starting on or after 1 July 2014.
- *IFRS 8 Operating Segments.* One change requires reporting entities to disclose the judgements made by management in applying the aggregation criteria to operating segments (*2010-2012 Annual Improvements Cycle).* Another amendment clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly (*2010-2012 Annual Improvements Cycle).* Both changes, not yet endorsed with an (EU) regulation, will apply retroactively for the financial years starting on or after 1 July 2014.

- *IFRS 13 Fair Value Measurement.* One change clarifies that the publication of *IFRS 13 Fair Value Measurement* and the resulting changes made to *IAS 39 Financial Instruments: Recognition and Measurement* did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial. The change, not yet endorsed with an (EU) regulation, will apply retroactively for the financial years starting on or after 1 July 2014 (*2010-2012 Annual Improvements Cycle)*. Another amendment specifies that the scope of the exception set forth by *IFRS 13 Fair Value Measurement* for financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, applies to all contracts that fall within the scope of *IAS 39 Financial Instruments: Recognition and Measurement*, regardless of whether they are defined as financial assets and financial liabilities under *IAS 32 Financial Instruments: Presentation.* The change, not yet endorsed with an (EU) regulation, will apply prospectively for the financial years starting on or after 1 July 2014 (*2011-2013 Annual Improvements Cycle)*.

The Group has begun to assess the impact resulting from introduction of the new standards and interpretations that must be applied beginning 1 January 2014. On the basis of initial assessments, their impact does not appear to be significant.

Milan, 18 March 2014

The Chairman of the Board of Directors

Benito BENEDINI

(signed on the original)

Certification of consolidated financial statements pursuant to Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999 as amended

1. The undersigned Donatella Treu, Chief Executive Officer, and Valentina Montanari, Corporate Financial Reporting Manager of Il Sole 24 ORE S.p.A., hereby certify, pursuant to, *inter alia*, the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998 [the Italian Consolidated Law on Finance]:

- the adequacy in relation to the entity's characteristics; and
- the effective application of administrative and accounting procedures for preparation of the consolidated financial statements during 2013.

2. the adequacy of the administrative and accounting procedures used to prepare the consolidated financial statements as at and for the year ended 31 December 2013 has been assessed based on the methodological rules defined by Il Sole 24 Ore S.p.A. and consistent with the "Internal Control – Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is a benchmark framework for the internal control system generally accepted internationally.

3. They further certify that:

3.1 The consolidated financial statements:

- have been drafted in compliance with the applicable International Financial Reporting Standards recognised in the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;
- are consistent with the corporate books and accounting records;
- give a true and fair view of the financial position and results of operations of the issuer and of the set of companies included in the scope of consolidation.

3.2 The Directors' Report contains a reliable analysis of the performance, results of operations and standing of the issuer and the companies included in its scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Milan, 18 March 2014

Chief Executive Officer	Corporate financial reporting manager
Donatella TREU	Valentina MONTANARI
(signed on the original)	(signed on the original)

SEPARATE FINANCIAL STATEMENTS OF THE PARENT IL SOLE 24 ORE S.P.A. AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013

Separate financial statements

Statement of financial position

STATEMENT OF FINANCIAL POSITION OF THE PARENT			
(in thousands of euro)	Note	31.12.2013	31.12.2012
ASSETS			
Non-current assets			
Property, plant and equipment	(1)	50,973	70,050
Goodwill	(2)	15,982	15,982
Intangible assets	(3)	58,025	29,563
Investments in associates and joint ventures	(4)	-	20
Available-for-sale financial assets	(5)	891	875
Other non-current assets	(6)	94,154	140,506
Deferred tax assets	(7)	56,793	55,289
Total		**276,819**	**312,286**
Current assets			
Inventories	(8)	5,205	14,726
Trade receivables	(9)	105,448	122,580
Other receivables	(10)	8,856	9,706
Other current financial assets	(11)	23,490	26,740
Other current assets	(12)	5,263	3,794
Cash and cash equivalents	(13)	2,729	5,917
Total		**150,991**	**183,463**
Assets held for sale	(14)	1,300	-
TOTAL ASSETS		**429,109**	**495,749**

(*) Section 8 of the Notes to the separate financial statements

As required by Consob (Italian securities & exchange commission) resolution no. 15519 of 27 July 2006, the effects of related-party transactions or positions on the Statement of financial position, Statement of comprehensive income and Statement of cash flows of Il Sole 24 ORE S.p.A. are reported in Section 9.5 and detailed in Section 9.2.

STATEMENT OF FINANCIAL POSITION OF THE PARENT (CONT.)			
(in thousands of euro)	Note	31.12.2013	31.12.2012
EQUITY AND LIABILITIES			
Equity			
Share capital	(15)	35,124	35,124
Equity reserves	(16)	180,316	180,316
Revaluation reserves	(17)	-	20,561
Hedging and translation reserves	(18)	(76)	(193)
Other reserves	(20)	(7,040)	23,410
Retained earnings	(21)	406	16,419
Loss for the year	(22)	(81,909)	(44,194)
Total		**126,822**	**231,444**
Total equity		**126,822**	**231,444**
Non-current liabilities			
Non-current financial liabilities	(23)	-	3,206
Employee benefit obligations	(24)	24,340	27,716
Deferred tax liabilities	(8)	7,613	966
Provisions for risks and charges	(25)	13,053	15,843
Other non-current liabilities	(26)	34	34
Total		**45,040**	**47,766**
Current liabilities			
Bank overdrafts and loans - due within one year	(27)	56,137	2,162
Other current financial liabilities	(28)	-	372
Financial liabilities held for trading	(29)	105	266
Trade payables	(30)	133,600	158,417
Other current liabilities	(31)	5,563	5,484
Other payables	(32)	57,667	49,839
Total		**253,072**	**216,539**
Liabilities held for sale	(14)	4,175	-
Total liabilities		**302,287**	**264,305**
TOTAL EQUITY AND LIABILITIES		**429,109**	**495,749**

(*) Section 8 of the Notes to the separate financial statements

As required by Consob (Italian securities & exchange commission) resolution no. 15519 of 27 July 2006, the effects of related-party transactions or positions on the Statement of financial position, Statement of comprehensive income and Statement of cash flows of Il Sole 24 ORE S.p.A. are reported in Section 9.5 and detailed in Section 9.2.

Income statement

INCOME STATEMENT OF THE PARENT			
(in thousands of euro)	Note (*)	Year 2013	Year 2012
1) Continuing operations			
Revenue from newspapers, books and magazines	(33)	94,870	123,438
Revenue from advertising	(34)	128,653	144,527
Other revenue	(35)	101,681	95,121
Total revenue		**325,205**	**363,085**
Other operating income	(36)	8,930	8,628
Personnel expense	(37)	(126,384)	(128,472)
Change in inventories	(8)	(9,421)	7,252
Purchase of raw materials and consumables	(38)	(7,703)	(31,187)
Services	(39)	(192,983)	(208,335)
Use of third party assets	(40)	(22,359)	(24,369)
Other operating costs	(41)	(15,431)	(14,558)
Provisions	(42)	(3,091)	(6,545)
Allowance for impairment	(9)	(8,948)	(5,806)
Gross operating loss		**(52,186)**	**(40,306)**
Amortisation of intangible assets	(3)	(6,074)	(5,348)
Depreciation of property, plant and equipment	(1)	(9,306)	(9,248)
Impairment losses on property, plant and equipment and on intangible assets	(43)	(10,699)	(11,243)
Net gains on disposal of non-current assets	(44)	25	1,007
Operating loss		**(78,241)**	**(65,139)**
Financial income	(45)	745	804
Financial expenses	(45)	(2,078)	(566)
Net financial income (expense)		**(1,333)**	**239**
Other expenses from investment assets and liabilities	(46)	(2,853)	(900)
Loss before tax		**(82,427)**	**(65,800)**
Income taxes	(47)	518	21,607
Loss from continuing operations		**(81,909)**	**(44,194)**
2) Discontinued operations			
Profit (loss) from discontinued operations		**-**	**-**
Loss for the year	**(22)**	**(81,909)**	**(44,194)**

(*) Section 8 of the Notes to the separate financial statements

Statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME OF THE PARENT		
(in thousands of euro)	Year 2013	Year 2012
Loss for the year	**(81,909)**	**(44,194)**
Other comprehensive income (expense)		
Other reclassifiable comprehensive income	**116**	**37**
Effective portion of changes in fair value of cash flow hedges	160	51
Taxes on other reclassifiable comprehensive income	(44)	(14)
Other non-reclassifiable comprehensive income (expense)	**929**	**(2,370)**
Actuarial gains (losses) of defined-benefit plans	1,281	(3,269)
Taxes on other non-reclassifiable comprehensive income (expense)	(352)	899
Other comprehensive income (expense) after tax	**1,045**	**(2,333)**
Total comprehensive expense for the year	**(80,864)**	**(46,527)**

(*) Section 8 of the Notes to the separate financial statements

As required by Consob (Italian securities & exchange commission) resolution no. 15519 of 27 July 2006, the effects of related-party transactions or positions on the Statement of financial position, Statement of comprehensive income and Statement of cash flows of Il Sole 24 ORE S.p.A. are reported in Section 9.5 and detailed in Section 9.2.

The income components resulting from non-recurring events or transactions, or from transactions or events that do not recur frequently, are also reported in section 9.5.

Statement of cash flows

STATEMENT OF CASH FLOWS OF THE PARENT			
(in thousands of euro)	Note	Year 2013	Year 2012
Items of the statement of cash flows			
Loss before tax [a]		(82,427)	(65,800)
Adjustments [b]		**28,229**	**27,427**
Depreciation, amortisation and impairment losses	(1,3,6)	30,056	26,980
Losses	(44,46)	(5)	(1,007)
Change in provisions for risks and charges	(25)	(2,790)	4,912
Change in employee benefit obligations	(24)	(3,376)	4
Change in deferred taxes	(7)	7,324	(2,753)
Financial income/(expenses)	(45)	1,333	(239)
Other adjustments		(4,314)	(470)
Changes in net working capital [c]		**5,219**	**31,288**
Change in inventories	(8)	9,521	(7,252)
Change in trade receivables	(9)	17,131	31,402
Change in trade payables	(30)	(24,817)	11,953
Income taxes paid		(505)	(2,973)
Other changes in net working capital		3,888	(1,842)
Total cash flow used in operating activities [d=a+b+c]		**(48,979)**	**(7,085)**
Cash flow used in investing activities [e]		**(8,213)**	**(15,972)**
Investments in intangible assets and property, plant and equipment	(1,3)	(14,616)	(15,036)
Disposal of intangible assets and property, plant and equipment	(1,3,44)	8,189	496
Business unit transfers		-	1,000
Other changes in investing activities		(1,786)	(2,432)
Cash flow from financing activities [f]		**30,463**	**16,011**
Net financial interest received (paid)	(45)	(1,333)	239
Change in medium/long-term bank loans	(23)	(3,206)	(2,138)
Change in short-term bank loans	(13)	33,312	-
Change in non-current financial assets		(161)	20,243
Change in capital and reserves		1,045	(2,333)
Other changes in financing activities		806	-
Cash flows used during the year [g=d+e+f]		**(26,729)**	**(7,046)**
OPENING CASH AND CASH EQUIVALENTS		**30,123**	**37,169**
CLOSING CASH AND CASH EQUIVALENTS		**3,394**	**30,123**
DECREASE FOR THE YEAR		**(26,729)**	**(7,046)**

(*) Section 8 of the Notes to the separate financial statements

As required by Consob (Italian securities & exchange commission) resolution no. 15519 of 27 July 2006, the effects of related-party transactions or positions on the Statement of financial position, Statement of comprehensive income and Statement of cash flows of Il Sole 24 ORE S.p.A. are reported in Section 9.5 and detailed in Section 9.2.

Statement of changes in Equity

STATEMENT OF CHANGES IN EQUITY								
(in thousands of euro)	Share capital	Equity reserves	Revaluation reserves	Hedging and translation reserves	Other reserves	Retained earnings	Loss for the year	Equity
Balance at 1 January 2012	**35,124**	**180,316**	**20,561**	**(229)**	**25,780**	**26,504**	**(10,085)**	**277,971**
Income/expenses recognised directly in equity								
Reserve for post-employment benefits	-	-	-	-	(3,269)	-	-	(3,269)
Fair value changes in hedging instruments	-	-	-	51	-	-	-	51
Taxes on expenses and income recognised in equity	-	-	-	(14)	899	-	-	885
Total income/expenses recognised directly in equity	**-**	**-**	**-**	**37**	**(2,370)**	**-**	**-**	**(2,333)**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(44,194)**	**(44,194)**
Total income/expenses recognised in the year	**-**	**-**	**-**	**37**	**(2,370)**	**-**	**(44,194)**	**(46,527)**
Change in the 2011 loss	-	-	-	-	-	(10,085)	10,085	-
Balance at 31 December 2012	**35,124**	**180,316**	**20,561**	**(192)**	**23,410**	**16,419**	**(44,194)**	**231,444**
Income/expenses recognised directly in equity								
Reserve for post-employment benefits	-	-	-	-	1,281	-	-	1,281
Fair value changes in hedging instruments	-	-	-	160	-	-	-	160
Taxes on expenses and income recognised in equity	-	-	-	(44)	(352)	-	-	(396)
Total income/expenses recognised directly in equity	**-**	**-**	**-**	**116**	**929**	**-**	**-**	**1,045**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(81,909)**	**(81,909)**
Total income/expenses recognised in the year	**-**	**-**	**-**	**116**	**929**	**-**	**(81,909)**	**(80,864)**
Change in the 2012 loss	-	-	(20,561)	-	(7,620)	(16,013)	44,194	-
Negative goodwill/goodwill from merger of subsidiaries	-	-	-	-	(23,759)	-	-	(23,759)
Balance at 31 December 2013	**35,124**	**180,316**	**-**	**(76)**	**(7,040)**	**406**	**(81,909)**	**126,821**

(*) Section 8 of the Notes to the separate financial statements

Milan, 18 March 2014

The Chairman of the Board of Directors
Benito BENEDINI
(signed on the original)

1. General information

Il Sole 24 ORE S.p.A., the parent of the 24 ORE Group, acts both as the holding company for majority investments in Group companies, and as an operating company, in the business news and information market. Its products and services are offered to the general public, professionals, businesses and financial institutions.

The registered offices of Il Sole 24 ORE S.p.A. are located at Via Monte Rosa 91, Milan, Italy.

Confindustria controls the Company. The share capital totals €35,124 thousand, represented by 90,000,000 ordinary shares and 43,333,213 special-category shares. Their breakdown is as follows:

- 90,000,000 ordinary shares owned by Confindustria, accounting for 67.5% of all shares;
- 40,030,916 special-category shares listed in the standard segment (Class 1) of the Milan screen-based equity market (MTA – Mercato Telematico Azionario) of Borsa Italiana S.p.A., accounting for 30.0% of all shares.
- 3,302,297 special-category treasury shares, accounting for 2.5% of all shares.

The company by-laws contain provisions whereby the controlling shareholders of Il Sole 24 ORE S.p.A. may not be changed. In particular, in accordance with Article 8 of the by-laws, shareholders may not hold more special-class shares than those that represent one fiftieth of the share capital plus one share, with the exception of the Company which owns them as treasury shares.

Il Sole 24 ORE S.p.A. special-category stock is currently listed in the Standard (Class 1) segment on the MTA of Borsa Italiana S.p.A.

STOCK IDENTIFICATION CODES	
Name	Il Sole 24 ORE S.p.A.
ISIN	IT0004269723
Alphanumerical code	S24.MI
Reuters code	S24.MI
Bloomberg code	S24 IM

The draft financial statements as at and for the year ended 31 December 2013 of Il Sole 24 ORE S.p.A., including the directors' report and the certification prescribed by Article 154-bis, paragraph 5 of Italian Legislative Decree 58/1998 (Consolidated Finance Act), were authorised for publication by the Board of Directors on 18 March 2014 in compliance with Art. 154-*ter*, paragraph 1 of Italian Legislative Decree 58/98.

2. Format, content, and International Financial Reporting Standards

These separate financial statements were prepared on the assumption that the Company is operated on a going concern basis and in accordance with the recognition and measurement criteria set out in international financial reporting standards (International Accounting Standards – IAS and International Financial Reporting Standards – IFRS), as amended by the applicable interpretations (issued by the Standing Interpretations Committee – SIC and International Financial Reporting Interpretations Committee – IFRIC), approved and published by the International Accounting Standards Board – IASB, endorsed by EC Regulation 1126/2008 of the European Commission as amended.

EC Regulation no. 1126/2008 as amended adopts the International financial reporting standards set by EC regulation 1606/2002 of the European Parliament and Council, absorbed with Italian Legislative Decree no. 38 of 28 February 2005 "Exercising the regulatory options of article 5 of EC regulation no. 1606/2002 regarding international financial reporting standards" (Italian Legislative Decree 38/2005).

The international financial reporting standards applied to the financial statements as at and for the year ended 31 December 2013, and the comparative figures as at and for the year ended 31 December 2012 are those endorsed by the European Commission as at the reporting date of these statements.

The currency used to present these financial statements is the euro, and amounts are expressed in thousands of euro unless otherwise stated.

3. Separate financial statements

The Company Il Sole 24 ORE S.p.A. has prepared the statement of financial position by classifying current and non-current assets and liabilities separately.

For each asset and liability item that includes amounts falling due both within and beyond 12 months from the reporting date, the amount that is expected to be recovered or paid beyond 12 months has been indicated.

All revenue and cost items recognised during the year, including financial expenses, the portion of profit (loss) of associates and joint ventures measured at equity, tax payables and a single amount relating to the total discontinued assets are presented in the Income statement immediately preceding the Statement of comprehensive income.

The statement of comprehensive income opens with the profit or loss for the year, presents the section on other comprehensive income (expense), the total other comprehensive income (expense) and the total comprehensive income (expense) resulting from the total of profit (loss) for the year and other comprehensive income.

The components that are recognised separately from profit (loss) for the current year pursuant to specific IAS/IFRS provisions are presented in Other comprehensive income (expense) in the Statement of comprehensive income.

The section on Other comprehensive income (expense) of the Statement of comprehensive income, prepared due to the amendments to *IAS 1 Presentation of financial statements* beginning from this year with retroactive effect, presents items relating to amounts of other comprehensive income (expense) for the year, classified by nature and grouped according to those which, in compliance with other IFRS:

- will no longer be reclassified in the income statement;
- will later be reclassified in the income statement when certain conditions are met.

Other comprehensive income (expense) that can be reclassified in the income statement includes:

- the effective portion of gains and losses on cash flow hedging instruments;
- the gains and losses resulting from restatement of available-for-sale financial assets.

Other comprehensive income (expense) that cannot be reclassified to the income statement relates to actuarial gains and losses on defined benefit plans.

The items of Other comprehensive income (expense) in the Statement of comprehensive income are presented gross of the related tax effects, with a single amount for total taxes attributable to these items. The tax is divided between items that could later be reclassified in the income statement and those that cannot.

Items are classified in the Income statement according to their nature.

Unless stated otherwise, when the term “Income Statement” is used in these separate financial statements, it means the Separate Income Statement.

Disclosure of cash flow is provided in the *Statement of cash flows*, which is an integral part of these separate financial statements.

The indirect method has been used for presenting cash flows, according to which the profit (loss) for the year has been adjusted for the effects of:

- changes in inventories, receivables and payables generated by operating activities;
- non-cash operations;
- all other elements whose cash effects are cash flows involved in investing or financing activities.

Reconciliation between the amounts relating to the components of cash and cash equivalents in the Statement of cash flows and the equivalent items reported on the Statement of financial position is reported in the notes to the separate financial statements.

The table illustrating net financial position (indebtedness) has been prepared on the basis of the guidance provided by the Committee of European Securities Regulators (CESR) on 10 February 2005 – Recommendations for consistent implementation of the EU Commission's Regulation on Prospectuses. The table details the main components of net financial position and indicates payable/receivable positions vis-à-vis related parties.

The Statement of changes in Equity shows:

- total comprehensive income (expense) for the year;
- for each Equity item, any effects of retroactive application or retroactive restatement are recognised pursuant to IAS 8 *Accounting policies, changes in accounting estimates and errors*;
- for each Equity item, reconciliation of the carrying amount at the beginning and at the end of the financial year, with separate indication of the changes resulting from:
- profit or loss;
- other comprehensive income (expense);
- transactions with shareholders, with separate indication of capital injections by shareholders and distribution of equity to shareholders.

For each Equity component, an analysis of Other Comprehensive income (expense) by item is presented in the statement of changes in Equity.

Furthermore, Equity items include specific indications as to their origin, potential use and distribution, as well as their actual use in previous years.

At the foot of the Statement of financial position, Income statement, Statement of comprehensive income and Statement of cash flows, reference is made to a specific section where a statement illustrates the sub-items for the amounts of positions or transactions with related parties, with indication of the effects on the financial position, profit or loss for the year and cash flows of the Company.

The sub-items regarding any income (expense) component deriving from non-recurring events or operations are recorded separately in the cost or revenue items these refer to, with indication of the effects on the financial position, the results of operations and the cash flows of the Company.

A specific table, which is an integral part of these financial statements, lists the companies in which the parent holds a controlling interest, indicating their name, registered office, share capital, equity interests directly or indirectly owned.

The Notes to the separate financial statements are presented in a systematic manner. In the Statement of financial position, the Income statement, the Statement of comprehensive income, the Statement of cash flows and the Statement of changes in equity, reference is made to the detailed disclosure provided in the Notes to the separate financial statements.

Comparative information with the previous financial year is provided for all amounts shown in these separate financial statements. Comparative information is also provided with regard to the commentary and notes to the separate financial statements, if this is material to understanding the separate financial statements for the current year.

For that purpose, two statements of financial position, two income statements, two statements of comprehensive income, two statements of cash flows and two statements of changes in equity are provided, as well as the associated notes.

The presentation and classification of items in the separate financial statements remain consistent from one year to the next, unless otherwise indicated in Section 5 – Changes in accounting policies, errors and changes in estimates.

In cases in which the presentation or classification of separate financial statements items have changed, the comparative figures have been changed accordingly, and the nature, amount and reasons for the reclassification have been provided.

4. Accounting policies

The separate financial statements of Il Sole 24 ORE S.p.A. have been prepared in compliance with international financial reporting standards and in application of the provisions of Italian Legislative Decree 38/2005.

This section provides a summary of the main international accounting standards applied, indicating the key reporting and accounting policies used in preparing the financial statements and any other international accounting standards used if they are considered significant for understanding the financial statements.

Non-current assets

Property, plant and equipment

This item includes the property, plant and equipment owned for use in production, to provide goods and services and for administrative purposes, and which are expected to be used for more than one financial year. Only those components that are likely to generate future economic benefits and which have a cost that can be reliably determined are recognised as such. Spare parts that can be defined as property, plant and equipment are likewise recognised as such.

Property, plant and equipment are initially recognised at cost, i.e. the amount of cash or cash equivalents paid or the fair value of another consideration paid at the time of acquiring the asset.

Cost includes the purchase or construction cost, ancillary charges and any directly attributable costs for bringing the asset to the place and condition necessary for it to function.

After initial recognition, the cost method is adopted, under which property, plant and equipment are shown in the statement of financial position at cost, net of accumulated depreciation and any impairment losses.

Each item of property, plant and equipment is depreciated on a straight-line basis over its estimated useful life on the assumption that its residual value is zero. Depreciation commences when the asset is available for use.

Land is of unlimited useful life and, therefore, it is not depreciated.

Items of property, plant and equipment that are not yet available for use are not depreciated.

Depreciation terminates on the more recent of two dates: when the asset is classified as held for sale (see the paragraph entitled Non-current assets classified as held for sale) and the date on which the asset is derecognised.

Depreciation is not interrupted just because the asset is not being used.

An item of property, plant and equipment is derecognised when it is disposed of or when no future economic benefit can be expected either from its use or from its disposal.

The period and method of depreciation of each component of property, plant and equipment are reviewed at the end of each year.

A check is carried out at each reporting date to see if there are any signs that assets are impaired. If there is any indication that this is the case, an estimate is made of the asset's recoverable amount.

This impairment test is carried out by comparing the carrying amount of the asset with its recoverable amount.

The recoverable amount is the higher out of the asset's fair value, net of any costs to sell, and its value in use.

The fair value is the price that would be received from the sale of an asset in an orderly transaction between market participants at the measurement date.

The value in use is calculated by estimating the net present value of the future cash flows expected to be generated by the asset being tested for impairment.

Impairment losses are recognised immediately in the Income statement.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, an estimate is made of the asset's recoverable amount.

An impairment loss recognised in previous years is reversed only if there is a change in the valuations used to calculate the asset's recoverable amount. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on property, plant and equipment are recognised in the Income statement.

Finance leases

Assets purchased under finance lease arrangements are initially recognised as property, plant and equipment at the present value of the minimum payments due under the lease contract, even if ownership of the leased asset has not been acquired, and are depreciated on a straight-line basis over their useful life.

The present value of the minimum payments due under the lease contract is also recognised initially as a payable under Liabilities.

Government grants

Government grants, including non-monetary grants measured at fair value, are not recognised until there is reasonable certainty that the conditions to obtain them will be respected and the grants will effectively be received.

Government grants related to assets, obtained in connection with property, plant and equipment, are recognised as deferred income and then transferred to the Income statement under "Other operating income", on a systematic and rational basis that spreads them appropriately over the asset's useful life.

Government grants offsetting costs or losses already incurred or to provide immediate financial support, without there being any related future costs, are recognised in the Income statement as income for the year in which they become collectable.

The benefits stemming from a public loan at an interest rate lower than the going market rate have been recognised as government grants, in compliance with the policies specified above. These benefits have been calculated by measuring the difference between the loan's initial carrying amount, calculated according to the amortised cost method, and the amounts received.

Business combinations and goodwill

Business combinations

All business combinations for which *IFRS 3 Business combinations* is applicable are accounted for applying the purchase method.

For business combinations with acquisition date from 1 January 2010 onwards, the excess of fair value of the consideration transferred, including the fair value of any potential consideration and the proportional amount of any non-controlling interest in the acquired company, in respect of the fair value on the acquisition date of assets identifiably acquired or liabilities identifiably assumed, is recognised as goodwill.

The costs incurred to realise the business combination are recognised as expenses in the periods when they are incurred, with the exception of costs associated with the issue of debt instruments, which are accounted for as an increase in the fair value of these debt instruments, and the costs associated with equity instruments, which are accounted for as a decrease in Equity.

Any potential consideration is an obligation for the buyer to transfer additional assets or interests to the previous shareholders of the acquired company as part of the business combination agreement, in case certain future events occur or certain conditions are met. If the potential consideration is classified as equity, it must not be recalculated and its subsequent settlement must be accounted for in equity. If, on the other hand, it is classified as a liability, the subsequent changes in fair value of the potential payment are recognised in profit or loss for the year.

For business combinations with acquisition date up to 31 December 2009, any cost excess for the business combination compared to the interest acquired in the net fair value of its identifiable assets, liabilities and contingent liabilities qualifying for accounting recognition is recognised as goodwill.

The costs incurred to realise the business combination are included in the business combination cost, with the exception of costs associated with the issue of debt instruments, which are accounted for as an increase in the fair value of these debt instruments, and the costs associated with equity instruments, which are accounted for as a decrease in Equity.

The potential consideration deriving from business combinations with acquisition date up to 31 December 2009 were not subsequently adjusted. For these combinations, any adjustments to the combination cost subject to future events were included in the combination costs on the acquisition date only if the adjustments were likely and could be determined in a reliable manner.

Goodwill

The goodwill recognised in a business combination is an asset that produces future economic benefits deriving from other assets acquired in a business combination, but that cannot be individually identified nor accounted for separately.

For the purposes of impairment testing, goodwill acquired as part of a business combination is allocated to the individual cash-generating units or groups that are expected to benefit from the synergies created by the combination.

The CGUs to which the goodwill is allocated represent the minimum level inside the company where the goodwill is monitored on an operational basis, and is never bigger than an operating segment, as identified in section 11 Segment reporting of the Consolidated financial statements of the 24 ORE Group, before the business combination.

The CGUs to which the goodwill is allocated are verified on a yearly basis in terms of impairment. In case such a reduction is suggested, their carrying amount is compared with their recoverable amount.

Impairment tests are carried out more frequently if specific events or changed circumstances suggest that goodwill has suffered impairment. If goodwill is initially recognised during the current year, an impairment test is carried out prior to the end of the same year.

The recoverable amount is the greater of fair value net of any costs to sell and value in use, calculated by estimating the net present value of the future cash flows expected to derive from the CGU being tested for impairment.

If the CGU's recoverable amount is lower than its carrying amount, an impairment loss is recognised.

An impairment loss recognised for goodwill cannot be reversed in future years.

If the net fair value of the identifiable assets acquired and the identifiable liabilities assumed at the acquisition date exceeds the transferred consideration, as defined in the item *Business combinations*, the profit resulting from acquisition of the subsidiary at favourable prices is recognised in the Income statement at the acquisition date. This profit is attributed to the parent.

Any temporary differences emerging from the difference between the net fair value of identifiable assets acquired and identifiable liabilities assumed at the acquisition date and their value recognisable for tax purposes give rise to deferred tax assets and/or liabilities if the required conditions exist.

Intangible assets

Recognised intangible assets are non-monetary assets that have no physical substance, which have to be:

- identifiable, in other words separable or arising from contractual or other legal rights;
- under the company's control as a result of past events;
- likely to generate future economic benefits for the company;
- and with a cost that can be measured reliably.

Initial recognition is at cost.

The cost includes the purchase price and any other direct cost to prepare the asset for use.

The process of formation of intangible assets generated internally distinguishes between the research and development phases. No intangible asset deriving from the research phase is recognised. Intangible assets deriving from the development phase are recognised if they satisfy the conditions listed above.

Trademarks, publications and publishing rights generated internally are not recognised as intangible assets.

The cost of intangible assets generated internally is represented by the sum of the cost incurred from the date on which the intangible asset first satisfies the conditions for accounting recognition.

The cost of an intangible asset generated internally includes all directly attributable costs needed to create, produce and prepare the asset to ensure that it operates as intended by the company management. Costs directly attributable to intangible assets generated internally are essentially the costs for materials and services used or consumed in generating the intangible asset and the personnel expense deriving from the generation of the intangible assets.

After initial recognition, the cost method is adopted.

Intangible assets with a finite useful life are recognised in the statement of financial position at cost, net of accumulated amortisation and impairment losses.

The cost of intangible assets with a finite useful life is amortised on a straight-line basis over their estimated useful life on the assumption that their residual value is zero. Amortisation commences when the asset is available for use.

Intangible assets with a finite useful life that are not yet available for use are not amortised.

The period and method of amortisation of intangible assets with a finite useful life are reviewed at the end of each financial year.

Amortisation terminates on the more recent of two dates: when the intangible asset is classified as held for sale (see Non-current assets classified as held for sale) and the date on which the asset is derecognised.

An intangible asset is derecognised when it is disposed of or when no future economic benefit can be expected either from its use or from its disposal.

Intangible assets with an indefinite useful life are not amortised.

An intangible asset has an indefinite useful life when, based on certain key factors, there is no foreseeable limit to the period in which it is expected to generate net cash inflows.

Among the key factors playing a significant role in determining the existence of indefinite useful life, we have considered:

- the asset's expected utilisation;
- the productive life cycles typical of the asset, also based on information of public domain concerning estimated useful lives of asset categories used in similar ways;
- technical, technological and any other type of obsolescence;
- the stability of the economic sector in which the asset operates and changes in demand for the products and services originated by the asset;
- actions that will presumably be taken by competitors;
- the level of maintenance costs necessary to obtain the future economic benefits expected from the asset;
- the period of control over the asset and the legal limits to its utilisation;
- the dependence of its useful life on the useful life of other assets.

The useful life of intangible assets that are not amortised is reviewed at the end of each accounting period to ascertain whether the key factors mentioned above still support the assumption of an indefinite useful life.

A check is carried out at each reporting date to see if there are any signs that intangible assets are impaired.

Intangible assets with an indefinite useful life and those that are still not available for use are subjected to annual impairment testing, whether or not there are signs of impairment losses.

This impairment test is carried out by comparing the carrying amount of the intangible asset with its recoverable amount.

The recoverable amount is the higher of fair value net of any costs to sell and value in use, determined by estimating the net present value of the future cash flows expected to derive from the intangible asset that is being tested for impairment.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the CGU to which the asset belongs is determined. This recoverable amount is then compared with the CGU's carrying amount.

If the recoverable amount of the individual intangible asset or the CGU is lower than its carrying amount, an impairment loss is recognised.

Impairment losses are recognised immediately in the Income statement.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, an estimate is made of the asset's recoverable amount.

An impairment loss recognised in previous years is reversed only if there is a change in the valuations used to calculate the asset's recoverable amount. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on intangible assets are recognised in the Income statement.

Investments in associates and joint ventures

Associates are those over which the company exercises significant influence, although without holding a controlling interest.

Investments in associates are accounted for under the cost method.

A check is carried out at each reporting date to see if there are signs that any investment in associates is impaired. If there is an indication of a possible impairment loss, the entire carrying amount of the investment is tested for impairment, by comparing its recoverable amount with its carrying amount. The recoverable amount, which is the higher of the fair value less costs to sell and the value in use, is determined for each investment in an associate.

The fair value is the price that would be received from the sale of the investment in the associate in an orderly transaction between market participants at the measurement date.

The value in use is calculated by estimating the parent's interest in the present value of future cash flows that are expected to derive from the associate, including the cash flows stemming from its operating activities and the proceeds from final disposal of the investment.

If the recoverable amount of the associate is lower than its carrying amount, an impairment loss is recognised.

Impairment losses are recognised immediately in the Income statement.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, the recoverable amount of that investment is estimated.

An impairment loss recognised in previous years is reversed only if there is a change in the valuations used to calculate the investment's recoverable amount. If this is the case, the carrying amount of the investment is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on investments in associates are recognised in the income statement.

The dividends paid by associates are always recognised as "Other income (expenses) from investment assets and liabilities", once the right to receive the dividend has been ascertained.

Available-for-sale financial assets

Investments in other companies, over which the Company has neither control nor significant influence, are classified in this category.

Initial measurement of these investments is at fair value on the trading date (identifiable as the purchase cost), net of transaction costs directly attributable to the purchase.

After initial recognition:

- investments consisting of equity instruments that do not have a market price listed on an active market and whose fair value cannot be measured reliably are measured at cost;
- investments consisting of equity instruments that have a market price listed on an active market or whose fair value can be measured reliably are measured at fair value, or the price that would be received from the sale of the investment in an orderly transaction between market participants at the measurement date. The gains and losses deriving from changes in fair value are recognised in the items of other comprehensive income (expense) in the statement of comprehensive income, except for impairment losses and foreign exchange gains and losses.

An individual review is carried out at each reporting date to see if there is any objective evidence that investments have suffered an impairment loss.

If there is objective evidence that there has been an impairment loss:

- for investments measured at cost, the amount of the loss is measured as the difference between the investment's carrying amount and the present value of the expected future cash flows discounted at a current market rate of return for a similar financial asset. Impairment losses are recognised immediately in the Income statement and can never be reversed;
- for investments measured at fair value, the amount of the loss is measured as the difference between the investment's purchase cost and its current fair value. Any impairment losses are recognised in the Income statement, as are any losses charged against equity. The latter have to be reversed and cumulatively recognised in the income statement. Impairment losses can never be reversed on the Income statement.

Dividends coming from investments in other companies are recognised among "Other income (expenses) from investment assets and liabilities" when the shareholders' right to receive the payment has been established.

Other non-current financial assets

This category includes all medium-/long-term receivables and financial instruments that are held to maturity.

Initial measurement of non-current financial assets is at fair value on the trading date (identifiable as the purchase cost), net of transaction costs directly attributable to the purchase.

After initial recognition, both medium-long term receivables and financial instruments held to maturity are measured at amortised cost using the effective interest method.

The effective rate of interest is the rate that exactly discounts the future cash flows expected over the estimated life of the financial instrument to its carrying amount.

An individual review is carried out at each reporting date to see if there is any objective evidence that non-current financial assets have suffered an impairment loss.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the carrying amount of the medium-long term receivable or the investment held to maturity and the present value of the expected future cash flows discounted at the original effective rate of interest of the financial asset concerned.

The amount of the loss is recognised in the Income statement.

If in a subsequent year, the amount of the impairment loss decreases and this decrease is linked to an event that took place after recognising the loss, it is reversed and reflected in the Income statement.

Other non-current assets

This category includes:

- investments in subsidiaries
- guarantee deposits;
- tax receivables still to be refunded.

Initial measurement of investments in subsidiaries is conducted using the cost method.

A check is carried out at each reporting date to see if there are any signs that an investment in subsidiaries is impaired.

If there is an indication of a possible impairment loss, the entire carrying amount of the investment is tested for impairment, by comparing its recoverable amount with its carrying amount. The recoverable amount, which is the higher of the fair value less costs to sell and the value in use, is determined for each investment in a subsidiary.

The fair value is the price that would be received from the sale of the investment in the subsidiary in an orderly transaction between market participants at the measurement date.

The value in use is calculated by estimating the parent's interest in the present value of future cash flows that are expected to derive from the subsidiary, including the cash flows stemming from its operating activities and the proceeds from final disposal of the investment.
If the recoverable amount of the subsidiary is lower than its carrying amount, an impairment loss is recognised.

Impairment losses are recognised immediately in the Income statement.

Impairment losses that have already been recognised are reviewed at the end of each year in order to assess whether they are still justified or should be reversed. If such an indication exists, the recoverable amount of that investment is estimated.

An impairment loss on an investment in a subsidiary recognised in previous years is reversed only if there is a change in the valuations used to calculate the investment's recoverable amount. If this is the case, the carrying amount of the investment is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses on investments in subsidiaries are recognised in the Income statement.

The dividends paid by subsidiaries are always recognised as "Other income (expenses) from investment assets and liabilities", once the right to receive the dividend has been ascertained.

Initial measurement of the tax receivables still to be refunded and of the guarantee deposits is at fair value at the transaction date, net of any directly attributable transaction costs.

After initial recognition, both the tax receivables still to be refunded and the guarantee deposits are measured at amortised cost, using the effective interest method, calculated as indicated in the paragraph on *Other non-current financial assets*.

An individual review is carried out at each reporting date to see if there is any objective evidence that other non-current assets have suffered an impairment loss.

If there is objective evidence that there has been an impairment loss, the amount is determined.

The amount of the loss is measured as the difference between the carrying amount and the present value of the expected future cash flows discounted at the original effective rate of interest of the non-current asset in question.

The amount of the loss is recognised in the Income statement.

If in a subsequent year, the amount of the impairment loss decreases and this decrease is linked to an event that took place after recognising the loss, it is reversed and reflected in the Income statement.

Deferred tax assets

Deferred tax assets are portions of income tax that will be recovered in future years, relating to:

- deductible temporary differences;
- unutilised tax losses carried forward;
- unutilised tax receivables carried forward.

Deductible temporary differences are differences between the carrying amount of an asset or liability shown in the statement of financial position and the value that is recognised for tax purposes. When calculating the taxable income of future years, these will translate into deductibles when the carrying amount of the asset or liability is realised or extinguished.

Deferred tax assets are recognised on all deductible temporary differences and on all unutilised tax losses and tax receivables carried forward, if it is probable that sufficient taxable income will be generated in future years to offset them.

Deferred tax assets are measured at the tax rates that are expected to apply during the year when the tax asset will presumably be realised, based on the measures in force at the reporting date.

Deferred tax assets are not discounted to their present value.

The tax benefit of deferred tax assets is recognised in the Income statement, unless the tax stems from a transaction or event that was recognised in the other comprehensive income (expense) section of the Statement of comprehensive income or directly in Equity or came from a business combination.

Deferred tax assets resulting from items recorded in Other comprehensive income (expense) of the Statement of comprehensive income are also recognised in the Other comprehensive income (expense) section of the Statement of comprehensive income. Deferred tax assets resulting from items credited or debited directly to Equity are also credited or debited directly to Equity.

Current assets

Inventories

Inventories include saleable goods, such as items bought for resale and items produced internally, as well as goods that are used in their production as part of the company's normal operations, such as semi-finished products, work in progress, raw and ancillary materials, and consumables.

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories includes all purchase costs, transformation costs and any other costs incurred to bring stocks to their current position and condition.

When determining the purchase cost, account is taken of the price effectively paid, including directly applicable ancillary costs such as transport and customs duty, net of any trade discounts.

For goods already produced or being processed internally, the historical cost used is manufacturing cost. The calculation of manufacturing cost takes into account the purchase cost, as mentioned previously, plus all production or transformation expenses, i.e. direct costs and a reasonable allocation of indirect costs for the manufacturing period in question.

Raw and ancillary materials and consumables are measured at their weighted average cost for the period, taking the balance of opening inventory into account.

If it is no longer possible to measure inventories at historical cost as explained above, due to a decrease in selling prices, deterioration of goods, or the presence of obsolete or slow-moving goods, the net realisable value is used. This value is based on market trends for goods, finished products, semi-finished products produced internally, and work in progress and the replacement cost for raw materials, consumables and ancillary materials and for semi-finished products purchased.

Net realisable value represents the selling price under normal business conditions, net of any costs to completion and direct selling costs that can be reasonably expected.

Replacement cost represents the cost at which a certain item of inventory can be repurchased or reproduced, under normal business conditions.

The adjustment to replacement cost for raw materials is carried out directly, whereas the adjustment to net realisable value for finished products is done by setting up a suitable allowance for inventory write-down, which is then deducted directly from the nominal amount shown under assets.

Trade receivables

Trade receivables include amounts due from customers and advances to suppliers.

Trade receivables are initially measured at their fair value on the transaction date, i.e. for the amount expected to be received less any directly attributable transaction costs.

After initial recognition, trade receivables are shown at their estimated realisable value. The initial recognition value of trade receivables is adjusted to the estimated realisable value through an allowance for impairment, which directly reduces trade receivables.

The adjustment to estimated realisable value is achieved by reducing the face value of the receivables, taking account of losses due to non-collection, returns and billing adjustments, discounts and allowances not accrued and any other reasons why a lower amount is likely to be received. Billing adjustments also include estimates of books and newspapers likely to be returned in the future.

If receivables are factored definitively (i.e. on a non-recourse basis), they are derecognised and the profit (or loss) is recognised for the difference between the amount received and their carrying amount.

Advances to suppliers refer to advance payments for physical goods to which the right of access does not yet exist or for services not yet received. The right of access to physical goods arises when ownership is achieved or when the supplier makes them available in accordance with the terms agreed. Services are considered to have been received when the supplier has performed them in compliance with a service agreement.

Other receivables

Other receivables include the following:

- Italian and EU VAT receivables for which a refund has been claimed, as well as the tax receivables for the publishing industry and the advance tax paid on post-employment benefits;
- payments on account and advances to employees;
- receivables from others, on transactions that do not generate revenue. This caption also includes advances to suppliers for the purchase of property, plant and equipment and intangible assets.

Other receivables are recognised at their fair value on the transaction date, i.e. for the amount expected to be received less any directly attributable transaction costs.

Current tax assets are also shown in this category if, and only if, the amount already paid for the current year and for previous years exceeds the amount due.

Other current financial assets

This category includes current accounts among Group companies that have a positive balance.

Other current financial assets are recognised at their fair value as at the transaction date, i.e. the amount expected to be received less any directly attributable transaction costs.

Other current assets

Other current assets comprise accrued income and prepaid expenses.

Accrued income and prepaid expenses represent portions of costs or revenue that relate to two or more years. They measure revenue and costs that have to be accounted for earlier or later than the monetary event that gives rise to their original recognition. The fundamental condition for them to be recognised is that the amount of these portions of costs and revenue that are common to several years varies on a time basis.

Cash and cash equivalents

These include bank and post office deposits, as well as cash in hand and cash equivalents.

Bank and post office deposits, cash in hand and cash equivalents in national functional currency are shown at face value.

Cash and deposit accounts include all movements that took place up to the reporting date. Accrued interest and related charges due at the reporting date are included, even if actual receipt takes place subsequently.

Cash collections received after the reporting date are not included in this item, even if backdated.

Cash payments made or requested after the reporting date are not taken into consideration.

Non-current assets classified as held for sale and discontinued operations

All non-current assets and disposal groups classified as held for sale are shown separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are shown separately from other liabilities in the statement of financial position.

The carrying amount of non-current assets and disposal groups classified as held for sale will be recovered mainly by selling them off, rather than by using them on an ongoing basis.

The carrying amount is considered recoverable mainly by selling off the assets when management has decided on a disposal plan.

Non-current assets classified as held for sale are measured at the lower out of their carrying amount and their fair value net of costs to sell. Such assets are not depreciated.

Held-for-sale non-current assets which represent an autonomous business segment or geographic area, or are investments in subsidiaries acquired solely for subsequent sale, are classified as discontinued operations.

The Income Statement includes a section relating to discontinued operations. The profit or loss resulting from discontinued operations, as well as the related capital gains or losses on the discontinued operations, which are recognised at fair value net of costs to sell, are shown separately under a single item on that section of the Income statement.

All gains or losses deriving from non-current assets classified as held for sale, other than discontinued operations, are included in the profit (loss) from continuing operations.

Equity

This represents the difference between all Assets and Liabilities, determined according to the applied recognition and measurement criteria.

Equity includes the items listed below:

Capital, i.e. the par value of the amount paid by shareholders on the date of establishment or for subsequent capital increases plus the value of reserves converted into share capital over time, net of the par value of any amounts due from shareholders for capital subscribed and not yet called up and for capital called up but not yet paid in.

Equity reserves, which include:

- *capital injections*, i.e. reserves made up of new contributions made by shareholders;
- the *share premium reserve*, i.e. the difference between the issue price of the shares and their par value;
- *equity transaction costs*, i.e. all costs associated with the purchase or issue of new shares, including the costs originated by the procedure for listing on a regulated market incurred by the Company during the year.

Revaluation reserves, which include:

- Revaluation reserves arising from changes in the fair value of recognised available-for-sale financial assets, except for impairment losses and foreign exchange gains and losses. Pursuant to Article 6, paragraphs 1 and 4, of Italian Legislative Decree 38/2005, these revaluation reserves are not available for distribution.

The **Hedging reserve**, which comprises the cash flow hedge reserve, relating to the part of the profit or loss on cash flow hedging instruments that is considered an effective hedge.

The hedging reserve, which is set up following changes in the fair value of cash flow hedging instruments, is not available for distribution in accordance with Article 6, paragraphs 1 and 4, Italian Legislative Decree 38/2005.

Other reserves, which include:

- the Legal reserve, which is an obligatory reserve under Article 2430 of the Italian Civil Code, requiring that at least 5% of the profit for the year has to be set aside in the legal reserve until it reaches one fifth of the share capital. Up to this limit, the Reserve is not available for distribution;
- the Negative goodwill reserve. This is an adjustment to equity relating to the merger of companies in prior years;
- the Post-employment benefit IFRS adjustment reserve relates to the recognition of actuarial gains and losses on post-employment benefits in the Other comprehensive income (expense) section of the Statement of comprehensive income. This item reflects changes in the present value of this liability as a result of the programme evolving differently from how it was initially envisaged from an actuarial point of view;
- the IFRS FTA reserve, which is made up of the adjustments deriving from the transition to IFRS related to the value of treasury shares. This reserve has a corresponding entry of the same amount in the *Non-available treasury share reserve*. Subsequent adjustments related to the IFRS transition have been reclassified as Retained earnings.

Retained earnings (loss brought forward), i.e. prior years' profits or losses that have not been distributed or allocated to other reserves and the losses of other years that have not been otherwise covered. This also includes all amounts related to the IFRS transition, with the exception of amounts relating to "treasury shares".

Profit (Loss) for the year, i.e. the financial performance for the year, as shown in the corresponding item of the Income statement.

Non-current liabilities

Non-current financial liabilities

This caption essentially includes the amounts due to banks for medium-long term loans.

The initial measurement of non-current financial liabilities is at fair value as at the trading date, net of directly attributable transaction costs.

After initial recognition, non-current financial liabilities are measured at amortised cost using the effective interest method.

Employee benefit obligations

This caption comprises the Post-employee benefit provision accrued for all contractual categories of employees at the reporting date, in consideration of the indications below.

Following the amendments made to Italian post-employment benefit ("TFR") regulations by the Supplementary Pension Provision Reform with Italian Legislative Decree no. 252 of 5 December 2005 – Regulation on supplementary pensions, as amended, the Company adopted the following accounting policy:

- the Post-employment benefits accrued at 31 December 2006 are considered defined-benefit plans, and consistent with the recognition and classification applied in previous financial years. The guaranteed employee termination benefits that are paid upon termination of the employment relationship are recognised in the year when the right accrues;
- the related net liability for defined benefits is calculated by using the projected unit credit actuarial method to reliably estimate the final cost for the entity of the benefits accrued by employees in exchange for their work in the current year and previous years;
- the application of the projected unit credit method by professional actuaries makes it possible to determine the present value of the defined benefit obligation and the cost of labour, considering demographic variables such as employee rotation and mortality and financial variables, such as healthcare costs and the discount rate. In particular, the discount rate applied to defined benefit obligations, calculated with reference to market returns at year-end, determines the net interest on net liabilities for defined benefits. In consideration of the provisions introduced by the supplementary pension reform, the variable tied to expected future pay increases was excluded from present-value calculation beginning 1 January 2007;
- the cost relating to current services, costs relating to past services, the profits and losses arising at the time of settlement and the net interest on net liabilities for defined benefits are recognised in the income statement;
- the actuarial gains and losses are recognised in the Post-employment benefitIFRS adjustment reserve, classified under *Other reserves*, as indicated in the Equity items, and shown in the Other comprehensive income (expense) section of the Statement of comprehensive income.

For post-employment benefits accruing as from 1 January 2007, reference should be made to *Other Payables*.

Deferred tax liabilities

Deferred tax liabilities are portions of income taxes due in future years because of taxable temporary differences.

Taxable temporary differences are differences between the carrying amount of an asset or liability shown in the statement of financial position and the value that is recognised for tax purposes. When calculating the taxable income of future years, they will translate into taxable amounts when the carrying amount of the asset or liability is realised or extinguished.

Deferred tax liabilities are recognised for all taxable temporary differences except in those cases where the liability derives from:

- initial recognition of goodwill, or
- initial recognition of an asset or liability in a transaction that is not a business combination and has no effect either on the reported profit (loss) for the year or that for tax purposes at the date of the transaction.

Deferred tax liabilities are also recognised for the taxable temporary differences deriving from investments in subsidiaries and associates, except in the case where the following two conditions exist simultaneously: the company is able to control when taxable temporary differences are eliminated, and it is probable that the temporary differences will be eliminated in the foreseeable future.

Deferred tax liabilities are measured at the tax rates that are expected to apply during the year when the tax liability will presumably be extinguished, based on the tax rates enacted at the reporting date.

Deferred tax liabilities are not discounted to present value.

Deferred tax liabilities are recognised in the Income statement, unless the tax stems from a transaction or event that was recognised in the Statement of comprehensive income or directly in equity or came from a business combination.

Deferred tax liabilities resulting from items recorded in Other comprehensive income (expense) of the Statement of comprehensive income are also recognised in the Other comprehensive income (expense) section of the Statement of comprehensive income. Deferred tax liabilities resulting from items credited or debited directly to equity are also credited or debited directly to equity.

Deferred tax liabilities are offset by deferred tax assets only if the two items refer to the same tax.

Provisions for risks and charges

This item includes the various provisions made for risks and charges.

These provisions are set up to cover liabilities whose amount or timing is uncertain, which arise from legal or constructive obligations, and that exist at the reporting date as the result of a past event.

These obligations, which derive from contractual provisions, legal regulations, long-standing models of corporate practice or public assumptions of responsibility, mean that the company has no real alternative than to comply.

Obligations are recognised when they effectively exist, based on a past event, and when compliance will probably mean using economic or financial resources for an amount that can be estimated with a certain degree of accuracy.

Provisions are measured at the value that represents the best estimate of the amount required to extinguish the obligation or to transfer it to third parties at the reporting date.

If discounting for the cost of money has a significant effect because of the expected timing of the obligation, the amount of the provision is equal to the present value of the outflow expected to be needed to extinguish the liability.

The financial component of the discounted provisions is recognised in the Income statement under financial expenses.

Current portions of provisions for risks and charges are reclassified to *Current portions of provisions for risks and charges*.

Contingent liabilities

Contingent liabilities are obligations deriving from past events whose existence will be confirmed by future events not entirely under the control of the Company, or obligations the extinction of which is unlikely to involve an outlay of economic or financial resources, or the amount of which cannot be estimated with sufficient accuracy.

Contingent liabilities are not recognised in the accounts, but rather described exactly in the notes to the financial statements.

Other non-current liabilities

This category includes guarantee deposits received.

Guarantee deposits are recognised at their fair value on the transaction date, net of any directly attributable transaction costs.

Current liabilities

Bank overdrafts and loans

This item includes the bank current accounts with an overdraft balance, as well as the current portions of amounts due to banks for medium-long term loans which are expected to be settled within twelve months of the reporting date.

Other current financial liabilities

This category includes:

- short-term financial payables;
- current accounts among the Group companies with a negative balance;
- accrued liabilities for financial expenses.

Short-term financial payables are recognised at their fair value on the transaction date, i.e. for the amount expected to be paid less any directly attributable transaction costs.

Accrued liabilities for financial expenses are recognised in the same way as the other accruals in *Other current liabilities*.

This item also includes hedging instruments for which a hedging relationship has been established for the element being hedged.

Hedging instruments are designated derivatives whose cash flows are expected to offset changes in the cash flows of a designated hedged element. Designated hedging relationships are considered cash flow hedges, i.e. hedges for exposure to the variability of cash flows due to a particular risk associated with a recognised asset or liability which could have an impact on the Income statement. A position is designated as a hedging relationship when there is formal documentation supporting management of the risk and the related hedging strategy and when the hedge is highly effective and reliably measurable.

Derivatives designated as hedging instruments are initially recognised at their fair value on the initial recognition date, i.e. at the transaction price of the consideration given or received.

Following initial recognition, recognition of hedging transactions entails an equal and opposite recognition through Profit or loss of the changes in the fair value of the hedging instrument and of the element hedged.

In designated cash flow hedge relationships, the portion of the profit or loss on the hedging instrument that is considered an effective hedge is recognised directly in equity and disclosed on the Other comprehensive income (expense) section of the Statement of comprehensive income. The ineffective portion of the profit or loss on the hedging instrument must be recognised in the Income statement.

Trade payables

Trade payables include the amounts due to suppliers, the liabilities to be paid for goods and services received and invoiced, the advances received from customers for goods and services still to be rendered, and deferred income relating to products sold on a subscription basis.

The amounts due to suppliers and the advances from customers are recognised at fair value at the transaction date, i.e. at the amount formally agreed with the counterparty, net of any trade discounts and adjusted for returns or other billing adjustments.

The deferred income relating to products sold on a subscription basis is recognised in the same way as explained for other deferred income in “Other current liabilities”.

When the payment of trade payables is deferred and the transaction effectively constitutes a form of financing, after initial recognition, they are measured at amortised cost using the effective interest method.

Other current liabilities

Other current liabilities include accrued liabilities other than those relating to financial expenses, classified under “Other current financial liabilities”, and deferred income other than that relating to revenue for products sold on a subscription basis, which are classified under “Trade payables”.

As already explained for accrued income and prepaid expenses, accrued liabilities and deferred income also represent portions of costs or revenue that relate to two or more years.

This category includes also the current direct taxes for the year and for previous years, to the extent that they have not already been paid.

The amount in the statement of financial position is shown net of advance payments of tax, withholding taxes and tax receivables, unless a refund has been requested for them.

Current income taxes are measured for the amount expected to be paid to the tax authorities, applying current tax rates and regulations, or substantially enacted as at the reporting date.

Current taxes are recognised as an expense on the Income statement, with the exception of taxes that result from transactions or events recognised in the Other comprehensive income (expense) section of the Statement of comprehensive income, or which are credited or debited directly to equity.

Current tax liabilities referring to items recorded in the Other comprehensive income (expense) section of the Statement of comprehensive income are also recognised in the Other comprehensive income (expense) section of the Statement of comprehensive income. Current tax liabilities referring to items credited or debited directly to equity are also credited or debited directly to equity.

Other payables

Other payables include:

- the amounts due to social security institutions for social security charges and pension contributions;
- tax liabilities other than for direct taxes classified under "Other current liabilities", such as the taxes payable, for tax assessments or disputes that have been settled, for tax withheld as a withholding agent and for tax claims of any kind in the hands of collection agencies. The amount in the statement of financial position is shown net of advance payments of tax, withholding taxes and tax receivables, unless a refund has been requested for them;
- amounts due to employees for wages and salaries, expense reports to be reimbursed, accrued holidays and additional months' pay;
- dividends payable to shareholders;
- other payables that cannot be classified under any other current liability item.

Other payables are initially recognised at their fair value on the transaction date, i.e. for the amount agreed with the counterparty, less any directly attributable transaction costs.

Because of their nature and duration, other payables do not have a set discount rate. After initial recognition these payables are shown at their original value, as discounting would have an insignificant effect.

This item also includes the termination benefits due to employees.

Termination benefits are due when the Company decides to conclude the employment relationship or when an employee decides to accept the Company's offer of benefits in exchange for the termination of the employment relationship. The termination benefits due to employees do not include employee benefits resulting from the termination of the employment relationship at the request of the employee, without the Company offering benefits, or as a result of compulsory retirement requirements.

The liability and cost relating to termination benefits are recognised on one of the following dates, whichever is sooner:

- the moment at which the Company can no longer withdraw the offer of such benefits; and

- the moment at which the Company recognises the costs of restructuring which falls within the scope of *IAS 37 Provisions, contingent liabilities and contingent assets* and entails the payment of benefits due for the termination of the employment relationship.

When the termination benefits due are an improvement over post-employment benefits, the provisions on post-employment benefits shall apply for measurement purposes, using the actuarial assessment method described in the item *Employee benefit obligations*. Otherwise:

- if it is established that the termination benefits will be fully paid within twelve months of the end of the year in which such benefits are recognised, the undiscounted cost is reported;

- if it is not established that the termination benefits will be fully paid within twelve months of the end of the year, the reported cost is discounted and the actuarial gains and losses are recognised in the Income statement.

As from the financial year beginning 1 January 2007, this category also includes:

- amounts payable to Supplementary pension funds, relating to the accrued portions of employees' post-employment benefits and not yet paid to the funds;
- amounts payable to the Central treasury fund set up with INPS (the Italian state pension & welfare agency) relating to the accrued portions of employees' post-employment benefits not yet paid to the fund.

Following the pension reform mentioned above in relation to *Employee benefit obligations*, the portions of post-employment benefits accrued as from 1 January 2007 have been, at the employee's discretion:

- allocated to forms of supplementary pension provision;
- held within the company, which transfers these portions of post-employment benefit to the central treasury fund set up by INPS.

Both those portions of Post-employment benefits allocated, as from 1 January 2007, to supplementary pension provision and those allocated, as of the same date, to the central treasury fund with INPS, are recognised as post-employment benefits and classified as defined-contribution plans.

Contributions to be paid to a defined-contribution plan are accounted for on an accruals basis as amounts payable to Supplementary pension funds and/or to the INPS treasury fund, against service rendered by employees. More specifically, the liability for benefit portions payable to the INPS treasury fund does not include the cost of revaluation, which is instead incumbent on INPS.

Effects of fluctuations in foreign exchange rates

At each reporting date, all monetary elements in foreign currency, i.e. all assets and liabilities that will be collected or paid in a fixed or determinable quantity of foreign currency, are translated at the end-of-year spot exchange rate.

Exchange differences deriving from the translation of monetary elements at a different rate from the one used at the time of initial recognition during the year or in previous financial statements are recorded on the Income statement in the year when they arise.

At each reporting date, all non-monetary elements measured at historical cost in a foreign currency are translated at the exchange rate in force on the date of the transaction. All non-monetary elements expressed in a foreign currency and measured at fair value are translated at the exchange rate in force on the date that the fair value was determined.

When the carrying amount of a non-monetary element expressed in foreign currency is determined, in application of the reference accounting standards, by comparing two or more amounts, the exchange rate applied to the amounts used for comparison with the original carrying amount is the rate prevailing at the time the comparison is made, i.e. the closing rate on the reporting date.

This implies that if the carrying amount to be recorded is the one of the amounts compared, any exchange differences that arise are recognised in the Income statement, when the element they refer to is recognised in the Income statement, or in the Other comprehensive income (expense) section of the Statement of comprehensive income, when the element they refer to is recognised in the Other comprehensive income (expense) section of the Statement of comprehensive income.

If a designated fair value hedging relationship has been set up between a hedging instrument and an element being hedged in foreign currency, the accounting treatment applied is the same as for hedges, as explained under "Other current financial assets" in the section on Current assets.

Revenue

Revenue from the sale of goods is recognised in the income statement when:

- a significant portion of the risks and rewards of ownership of the goods have been transferred to the buyer;
- the revenue amount can be measured reliably;
- there is no longer any effective control over the goods sold;
- it is probable that there will be economic benefits from the transaction;
- related transaction costs can be reliably determined.

Revenue from the provision of services is recognised in the Income statement with reference to the stage of completion of the transaction at the reporting date when:

- the revenue amount can be reliably measured;
- it is probable that there will be economic benefits from the transaction;
- the stage of completion of the transaction can be reliably measured;
- the costs incurred and to be incurred can be reliably calculated.

More specifically:

- revenue from the sale of goods is considered earned when ownership is transferred, which is generally considered as coinciding with shipment, both for daily newspapers and magazines sold individually, and for book publications that are sold on a firm-sale basis (i.e. no returns). Revenue is recognised net of a reasonable estimate of returns;
- revenue from the sale of newspapers and magazines on a subscription basis is recognised over the period of the subscription;
- revenue from the sale of advertising space is recognised on the basis of the date of publication of the notice or advertisement;
- revenue from services with a contractual duration, such as online, master-course and database subscription services, is recognised over the period of the contract.

Costs and revenue relating to the same transaction or to another event are recognised simultaneously, applying the matching principle.

When revenue components are significant, their nature and amount are shown separately.

Costs

Costs are recognised in the Income statement when a decrease in future economic benefits has taken place involving a decrease in assets or an increase in liabilities that can be reliably measured.

In particular, a cost is recognised immediately when and to the extent that:

- an expense does not result in any future economic benefit;
- future economic benefits do not qualify, or cease to qualify, for recognition as assets in the Statement of financial position;
- a liability is incurred without an asset being recognised.

When cost components are significant, their nature and amount are shown separately.

Dividends

Dividends distributed are recognised in equity in the financial year in which distribution is approved. For income tax purposes, the tax effects of dividends are accounted for in the income statement, unless they are generated by transactions recognised separately from the profit (loss) for the year, or by a business combination. Indication of the amount of the dividend paid during the financial year is accompanied by disclosure of the amount of the dividend per share. The assignment of dividends approved after the reporting date is not recognised as a liability. If this assignment is declared after the reporting date but before publication of the annual financial statements is authorised, dividends are disclosed in the notes to the separate financial statements.

Guarantees

The carrying amount of financial assets given as guarantee for liabilities or for contingent liabilities and clauses and conditions relating to such assets' use are indicated in the notes to the separate financial statements. If the financial assets given as guarantee can be, by contract or by custom, sold or newly pledged, their carrying amount is reclassified on the Statement of financial position, separately from other assets.

For guarantees received that can be sold or newly pledged, as well as guarantees received and newly pledged, fair value and the clauses and conditions associated with their use are shown separately.

Hedging transactions

For each type of hedge, the notes to the separate financial statements separately describe:

- the transaction;
- the financial instruments designated as hedging instruments and their fair values at the reporting date;
- the nature of the risks hedged.

The Notes to the separate financial statements also provide detailed information on cash flow and fair value hedges.

Fair value

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability, in an ordinary transaction among market participants at the measurement date.

The price considered is the quoted price on the principal, or most advantageous market, not adjusted on the basis of transaction costs, at current market conditions (exit price), regardless of whether the price is directly observable or estimated using another valuation technique.

In particular, when the fair value applies to a non-financial asset, it considers the capacity of a market participant to generate economic benefits using the asset at its highest and best use or by selling it to another market participant who would use it at its highest and best use.

The following have therefore been determined in accordance with the fair value measurement approach:

- the particular asset or liability that is the subject of the measurement, consistently with its unit of account;
- for a non-financial asset, the valuation premise that is appropriate for the measurement, consistently with its highest and best use;
- the principal (or most advantageous if there is no principal market) market for the asset or liability;
- the valuation techniques appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability.

Valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value were used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In particular, the three main valuation techniques were used, i.e.:

- the market approach;
- the cost approach;
- the income approach.

IFRS 13 *Fair value measurement* establishes a hierarchy which categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The fair value hierarchy gives priority to the inputs used in the valuation techniques and not to the valuation techniques. In some cases, the data used to measure the fair value of an asset or a liability could be classified in different levels of the fair value hierarchy. In these cases, the fair value measurement was classified entirely within the level in which the input at the lowest level of the hierarchy used for the valuation is classified.

5. Changes in accounting policies, errors, and changes in estimates

The accounting policies adopted are only changed from one year to the next if the change is required by a new official accounting standard or if it helps to provide more pertinent and reliable information on the effects of transactions performed on the entity's financial position, results of operations or cash flows.

The changes in accounting policies are recognised:

- in accordance with the provisions of specific transitory measures (if any) of that Policy;
- retroactively, if the accounting policy does not contain transitory provisions, or if the policy is changed voluntarily, recording the effect to opening equity for the earliest of the financial years being presented. Other comparative figures for each prior year are also adjusted as if the new policy had always been applied.

The prospective approach is used only when it is impractical to determine the specific effects on the year or the cumulative effect of the change for all previous years.

In case of material errors, the same policy is applied as for changes in the accounting policies illustrated above. In the case of non-material errors, accounting adjustments are made in the income statement in the year when the error is found.

In years in which an accounting standard is applied with retroactive effects, or certain items of the financial statements are restated retroactively or reclassified, an additional Statement of financial position at the start of the previous year is presented only if the retroactive application, retroactive restatement or reclassification of the items has a significant impact on disclosures made in the statement of financial position at the start of the previous year. In these cases, three Statements of financial position are therefore presented:

- the end of the current financial year;
- the end of the previous financial year;
- the start of the previous year.

Changes in accounting estimates are recognised prospectively in the Income statement in the year when the change occurs if it affects only that year, or in the year when the change occurred and in future years if the change also affects those years.

These separate financial statements include the first-time application of the new *IFRS 13 Fair value measurement*, endorsed by (EU) Regulation no. 1255/2012, and the revised version of *IAS 19 Employee Benefits*, endorsed by (EU) Regulation no. 475/2012. *IFRS 13 Fair value measurement* contains specific transitional provisions regarding its retroactive application from financial statements with financial years beginning on or after 1 January 2013, whilst the transitional provisions for the revised version of *IAS 19 Employee benefits* establish retroactive application from financial statements with financial years beginning on or after 1 January 2013 in accordance with the provisions of *IAS 8 Accounting policies, changes in accounting estimates and errors*.

IFRS 13 Fair value measurement represents a single source of reference for the measurement of fair value and related disclosures when such measurement is required or permitted by other accounting standards. The standard combines the definition of fair value, establishing it as the price that would be received from the sale of an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Furthermore, the new standard replaces and expands the financial statements disclosures required on fair value measurement under other accounting standards, including *IFRS 7 Financial instruments: disclosures*. The Company has presented the required disclosures in compliance with the new standard.

In compliance with the transitional provisions of *IFRS 13 Fair value measurement*, the Company has applied a new fair value measurement method prospectively, without providing comparative information for the new financial statements disclosure. However, the change has had no material effect on the measurement of the Company's assets and liabilities.

The amendments to *IAS 1 Presentation of financial statements* with regard to financial statements presentation of items of other comprehensive income, endorsed by (EU) Regulation no. 475/2012, and amendments to *IFRS 7 Financial instruments: disclosures* on offsetting financial assets and liabilities, endorsed by (EU) Regulation no. 1256/2012, were also applied for the first time in these financial statements. The amendments to *IAS 1 Presentation of financial statements* entered into force from financial years beginning on or after 1 July 2012 and, as there are no transitional provisions, are applied with retroactive effects pursuant to *IAS 8 Accounting policies, changes in accounting estimates and errors.* The amendments to *IFRS 7 Financial instruments: disclosures* became effective from financial years beginning 1 January 2013 or thereafter, and the specific transitional provisions establish application with retroactive effects.

On 1 January 2013 other changes came into force, introduced by the IASB document "Annual Improvements to IFRSs 2009-2011 Cycle", endorsed with (EU) regulation no. 301/2013 and related to the following standards:

- *IAS 1 Presentation of financial statements*, amended in relation to comparative disclosures on a mandatory and voluntary basis. The specific transitional provision establishes that application of this amendment is with retroactive effects;
- *IAS 16 Property, plant and equipment*, amended with regard to the recognition of spare parts, stand-by equipment and servicing equipment. The specific transitional provision establishes that application of this amendment is with retroactive effects;
- *IAS 32 Financial Instruments: Presentation*, amended with regard to the recognition of income taxes on dividends. The specific transitional provision establishes that application of this amendment is with retroactive effects;
- *IAS 34 Interim financial reporting*, amended with regard to total segment assets and liabilities. The specific transitional provision establishes that application of this amendment is with backdated effects.

The new standards and amendments made to existing standards which entered into force with retroactive effect this year had no specific and/or cumulative effects either on the determination of Equity and profit/loss for the year, or on earnings per share.

Note that the following also entered into force from 1 January 2013:

- the amendments to *IAS 12 Income taxes* regard the calculation of deferred tax assets and liabilities on investment property measured at fair value, endorsed by (EU) Regulation no. 1255/2012. The IASB date of entry into force of the amendments to *IAS 12 Income taxes*, i.e. 1 January 2012, was postponed by one year by the European Commission. As there are no transitional provisions, these amendments are applied with retroactive effects pursuant to *IAS 8 Accounting policies, changes in accounting estimates and errors*;
- the new *IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine* governing waste removal costs incurred during a mine's production phase, was endorsed by (EU) Regulation no. 1255/2012. The specific transitional provision establishes that application of this Interpretation is with retroactive effects.

The cases specifically governed by amendments to *IAS 12 Income taxes* and the new *IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine* are not present within the Company at the date of these financial statements, but could have accounting effects on future transactions or agreements.

6. Financial instruments and risk management

In order to provide disclosures that allow assessment of the materiality of the financial instruments on the statement of financial position, income statement and cash flows, supplementary information is provided to facilitate evaluation of the magnitude and nature of the related risks.

The risks related to the financial instruments used are:

- market risk, i.e. the risk of a financial instrument's fair value or cash flows fluctuating following changes in market prices. This risk can be further broken down into:
  - foreign exchange risk, i.e. the risk that the value of a financial instrument might fluctuate as a result of movements in exchange rates;
  - interest rate risk on fair value, i.e. the risk that the value or future cash flows of a financial instrument might fluctuate as a result of changes in market interest rates;
  - price risk, i.e. the risk that the fair value of a financial instrument or its future cash flows might fluctuate as a result of changes in market prices;
- credit risk, i.e. the risk that one of the parties of a financial instrument does not fulfil an obligation and causes a financial loss to the other;
- liquidity risk, i.e. the risk of having problems in fulfilling the obligations associated with financial liabilities settled via cash or other financial assets.

For each type of risk stemming from financial instruments, qualitative information is provided about:

- risk exposure and how it is generated;
- objectives, procedures and processes for managing and controlling risks and the methods used to measure them;
- any changes compared with the previous year.

For each type of risk stemming from financial instruments, summary quantitative information is provided on risk exposure as at the reporting date. Detailed disclosure concerning analytical quantitative data has been prepared in compliance with the provisions of *IFRS 7 Financial Instruments: disclosures* and in the Appendixes which are integral part of them, highlighting the existence of any concentration of risk.

For each class of financial asset and liability, whether recognised at fair value or measured by one of the other methods subsequent to their initial recognition as specified by *IAS 39 Financial instruments: recognition and measurement*, the Notes to the separate financial statements include separate indication of the fair value, to make a comparison with the relative carrying amount possible.

The disclosure on the fair value of financial instruments is always necessary except in the following cases:

- when the carrying amount is a reasonable approximation of fair value;
- for investments in equity instruments that do not have a quoted price on an active market.

Financial instrument classes have been grouped in a manner pertinent to the nature of the disclosure. Sufficient information has been provided to permit reconciliation with the carrying amount of items classified in the statement of financial position.

Disclosures have also been provided as required:

- for all financial assets transferred which have not been derecognised and for any residual involvement existing in a transferred asset as at the reporting date, regardless of when the corresponding transfer transaction took place;
- for all financial instruments recognised and subject to offsetting in compliance with rules established by IFRS, i.e. for all financial assets and liabilities for which there is currently a legally enforceable right of set-off and for which there is the intention either to settle on a net basis or to realise the financial asset and settle the financial liability simultaneously, so as to enable users of financial statements to assess the effect or potential effect of offsetting arrangements on the Company's financial position.

Financial risk

Financial risk management is performed following a principle of prudence and of minimisation of the risks connected with financial assets and liabilities. The investment of surplus cash or the raising of necessary resources is carried out with the priority objective of neutralising the risk of loss of capital, avoiding speculation, and interest rate fluctuations, avoiding exposure of the operating profit (loss) to any unexpected increases in financial expenses.

The Company constantly monitors the financial risks to which it is exposed, in order to assess any negative impact and initiate appropriate mitigation action. The Board of Directors has the overall responsibility for creating and supervising the Company's risk management system, as well as for the development and control of risk management policies.

The Company's risk management policies are intended to identify and analyse the risks to which the Company is exposed, defining appropriate limits and the monitoring systems for such risks. Policies and related systems are periodically reviewed in consideration of changes in market conditions and in Company activities.

Financial management of subsidiaries is performed by the Company through specific intercompany current accounts on which any cash surpluses are deposited or on which the Parent provides the financial resources needed for the subsidiaries to conduct their business operations. The aim is also to optimise the impact on the income statement of the financial income and expenses accruing on these current accounts.

Centralised management of the Group's finances also makes it possible to control and co-ordinate the operations of each subsidiary efficiently, also via more effective financial planning and control. This also provides useful input to ensure the best possible handling of the Group's relationships with its main banks and credit institutions and to help monitor the Group's financial risk and treasury movements in a systematic way.

Financial guarantees

The Company issues financial guarantees mainly in the following cases:

- for prize competitions, as regulated by Italian Presidential Decree 430/2001;
- for Public Administration tenders/contracts, as required in tenders and/or awarding rules;
- as a guarantee for use of Group VAT consolidation procedures;
- for rental contracts instead of guarantee deposits;
- for special service supply contracts.

Group policy gives preference to the issue of bank sureties at parent level, avoiding their issue by subsidiaries.

Market risk

Market risk is the risk that the fair market value or future cash flows of a financial instrument fluctuate following changes in market prices, due to changes in interest rates, exchange rates or in the market prices of equity instruments. The objective of market-risk management is to manage and control the Company's exposure to the risk and keep it within appropriate limits, whilst also optimising the return on investments to which such risk relates.

The Company uses derivative instruments during the normal course of its financing activities and also takes on financial liabilities to manage market risk. It performs these activities in accordance with the guidelines established by the Board of Directors. The Company performs hedging transactions to manage the volatility of results relating to financial instruments.

Foreign exchange risk

The Company is marginally exposed to foreign exchange risk on purchases denominated in currencies other than the functional currency.

These transactions mainly refer to the following exchange rates: EUR/USD, EUR/GBP, and EUR/CHF.

The Company in any case has the policy of hedging foreign exchange risk for specific purchases of investment assets denominated in currencies other than the functional currency in order to preserve the forecast return on such investments. It is the Company's policy to undertake full hedging, where possible, of significant exposures arising from receivables and payables denominated in currencies other than the euro.

Price risk

The main raw material used by the Company that could be exposed to significant price risk is paper.

Paper is handled centrally for all of the Group's business units by means of careful procurement planning and inventory management. In line with best market practices, supply contracts are agreed with leading Italian and foreign paper companies for fixed quantities at fixed prices for the maximum period that the market currently permits, i.e. about one year.

The Company does not use hedges such as paper swaps, as they offer limited liquidity in terms both of counterparties and maturities.

Credit risk

Credit risk is the risk of a customer or one of the counterparties of a financial instrument causing a financial loss by not honouring an obligation.

Within the Company, credit risk mainly relates to trade receivables from sales of products and services by the various business units, as well as to financial receivables in connection with the investment of surplus cash.

Considering the type of customers that the Company has for its products and services, management does not believe there is a high level of trade credit risk. As there is no high concentration of this risk, the policy is to limit sales to any customers that are considered insolvent or are unable to provide adequate guarantees.

Customer credit risk is controlled by grouping customers by type and business area, considering whether customers are advertising agencies, financial companies and institutions, public entities, professionals and natural persons, distributors and bookstores, or other customers. Other factors examined are geographical location, business sector, credit age, the due dates of invoices issued, and previous payment behaviour.

In the face of this risk, a specific allowance for impairment is made to cover any losses caused by non-collectability.

As regards financial receivables, it is believed that the Company is not exposed to significant risk as it invests surplus cash only with banks of premier standing, mainly using short-term investment instruments with maturities of not more than 3 or 6 months (on demand or term deposits).

Liquidity risk

Liquidity risk is the risk of the Company having difficulty in meeting obligations associated with financial liabilities and therefore of having difficulty in accessing, at suitable economic conditions, the financial resources necessary for its operations.

In managing liquidity risk, the Company's approach is to ensure, as far as possible, that there are always sufficient financial reserves to meet its obligations when due, both in normal conditions and in conditions of financial stress.

Besides the trend in market interest rates, the main factors determining Company liquidity are the cash flows generated or absorbed by operating and investing activities and the flows relating to repayment of financial liabilities and collection of income relating to financial investments.

The Company has taken a series of actions designed to optimise the management of financial resources and mitigate liquidity risk. More specifically:

- centralised management of Group liquidity through constant withdrawal of cash surpluses from subsidiaries and through coverage of the latter's requirements with resources provided by the parent;
- maintenance of an adequate reserve of available liquidity;
- availability of adequate short-term lines of credit;
- planning of the future financial position, also as regards the impact of medium-long term debt on the overall net financial position;
- utilisation of an appropriate internal control system to assess available liquidity in relation to operational planning.

For coverage of short-term financial requirements, the Company currently has usable credit facilities available for a total of €76.2 million. More specifically:

- €35.0 million relating to revocable current account overdrafts, subject to collection and unsecured, paid at an average interest rate of 3.82%;
- €25.0 million relating to revocable bank credit facilities for hot money that can be used for short-term temporary financial requirements, at an average cost equal to Euribor +3.45%;
- €13.0 million in credit lines for advances on trade receivables;
- €3.2 million in medium/long-term loans, relating to subsidised loans maturing primarily in 2015 which, since the covenants set forth in the loan agreements were not respected, are payable in the short-term and classified as current liabilities, including the residual portion maturing beyond 31 December 2014.

At the consolidated level, additional financial requirements amounting to roughly €40 million are forecast for 2014 beyond the consolidated Net indebtedness at 31 December 2013, which totalled €48.6 million.

This requirement, linked primarily to investments, working capital trends and non-recurring outlays for restructuring costs, will gradually rise during the year, and the maximum exposure is expected to be reached at the end of 2014.

As at 31 December 2013, a total of €56.0 million of the parent's credit facilities has been used; the remaining availability on such facilities is therefore not fully sufficient to cover the cash requirements expected for 2014, particularly the requirements forecast for year-end.

Therefore, the Company decided to take measures to limit such requirements and additional actions to increase available funds.

When it prepares the first forecast for the end of 2014, the Company will possibly assess additional initiatives to limit costs and investments depending on its financial position and performance in the first months of the year.

As regards the actions to limit cash requirements, a partial postponement of planned investments has primarily been considered, as this would not present problems in terms of reaching budget objectives; actions could also be taken in terms of controlling net working capital, particularly with regard to trade receivable collection and trade payable payment performance, as well as possibly deferring some non-recurring outlays.

From the financial perspective, the following additional actions may be taken to face temporary cash flow requirements:

- further acceleration in the collection of trade receivables through new factoring transactions (e.g. transfer of approximately €5.0 million in trade receivables due from P.A. and large customers;
- expansion by an additional €10.0 million of the ongoing programme for obtaining advances on trade receivables, beyond the €13.0 million used previously.

In addition, considering that outstanding bank loans mainly consist of revocable facilities, in order to structure financial debt using a loan better suited to the Company's financial requirements, meetings have been held with the Company's current lenders to define structured medium/long-term loans for a substantial amount of the requirements, to be used partially alongside the short-term facilities already in place. It is believed that current meetings with the banks may lead to the approval of the requested loan in the coming months.

With regard to medium/long term loans in place at 31 December 2013, in 2005 the Company agreed three facilitated loans under Italian Law 62/2001 (Contributions to the Publishing Industry), with maturity date at 30 June 2015:

- a loan of €6,976 thousand from Credito Emiliano (100% used);
- two loans from Intesa San Paolo in the amounts of €3,595 thousand (100% used) and €8,199 thousand (a loan issued according to project completion status and partly used out of a total authorised amount of €10,530 thousand).

These loans are to be repaid in fixed amounts of principal every six months and were agreed at a floating rate linked to the 6-month Euribor. Such loans, as mentioned above, include covenants that were not respected.

As part of the Company's Risk management policy, hedging contracts are in place to mitigate the risk of fluctuations in the interest rates on these loans.

On 17 January 2006, three Payer Interest Rate Swaps – Forward Start (i.e. the hedge takes effect after the date the IRS contract is signed) were entered into for which the Company pays a fixed rate that transforms the interest rate on the underlying loan from floating to fixed, with an exchange of interest flows as from 31 December 2008 to 30 June 2015.

Each IRS follows the trend of the repayment plan and of the interest settlement dates for the loan to which it refers.

The IRSs made it possible to convert the floating rate of the loans into a fixed rate of approximately 3.20%.

The Company has evaluated the effectiveness of the hedges, using the Hedge Accounting methodology based on the Cash flow hedge model. This refers to hedging of exposure to the variability of cash flows, attributable to the particular risk associated with the underlying liability.

Based on this methodology, after determining the fair value of the derivative, the value of the effective part of the hedge is recognised under Other comprehensive income (expense), whereas the value of the ineffective part of the hedge is recognised in the income statement.

The effectiveness of the hedging relationship is measured by comparing the change in the clean fair value of the derivative with that of a Hypothetical Swap representing a synthetic fixed-rate bond at the market conditions existing when the hedge was agreed.

The ex ante effectiveness of the hedge of the instrument has been assessed by analysing Critical Items and by measuring the fair value of the hedging derivative and of the hypothetical derivative.

The retrospective effectiveness of the hedge (ex post effectiveness test) is assessed regularly by calculating the change in the fair value of the hedging derivative compared with that of the hypothetical derivative, determined by the fluctuation that has occurred between the current interest rate curve compared with the rate curve at the date when the swap was agreed (Cumulative Based Test).

The hedge is considered retrospectively effective if the ratio between the two variances, in absolute terms, lies within a range of 80-125%. This test is performed on a cumulative basis, performing calculations as at the date of the test and as at the start date.

Interest risk

The Company's financial performance is exposed to fluctuations in market interest rates, with special reference to net financial expenses relating to facilitated medium-long term floating-rate loans.

The return on financial investments, consisting of short-term cash investments with a maturity of not more than three months, is not affected by changes in interest rates.

To manage interest rate risk, the Company uses interest rate derivatives – mainly Interest Rate Swaps – to eliminate or mitigate, at acceptable economic conditions, the impact of interest rate fluctuations on profit performance.

At 31 December 2013, 100% of exposure calculated for this risk in connection with medium-long term liabilities was hedged.

The main way of raising financial resources from third parties the Company currently uses is medium-long term facilitated loans, also because of the interest subsidies they envisage, which substantially reduce the cost of financial resources.

In 2005, the company agreed three facilitated loans under Italian Law 62/2001 (Contributions to the Publishing Industry), with maturity date at 30 June 2015:

- a loan of €6,976 thousand from Credito Emiliano (100% used);
- two loans from Intesa Sanpaolo in the amounts of €3,595 thousand (100% used) and €8,199 thousand (a loan issued according to project completion status and partly used out of a total authorised amount of €10,530 thousand).

These loans are to be repaid in fixed amounts of principal every six months and were agreed at a floating rate linked to the 6-month Euribor.

As part of the Company's Risk management policy, hedging contracts are in place to mitigate the risk of fluctuations in the interest rates on these loans.

On 17 January 2006, three Payer Interest Rate Swaps – Forward Start (i.e. the hedge takes effect after the date the IRS contract is signed) were entered into for which the company pays a fixed rate that transforms the interest rate on the underlying loan from floating to fixed, with an exchange of interest flows as from 31 December 2008 to 30 June 2015.

Each IRS follows the trend of the repayment plan and of the interest settlement dates for the loan to which it refers.

The IRSs made it possible to convert the floating rate of the loans into a fixed rate of approximately 3.20%.

The Company has evaluated the effectiveness of the hedges, using the Hedge Accounting methodology based on the Cash flow hedge model. This refers to hedging of exposure to the variability of cash flows, attributable to the particular risk associated with the underlying liability.

Based on this methodology, after determining the fair value of the derivative, the value of the effective part of the hedge is recognised in a specific equity reserve, whereas the value of the ineffective part of the hedge is recognised in the income statement.

The effectiveness of the hedging relationship is measured by comparing the change in the clean fair value of the derivative with that of a Hypothetical Swap representing a synthetic fixed-rate bond at the market conditions existing when the hedge was agreed.

The ex ante effectiveness of the hedge of the instrument has been assessed by analysing Critical Items and by measuring the fair value of the hedging derivative and of the hypothetical derivative.

The retrospective effectiveness of the hedge (ex post effectiveness test) is assessed regularly by calculating the change in the fair value of the hedging derivative compared with that of the hypothetical derivative, determined by the fluctuation that has occurred between the current interest rate curve compared with the rate curve at the date when the swap was agreed (Cumulative Based Test).

The hedge is considered retrospectively effective if the ratio between the two variances, in absolute terms, lies within a range of 80-125%. This test is performed on a cumulative basis, performing calculations as at the date of the test and as at the start date.

The following tables show the exposure to interest risk. Separately assessed is the impact of changes in interest rates (sensitivity analysis) for fixed-rate instruments, in terms of change in their fair value, and floating-rate instruments, in terms of expected cash flows.

Financial income and expenses

FINANCIAL INCOME AND EXPENSES		
(in thousands of euro)	Year 2013	Year 2012
Recognised in the Income statement		
Interest income from unimpaired financial assets held to maturity	692	512
Interest income from available-for-sale financial assets	-	-
Interest income from bank deposits	35	284
Net foreign exchange gains	18	8
Financial income	**745**	**804**
Interest expense on financial liabilities and other financial expenses	(1,996)	(472)
Net foreign exchange losses	(61)	(71)
Change in fair value of financial assets designated at fair value through profit or loss	-	-
Impairment losses on securities held to maturity	(22)	(22)
Ineffective portion of changes in fair value of cash flow hedges	-	-
Financial expenses	**(2,078)**	**(566)**
The financial income and expenses shown above include the following amounts relating to assets (liabilities) not designated at fair value through profit or loss:		
Total interest income on financial assets	**745**	**804**
Total interest expenses on financial liabilities	**(2,078)**	**(565)**
Recognised directly in equity		
Effective portion of changes in fair value of cash flow hedges	(105)	(266)

Financial assets

FINANCIAL ASSETS		
(in thousands of euro)	31.12.2013	31.12.2012
Non-current financial assets		
Financial assets held to maturity	401	384
Current financial assets		
Cash and cash equivalents from subsidiaries	23,490	26,740
Cash and cash equivalents	2,729	6,594
Derivative hedging instruments	(105)	(266)
Total financial assets	**26,515**	**33,452**

Non-current financial assets held to maturity refer to guarantee deposits.

Current financial assets refer to cash and cash equivalents, financial receivables from subsidiaries and the fair value of derivative hedging instruments.

Financial liabilities

FINANCIAL LIABILITIES		
(in thousands of euro)	31.12.2013	31.12.2012
Non-current liabilities		
Secured bank loans	-	-
Unsecured bank loans	-	3,206
Total non-current liabilities	**-**	**3,206**
Current liabilities		
Current portion of secured bank loans	-	-
Current portion of unsecured bank loans	3,206	2,138
Unsecured current account advances	52,930	-
Other financial liabilities to banks	-	701
Financial payables to subsidiaries	-	372
Total current liabilities	**56,136**	**3,211**
Total financial liabilities	**56,136**	**6,417**

Loan contracts

This note illustrates the contractual conditions governing the company's interest-bearing financial liabilities, measured at amortised cost.

LOAN CONDITIONS AND REPAYMENT TERMS						
			31.12.2013		31.12.2012	
(in thousands of euro)	Nominal interest rate	Year of maturity	Nominal value	Carrying amount	Nominal value	Carrying amount
Unsecured bank loan	Euribor +0.875%	2015	1,101	1,101	1,836	1,836
Unsecured bank loan	Euribor +0.850%	2015	568	568	946	946
Unsecured bank loan	Euribor +0.850%	2015	1,537	1,537	2,562	2,562
Total			**3,206**	**3,206**	**5,344**	**5,344**

The effectiveness of the hedges, measured through the Hedge Accounting method, enabled the fair value of the abovementioned IRSs to be recognised in a specific equity reserve.

CONTRACTS RELATING TO DERIVATIVES						
			31.12.2013		31.12.2012	
(in thousands of euro)	Interest rate due	Year of maturity	Notional amount	Fair Value	Notional amount	Fair Value
Interest Rate Swap	3.04%	2015	1,101	(36)	1,836	(90)
Interest Rate Swap	3.30%	2015	568	(19)	946	(48)
Interest Rate Swap	3.30%	2015	1,537	(50)	2,562	(128)
Total			**3,206**	**(105)**	**5,344**	**(266)**

Credit risk exposure

The carrying amount of financial assets and trade receivables represents the Company's maximum exposure to credit risk. At the reporting date, this exposure was as follows:

CREDIT RISK EXPOSURE		
(in thousands of euro)	31.12.2013	31.12.2012
Available-for-sale financial assets		
Assets held to maturity	401	384
Trade receivables (*)	115,120	133,007
Loans to subsidiaries	-	-
Cash and cash equivalents from subsidiaries	23,490	26,740
Cash and cash equivalents	2,729	6,594
Interest rate swap hedges:		
Assets	13	28
Total	**141,753**	**166,753**

(*) Does not include: Allowance for impairment, Advances to suppliers, Agents and Copyright

At the reporting date, the Company's exposure to credit risk relating to trade receivables by geographical area was as follows:

BREAKDOWN BY GEOGRAPHICAL AREA		
(in thousands of euro)	31.12.2013	31.12.2012
Italy	112,254	129,146
Eurozone countries	1,066	1,489
United Kingdom	712	603
Other European countries	824	1,519
United States	185	143
Other	79	107
Total	**115,120**	**133,007**

At the reporting date, the Company's exposure to credit risk relating to trade receivables by customer type was as follows:

BREAKDOWN BY CUSTOMER TYPE		
(in thousands of euro)	31.12.2013	31.12.2012
Advertising agencies	15,200	29,734
Companies and financial institutions	47,011	51,874
Public entities	7,241	10,192
Professionals and private individuals	31,947	29,655
Other customers	13,721	11,552
Total	**115,120**	**133,007**

Impairment losses on trade receivables

The following table shows the age of trade receivables at the reporting date:

AGE OF TRADE RECEIVABLES				
(in thousands of euro)	31.12.2013		31.12.2012	
	Gross	Allowance for impairment	Gross	Allowance for impairment
Due	85,468	2,116	93,628	1,654
Past due 1-30 days	2,702	229	3,054	127
Past due 31 - 120 days	2,248	1,047	6,064	1,214
Past due 121 days - 1 year	10,829	3,688	12,677	3,071
More than 1 year	13,873	10,244	17,584	12,479
Total	**115,120**	**17,324**	**133,007**	**18,545**

Changes in the allowance for impairment relating to trade receivables over the year were as follows:

CHANGES IN ALLOWANCE FOR IMPAIRMENT		
(in thousands of euro)	Year 2013	Year 2012
Balance at 1 January	18,545	19,892
Loss for the year	(6,920)	(7,153)
Provisions	5,677	5,806
Other changes	22	-
Total	**17,324**	**18,545**

Liquidity risk

The contractual due dates of financial liabilities and trade payables are shown in the table below:

LIQUIDITY RISK

(in thousands of euro)				31.12.2013			
	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loan	3,206	(3,245)	(1,089)	(1,082)	(1,074)		-
Financial payables to subsidiaries	-	-	-	-	-	-	-
Unsecured current account advances	56,136	(55,068)	(55,068)	-	-	-	-
Other financial liabilities to banks	-	-	-	-	-	-	-
Trade and other payables	101,126	(101,126)	(101,126)	-	-	-	-
Derivative financial liabilities							
Interest rate swap hedges	118	(118)	(58)	(39)	(21)		
Total	**160,586**	**(159,557)**	**(157,341)**	**(1,121)**	**(1,095)**	**-**	**-**

(in thousands of euro)				31.12.2012			
	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loan	5,344	(5,495)	(1,119)	(1,109)	(2,188)	(1,079)	-
Financial payables to subsidiaries	372	(372)	(372)	-	-	-	-
Unsecured current account advances	-	-	-	-	-	-	-
Other financial liabilities to banks	701	(701)	(701)	-	-	-	-
Trade and other payables	123,661	(123,661)	(123,661)	-	-	-	-
Derivative financial liabilities							
Interest rate swap hedges	294	(294)	(97)	(137)	(60)	-	-
Total	**130,372**	**(130,523)**	**(125,950)**	**(1,246)**	**(2,248)**	**(1,079)**	**-**

Cash flow hedging

Expected future cash flows associated with hedging derivatives are shown in the table below:

CASH FLOW HEDGING							
				31.12.2013			
(in thousands of euro)	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Interest rate swap hedges:							
Assets	13	13	6	5	2	-	-
Liabilities	(118)	(118)	(58)	(39)	(21)	-	-
Total	**(105)**	**(105)**	**(52)**	**(34)**	**(19)**	**-**	**-**

				31.12.2012			
(in thousands of euro)	Carrying amount	Projected cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Interest rate swap hedges:							
Assets	28	28	9	13	6	-	-
Liabilities	(294)	(294)	(97)	(137)	(60)	-	-
Total	**(266)**	**(266)**	**(88)**	**(124)**	**(54)**	**-**	**-**

Interest rate risk - Profile

The profile of the interest rates applied to the Company's interest-earning financial instruments at the reporting date is shown below:

INTEREST RATE RISK		
	Carrying amount	
(in thousands of euro)	31.12.2013	31.12.2012
Fixed-rate financial instruments		
Financial assets	414	412
Financial liabilities	(118)	(294)
Total	**296**	**118**
Floating-rate financial instruments		
Financial assets	26,219	33,334
Financial liabilities	(56,136)	(6,417)
Total	**(29,917)**	**26,917**

Sensitivity analysis – fair market value of fixed-rate instruments

At 31 December 2013, the Company did not post any financial asset or liability at fair value through profit or loss, and did not account for hedging derivatives (Interest Rate Swaps) using the fair value hedge accounting method. Consequently, any changes in interest rates at the reporting date did not have any effect on the income statement.

Sensitivity analysis – fair market value of floating-rate instruments

If interest rates had increased or decreased by 100 basis points at the reporting date, equity and profit/(loss) for the year would have respectively increased or decreased by €33 thousand and €64 thousand, as shown in the following table:

SENSITIVITY ANALYSIS

	Profit / Loss for the year		Equity	
(in thousands of euro)	Increase of 100 bps	Decrease of 100 bps	Increase of 100 bps	Decrease of 100 bps
Year 2013				
Floating-rate financial instruments	(64)	64	-	-
Interest rate swaps	-	-	33	(32)
(Net) sensitivity of cash flows	**(64)**	**64**	**33**	**(32)**
Year 2012				
Floating-rate financial instruments	436	(436)	-	-
Interest rate swaps	-	-	141	(21)
(Net) sensitivity of cash flows	**436**	**(436)**	**141**	**(21)**

Criteria for determining fair value

The methods and main assumptions used to determine the fair value of financial instruments are specified below.

Derivative financial instruments

The fair value of Interest Rate Swaps is calculated on the basis of brokers' prices, the fairness of which is checked by discounting estimated future cash flows based on the terms and maturity of each contract for each financial instrument, applying the market interest rate at the reporting date for a similar financial instrument.

Non-derivative financial liabilities

Fair value is calculated based on the present value of the estimated future cash flows of principal and interest, discounted using the market interest rate at the reporting date.

Interest rates used to calculate fair value

The interest rates used to discount projected cash flows, where applicable, are based on the yield curve of government bonds at the reporting date, plus a suitable credit spread.

Fair value and carrying amount

The following table shows – for each financial asset and liability and for trade receivables and payables – the carrying amount recognised in the statement of financial position and the related fair value:

FAIR VALUE				
(in thousands of euro)	31.12.2013		31.12.2012	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets held to maturity	401	401	384	384
Trade receivables	115,120	115,042	133,007	132,911
Loans to subsidiaries	-	-	-	-
Cash and cash equivalents from subsidiaries	23,490	23,490	26,740	26,740
Cash and cash equivalents	2,729	2,729	6,594	6,594
Interest rate swap hedges:				
Assets	13	13	28	28
Liabilities	(118)	(118)	(294)	(294)
Secured bank loans	-	-	-	-
Unsecured bank loans	(3,206)	(3,252)	(5,344)	(5,465)
Unsecured current account advances	(52,930)	(52,930)	-	-
Other financial liabilities to banks	-	-	(701)	(701)
Financial payables to subsidiaries	-	-	(372)	(372)
Trade and other payables	(101,126)	(101,126)	(123,661)	(123,661)
Total	**(15,627)**	**(15,751)**	**36,381**	**36,164**
Loss not recognised		(124)		(217)

Guarantees

The Company has outstanding bank sureties totalling €13,107 thousand.

These sureties are summarised below:

- sureties granted by the parent as security on lease contracts for €8,659 thousand. Specifically, there are sureties in favour of Stremmata, the owner of the property located in via Monte Rosa in Milan for a total of €3,393 thousand, in favour of Quorum SGR for the lease of the property located in Via Pisacane in Pero for €4,500 thousand, and in favour of Finamo for the lease of the property located in Piazza Indipendenza in Rome for €670 thousand;
- sureties issued by the parent and its subsidiaries in favour of Ministries, Public Entities or Municipalities, as guarantees for prize competitions, service supply contracts etc. for a total of €3,171 thousand;
- sureties issued by the parent and its subsidiaries to private third-party counterparties for commercial transactions, supply contracts, etc. for a total of €1,276 thousand.

Some of the above sureties, for a total amount of €2,138 thousand, have been issued as guarantees for the commitments of Group subsidiaries, against lines of credit signed by the parent.

7. Principal reasons for uncertainties in estimates

Estimates are used mainly to evaluate the going concern assumption, to recognise impairment losses on assets, to calculate probable future returns of publications that have been distributed, to determine the extent to which receivables and inventories should be impaired and written down, and to quantify the amounts to be provided for probable risks.

Estimates are also used in the actuarial calculation of Post-employment benefits, for quantification of income taxes, calculation of the fair value of instruments, the useful life of assets, and the recoverability of deferred tax assets.

These estimates and assumptions are reviewed at least once a year and the effects of each change are immediately reflected in the Income statement.

In particular, the estimates pertaining to the measurement of the recoverable amount of goodwill and other intangible assets with indefinite useful life recognised are made on the basis of the fair value, net of costs to sell or value in use, using the discounted cash flow method. The recognition methods and the assumptions adopted are illustrated in section 8 Notes to the separate financial statements under the reference items.

Publication returns are estimated using statistical techniques and updated monthly on the basis of actual figures received.

The estimate of legal risks also takes the nature of the litigation and the adverse outcome probability into account.

8. Notes to the separate financial statements

Non-current assets

(1) Property, plant and equipment

The carrying amount of property, plant and equipment was €50,973 thousand. Changes were as follows:

PROPERTY, PLANT AND EQUIPMENT

(in thousands of euro)	Opening balance	Purchases	Disposals	Depreciation	Reclassifications and other changes	Impairment losses	Nuova Radio merger	Closing balance
Historical cost:								
Land	2,870	-	-	-	-	-	-	2,870
Buildings	31,085	30	(11)	-	7	-	-	31,110
Plant and equipment	113,657	783	(18,071)	-	537	(7,776)	10,438	99,568
Industrial and commercial equipment	37,242	2,345	(322)	-	502	-	933	40,701
Other assets	804	597	-	-	(1,023)	-	242	620
Total historical cost	**185,657**	**3,756**	**(18,403)**	**-**	**23**	**(7,776)**	**11,613**	**174,869**
Accumulated depreciation:								
Buildings	(17,605)	-	11	(1,106)	-	-	-	(18,700)
Plant and equipment	(69,382)	-	9,924	(5,719)	(2)	-	(8,323)	(73,503)
Industrial and commercial equipment	(28,619)	-	308	(2,481)	-	-	(901)	(31,693)
Other assets	-	-	-	-	1	-	(1)	(0)
Total accumulated depreciation	**(115,607)**	**-**	**10,243**	**(9,306)**	**(1)**	**-**	**(9,225)**	**(123,896)**
Property, plant and equipment:								
Land	2,870	-	-	-	-	-	-	2,870
Buildings	13,480	30	-	(1,106)	7	-	-	12,410
Plant and equipment	44,274	783	(8,146)	(5,719)	535	(7,776)	2,115	26,065
Industrial and commercial equipment	8,622	2,345	(14)	(2,481)	502	-	32	9,007
Other assets	804	597	-	-	(1,022)	-	242	620
Total	**70,050**	**3,756**	**(8,160)**	**(9,306)**	**22**	**(7,776)**	**2,388**	**50,973**

During the year, investments totalling €3,756 thousand were made, and related mainly to:

- plant and equipment for €783 thousand, mainly attributable to work on properties for €274 thousand, purchases for the printing production in Milan for €204 thousand and radio broadcasting systems for €274 thousand;
- €2,345 thousand for industrial and commercial equipment, specifically €1,478 thousand for hardware purchases, €856 thousand for iPads lent free of charge to the sales network, €104 thousand for furniture and fittings and €101 thousand for air conditioning systems;
- other assets for €597 thousand, mainly relating to *equipment and plant at the Carsoli site* which are still not operational, for €90 thousand, and investments in radio broadcasting systems for €489 thousand;
- €30 thousand for buildings, relating to temporary buildings.

Disposals totalling €8,160 thousand primarily relate to the sale of the Bologna rotary printing press at the carrying amount of €8,107 thousand.

The changes in the scope of consolidation of €2,388 thousand derive from the merger of the wholly owned subsidiary Nuova Radio S.p.A.. This merger was completed on 31 December 2013 with accounting effects as from 1 January 2013.

Impairment losses amount to €7,776 thousand and relate to the Verona production plants which were fully written down since they have not been operating since May.

Depreciation of property, plant and equipment, based on their estimated useful life, totalled €9,306 thousand. Assets purchased during the year are depreciated as from the start of use.

The following table shows the useful life of the assets included in the various categories shown in these separate financial statements:

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT

Asset category	Useful life	Rate
Land	Indefinite	-
Buildings		
Industrial buildings	30-33 years	3% -3.33%
Temporary buildings	10-12 years	8.33% -10%
Plant and equipment		
Generic plant	10-20 years	5%-10%
Plant (leasehold improvements)	3-15 years	6.66%-33.33%
Rotary printing presses	15 years	6.50%
Finishing machinery	15 years	6.50%
Electronic photocomposition and photo-reproduction systems	3-5 years	20%-33.33%
Radio broadcasting plant	10 years	10.00%
Other assets		
Hardware	4-5 years	20%-25%
Furniture and fittings	5-8 years	12%-20%
Electronic office machinery	5 years	20.00%
Air-conditioning systems	5-20 years	5%-20%
Internal means of transport	5-10 years	10%-20%
Sundry tools & minor equipment items	4 years	25.00%

(2) Goodwill

The total value of goodwill was €15,982 thousand and did not change compared to last year.

The amounts recognised as goodwill attributed to the cash generating units (CGU) are as follows:

GOODWILL						
(in thousands of euro)	Opening balance	Acquisitions	Increase due to change in scope of consolidation	Impairment losses	Reclassifications	Closing balance
Publishing	513	-	-	-	-	513
Tax & Legal	15,469	-	-	-	-	15,469
Total	**15,982**	**-**	**-**	**-**	**-**	**15,982**

Goodwill is not amortised, but its carrying amount is subject to impairment tests. These tests are carried out on the individual asset or the CGU to which it belongs, and are conducted whenever it is considered that there has been an impairment loss and in any case at least once a year.

Impairment tests are carried out by comparing the carrying amount of the intangible asset with an indefinite useful life with its recoverable amount. The latter is the higher out of the asset's fair value, net of any costs to sell, and its value in use. It is sufficient for one of the two values to be higher than the carrying amount to demonstrate that the intangible asset has not suffered an impairment loss.

The following table summarises the characteristics and main parameters used to conduct impairment tests.

ASSETS SUBJECT TO IMPAIRMENT TESTS AND MAIN PARAMETERS							
Assets	Reference CGU	Impairment test approach	Multiples applied	Time span of the plan	(pre tax) discount rate	(post tax) discount rate	Terminal value growth rate
Goodwill	Publishing	Fair Value	na	na	na	na	na
Goodwill	Tax & Legal	Value in use	na	2014-2018	12.20%	8.69%	0.00%

Estimates regarding the value in use of goodwill are made by projecting the cash flows formulated by the company management for a certain time period, based on reasonable and sustainable assumptions, using a growth rate for subsequent years that is in line with the growth expectations of the market in question. Impairment tests are carried out with the support of an external expert.

The discount rate used is the weighted average cost of capital (WACC), which represents the minimum return required by the market to remunerate the capital committed to the specific CGU, and is calculated by weighting the cost of risk capital and cost of debt to reflect the corresponding weight of a target financial structure in the reference sector. The cost of risk capital, estimated on the basis of the capital assets pricing model, includes not only a premium for the general market investment risk, but also a premium for the systemic or non-diversifiable risk attributable to the specific business.

The discount rate (WACC) used to calculate the value in use was estimated according to the following parameters:

Tax & Legal

- A risk-free rate of 1.91% (annual Interest Rate Swap average)
- Equity Risk Premium of 5.50%
- Beta Unlevered of 1.15
- Target financial structure (debt/equity) equal to 30.8%, coinciding with the median D/E for the sector

Based on these parameters, a weighted average cost of capital (post tax WACC) was obtained, equal to:

- Tax & Legal: 8.69%

The value in use of each CGU is estimated from the 2014-2018 Business Plan approved by the Board of Directors on 11 March 2014 and in compliance with the "Impairment testing procedure for goodwill and intangible assets with indefinite life" adopted by the Group.

Given the above, the following is noted:

- **Publishing.** This CGU groups the daily newspaper Il Sole 24 ORE, magazines, add-on products and the press agency Radiocor. The value of these activities and the allocated assets is greater than the carrying amount of the goodwill. The current negative situation, which has hit advertising particularly hard, caused losses that do not affect the recoverability of the recognised amount.
- **Tax & Legal.** The carrying amount of goodwill associated with the CGU is €15,469 thousand. GOP for 2014 (€17,855 thousand) and the results of the 2014-2018 business plan by far confirm the carrying amount. Significant changes in the main assumptions adopted would not have led to changes in the result of the impairment test. In fact, in order for the value in use to be equal to the carrying amount the WACC must be much greater than 20% or the post-plan growth rate must be negative and much higher than the WACC in absolute terms.

(3) Intangible assets

Intangible assets amounted to €58,025 thousand. The following changes took place:

INTANGIBLE ASSETS									
(in thousands of euro)	Opening balance	Purchases	Disposals	Amortisation	Reclassifications and other changes	Impairment losses	Operating assets held for sale	Nuova Radio merger	Closing balance
Historical cost:									
Publications	29,515	-	-	-	-	(2,194)	(27,320)	-	0
Trademarks	771	-	-	-	0	-	-	5	776
Radio broadcasting frequencies	-	-	-	-	-	-	-	105,148	105,148
Licences and software	100,909	8,112	-	-	1,566	(728)	(14,858)	277	95,278
Intangible assets in progress & down payments	4,992	2,748	(4)	-	(1,590)	-	-	-	6,147
Total historical cost intangible assets	**136,187**	**10,861**	**(4)**	**-**	**(24)**	**(2,923)**	**(42,178)**	**105,430**	**207,349**
Accumulated amortisation:									
Publications	(26,181)	-	-	(238)	0	-	26,419	-	0
Trademarks	(720)	-	-	(0)	-	-	-	(5)	(725)
Radio broadcasting frequencies	-	-	-	-	-	-	-	(77,325)	(77,325)
Licences and software	(79,723)	-	-	(5,836)	1	-	14,559	(275)	(71,274)
Total accumulated amortisation	**(106,624)**	**-**	**-**	**(6,074)**	**2**	**-**	**40,978**	**(77,605)**	**(149,324)**
Intangible assets:									
Publications	3,333	-	-	(238)	0	(2,194)	(901)	-	0
Trademarks	51	-	-	(0)	0	-	-	-	51
Radio broadcasting frequencies	-	-	-	-	-	-	-	27,823	27,823
Licences and software	21,186	8,112	-	(5,836)	1,568	(728)	(299)	2	24,005
Intangible assets in progress & down payments	4,992	2,748	(4)	-	(1,590)	-	-	-	6,147
Total	**29,563**	**10,861**	**(4)**	**(6,074)**	**(22)**	**(2,923)**	**(1,200)**	**27,825**	**58,025**

During the year, investments totalling €10,861 thousand were made, and related mainly to:

- licences and software amounted to €8,112 thousand and mainly refer to the new sales cycle for €2,692 thousand, management systems for €957 thousand, publishing systems for €987 thousand and other product systems for €1,121 thousand.
- Investments in intangible assets in progress, totalling €2,748 thousand, related to software projects in progress, which will become operational in the next year.

Amortisation amounted to €6,074 thousand. The estimated useful life is 3-5 years.

Impairment losses amounted to €2,923 thousand and refer to Sector-Specific Publishing publications. This impairment loss was recognised following the disposal of those publications in January 2014 to align the carrying amounts with those agreed with the counterparty.

The changes in the scope of consolidation of €27,825 thousand derive from the merger of the subsidiary Nuova Radio S.p.A..

The estimates pertaining to the measurement of the recoverable amount of concessions and broadcasting frequencies are made with reference to fair value, net of the costs to sell, determined on the basis of inputs compared with a sample of sale contracts for broadcasting frequencies.

The asset was tested for impairment. Impairment tests are carried out by comparing the carrying amount of the intangible asset with an indefinite useful life with its recoverable amount, determined with reference to the asset's fair value, net of costs to sell, which in this case were considered to be zero.

It is some years that the Company has been availing of the assistance of an external expert to issue an assessment report, the results of which fully confirmed the carrying amounts.

The main assumptions to estimate the fair value, in the absence of an active market for frequency trading, are:

- The population covered, i.e. the number of people reached by the radio signal sent by the individual broadcasting systems. To determine this index, ISTAT demographic data and the quality perceived by the audience was considered; this was determined objectively through a system of technical measurements of the audio signal received by a common radio receiver.
- The per capita value of the individual frequency. This value was determined for each frequency and depends on the population density in the area, the purchasing power of the population covered, the Effective Radiated Power of the system, the road networks and the provincial capitals covered.

The algorithm was determined by using a sample of sale contracts for frequencies where all of the variables mentioned above were known as well as the value of the transactions performed between 2000 and 2011.

Analysis of the assumptions showed that:

- from a regulatory point of view the situation has not changed;
- Radio24 assets are still made up of 206 systems distributed in Italy and no evidence was found of impairment losses;
- the Italian economic performance is the only indicator that changed in estimating the assets;
- no new significant transactions were performed in 2012 and 2013;
- lacking significant transactions which could confirm the calculation criterion, the estimated value was adjusted on the basis of advertising market performance.

Given the above, the market value calculation of radio broadcasting frequencies was updated, recording a decrease in the overall value and in any event confirming the carrying amounts.

(4) Investments in associates

During the year, the associate Italia News (in liquidation) was eliminated from the register of companies. The list of investments in associates and the related percentage of ownership is shown in Section 9.1.

INVESTMENTS IN ASSOCIATES			
(in thousands of euro)	Opening balance	Termination at end of liquidation	Closing balance
Italia News S.r.l. (in liquidation)	20	(20)	-
Total	**20**	**(20)**	**-**

(5) Available-for-sale financial assets

This item relates to non-controlling investments and amounted to €891 thousand, with the following breakdown:

AVAILABLE-FOR-SALE FINANCIAL ASSETS				
(in thousands of euro)	Opening balance	Nuova Radio merger	Impairment losses	Closing balance
Ansa Soc. Coop a r.l.	370	-	-	370
Editoriale Ecoprensa S.A.	266	-	-	266
Actinvest Group S.r.l.	225	-	-	225
C.S.I.E.D.	10	-	-	10
Immobiliare Editoriale Giornali S.r.l.	3	-	-	3
S.F.C. Soc. Consortile per azioni	1	-	-	1
Consorzio Club Dab Italia Scrl	-	16	-	16
Total	**875**	**16**	**-**	**891**

(6) Other non-current assets

The other non-current assets amount to €94,154 thousand at 31 December 2013, with the following breakdown:

OTHER NON-CURRENT ASSETS			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Guarantee deposits	401	384	18
Investments in subsidiaries	90,987	137,402	(46,416)
Tax receivables	2,766	2,721	45
Total	**94,154**	**140,507**	**(46,353)**

The list of investments in subsidiaries and their changes over the year are as follows:

INVESTMENTS IN SUBSIDIARIES					
(in thousands of euro)	Opening balance	Nuova Radio merger	Loss coverage	Impairment losses	Closing balance
Nuova Radio S.p.A.	45,419	(45,419)	-	-	-
Newton Management Innovation S.p.A.	2,289	-	-	-	2,289
24 ORE Software S.p.A.	88,498	-	-	(1,551)	86,947
24 ORE Cultura S.r.l.	524	-	2,981	(2,416)	1,089
Il Sole 24 ORE UK Ltd	662	-	-	-	662
Alinari 24 ORE S.p.A. (in liquidation)	-	-	-	-	-
Shopping 24 S.r.l.	10	-	-	(10)	-
Total	**137,402**	**(45,419)**	**2,981**	**(3,977)**	**90,987**

On 18 December 2013 the deed was signed for the merger of Nuova Radio S.p.A. into the parent Il Sole 24 ORE S.p.A.. The merger became effective for accounting and tax purposes from 1 January 2013. This merger did not change the scope of consolidation.

The recoverability of the carrying amount of the investment in 24 ORE Software S.p.A. was also assessed. The fair value was calculated on the basis of market multiples of comparable companies. Based on this analysis and on the expected gross operating profit, an enterprise value of €102,429 thousand was calculated. This value, adjusted based on the Company's net indebtedness at 31 December 2013, results in an investment value of €86,947 thousand. Therefore, the carrying amount was adjusted to that amount with the recognition of an impairment loss of €1,551 thousand in the income statement.

The investment in 24 ORE Cultura S.r.l. was written down as a result of its financial performance. A capital injection to cover losses was made in 2013. This coverage was carried out on the basis of the statement of financial position as at 30 November 2013.

(7) Deferred tax assets and liabilities

These items show the impact of deferred tax assets and liabilities. These are respectively calculated on the deductible and taxable differences that temporarily arise between carrying amounts and their tax value.

The amounts of deferred tax assets and liabilities at 31 December 2013 and 2012 are shown below:

DEFERRED TAX ASSETS			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Deferred tax assets	**56,793**	**55,289**	**1,503**

DEFERRED TAX LIABILITIES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Deferred tax liabilities	**7,613**	**966**	**6,647**

The table below shows the changes for the year:

DEFERRED TAX ASSETS AND LIABILITIES			
(in thousands of euro)	Deferred tax assets	Deferred tax liabilities	Net
Balance at 31/12/2012	55,289	(966)	54,323
Other effects on the income statement	2,931	(751)	2,180
Other effects recognised in the statement of comprehensive income	-	(396)	(396)
Offsetting with income from CNM	(1,068)	-	(1,068)
Changes in consolidated companies	1,157	(5,499)	(4,342)
Transformation of DTA	(1,512)	-	(1,512)
Other changes	(4)	-	(4)
Balance at 31/12/2013	**56,793**	**(7,613)**	**49,180**

To be highlighted:

- the recognition of deferred tax assets of €2,180 thousand, limited to the net deductible differences on temporary changes that emerged during the year, and posted to the income statement as specified in note (47);
- the recognition of deferred tax liabilities in other comprehensive income (expense) relates to the measurement of derivative instruments and defined benefit plans (€396 thousand);
- the use of deferred tax assets for taxable income transferred by the subsidiaries as part of the tax consolidation procedure (€1,068 thousand);
- the change in the scope of consolidation deriving from the merger of Nuova Radio SPA which mainly contributed frequencies that are not significant for tax purposes;
- the transformation of deferred tax assets on intangible assets into tax credits as set forth in art. 2, paragraphs 55-58 of Italian Law Decree 225/2010 (€1,512 thousand). In this respect note that the DTA from realignment and in general those relating to intangible assets are recoverable not only against future taxable income but also through their transformation and offsetting pursuant to art. 2, Italian Law Decree 225/2010 in the event of statutory and/or tax losses.

The following table shows the detail of deferred tax assets and liabilities at 31 December 2013 and 2012:

DEFERRED TAX ASSETS AND LIABILITIES						
(in thousands of euro)	Assets		Liabilities		Net	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Property, plant and equipment	2,589	147	(45)	(45)	2,544	102
Intangible assets	5,419	6,107	(7,335)	(1,404)	(1,916)	4,703
Receivables and provisions	6,184	6,524	(265)	413	5,920	6,937
Other	(6)	-	31	70	25	70
Loss carry-forward	42,606	42,836	-	-	42,606	42,836
Deferred tax assets/liabilities	**56,793**	**55,614**	**(7,613)**	**(966)**	**49,180**	**54,648**
Change in tax rate	-	-	-	-	-	-
Netting of taxes	-	(325)	-	-	-	(325)
Net deferred tax assets/liabilities	**56,793**	**55,289**	**(7,613)**	**(966)**	**49,180**	**54,323**

CHANGES IN DEFERRED TAX ASSETS/LIABILITIES							
(in thousands of euro)	31.12.2013	31.12.2012	Recognised in the separate income statement	Recognised in other comprehensive income (expense)	Changes in scope of consolidation	Transformation of DTA	Other changes
Property, plant and equipment	2,544	102	2,442	-	-	-	-
Intangible assets	(1,916)	4,703	(69)	-	(5,505)	(1,045)	-
Receivables and provisions	5,920	6,611	(617)	(352)	279	-	-
Other	25	70	(1)	(44)	4	-	(4)
Past losses	42,606	42,836	426		880	(468)	(1,068)
Deferred tax assets/liabilities	**49,180**	**54,323**	**2,181**	**(396)**	**(4,342)**	**(1,512)**	**(1,072)**

Losses totalling €42,606 thousand to be carried forward and other deferred tax assets were considered recoverable in consideration of:

- the option to settle part of the deferred tax assets, particularly those relating to intangible assets, through their transformation and offsetting against other taxes;
- the option to use taxable income generated by other Group companies participating in the tax consolidation for offsetting purposes;
- the regime introduced by art. 23, paragraph 9, Italian Decree Law no. 98 of 6 July 2011, which introduced certain changes to the tax treatment of business losses for IRES taxpayers. These provisions set a longer period to recover losses, which substantially coincides with the duration of the company.

Although deferred tax assets may be carried forward indefinitely, they were not recognised on current year tax losses since the time horizon within which the additional losses generated in 2013 could be used does not enable the Company to determine their recoverability with sufficient certainty.

The Company will periodically re-assess the deferred tax assets and will report the deferred tax assets not recognised on losses previously to the extent that future taxable income is likely to arise enabling the recovery of the deferred tax assets.

Please note that the tax assets not recognised on current year losses in the financial statements amount to €19,032 thousand.

Current assets

(8) Inventories

Inventories amount to €5,205 thousand, with the following breakdown:

INVENTORIES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Paper	4,193	13,050	(8,857)
Ink	108	139	(31)
Photographic material	149	248	(99)
Raw and ancillary materials and consumables	**4,449**	**13,437**	**(8,988)**
Work in progress and semi-finished products	**6**	**7**	**(1)**
Books	1,636	2,066	(430)
Software	2	2	-
CDs	88	74	14
Other products	73	56	17
Allowance for inventory write-down - finished products	(1,086)	(1,013)	(73)
Finished products	**713**	**1,185**	**(472)**
Other merchandise bought	73	133	(60)
Allowance for inventory write-down - merchandise	(36)	(36)	-
Merchandise	**37**	**97**	**(60)**
Total	**5,205**	**14,726**	**(9,521)**

Inventories are net of the allowance for inventory write-down, which featured the following movements:

ALLOWANCE FOR INVENTORY WRITE-DOWN					
(in thousands of euro)	Opening balance	Provisions	Use of provisions	Reclassifications and other changes	Closing balance
Allowance for inventory write-down - finished products	(1,013)	(315)	242	-	(1,086)
Allowance for inventory write-down - merchandise	(36)	-	-	-	(36)
Total	**(1,049)**	**(315)**	**242**	**-**	**(1,122)**

Given the nature of the inventories, it is highly unlikely that the circumstances that caused the write-down itself will change in subsequent years.

(9) Trade receivables

Trade receivables totalled €105,448 thousand, with the following breakdown:

TRADE RECEIVABLES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Trade receivables	115,120	133,007	(17,887)
Provision for returns to be received	(1,567)	(1,892)	325
Allowance for impairment	(17,324)	(18,545)	1,222
Net trade receivables	**96,229**	**112,570**	**(16,340)**
Ordinary advances to suppliers	6,333	6,766	(433)
Agents and agencies	2,610	2,945	(335)
Customers of subsidiaries	276	287	(11)
Receivables from associates and non-controlling interests	-	12	(12)
Total	**105,448**	**122,580**	**(17,131)**

Trade receivables are shown net of the provision for returns to be received in the following year of €1,567 thousand.

Receivables are shown net of the allowance for impairment for €17,324 thousand.

Changes in these provisions and allowances for impairment were as follows:

PROVISION FOR RETURNS TO BE RECEIVED AND ALLOWANCE FOR IMPAIRMENT					
(in thousands of euro)	Opening balance	Provisions	Use of provisions	Nuova Radio merger	Closing balance
Provision for returns to be received	(1,892)	(1,567)	1,892	-	(1,567)
Allowance for impairment	(18,545)	(5,677)	6,920	(22)	(17,324)
Total	**(20,437)**	**(7,244)**	**8,812**	**(22)**	**(18,891)**

(10) Other receivables

This item amounted to €8,856 thousand, with the following breakdown:

OTHER RECEIVABLES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Current income tax	2,895	2,448	447
Tax receivables	969	1,410	(442)
Employee-related receivables	408	667	(259)
Other receivables	4,584	5,181	(597)
Total	**8,856**	**9,706**	**(850)**

Receivables from employees relate to expense allowances and loans to employees.

OTHER RECEIVABLES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Receivables from Italian Post Office	2,753	2,878	(125)
Receivable for sale of equity interest in Faenza Industrie Grafiche S.r.l.	85	85	-
Advances to agents	799	1,007	(208)
Other	947	1,211	(264)
Total	**4,584**	**5,181**	**(597)**

(11) Other current financial assets

These include financial receivables from subsidiaries.

OTHER CURRENT FINANCIAL ASSETS			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Financial receivable from 24 ORE Software S.p.A.	16,938	16,009	929
Financial receivable from 24 ORE Cultura S.r.l.	3,637	5,885	(2,247)
Financial receivable from Alinari 24 Ore S.p.A. (in liquidation)	-	4,215	(4,215)
Financial receivable from Shopping 24 S.r.l.	1,788	215	1,573
Financial receivable from Fabbrica 24 S.r.l.	1,128	391	737
Financial receivable from Lambdago S.r.l.	-	25	(25)
Total	**23,490**	**26,740**	**(3,250)**

Financial receivables relate to current account relationships with the subsidiaries 24 ORE Cultura S.r.l., Alinari 24 ORE S.p.A. (in liquidation), 24 ORE Software S.p.A., Shopping 24 S.r.l. and Fabbrica 24 to optimise returns on the subsidiaries' cash deposits. To its receivable balances, the parent applies an interest rate of 1-month Euribor/365 basis.

(12) Other current assets

This item amounted to €5,263 thousand and consisted of prepaid expenses, which break down as follows:

PREPAID EXPENSES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Agents' commissions	2,139	2,009	130
Hardware and software maintenance fees	340	142	198
Sundry taxes	318	415	(97)
IT services	188	201	(13)
Royalty and copyright costs	-	7	(7)
Rental costs	224	225	(1)
Licence fees	867	378	489
Administrative and commercial services	711	244	467
Employee insurance premiums	168	27	141
Information and data expenses	37	21	15
Insurance premiums	23	45	(23)
Conference organisation expenses	127	-	127
Rental costs	40	-	40
Other	83	79	4
Total	**5,263**	**3,794**	**1,469**

(13) Cash and cash equivalents

Cash and cash equivalents amounted to €2,729 thousand, decreasing by €3,188 thousand from the start of the year. They consist of cash in hand, cash equivalents, and on demand or short-term bank deposits that are effectively available and immediately convertible into cash.

Cash and cash equivalents recorded in the statement of cash flows are indicated below:

CASH AND CASH EQUIVALENTS		
(in thousands of euro)	31.12.2013	31.12.2012
Cash and cash equivalents	2,729	5,917
Other current financial assets	23,490	26,368
Bank overdrafts - due within one year	(19,619)	(24)
Current portion of medium-long term loans	(3,206)	(2,138)
CLOSING CASH AND CASH EQUIVALENTS	**3,394**	**30,123**

Available-for-sale assets and liabilities

(14) Available-for-sale assets and liabilities

Available-for-sale assets pertain to the Business Media business unit operating in the B2B segment, which publishes 72 publications and web portals targeting various professional segments.

This business unit was sold in January 2014 and consists of the following assets and liabilities:

AVAILABLE-FOR-SALE ASSETS AND LIABILITIES	
(in thousands of euro)	Balance at 31.12.2013
Available-for-sale assets	
Intangible assets	1,200
Inventories	100
Total	**1,300**
Available-for-sale liabilities	
Provisions for risks and charges	951
Employee benefit obligations	2,103
Other payables	354
Deferred income	767
Total	**4,175**

After the sale, the intangible assets were written down by €2,923 thousand and a contractual liability of €7,800 thousand was recognised.

Equity

(15) Equity

A breakdown of equity items as regards their nature, formation, availability and distributability is provided below:

BREAKDOWN OF EQUITY COMPONENTS									
Equity items	Amount	Of which: income-related	Of which: equity-related	Of which: taxable on distribution	Possibility of use (*) (**)	Available portion	Distributable portion	Use for 2010-2012 losses	Use for other reasons
Ordinary shares subscribed and paid in	26,000	23,031	207	2,762	-	-	-	-	-
Special shares subscribed and paid in	9,124		9,124		-	-	-	-	-
Share capital	**35,124**	**23,031**	**9,331**	**2,762**					
Share premium reserve	180,316		180,316		A,B,C	180,316		-	
Reserve for grants related to assets									
Paid in by shareholders									
Negative goodwill reserve	11,272	9,047	2,225		A,B,C	11,272	11,272		
Reserve from Nuova Radio merger	(23,759)	(23,759)							
Loss coverage									
Legal reserve	7,025	7,025			B				
Non-distributable reserve for revaluation of investments (Art. 2426 Italian Civil Code)	1,165			1,165	A,B	1,165			
Revaluation reserve – Law 342/00	-			-	A, B	-		18,786	
Revaluation reserve – Law 350/03	-			-	A, B	-		1,776	
Fair value reserve for stock grants	-	-			A,B,C	-		7,619	
Retained earnings	1,680	1,680			A,B,C	406	406	61,784	
Equity- and income-related reserves	**177,699**	**(6,007)**	**182,541**	**1,165**		**193,159**	**11,678**	**89,965**	
Total capital and reserves	**212,823**	**17,024**	**191,872**	**3,927**		**193,159**	**11,678**	**89,965**	
Post-employment benefit IFRS adjustment reserve	(2,743)								
Reserve for eff. part of cash flow hedges under IAS 39 P95A	(76)								
Retained earnings	(1,274)								
IFRS Reserves	**(4,093)**								

(*) The use of reserves distributable upon taxation has effects on the taxation of the company and shareholders

(**) Key:
A for capital increases
B for coverage of losses
C for distribution to shareholders

(16) Share capital

Share capital, fully subscribed and paid in, amounts to €35,123,787, divided into 133,333,213 shares, of which 90,000,000 ordinary shares (67.5% of share capital) and 43,333,213 special shares (32.50% of share capital), of which 3,302,027 treasury shares.

At the beginning of the year the number of treasury shares was 3,302,027 and there were no changes during the year. The carrying amount of treasury shares (€22,447 thousand) was cancelled out by an equity item of the same amount.

(17) Equity reserves

Equity reserves, which amounted to €180,316 thousand, were set up in 2007 following the listing of special shares on the Milan screen-based equity market, and consist of the share premium reserve.

(18) Revaluation reserves

The revaluation reserves were fully utilised to cover the loss for the previous year.

(19) Hedging and translation reserves

The hedging and translation reserve came to a negative €76 thousand and covers the fair value of Interest Rate Swaps, which were set up to hedge the risk of fluctuations in interest rates on three facilitated loans, net of related deferred tax assets. More specifically, the portion of fair value forming the reserve in question concerns the IRS contracts classified as cash flow hedges, the value of which decreased by €116 thousand (pre-tax) compared to the previous year, and which are considered effective for the purposes of IAS 39.

(20) Other reserves

Other reserves were a negative €7,040 thousand, with breakdown as follows:

OTHER RESERVES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Negative goodwill	(12,487)	11,272	(23,759)
Legal reserve	7,025	7,025	-
Stock Granting Reserve (Fair value)	-	7,619	(7,619)
Post-employment benefit reserve (IFRS adjustment)	(2,743)	(3,671)	928
Other	1,165	1,165	-
Total	**(7,040)**	**23,410**	**(30,450)**

The fair value reserve for stock grants was fully utilised to cover the loss for the previous year. The post-employment benefit reserve (IFRS adjustment) increased by €928 thousand. The negative goodwill decreased by €23,759 following the merger of Nuova Radio S.p.A. into the company.

(21) Retained earnings

Retained earnings decreased from €16,419 thousand to €406 thousand. The decrease of €16,013 thousand is due to the loss brought forward from the previous year.

(22) Loss for the year

The loss for the year totalled €81,909 thousand. 2012 closed with a loss for the year of €44,194 thousand.

Non-current liabilities

(23) Non-current financial liabilities

Non-current financial liabilities related to the medium-/long-term portion of the facilitated loans received under Italian publishing industry law, as summarised in the following table:

MEDIUM-LONG TERM LOANS								
Bank	Facilitation	Amount paid out	Interest rate	Date of maturity	Current portion	M/L-term portion	Residual amount at 31.12.2013	Loan with clause
Credito Emiliano S.p.A.	Law 62/2001 Publishing Industry	6,976	6-mo. Euribor + 0.875%	30/06/2015	1,101		1,101	1,101
Intesa Sanpaolo S.p.A.	Law 62/2001 Publishing Industry	3,595	6-mo. Euribor + 0.85%	30/06/2015	568		568	568
Intesa Sanpaolo S.p.A.	Law 62/2001 Publishing Industry	8,199	6-mo. Euribor + 0.85%	30/06/2015	1,537		1,537	1,537
Total		**18,770**			**3,206**	**0**	**3,206**	**3,206**

The floating-rate loans (6-month Euribor + spread) have been hedged against interest rate fluctuations by using specific derivatives, as already described in Section 7 - Risk management. These loans are not backed by collateral, but include specific covenants.

The decrease of €3,206 thousand compared with the figure at 31 December 2012 was due to the repayment of loan instalments during the year and, following the failure to meet the covenants, the transfer to the item bank overdrafts and loans - due within one year.

(24) Employee benefit obligations

Employee benefit obligations, totalling €24,340 thousand, relate to post-employment benefits and registered the following changes over the year:

EMPLOYEE BENEFIT OBLIGATIONS								
(in thousands of euro)	Opening balance	Financial income	Actuarial losses	From Nuova Radio merger	Personnel acquisition from other group companies	Reclassification to non-current liabilities held for sale	Uses and other changes	Closing balance
Post-employment benefits	27,716	774	(1,281)	937	23	(2,103)	(1,726)	24,340
Total	**27,716**	**774**	**(1,281)**	**937**	**23**	**(2,103)**	**(1,726)**	**24,340**

The main actuarial assumptions used to estimate the benefits to be awarded on termination of employment are as follows:

Demographic assumptions:

- the RG48 tables were used for mortality rates;
- the annual probability of a post-employment benefit advance being requested was set at 2%, based on historical data of the companies being evaluated.

Economic and financial assumptions:

- the discount rate was determined at 3% based on the High Quality Corporate Bond for the euro zone;

- the inflation rate used was 2%;
- the percentage of accrued post-employment benefits requested in advance was set at 66.75% based on historical figures.
- wages/salaries growth rate of 2.75%.

(25) Provisions for risks and charges

Provisions for risks and charges amounted to €13,053 thousand at 31 December 2013, and registered the following changes:

PROVISIONS FOR RISKS AND CHARGES

(in thousands of euro)	Opening balance	Provisions	Use of provisions	Nuova Radio merger	Reclassification to allowance for impairment of financial receivables	Reclassification to non-current liabilities held for sale	Closing balance
Provision for legal disputes	2,532	979	(832)	944	-	-	3,622
Provision for sundry risks	3,225	134	(1,130)	-	-	-	2,229
Provision for agent indemnities	6,658	601	(989)	-	-	(951)	5,320
Provision for impairment losses on investments in subsidiaries	3,428	1,378	(34)	-	(2,890)	-	1,882
Total	**15,843**	**3,091**	**(2,985)**	**944**	**(2,890)**	**(951)**	**13,053**

Provisions for legal disputes (€3,622 thousand) cover litigation risks known at the reporting date. These risks relate in particular to personnel lawsuits (€1,621 thousand), disputes with social security institutions (€1,029 thousand), lawsuits against the newspaper (€726 thousand), forecast legal expenses (€168 thousand) and other litigation (€78 thousand).

Provision for sundry risks (€2,229 thousand) is to cover the residual risks relating to contractual obligations connected with the construction of the building in Via Monte Rosa, Milan (€1,645 thousand) and other risks of a fiscal (€257 thousand) and contractual nature (€327 thousand).

Agents' indemnities are provisions to cover the risks deriving from early termination of the contract and those relating to discontinuation of the agency relationship as per Article 1751 of the Italian Civil Code.

(26) Other non-current liabilities

The amount was unchanged versus the previous year at €34 thousand, and relates to guarantee deposits.

Current liabilities

(27) Bank overdrafts and loans - due within one year

These amounted to €56,137 thousand (€2,162 thousand in the previous year) and related to:

BANK OVERDRAFTS AND LOANS - DUE WITHIN ONE YEAR			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Short-term bank loans	33,312	-	33,312
Current account overdrafts	19,619	24	19,594
Current portion of medium-long term loans	3,206	2,138	1,069
Total	**56,137**	**2,162**	**53,975**

(28) Other current financial liabilities

This item refers to intercompany current accounts, as detailed below:

OTHER CURRENT FINANCIAL LIABILITIES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Financial payable to Nuova Radio S.p.A.	-	372	(372)
Total	**-**	**372**	**(372)**

(29) Financial liabilities held for trading

Financial liabilities held for trading totalled €105 thousand, as shown in the section *Cash flow hedging* in Section *6 Risk Management*.

(30) Trade payables

Trade payables were €133,600 thousand, and break down as follows:

TRADE PAYABLES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Suppliers	91,836	114,410	(22,574)
Deferred income	32,474	34,757	(2,283)
Trade payables to subsidiaries	2,369	2,947	(578)
Trade payables to associates and non-controlling interests	276	170	106
Other trade payables	6,645	6,133	512
Total	**133,600**	**158,417**	**(24,817)**

The breakdown of deferred income is shown below:

DEFERRED INCOME			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Online publications by subscription	12,249	10,432	1,817
Sale of magazines	7,365	10,179	(2,815)
Il Sole 24 ORE newspaper subscriptions	8,966	10,622	(1,656)
IT services	3,152	2,361	791
Software by subscription	742	1,163	(421)
Total	**32,474**	**34,757**	**(2,283)**

(31) Other current liabilities

Other current liabilities were €5,563 thousand at 31 December 2013 and are represented by deferred income:

DEFERRED INCOME			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Conferences	4,494	4,086	408
Sales of software licences	149	360	(211)
Services	188	277	(88)
Interest expense on M/L fin. payable to third parties	154	273	(119)
Rent income	236	1	235
Other deferred income	341	488	(147)
Total	**5,563**	**5,484**	**79**

(32) Other payables

Other payables totalled €57,667 thousand, with the following breakdown:

OTHER PAYABLES			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Payables to employees for restructuring	14,850	8,688	6,162
Social security institutions	6,278	8,137	(1,859)
Tax payables	5,049	5,184	(135)
Holidays	7,033	7,239	(206)
Other employee payables	5,560	6,130	(570)
13th and 14th-month salaries accrued and not yet paid	2,434	2,611	(177)
Miscellaneous payables	16,463	11,848	4,615
Total	**57,667**	**49,839**	**7,828**

Tax payables mainly refer to withholding tax on payroll and on freelancers' invoices.

Payables to employees for restructuring include provisions allocated, net of disbursements. Charges of €14,760 thousand were allocated during the year, against an outlay of €8,768 thousand.

MISCELLANEOUS PAYABLES

(in thousands of euro)	31.12.2013	31.12.2012	Change
Payable for ESA Software S.p.A. acquisition	6,592	6,592	-
Payable for sale of Business Media business unit	7,800	-	7,800
Payable to Ifitalia	475	1,692	(1,217)
Payable for tax consolidation	-	977	(977)
Expense reports	126	308	(182)
Other payables	1,470	2,279	(809)
Total	**16,463**	**11,848**	**4,615**

Income Statement

(33) Revenue from newspapers, books and magazines

REVENUE FROM NEWSPAPERS, BOOKS AND MAGAZINES				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Newspaper	56,012	67,824	(11,812)	-17.4%
Magazines	28,743	41,316	(12,573)	-30.4%
Books	4,296	6,434	(2,138)	-33.2%
Add-ons	5,820	7,863	(2,043)	-26.0%
Total	**94,870**	**123,438**	**(28,566)**	**-23.1%**

(34) Revenue from advertising

Revenue from advertising amounted to €128,653 thousand, with a decrease of €15,873 thousand, or 11.0% compared to the previous year.

(35) Other revenue

OTHER REVENUE				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Software	20,497	20,289	208	1.0%
Electronic publishing	42,476	37,441	5,035	13.4%
Revenue from conferences and training	15,829	15,254	575	3.8%
IT products	15,868	13,938	1,930	13.8%
Revenue from other products and services	7,011	8,200	(1,189)	-14.5%
Total	**101,681**	**95,121**	**6,559**	**6.9%**

(36) Other operating income

OTHER OPERATING INCOME				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Prior year income	1,187	584	603	103.2%
Sundry expense recoveries	5,317	6,049	(732)	-12.1%
Grants	364	550	(186)	-33.9%
Rent income	918	423	494	116.9%
Other	1,145	1,022	123	12.0%
Total	**8,930**	**8,628**	**302**	**3.5%**

(37) Personnel expense

PERSONNEL EXPENSE				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Wages & salaries	78,496	83,890	(5,394)	-6.4%
Social security charges & pension contributions	26,280	28,957	(2,677)	-9.2%
Post-employment benefits	6,648	6,914	(266)	-3.8%
Overtime, holidays and other expense	14,959	8,710	6,249	71.7%
Total	**126,384**	**128,472**	**(2,088)**	**-1.6%**

Personnel expense decreased by €2,088 thousand, due to the employee solidarity agreements and the lower average headcount from 1,281 to 1,229, down by 52 staff compared to 31 December 2012, as well as the decrease in short-term contract personnel by 28 staff. Restructuring expenses of €14,760 thousand were recognised for the year compared to €5,333 thousand of the previous year.

(38) Purchases of raw materials and consumables

PURCHASES OF RAW MATERIALS AND CONSUMABLES				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Paper	5,106	27,734	(22,628)	-81.6%
Goods for resale	39	96	(57)	-59.4%
Photographic material and ink	1,113	1,485	(372)	-25.1%
Plant maintenance materials	696	772	(76)	-9.8%
Fuel	296	347	(51)	-14.7%
Stationery & printed materials	115	191	(76)	-39.8%
Spare parts	255	374	(119)	-31.8%
Packaging materials	62	118	(56)	-47.4%
Other sundry costs	19	70	(51)	-72.9%
Total	**7,703**	**31,187**	**(23,486)**	**-75.3%**

(39) Services

SERVICES				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Distribution	31,828	39,056	(7,228)	-18.5%
Commissions & other selling expenses	25,837	28,600	(2,763)	-9.7%
Advertising & promotion	14,459	15,175	(716)	-4.7%
Printing	14,343	23,410	(9,067)	-38.7%
Advertising costs for publishers	18,030	24,948	(6,918)	-27.7%
Editorial costs	13,522	14,474	(952)	-6.6%
Conferences	5,222	5,650	(428)	-7.6%
Commercial and administrative services	10,571	5,397	5,174	95.9%
IT and Software services	8,006	9,086	(1,080)	-11.9%
Miscellaneous production costs	14,585	5,728	8,857	154.6%
Utilities (telephone, electricity, water, etc.)	5,286	4,165	1,121	26.9%
Software development	413	594	(181)	-30.5%
Maintenance & repairs	4,835	3,895	940	24.1%
Set-up costs	3,276	5,275	(1,999)	-37.9%
General facility services	3,808	3,613	195	5.4%
Employee services	2,763	3,425	(662)	-19.3%
Legal and notary fees	2,213	2,634	(421)	-16.0%
Personnel expense refunds	1,513	1,840	(327)	-17.8%
Press agencies	2,361	2,270	91	4.0%
Corporate bodies' and independent auditors' fees	902	1,075	(173)	-16.1%
Other collaboration and advisory services	3,608	2,061	1,547	75.1%
Product warehousing costs	1,697	1,961	(264)	-13.5%
Bank expenses	1,393	1,082	311	28.7%
Insurance	723	718	5	0.7%
News purchase	1,106	740	366	49.4%
Packing costs	653	1,091	(438)	-40.2%
Intergroup centralised services	30	371	(341)	-92.0%
Total	**192,983**	**208,335**	**(15,351)**	**-7.4%**

(40) Use of third party assets

USE OF THIRD PARTY ASSETS				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Rental costs	13,667	14,087	(420)	-3.0%
Royalties	1,355	3,530	(2,175)	-61.6%
Car rental for company/private use	2,668	2,981	(313)	-10.5%
Copyright royalties	978	1,781	(803)	-45.1%
Rental of radio transmission equipment	1,318	-	1,318	
Other fees	2,071	1,656	415	25.1%
Hardware lease/rental costs	54	4	50	1382.9%
Other sundry costs	249	332	(83)	-25.0%
Total	**22,359**	**24,369**	**(2,011)**	**-8.3%**

(41) Other operating costs

OTHER OPERATING COSTS				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Prior year costs	1,065	7,147	(6,082)	-85.1%
VAT borne by publisher	1,739	2,168	(429)	-19.8%
Miscellaneous taxes	1,468	1,350	118	8.7%
Entertainment expenses	298	398	(100)	-25.1%
Purchase of newspapers and magazines	661	681	(20)	-2.9%
Association membership dues	449	480	(32)	-6.6%
Purchase of books and magazines for promotional purposes	-	3	(3)	-100.0%
Other miscellaneous expenses	9,751	2,330	7,422	318.6%
Total	**15,431**	**14,558**	**874**	**6.0%**

The item other miscellaneous expenses includes contractual expenses of €7,800 thousand relating to the sale of the Business Media business unit.

(42) Allowance for impairment

ALLOWANCE FOR IMPAIRMENT			
(in thousands of euro)	31.12.2013	31.12.2012	Change
Provision for trade receivables	5,677	5,806	(129)
Provision for current financial assets	3,271	-	3,271
Total	**8,948**	**5,806**	**3,142**

(43) Impairment losses on property, plant and equipment and on intangible assets

Impairment losses amounted to €10,699 thousand and refer mainly to:

- plant impairment for €7,776 thousand, relating to impairment on the Verona rotary printing press no longer in use, for which reference should be made to note (1);

- impairment of intangible assets for €2,923 thousand, for impairment losses on publications and internal portals of the sector-specific publishing business unit, for which reference should be made to note (3).

(44) Net gains on disposal of non-current assets

Net gains from the disposal of non-current assets totalled €25 thousand.

(45) Net financial income (expense)

NET FINANCIAL INCOME (EXPENSE)				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Financial income from investment of surplus cash	35	324	(290)	-89.2%
Other financial income	692	472	220	46.7%
Foreign exchange gains	18	8	10	125.0%
Total income	**745**	**804**	**(59)**	**-7.3%**
Foreign exchange losses	(61)	(71)	10	14.1%
Financial expenses on short-term borrowings	(1,061)	(43)	(1,018)	insig.
Financial expenses on medium-/long-term borrowings	-	(20)	20	100.0%
Other financial expenses	(956)	(431)	(525)	-121.7%
Total expenses	**(2,078)**	**(566)**	**(1,513)**	**-267.3%**
Total	**(1,333)**	**239**	**(1,572)**	**-658.8%**

Net financial expense amounted to €1,333 thousand and is broken down as follows:

- financial income of €745 thousand is attributable to cash resources and short-term cash investments (€35 thousand), other income relating to interest income from the treasury account with subsidiaries and interest income on trade receivables (€692 thousand);
- financial expenses of €2,078 thousand mainly consist of derivative premiums and financial expenses related to the factoring of trade receivables (€1,061 thousand), financial expenses on current account overdrafts (€956 thousand) and foreign exchange losses (€43 thousand).

(46) Other expenses from investment assets and liabilities

OTHER INCOME (EXPENSES)				
(in thousands of euro)	Year 2013	Year 2012	Change	Change %
Subsidiaries	(2,833)	(900)	(1,933)	-214.8%
Associates	(20)	-	(20)	insig.
Total	**(2,853)**	**(900)**	**(1,953)**	**-217.1%**

Other net expenses from investment assets and liabilities amounted to €1,302 thousand, and mainly relate to:

- income for €1,144 thousand relating to the dividend distributed by the subsidiary Il Sole 24 ORE UK Ltd for €1,000 thousand and Newton Management Innovation S.p.A. for €144 thousand;
- write-downs of €2,426 thousand relating to the subsidiary 24 ORE Cultura S.p.A.;

- write-downs of €1,551 thousand relating to the subsidiary 24 ORE Software S.p.A.;
- costs for the write-down of the equity investment in Italia News S.r.l. for €20 thousand.

(47) Income taxes

Taxes for the year were positive at €518 thousand, with the following breakdown:

INCOME TAXES			
(in thousands of euro)	Year 2013	Year 2012	Change
IRES (corporate income tax)	-	-	-
IRAP (regional business tax)	1,326	(1,506)	2,832
Substitute income taxes	-	(699)	699
Substitute income taxes		2,527	(2,527)
Prior year taxes	336	(168)	504
Total current taxes	**1,662**	**154**	**1,508**
DTA arising from realignment	-	1,791	(1,791)
Deferred tax assets/liabilities	(2,180)	17,039	(19,219)
Tax reimbursements for restatement of tax losses		2,623	(2,623)
Deferred tax assets/liabilities	**(2,180)**	**21,453**	**(23,633)**
Total	**(518)**	**21,607**	**(22,126)**

The following table shows the reconciliation between the theoretical tax rate and the effective tax rate:

RECONCILIATION OF THEORETICAL AND EFFECTIVE TAX RATE						
(in thousands of euro)	31/12/2013	%	31/12/2012	%	Change	%
Loss before tax	**(82,427)**		**(65,800)**		**(16,627)**	
Theoretical income taxes	**(25,831)**	**31.3%**	**(20,661)**	**31.4%**	**(5,170)**	**31.09%**
Tax effect of permanent differences	**5,702**	**-6.9%**	**5,401**	**-8.2%**	**302**	**(1.8%)**
Personnel expense	3,710	-4.5%	3,537	-5.4%	173	(1.0%)
Non-deductible financial expenses	-	0.0%	-	0.0%	-	0.00%
Expenses from investments	1,473	-1.8%	1,431	-	42	(.3%)
Car & telephone costs	-	0.0%	81	-0.1%	(81)	0.49%
Non-deductible depreciation & amortisation	-	0.0%	-	0.0%	-	0.00%
Difference between taxable bases for IRES (corporate income tax) and IRAP (regional productivity tax)	170	-	(26)	0.0%	196	(1.2%)
Other permanent differences (increases)	349	-0.4%	963	-1.5%	(614)	3.69%
Income from investments	-	0.0%	-		-	0.00%
Grants	-	0.0%	(101)	0.2%	101	(.6%)
Other permanent differences (decreases)	-	0.0%	(484)	0.7%	484	(2.9%)
Goodwill impairment	-	0.0%	-	0.0%	-	-
Prior-year income taxes	**336**	**-0.4%**	**168**		**169**	**(1.0%)**
Tax differences previously not recognised	**19,274**	**-**	**(272)**	**0.4%**	**19,546**	**(117.6%)**
Refunds	**-**	**0.0%**	**(5,150)**	**0.0%**	**5,150**	**(0.310)**
Effect of realignment	**-**	**0.0%**	**(1,092)**	**0.0%**	**1,092**	**(6.6%)**
Income taxes recognised in the financial statements	**(518)**	**0.6%**	**(21,607)**	**-12.1%**	**21,089**	**(126.8%)**

Please note that the company did not recognise additional deferred tax assets for IRES, except as specified below.

Although they may be carried forward indefinitely, the Company decided not to recognise additional deferred tax assets on tax losses, as a result of:

- the option to settle part of the deferred tax assets, particularly those relating to intangible assets, through their transformation and offsetting against other taxes;
- the regime introduced by art. 23, paragraph 9, Italian Decree Law no. 98 of 6 July 2011, which introduced certain changes to the tax treatment of business losses for IRES taxpayers. The new provisions set a longer period to recover losses, which substantially coincides with the duration of the company;
- the option to use taxable income generated by other Group companies participating in the tax consolidation for offsetting purposes.

The Company will periodically re-assess the deferred tax assets and will report the deferred tax assets not recognised on losses previously to the extent that future taxable income is likely to arise enabling the recovery of the deferred tax assets.

Please note that the tax assets not recognised on current year losses in the financial statements amount to €19,032 thousand.

The Company recognised:

- deferred tax assets deriving from new net deductible temporary differences for IRAP purposes because the taxable base for this tax was positive (€304 thousand);
- deferred tax assets on net deductible temporary IRES differences, since it expects these assets to be offset in upcoming tax periods in which available taxable income is forecast (€1,450 thousand);
- deferred tax assets on tax losses deriving from the deduction of negative income items on the amortisation of radio broadcasting frequencies (€426 thousand), whose recoverability is guaranteed under art. 2, paragraphs 55-58 of Italian Law Decree 225/2010. This regulation governs the conversion into tax credits of deferred tax assets deriving from negative income items relating to goodwill and other intangible assets. Tax credits are attributed against the corresponding tax losses and other tax items associated with the deferred tax assets.

9. Other information

9.1 List of equity investments in subsidiaries and associates

LIST OF EQUITY INVESTMENTS IN DIRECTLY AND INDIRECTLY OWNED SUBSIDIARIES

Company name	Business	Headquarters	Currency	Share/quota capital paid in	% of ownership	Held by
24 ORE Software S.p.A.	Software solutions	Milan	EUR	7,232,000	100.0%	Il Sole 24 ORE S.p.A.
24 ORE Cultura S.r.l.	Art products	Milan	EUR	120,000	100.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE UK Ltd	Sale of advertising space	London	EUR	50,000	100.0%	Il Sole 24 ORE S.p.A.
Alinari 24 ORE S.p.A. (in liquidation)	Photographs and exhibitions	Florence	EUR	120,000	55.0%	Il Sole 24 ORE S.p.A.
Newton Management Innovation S.p.A.	Training services	Milan	EUR	160,000	60.0%	Il Sole 24 ORE S.p.A.
Shopping24 S.r.l.	E-commerce	Milan	EUR	10,000	100.0%	Il Sole 24 ORE S.p.A.
Newton Lab S.r.l	Training services	Turin	EUR	100,000	51.0%	Newton Management Innovation S.p.A.
Fabbrica24 S.r.l.	E-commerce	Milan	EUR	120,000	100.0%	Shopping24 S.r.l.
Diamante S.p.A.	Software solutions	Verona	EUR	680,000	80.0%	24 ORE Software S.p.A.
BacktoWork24 S.r.l.	internet services	Milan	EUR	100,000	90.0%	Fabbrica24 S.r.l.

LIST OF EQUITY INVESTMENTS IN DIRECTLY AND INDIRECTLY OWNED ASSOCIATES

Company name	Business	Headquarters	Currency	Share/quota capital paid in	% of ownership	Held by
Mondoesa Emilia S.r.l.	Software solutions	Parma	EUR	20,800	40.0%	24 ORE Software S.p.A.
Mondoesa Lazio S.r.l.	Software solutions	Frosinone	EUR	20,800	35.0%	24 ORE Software S.p.A.
Mondoesa Laghi S.r.l.	Software solutions	Venegono inferiore (VA)	EUR	107,500	33.70%	24 ORE Software S.p.A.
Mondoesa Milano Nordovest S.r.l.	Software solutions	Milan	EUR	107,100	49.0%	24 ORE Software S.p.A.
Cesaco S.r.l.	Software solutions	Vicenza	EUR	90,000	48.0%	24 ORE Software S.p.A.
Aldebra S.p.A.	Software solutions	Trent	EUR	1,272,908	19.39%	24 ORE Software S.p.A.

9.2 Related-party transactions

A related party is a person or entity related to the parent, indicated in compliance with the provisions of *IAS 24 Related party disclosures*. The definition of related party always includes subsidiaries owned by the associates and joint ventures of the parent.

For the transactions carried out with related parties in the reference period of these Separate financial statements, the nature of the relationship existing with the related party is stated, together with the amount of the transactions, the amount of the existing balances, including commitments, contractual terms and conditions, any guarantee received or provided. If allowances for doubtful receivables or impairment losses on receivables need to be recognised, evidence must be provided.

The relations between the parent and the subsidiaries are always stated, regardless of any transactions carried out between them.

Information regarding related parties and the relationships with them is summarised in the table on the next page, with specific indication of the transactions, positions or balances that have an impact on the parent's statement of financial position, results of operations or cash flows.

Related-party transactions are limited to those with subsidiaries and associates concerning commercial, administrative and financial services. These transactions form part of normal business operations and of the core business of each of the companies involved, and are regulated at market conditions.

The company follows the Transactions with Related Parties procedure resolved by the Board of Directors on 15 November 2010, in execution of CONSOB regulation approved with resolution no. 17221 of 12 March 2010, subsequently amended with resolution no. 17389 of 23 June 2010.

The related parties referred to are entered in the register of related parties, established by the procedure adopted on 12 November 2010. This procedure can be viewed in the Governance section of the web site *www.gruppo24ore.com*.

RELATED-PARTY TRANSACTIONS

Company	Trade and other receivables	Financial receivables	Trade and other payables	Financial payables	Revenue and operating income	Costs	Financial income	Financial expenses
Confederazione Generale dell'Industria Italiana (Confederation of Italian Industry)	15	-	-	-	71	-	-	-
Total ultimate parent entity	**15**	**-**	**-**	**-**	**71**	**-**	**-**	**-**
24 ORE Software S.p.A.	18	16,938	(1,762)	-	2,157	(13,218)	340	-
Il Sole 24 Ore Uk Ltd	-	-	(221)	-	-	(494)	1,000	-
24 Ore Cultura S.r.l.	175	3,637	(338)	-	863	(935)	115	-
Diamante S.p.A.	12	-	-	-	22	-	-	-
Newton Management Innovation S.p.A.	32	-	(66)	-	0	(65)	144	-
Newton Lab S.r.l.	(1)	-	(3)	-	-	(15)	-	-
Alinari 24 ORE S.p.A. in liquidation	-	-	(3)	-	10	(7)	115	-
Shopping24 S.r.l.	-	1,787	(32)	-	-	(32)	5	-
Fabbrica24 S.r.l.	18	1,128	-	-	18	(110)	6	-
BacktoWork S.r.l.	20	-	-	-	20	-	-	-
Total subsidiaries	**276**	**23,490**	**(2,424)**	**0**	**3,089**	**(14,876)**	**1,724**	**0**
Total associates	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sipi S.p.A.	51	-	-	-	102	(75)	-	-
Key management personnel	-	-	(310)	-	-	(4,322)	-	-
Other managers	-	-	(536)	-	-	(2,224)	-	-
Board of Directors	-	-	(272)	-	-	(1,128)	-	-
Board of Statutory Auditors	-	-	(479)	-	-	(479)	-	-
Other related-party persons	-	-	(234)	-	9	(1,457)	-	-
Total other related parties	**51**	**-**	**(1,831)**	**-**	**111**	**(9,685)**	**-**	**-**
Total related parties	**342**	**23,490**	**(4,255)**	**0**	**3,271**	**(24,561)**	**1,724**	**-**
Change versus previous year	(445)	(3,250)	35	372				
Amount recognised in the Group's consolidated financial statements	149,836	-	(238,681)		395,398	(431,340)	207	(2,197)
Amount recognised in the parent's financial statements	114,304	23,490	(215,608)	-	334,135	(374,281)	745	(2,078)
% impact on the parent's financial statements	*0.3%*	*100.0%*	*2.0%*	*0.0%*	*1.0%*	*6.6%*	*231.3%*	*0.0%*
Net cash used in the Group's operating activities	(40,783)		(40,783)		(40,783)	(40,783)		
Net cash used in the parent's operating activities	(48,979)		(48,979)		(48,979)	(48,979)		
% impact on net cash flow used in the parent's operating activities	*-0.7%*		*8.7%*		*-6.7%*	*50.1%*		
Net cash used in the Group's financing activities		(12,339)		(12,339)			(12,339)	(12,339)
Net cash used in the parent's financing activities		(8,213)		(8,213)			(8,213)	(8,213)
% impact on cash flow used in the parent's financing activities		*-286.0%*		*0.0%*			*-21.0%*	*0.0%*
% impact on parent's equity	*0.3%*	*18.5%*	*-3.4%*	*0.0%*				
% impact on parent's loss for the year					*4.0%*	*-30.0%*	*2.1%*	*0.0%*

Financial receivables relate to:

- current account relationships with the subsidiaries 24 ORE Software S.p.A., 24 ORE Cultura S.r.l., Alinari 24 ORE S.p.A. (in liquidation), Shopping 24 S.r.l. and Fabbrica 24 S.r.l. to maximise returns on subsidiaries' cash deposits. To its receivable balances, the parent applies an interest rate of 1-month Euribor/365 basis plus 0.20%. To its payable balances, the parent applies an interest rate of 1-month Euribor/365 basis.

Trade/other receivables mainly related to:

- amounts due from Newton Management Innovation S.p.A. for the charge-back of insurance costs
- amounts due from 24 ORE Cultura S.r.l. for operations services and the sale of advertising space;
- amounts due from Fabbrica 24 S.r.l. and Backtowork S.r.l. for centralised services;
- sale of advertising spaces to the related party Sipi S.p.A.

Trade/other payables mainly related to:

- payables to the subsidiary Il Sole 24 ORE UK Ltd., for the commercial intermediation activity relating to the sale of advertising space in the UK;
- payables to group companies for operations services (operational planning and coordination, sales management and customer services) and development of software products.

Revenue and operating income mainly relate to:

- charging of centralised services to Group companies;
- sale of advertising space in Group-owned publications.

Costs mainly refer to:

- contractual agreement with the subsidiary Il Sole 24 ORE UK Ltd., for the commercial intermediation activity relating to the sale of advertising space in the UK;
- operations services (operational planning and coordination, sales management and customer services) and development of software products.

Key management personnel are the managers of the corporate functions, the business managers and the central Group managers. The costs refer to remuneration, social security contributions and post-employment benefits.

Financial income refers to the interest income on the financial receivables mentioned above and the collection of the dividend distributed by the subsidiaries Il Sole 24ORE UK Ltd and Newton Management Innovation S.p.A..

9.3 Events after the end of the year

The disposal of the Business Media business unit to Tecniche Nuove S.p.A. was completed on 30 January.

On 11 March 2014, the Board of Directors approved the 2014-2018 Plan, the first year of which is represented by the 2014 budget, which envisages organic growth. The prospects for development reflected in the plan are accompanied by significant objectives linked to the digital growth strategy, which has already been initiated. In particular, the plan sets forth:

- maintenance of the newspaper's market leadership and enhancement of that asset in Group business development;
- development of an innovative product offering system based on the integration of Group products targeted at specific market segments;
- focus on high-end segments and high-profitability products and the resulting diversification of sales channels based on customers served;
- revision of company processes and cost optimisation.

These objectives will make it possible to redefine the supply/services system by making it more consistent with the reliability of the brand.

On 31 January 2014 after the conclusion of negotiations, the newspaper's editorial board signed a union agreement governing the 14% solidarity contract for journalists, the retirement and early retirement of 38 journalists and the revision of certain company policies.

The agreement signed with the polygraphics unitary union bodies on 21 and 22 November 2013 for the reorganisation of the Milan and Carsoli plants became effective on 1 March 2014. This agreement envisages raising the solidarity percentage from 16% to 35%-40%.

9.4 Disclosure pursuant to Consob regulation no. 11971 as amended

Fees for services provided by the independent auditors and other entities within their network

The statement below was prepared pursuant to art. 149-*duodecies* of Consob Regulation no. 11971, as amended, and highlights the amounts pertaining to 2013 for auditing services and other services provided by the independent auditors and the entities within their network.

INDEPENDENT AUDITOR FEES

Service provided	Service provider	Recipient	Fees for 2013
Auditing	KPMG S.p.A.	Il Sole 24 ORE S.p.A.	184
	KPMG S.p.A.	Subsidiaries	149
Certification services	KPMG S.p.A.	Il Sole 24 ORE S.p.A.	14
	KPMG network	Il Sole 24 ORE S.p.A.	-
Other services	KPMG S.p.A.	Il Sole 24 ORE S.p.A.	24
	KPMG network	Il Sole 24 ORE S.p.A.	63
Total			**434**

9.5 Disclosures pursuant to Consob Resolution No. 15519 of 27 July 2006

STATEMENT OF FINANCIAL POSITION OF THE PARENT

(in thousands of euro)	Note (*)	31.12.2013	of which related parties	31.12.2012	of which related parties
ASSETS					
Non-current assets					
Property, plant and equipment	(1)	50,973	-	70,050	-
Goodwill	(2)	15,982	-	15,982	-
Intangible assets	(3)	58,025	-	29,563	-
Investments in associates and joint ventures	(4)	-	-	20	20
Available-for-sale financial assets	(5)	891	-	875	-
Other non-current financial assets	-	-	-	-	-
Other non-current assets	(6)	94,154	-	140,506	137,401
Deferred tax assets	(7)	56,793	-	55,289	-
Total		**276,819**	**-**	**312,286**	**137,421**
Current assets					
Inventories	(8)	5,205	-	14,726	-
Trade receivables	(9)	105,448	342	122,580	529
Other receivables	(10)	8,856	-	9,706	259
Other current financial assets	(11)	23,490	23,490	26,740	26,740
Other current assets	(12)	5,263	-	3,794	-
Cash and cash equivalents	(13)	2,729	-	5,917	-
Total		**150,991**	**23,832**	**183,463**	**27,527**
Assets held for sale	(14)	1,300	-	-	-
TOTAL ASSETS		**429,109**	**23,832**	**495,749**	**164,948**

(*) Section 8 of the Notes to the separate financial statements

STATEMENT OF FINANCIAL POSITION OF THE PARENT (CONT.)

(in thousands of euro)	Note	31.12.2013	of which related parties	31.12.2012	of which related parties
EQUITY AND LIABILITIES					
Equity					
Share capital	(15)	35,124	-	35,124	-
Equity reserves	(16)	180,316	-	180,316	-
Revaluation reserves	(17)	-	-	20,561	-
Hedging and translation reserves	(18)	(76)	-	(193)	-
Other reserves	(20)	(7,040)	-	23,410	-
Retained earnings	(21)	406	-	16,419	-
Loss for the year	(22)	(81,909)	-	(44,194)	
Total		**126,822**	**-**	**231,444**	**-**
Total equity		**126,822**	**-**	**231,444**	**-**
Non-current liabilities					
Non-current financial liabilities	(23)	-	-	3,206	-
Employee benefit obligations	(24)	24,340	509	27,716	747
Deferred tax liabilities	(8)	7,613	-	966	-
Provisions for risks and charges	(25)	13,053	-	15,843	-
Other non-current liabilities	(26)	34	-	34	-
Total		**45,040**	**509**	**47,766**	**1,119**
Current liabilities					
Bank overdrafts and loans - due within one year	(27)	56,137	-	2,162	-
Other current financial liabilities	(28)	(0)		372	372
Financial liabilities held for trading	(29)	105	-	266	-
Trade payables	(30)	133,600	2,930	158,417	3,390
Other current liabilities	(31)	5,563	-	5,484	-
Other payables	(32)	57,667	816	49,839	690
Total		**253,072**	**3,746**	**216,539**	**4,452**
Liabilities held for sale	(14)	4,175	-	-	-
Total liabilities		**302,287**	**4,255**	**264,305**	**5,571**
TOTAL EQUITY AND LIABILITIES		**429,109**	**4,255**	**495,749**	**5,571**

(*) Section 8 of the Notes to the separate financial statements

INCOME STATEMENT OF THE PARENT							
(in thousands of euro)	Note (*)	Year 2013	of which related parties	of which non-recurring transactions	Year 2012	of which related parties	of which non-recurring transactions
1) Continuing operations							
Revenue from newspapers, books and magazines	(33)	94,870	46	-	123,438	94	-
Revenue from advertising	(34)	128,653	425	-	144,527	764	-
Other revenue	(35)	101,681	98	-	95,121	179	-
Total revenue		**325,205**	**568**	**-**	**363,085**	**1,036**	**-**
Other operating income	(36)	8,930	2,703	-	8,628	3,507	-
Personnel expense	(37)	(126,384)	(6,546)	(14,760)	(128,472)	(8,368)	(7,518)
Change in inventories	(8)	(9,421)	-	-	7,252	-	-
Purchase of raw materials and consumables	(38)	(7,703)	(11)	-	(31,187)	(34)	-
Services	(39)	(192,983)	(17,507)	(909)	(208,335)	(20,893)	-
Use of third party assets	(40)	(22,359)	(462)	-	(24,369)	(304)	-
Other operating costs	(41)	(15,431)	(35)	(8,099)	(14,558)	(35)	(6,260)
Provisions	(42)	(3,091)	-	-	(6,545)	-	(900)
Allowance for impairment	(9)	(8,948)	-	-	(5,806)	-	-
Gross operating loss		**(52,186)**	**(21,290)**	**(23,768)**	**(40,306)**	**(25,090)**	**(14,678)**
Amortisation of intangible assets	(3)	(6,074)	-	-	(5,348)	-	-
Depreciation of property, plant and equipment	(1)	(9,306)	-	-	(9,248)	-	-
Impairment losses on property, plant and equipment and on intangible assets	(43)	(10,699)	-	(10,699)	(11,243)	-	(11,007)
Net gains on disposal of non-current assets	(44)	25	-	-	1,007	-	1,000
Operating loss		**(78,241)**	**(21,290)**	**(34,467)**	**(65,139)**	**(25,090)**	**(24,685)**
Financial income	(45)	745	580	-	804	173	-
Financial expenses	(45)	(2,078)	-	-	(566)	(5)	-
Net financial income (expense)		**(1,333)**	**580**	**-**	**239**	**168**	
Other expenses from investment assets and liabilities	(46)	(2,853)	1,144	-	(900)	240	-
Loss before tax		**(82,427)**	**(19,566)**	**(34,467)**	**(65,800)**	**(24,682)**	**(24,685)**
Income taxes	(47)	518	-	-	21,607	-	-
Loss from continuing operations		**(81,909)**	**(19,566)**	**(34,467)**	**(44,194)**	**(24,682)**	**(24,685)**
2) Discontinued operations							
Profit (loss) from discontinued operations		**-**	**-**	**-**	**-**	**-**	**-**
Loss for the year	(22)	**(81,909)**	**(19,566)**	**(34,467)**	**(44,194)**	**(24,682)**	**(24,685)**

(*) Section 8 of the Notes to the separate financial statements

STATEMENT OF CASH FLOWS OF THE PARENT					
(in thousands of euro)	Note	Year 2013	of which related parties	Year 2012	of which related parties
Loss before tax		(82,427)	-	(65,800)	-
Adjustments [b]		**28,229**	**(99)**	**27,427**	**(291)**
Depreciation, amortisation and impairment losses	(1,3,6)	30,056	-	26,980	-
Losses	(44,46)	(5)	-	(1,007)	-
Change in provisions for risks and charges	(25)	(2,790)	-	4,912	-
Change in employee benefit obligations	(24)	(3,376)	(99)	4	(51)
Change in deferred taxes	(7)	7,324	-	(2,753)	-
Financial income/(expenses)	(45)	1,333	-	(239)	-
Other adjustments		(4,314)	-	(470)	(240)
Changes in net working capital [c]		**5,219**	**(858)**	**31,288**	**316**
Change in inventories	(8)	9,521	-	(7,252)	-
Change in trade receivables	(9)	17,131	(187)	31,402	(166)
Change in trade payables	(30)	(24,817)	(671)	11,953	1,625
Income taxes paid		(505)	-	(2,973)	-
Other changes in net working capital		3,888		(1,842)	(1,143)
Total cash flow used in operating activities [d=a+b+c]		**(48,979)**	**(957)**	**(7,085)**	**25**
Cash flow used in investing activities [e]		**(8,213)**	**(372)**	**(15,972)**	**240**
Investments in intangible assets and property, plant and equipment	(1,3)	(14,616)	-	(15,036)	-
Disposal of intangible assets and property, plant and equipment	(1,3,44)	8,189	-	496	-
Business unit transfers		-	-	1,000	-
Other changes in investing activities		(1,786)	(372)	(2,432)	240
Cash flow from financing activities [f]	**-**	**30,463**	**-**	**16,011**	**-**
Net financial interest received (paid)	(45)	(1,333)	-	239	-
Repayment of medium/long-term bank loans	(23)	(3,206)	-	(2,138)	-
Change in short-term bank loans	(13)	33,312	-	-	-
Change in non-current financial assets	-	(161)	-	20,243	-
Change in capital and reserves		1,045	-	(2,333)	-
Other changes in financing activities	-	806		-	
Cash flows used during the year [g=d+e+f]		**(26,729)**	**(1,329)**	**(7,046)**	**265**
OPENING CASH AND CASH EQUIVALENTS		**30,123**	**-**	**37,169**	**-**
CLOSING CASH AND CASH EQUIVALENTS		**3,394**	**-**	**30,123**	**-**
DECREASE FOR THE YEAR		**(26,729)**	**(1,329)**	**(7,046)**	**265**

(*) Section 8 of the Notes to the separate financial statements
No atypical and/or unusual transactions were carried out with third parties, related parties or Group companies.

9.6 Net financial position (indebtedness)

The following table details the components of the net financial position (indebtedness):

NET FINANCIAL POSITION (INDEBTEDNESS)		
(in thousands of euro)	31.12.2013	31.12.2012
Cash and cash equivalents	2,729	5,917
Bank overdrafts and loans - due within one year	(56,137)	(2,162)
Short-term financial payables to others	0	(372)
Short-term financial receivables	23,490	26,740
Short-term net financial position (indebtedness)	**(29,917)**	**30,123**
Non-current financial liabilities	-	(3,206)
Fair value changes in financial hedging instruments	(105)	(266)
Medium-long term net indebtedness	**(105)**	**(3,472)**
Net financial position (indebtedness)	**(30,022)**	**26,651**

9.7 Employees

The average number of employees by contractual category was as follows:

EMPLOYEES						
AVERAGE HEADCOUNT	Year 2013		Year 2012		Change	
	Number	%	Number	%	Number	%
Managers	52.0	4.2%	56.0	4.4%	(4.1)	-7.2%
Journalists	355.0	28.9%	362.4	28.3%	(7.4)	-2.0%
White-collars	729.6	59.4%	761.0	59.4%	(31.4)	-4.1%
Blue-collars	91.9	7.5%	101.3	7.9%	(9.4)	-9.3%
Total	**1,228.5**	**100.0%**	**1,280.8**	**100.0%**	**(52.3)**	**-4.1%**

9.8 Reclassified essential data in the financial statements of subsidiaries, associates and joint ventures

STATEMENT OF FINANCIAL POSITION									
Company	Note	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities	Total equity	Total equity and liabilities
24 ORE Software S.p.A.		92,347	28,102	120,449	(6,692)	(33,150)	(39,842)	(80,607)	(120,449)
Il Sole 24 ORE UK Ltd	(1)	2	1,040	1,042	-	(52)	(52)	(990)	(1,042)
24 ORE Cultura S.r.l.	(1)	1,065	9,830	10,895	(307)	(9,387)	(9,694)	(1,201)	(10,895)
Diamante S.p.A.	(1)	764	464	1,228	(313)	(344)	(657)	(571)	(1,228)
Newton Management Innovation S.p.A.	(1)	288	1,918	2,206	(183)	(1,567)	(1,750)	(456)	(2,206)
Newton Lab S.r.l.	(1)	79	2,250	2,329	(70)	(2,010)	(2,080)	(249)	(2,329)
Alinari 24 ORE S.p.A. (in liquidation)	(1)	1	403	404	(32)	(813)	(845)	441	(404)
Shopping24 S.r.l.	(1)	248	164	412	-	(1,790)	(1,790)	1,378	(412)
Fabbrica24 S.r.l.	(1)	369	1,261	1,630	(8)	(1,377)	(1,385)	(245)	(1,630)
BacktoWork24 S.r.l.	(1)	186	828	1,014	(5)	(928)	(933)	(81)	(1,014)
Total subsidiaries		**95,349**	**46,260**	**141,609**	**(7,610)**	**(51,418)**	**(59,028)**	**(82,581)**	**(141,609)**
Aldebra S.p.A.	(2)	3,112	13,216	16,328	(2,275)	(12,560)	(14,835)	(1,493)	(16,328)
Mondoesa Milano Nordovest S.r.l.	(2)	213	1,591	1,804	(311)	(1,408)	(1,719)	(85)	(1,804)
Mondoesa Emilia S.r.l.	(2)	404	1,815	2,219	(294)	(1,801)	(2,095)	(124)	(2,219)
Mondoesa Lazio S.r.l.	(2)	252	1,177	1,429	(352)	(824)	(1,176)	(253)	(1,429)
Mondoesa Laghi S.r.l.	(2)	56	1,262	1,318	(364)	(715)	(1,079)	(239)	(1,318)
Cesaco S.r.l.	(2)	28	589	617	(90)	(226)	(316)	(301)	(617)
Total associates		**4,065**	**19,650**	**23,715**	**(3,686)**	**(17,534)**	**(21,220)**	**(2,495)**	**(23,715)**
Total subsidiaries and associates		**99,414**	**65,910**	**165,324**	**(11,296)**	**(68,952)**	**(80,248)**	**(85,076)**	**(165,324)**

(1) Statutory figures adjusted for IFRS

(2) Last available financial statements 2012

INCOME STATEMENT						
Company	Note	Revenue	Gross operating profit (loss)	Operating profit (loss)	Profit (loss) before tax	Profit (loss) for the year
24 ORE Software S.p.A.		52,135	7,177	2,171	1,850	572
Il Sole 24 ORE UK Ltd	(1)	469	124	122	118	92
24 ORE Cultura S.r.l.	(1)	10,257	(2,111)	(2,217)	(2,324)	(2,197)
Diamante S.p.A.	(1)	1,088	112	(206)	(218)	(230)
Newton Management Innovation S.p.A.	(1)	3,635	569	370	355	250
Newton Lab S.r.l.	(1)	6,262	257	228	214	138
Alinari 24 ORE S.p.A. (in liquidation)	(1)	532	(289)	(315)	(432)	(432)
Shopping24 S.r.l.	(1)	-	(11)	(11)	(1,424)	(1,424)
Fabbrica24 S.r.l.	(1)	341	(493)	(508)	(997)	(998)
BacktoWork24 S.r.l.	(1)	659	(429)	(438)	(442)	(325)
Total subsidiaries		**75,378**	**4,906**	**(804)**	**(3,300)**	**(4,554)**
Aldebra S.p.A.	(2)	30,242	397	(327)	(145)	(232)
Mondoesa Milano Nordovest S.r.l.	(2)	3,064	67	24	18	(31)
Mondoesa Emilia S.r.l.	(2)	3,612	145	79	111	60
Mondoesa Lazio S.r.l.	(2)	2,280	91	50	69	20
Mondoesa Laghi S.r.l.	(2)	2,031	(14)	(28)	(22)	(42)
Cesaco S.r.l.	(2)	771	81	63	68	33
Total associates		**42,000**	**767**	**(139)**	**99**	**(192)**
Total subsidiaries and associates		**117,378**	**5,673**	**(943)**	**(3,201)**	**(4,746)**

(1) Statutory figures adjusted for IFRS
(2) Last available financial statements 2012

9.9 New financial reporting standards

The IASB and the IFRIC have approved some changes to the IFRS currently in force and issued new IFRS and new IFRIC interpretations. As the effective date of these documents is deferred, they have not been adopted for the presentation of these separate financial statements, but will be applied from the pre-established date on which they become mandatory. The main changes concern:

- IAS 19 Employee Benefits was amended by the document "Narrow-scope amendments to IAS 19 Employee Benefits: Defined Benefits Plans – Employee Contributions", published on 21 November 2013. These amendments regard accounting for defined benefit plans which require an employee contribution to the cost of the plan, and simplify the recognition of contributions that are independent of the number of years of service of the employee, for example because they are calculated as a fixed percentage of the salary. The change, not yet endorsed with an (EU) regulation, is expected to apply retroactively for the financial years starting on or after 1 July 2014.
- *IAS 32 Financial Instruments: presentation* was changed by the document "Amendments to IAS 32" published on 16 December 2011. This change clarifies the requirements for the offsetting of financial instruments. In particular it illustrates the meaning of the expression "the entity currently has a legally enforceable right to set off the recognised amounts" (paragraph 42, letter a), *IAS 32 Financial Instruments: Presentation*) and specifies how some systems for the realisation of assets and extinction of liabilities can be considered equivalent to the extinction of the net residue. The change, endorsed with (EU) Regulation no. 1256/2012 of 13 December 2012, will apply retroactively for financial years starting on or after 1 January 2014.
- *IAS 36 Impairment of Assets* was amended by the document "Narrow-scope amendments to IAS 36 Impairment of Assets", published on 29 May 2013. This amendment clarifies that the scope of disclosures about the recoverable amount of impaired assets is limited to the recoverable amount that is based on fair value less costs of disposal. The change, endorsed with (EU) Regulation no. 1374/2013 of 19 December 2013, will apply retroactively for financial years starting on or after 1 January 2014.
- *IAS 39 Financial Instruments: Recognition and Measurement* was amended by the document "Narrow-scope amendments to IAS 39 Financial Instruments - Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting", published on 27 June 2013. This amendment makes it possible to continue hedge accounting in the same manner, even if the original counterparty is replaced due to laws or regulations, or the introduction of laws or regulations. The change, endorsed with (EU) Regulation no. 1375/2013 of 19 December 2013, will apply retroactively for financial years starting on or after 1 January 2014.
- *IFRS 9 Financial Instruments* is a new International Financial Reporting Standard, the completion of which was broken down into three steps, leading to complete replacement of *IAS 39 Financial Instruments: Recognition and Measurement.* The first phase was subdivided into two parts, the first regarding financial assets and the second financial liabilities.

The first part of the first phase was completed on 12 November 2009 with the publication of a document regarding the recognition and measurement of financial assets. This first part addresses the need to improve the ability of investors and the other users of financial information to understand the mechanisms used to recognise financial assets, reducing their complexity. Specifically, the new standard uses a single approach to determine whether a financial asset must be measured at its amortised cost or fair value, thereby replacing the many different rules set out in *IAS 39 Financial Instruments: Recognition and Measurement.* The basic concept is based on the business model used by the company to manage its financial instruments and determine the characteristics of related contractual cash flow.

Part two of the first phase was completed on 28 October 2010 with the publication of a document regarding the recognition and measurement of financial liabilities. This second part deals with the problem of volatility in profits and losses resulting from the decision to measure financial liabilities at fair value. According to the new provisions, if a company decides to measure its financial liabilities at fair value, the portion of the change in fair value determined by a change in the company's credit risk, will be shown in the Other comprehensive income (expense) section of the Statement of comprehensive income, rather than in profit or loss. The complete implementation of the first phase of the project regarding the classification and measurement of financial instruments replaces the provisions of *IAS 39 Financial Instruments: Recognition and Measurement.*

The second phase, focused on the methods for determining impairment of financial assets, is still in the completion phase and will not be completed before the end of 2014.

The third phase, focused on hedging, was completed on 19 November 2013 with the introduction of a new hedge accounting model and an indication of the compulsory disclosures to be provided for entities that apply hedging.

A compulsory enforcement date had initially been set for *IFRS 9 Financial Instruments*, not yet endorsed with an (EU) regulation, with retroactive application for the financial years starting on or after 1 January 2013. On 16 December 2011, the IASB published an "Amendment to IFRS 9" that postponed the compulsory enforcement date with prospective application to financial years starting on or after 1 January 2015. On 19 November 2013, the IASB published an additional "Amendment to IFRS 9" that definitively removed the compulsory enforcement date of *IFRS 9 Financial Instruments*, considering that the impairment phase was not yet completed and, as a result, a compulsory enforcement date will be decided only when the entire *IFRS 9 Financial Instruments* project is completed. However, it is possible to choose to apply *IFRS 9 Financial Instruments* immediately.

The EU Commission in charge of approving IFRS has announced that it interrupted the process of endorsement of *IFRS 9 Financial Instruments*, for the purpose of endorsement with the (EU) Regulation, on the same day the IASB published part one of the first phase. This choice was justified by the Commissioner for Internal Market and Services, who pointed out that *IFRS 9 Financial Instruments* is only the first step in the revision of *IAS 39 Financial Instruments: Recognition and Measurement.* The Commission has decided to examine the adoption of *IFRS 9 Financial Instruments* once the entire project is completed, for the thorough revision and complete replacement of *IAS 39 Financial Instruments: Recognition and Measurement.*

- *IFRS 10 Consolidated Financial Statements* is a new International Financial Reporting Standard published on 12 May 2011 for the complete replacement of *SIC-12 Consolidation – Special purpose entities* and the partial replacement, regarding the provisions of the consolidated financial statements, of *IAS 27 Consolidated and Separate Financial Statements*.

  IFRS 10 Consolidated Financial Statements provides a unified consolidation model that identifies control as a basis for consolidation of all types of entities. The definition of control includes three fundamental elements: power over the investee, the exposure or the right to the financial position and results of an investee and the ability to use the power to influence the financial position and results of the investee. Power is not defined as the contractual or legal right to direct the significant activities of the investee, but is rather based on the existing ability to unilaterally direct the significant activities of the investee.

  The investees that were previously included in the scope of application of *SIC-12 Consolidation – Special Purpose Entities*, will now be considered part of the unified consolidation model established by *IFRS 10 Consolidated Financial Statements*, as there is no longer a separate regulation for special types of entities. Therefore, a special purpose entity will always be consolidated when the company preparing the consolidated financial statements (reporting entity) is able to direct its significant operations despite being only partly exposed to its risks and benefits. The consolidation model created is not a quantitative one, based exclusively on risks and benefits, but rather a qualitative model based on power and results, and on the link established between these two reference indicators.

  IFRS 10 Consolidated Financial Statements also governs the situations in which control is difficult to identify. Potential voting rights, for example, are considered to determine control when these are substantial, i.e. when the holder of these rights has the practical ability to exercise them, and when these rights can be exercised at the time when decisions must be taken with regard to important activities. When the decision-making authority is delegated to an agent, this agent is never considered as holding control over the investee. Many practical examples illustrate how to apply the new regulation. The Standard also contains the accounting provisions and consolidation procedures reproduced without changes from *IAS 27 Consolidated and Separate Financial Statements*.

  The IASB announced that *IFRS 10 Consolidated Financial Statements* will be applicable retroactively to financial years starting on or after 1 January 2013, but the endorsement through (EU) Regulation no. 1254/2012 of 11 December 2012 postponed entry into force to the start of the first financial year beginning on or after 1 January 2014. On the same date, *SIC 12 - Consolidation - Special purpose entities* was withdrawn, *IAS 27 Consolidated and Separate Financial Statements* was cancelled and replaced with regard to the part on the Consolidated financial statements and was renamed *IAS 27 Separate Financial Statements*.

  The document Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) was published on 28 June 2012, amending *IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements* and *IFRS 12 Disclosure of Interests in Other Entities.* This document better clarifies the guidance already contained in *IFRS 10 Consolidated Financial Statements* for transition to the adoption of the new accounting standards referred to in the title of the amending document. Furthermore, the changes introduce further exemptions in relation to comparative data, limited solely to the previous year, on first-time adoption of *IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements* and *IFRS 12 Disclosure of Interests in Other Entities.* The IASB announced that these changes, endorsed with (EU) regulation no. 313/2013 of 4 April 2013, will apply retroactively for financial years starting on or after 1 January 2013, aligned with the entry into force of the new reporting standards to which they refer. As in the case of the reference accounting standards,

the changes will also be endorsed by the (EU) regulation, with entry into force for financial years starting on or after 1 January 2014.

On 31 October 2012 the document Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27) was published, amending *IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities* and *IAS 27 Separate Financial Statements.* The changes introduced an exception, referring exclusively to investment entities, to the consolidation principles established in *IFRS 10 Consolidated Financial Statements.* The investment entities identified, which include private equity funds, venture capital organisations, pension funds, sovereign funds and other investment funds, must measure certain subsidiaries at fair value through profit and loss instead of including them in the consolidation. The changes, endorsed with (EU) regulation no. 1174/2013 of 20 November 2013, will apply retroactively for financial years starting on or after 1 January 2014.

- *IFRS 11 Joint Arrangements* is a new international financial reporting standard published on 12 May 2011 to fully replace *IAS 31 Investments in Joint Ventures* and *SIC-13 Jointly controlled entities – Non-monetary contributions by venturers.* The Standard established the fundamental criteria for the recognition of joint agreements between the parties.

  The main key criterion applicable to all joint arrangements provides for any party involved in a joint arrangement to recognise the rights and obligations deriving from the arrangement as these represent its underlying economic substance. The application of this criterion requires for each entity to make a precise assessment to identify its rights and obligations in the signed joint arrangement. The assessment will focus on the structure of the arrangement, the legal form of the entity established based on the arrangement, the methods and terms of the arrangement and, when significant, other facts and circumstances. Once this assessment has been made, the entity concerned must classify the joint arrangements alternatively in one of the two joint arrangement categories envisaged by *IFRS 11 Joint Arrangements*: joint operations or joint ventures.

  A joint operation is a joint arrangement in which the parties have rights on the assets and are responsible for the obligations originating from the liabilities associated with the arrangement. A party involved in a joint operation must measure the assets, liabilities, revenue and costs attributable to it in compliance with the terms of the joint arrangement. This category of joint arrangement is recognised according to *IFRS 11 Joint Arrangements.*

  A joint venture, on the other hand, is a joint arrangement in which the parties have rights on the net assets deriving from the arrangement. A party involved in a joint venture must recognise an investment in the joint arrangement by using the equity method. The proportional consolidation method previously envisaged by *IAS 31 Interests in Joint Ventures* has been eliminated as the main recognition method for jointly controlled entities. The elimination was motivated by the fact that none of the parties involved in a joint venture has control of all the assets of the same joint venture, but rather all the parties together have joint control and must agree on managing such assets. The parties concerned thus have rights on the net assets deriving from the arrangement and the equity method is suitable for representing such an interest. Furthermore, not all jointly controlled entities will be classified as joint ventures pursuant to *IFRS 11 Joint Arrangements.* Some will be classified as joint operations, in agreement with the main key criterion established by *IFRS 11 Joint Arrangements*, based on which any joint arrangement must be recognised by making reference to the rights and obligations of the parties involved. The recognition of this category of joint arrangement is governed by *IAS 28 Investments in Associates and Joint Ventures*, as amended after *IFRS 11 Joint Arrangements* came into force.

The IASB announced that *IFRS 11 Joint Arrangements* will be applicable retroactively to financial years starting on or after 1 January 2013, but the endorsement through (EU) Regulation no. 1254/2012 of 11 December 2012 postponed entry into force to the start of the first financial year beginning on or after 1 January 2014. On the same date, *IAS 31 Investments in joint ventures* and *SIC-13 Jointly controlled entities – Non-monetary contributions by venturers* were withdrawn, and *IAS 28 Investments in Associates* was amended and supplemented for the part regarding provisions on joint ventures, and its name was changed to *IAS 28 Investments in Associates and Joint Ventures.*

The document Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) was published on 28 June 2012, amending *IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements* and *IFRS 12 Disclosure of Interests in Other Entities.* This document, endorsed with (EU) Regulation no. 313/2013 of 4 April 2013, better clarifies the guidance already contained in IFRS 10 Consolidated Financial Statements for transition to the adoption of the new accounting standards referred to in the title of the amending document, using the terms and methods already specifically indicated in the paragraph on *IFRS 10 Consolidated Financial Statements* in the Transition Guidance.

- *IFRS 12 Disclosure of Interests in Other Entities* is a new international financial reporting standard published on 12 May 2011. This standard regulates disclosures regarding any kind of interest in other entities, including subsidiaries, joint ventures, associates and other unconsolidated structured entities. The G20 (Group of twenty), the Financial Stability Board and other international organisations expressly asked the IASB to reconsider the disclosures prescribed on the risks companies are exposed to due to their interest in other entities. The new disclosure obligations will provide users of the financial statements with the information needed to understand the extent and size of the activities performed by the entity subject to disclosure through its interests in other entities. It will also be possible to assess the nature, extent and effects of the interests in other entities on the statement of financial position and income statement as well as the nature of the risks deriving from such entities. Specific disclosures are envisaged to better understand the impact of non-controlling interests on the financial statements of the entity in charge of the consolidation. The IASB announced that *IFRS 12 Disclosure of Interests in Other Entities* will be applicable retroactively to financial years starting on or after 1 January 2013, but the endorsement through (EU) Regulation no. 1254/2012 of 11 December 2012 postponed entry into force to the start of the first financial year beginning on or after 1 January 2014.

  The document Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) was published on 28 June 2012, amending *IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements* and *IFRS 12 Disclosure of Interests in Other Entities.* This document, endorsed with (EU) Regulation no. 313/2013 of 4 April 2013, better clarifies the guidance already contained in *IFRS 10 Consolidated Financial Statements* for transition to the adoption of the new accounting standards referred to in the title of the amending document, using the terms and methods already specifically indicated in the paragraph on *IFRS 10 Consolidated Financial Statements* in the Transition Guidance. In addition, with regard to the information to be provided on non-consolidated entities, the changes eliminate the requirement to present comparative data for previous years on application of *IFRS 12 Disclosure of Interests in Other Entities.*

  On 31 October 2012 the document Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27) was published, amending *IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities* and *IAS 27 Separate Financial Statements.* The changes introduce particular provisions on financial statement disclosures for investment

entities applying the exception, reserved solely for such entities, as established in *IFRS 10 Consolidated Financial Statements.* The changes, endorsed with (EU) regulation no. 1174/2013 of 20 November 2013, will apply retroactively for financial years starting on or after 1 January 2014.

- *IFRS 14 Regulatory Deferral Accounts* is a new interim international financial reporting standard published on 30 January 2014. The chief objective of this standard is to favour the comparability of financial statements drawn up by entities whose activities are subject to rate regulation. *IFRS 14 Regulatory Deferral Accounts* does not apply to entities whose activities are subject to rate regulation and which already present IFRS financial statements. In fact, this standard is exclusively intended for first-time adopters of IFRS that apply a deferred accounting method for regulated activities in accordance with their previous GAAP. Indeed, many governments regulate the supply and pricing of particular types of utilities such as gas, electricity and water, in order to reduce price volatility. Pending the completion of the Comprehensive Rate-regulated Activities IFRS Project, the IASB decided to publish this interim IFRS which does not establish any specific provisions on the matter, but requires that the effect of recognising the deferred account balances that arise from rate regulation be presented separately from other items. The separate presentation of regulatory deferral account balances and the relative required disclosures will make it easier for users of financial statements to understand the effects of rate regulation on the financial statements of first-time adopters of IFRS beginning from the date on which *IFRS 14 Regulatory Deferral Accounts* enters into force, and will enhance comparability with the financial statements of entities that already apply IFRS and that are not authorised to recognise the deferred amounts. *IFRS 14 Regulatory Deferral Accounts*, not yet endorsed with an (EU) regulation, will apply retroactively for first-time adopters of IFRS for the financial years starting on or after 1 January 2016.
- *IFRIC 21 Levies* is a new interpretation published on 20 May 2013. It provides guidance on accounting for levies imposed by a government, besides income tax, focusing in particular on when such levies must be recognised. *IFRIC 13 Levies*, not yet endorsed with an (EU) regulation, is expected to be applicable retroactively to financial years starting on or after 1 January 2014.

Over the years, the IASB undertook a cyclical review of a number of IFRS already issued, the main aim of which was to clarify and further discuss certain concepts contained in various IFRS and which did not appear to be sufficiently understandable.

On 12 December 2013, two documents entitled “2010-2012 Annual Improvements Cycle” and “2011-2013 Annual Improvements Cycle” were published, introducing the following main amendments:

- *IAS 24 Related Party Disclosures*. The amendment clarifies that an entity that provides key management personnel services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The change, not yet endorsed with an (EU) regulation, will apply retroactively for the financial years starting on or after 1 July 2014 (*2010-2012 Annual Improvements Cycle).*
- *IFRS 2 Share-Based Payments.* The change regards the definition of vesting condition and market condition. The definition of performance condition and service condition is also added, which were previously part of the definition of vesting condition. The change, not yet endorsed with an (EU) regulation, will apply prospectively for the financial years starting on or after 1 July 2014 (*2010-2012 Annual Improvements Cycle).*

- *IFRS 3 Business Combinations.* One amendment clarifies that the contingent consideration classified as an asset or a liability must be measured at fair value at each reporting date *(2010-2012 Annual Improvements Cycle).* Another change excludes from the scope of *IFRS 3 Business Combinations* the recognition of joint arrangements in the financial statements of the joint venture or the joint operation itself *(2011-2013 Annual Improvements Cycle).* Both changes, not yet endorsed with an (EU) regulation, will apply prospectively for the financial years starting on or after 1 July 2014.
- *IFRS 8 Operating Segments.* One change requires reporting entities to disclose the judgements made by management in applying the aggregation criteria to operating segments (*2010-2012 Annual Improvements Cycle).* Another amendment clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly (*2010-2012 Annual Improvements Cycle).* Both changes, not yet endorsed with an (EU) regulation, will apply retroactively for the financial years starting on or after 1 July 2014.
- *IFRS 13 Fair Value Measurement.* One change clarifies that the publication of *IFRS 13 Fair Value Measurement* and the resulting changes made to *IAS 39 Financial Instruments: Recognition and Measurement* did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial. The change, not yet endorsed with an (EU) regulation, will apply retroactively for the financial years starting on or after 1 July 2014 (*2010-2012 Annual Improvements Cycle).* Another amendment specifies that the scope of the exception set forth by *IFRS 13 Fair Value Measurement* for financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, applies to all contracts that fall within the scope of *IAS 39 Financial Instruments: Recognition and Measurement*, regardless of whether they are defined as financial assets and financial liabilities under *IAS 32 Financial Instruments: Presentation*. The change, not yet endorsed with an (EU) regulation, will apply prospectively for the financial years starting on or after 1 July 2014 (*2011-2013 Annual Improvements Cycle).*

The Company has begun to assess the impact resulting from introduction of the new standards and interpretations that must be applied from 1 January 2014. On the basis of initial assessments, their impact does not appear to be significant.

Milan, 18 March 2014

The Chairman of the Board of Directors

Benito BENEDINI

(signed on the original)

Certification of separate financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of 14 May 1999 as amended

1. The undersigned Donatella Treu, Chief Executive Officer, and Valentina Montanari, Corporate Financial Reporting Manager of Il Sole 24 ORE S.p.A., hereby certify, pursuant to, inter alia, the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998 [the Italian Consolidated Law on Finance]:

- the adequacy in relation to the entity's characteristics; and
- the effective application of administrative and accounting procedures for preparation of the separate financial statements during 2013.

2. the adequacy of the administrative and accounting procedures used to prepare the separate financial statements as at and for the year ended 31 December 2013 has been assessed based on the methodological rules defined by Il Sole 24 Ore S.p.A. and consistent with the "Internal Control – Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is a benchmark framework for the internal control system generally accepted internationally.

3. They further certify that:

3.1 the separate financial statements:

- have been drafted in compliance with the applicable International Financial Reporting Standards recognised in the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;
- are consistent with the corporate books and accounting records;
- give a true and fair view of the financial position and results of operations of the issuer.

3.2 The Directors' Report contains a reliable analysis of the performance, results of operations and standing of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Milan, 18 March 2014

Chief Executive Officer	Corporate financial reporting manager
Donatella TREU	Valentina MONTANARI
(signed on the original)	(signed on the original)

KPMG

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

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Il Sole 24 Ore S.p.A.

1 We have audited the consolidated financial statements of the Il Sole 24 ORE Group as at and for the year ended 31 December 2013, comprising the statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the dated 28 March 2013 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the consolidated financial statements of the Il Sole 24 ORE Group as at and for the year ended 31 December 2013 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Il Sole 24 ORE Group as at 31 December 2013, the results of its operations and its cash flows for the year then ended.

4 The directors of Il Sole 24 Ore S.p.A. are responsible for the preparation of a directors' report on the financial statements and a report on the corporate governance and shareholding structure, published in the Governance section of Il Sole 24 Ore S.p.A.'s

website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and ownership structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and ownership structure are consistent with the consolidated financial statements of the Il Sole 24 ORE Group as at and for the year ended 31 December 2013.

Milan, 7 April 2014

KPMG S.p.A.

(signed on the original)

Orazio Vagnozzi
Director of Audit

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

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Il Sole 24 Ore S.p.A.

1 We have audited the separate financial statements of Il Sole 24 Ore S.p.A. as at and for the year ended 31 December 2013, comprising the statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 28 March 2013 for our opinion on the prior year separate financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the separate financial statements of Il Sole 24 Ore S.p.A. as at and for the year ended 31 December 2013 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of Il Sole 24 Ore S.p.A. as at 31 December 2013, the results of its operations and its cash flows for the year then ended.

4 The directors of Il Sole 24 Ore S.p.A. are responsible for the preparation of a directors' report on the financial statements and a report on the corporate governance and shareholding structure, published in the Governance section of Il Sole 24 Ore S.p.A.'s

website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the separate financial statements of Il Sole 24 Ore S.p.A. as at and for the year ended 31 December 2013.

Milan, 7 April 2014

KPMG S.p.A.

(signed on the original)

Orazio Vagnozzi
Director of Audit

REPORT OF THE BOARD OF STATUTORY AUDITORS

TO THE SHAREHOLDERS OF IL SOLE 24 ORE S.P.A.

PURSUANT TO ART. 153 OF LEG. DECREE 58/98 AND ART. 2429, PARAGRAPH 3 OF THE ITALIAN CIVIL CODE

To the Shareholders,

By this report, prepared pursuant to art. 153, Italian Legislative Decree 58/1998 (the Consolidated Finance Act) and also taking applicable Consob Recommendations into consideration, the Board of Statutory Auditors of Il Sole 24 ORE S.p.A. (hereinafter "Il Sole 24 ORE" or "the Company") informs you of the supervisory activities performed and their outcomes.

The separate financial statements at 31 December 2013 closed with a loss of €81,909 thousand, compared to a loss of €44,194 thousand in the previous year. At consolidated level, the 24 ORE Group (hereinafter also referred to as "the Group") recorded a loss of €76,213 thousand, compared to a loss of €45,755 thousand in the previous year.

The Report of the independent auditor KPMG S.p.A. (hereinafter also referred to as the "Independent Auditor") on the separate financial statements of Il Sole 24 ORE at 31 December 2013, issued on 7 April 2014, contains no adverse findings. Likewise, KPMG S.p.A.'s Report on the consolidated financial statements of the Group at 31 December 2013, issued on the same date, contains no adverse findings.

1. Supervision performed and information received.

During the year ending 31 December 2013, the Board of Statutory Auditors of Il Sole 24 ORE S.p.A. conducted the supervisory activities required by law, according to the principles of conduct of the Board of Statutory Auditors recommended by the Italian national council of chartered accountants. It attended the meetings of the corporate bodies, conducted regular checks and met the representatives of independent auditors, the members of the Internal Control & Risk Management Committee, the corporate financial reporting manager, the members of the Supervisory Body established pursuant to Italian Legislative Decree 231/2001 and the main representatives of the various company departments, to exchange information on the activities carried out and on control programmes.

For this purpose, during the year the Board:

- met on 6 occasions (as the Board was renewed in 2013, 3 meetings were held by members of the previous Board and 3 by members of the new Board). Note in particular that the Board of Statutory Auditors meetings were also attended by one or more representatives of the Independent Auditor;
- attended 10 meetings of the Board of Directors (as the Board of Directors was renewed in 2013, 2 meetings were held with members of the previous Board and 8 with members of the new Board);
- attended 6 meetings of the Internal Control & Risk Management Committee (as the Committee was renewed in 2013, 2 meetings were held with members of the previous Committee and 4 meetings with members of the new Committee);

- through the Chairman or other statutory auditor, attended 5 meetings of the Human Resources and Remuneration Committee (as the Committee was renewed in 2013, 2 meetings were held with member of the previous Committee and 3 meetings with members of the new Committee);
- attended the Shareholders' Meeting called to approve the 2012 financial statements;
- maintained constant contact and held regular meetings with the Independent Auditor for the purpose of prompt exchange of data and information important to conducting respective duties;
- maintained constant contact and held meetings with the Director responsible for the internal control system and with the Corporate Financial Reporting Manager;
- was in regular contact and held meetings with the corresponding boards of the subsidiaries.

We obtained regular reports from the Directors on the general operating performance and business outlook, on the activities performed and on the more significant economic, financial and equity transactions executed by the Company, also through its subsidiaries, during the course of the year.

By the legally specified deadlines we received the half-yearly financial report and interim management statements for the first and third quarters from the Board of Directors.

The information in question was obtained by means of checks and information provided by the Chief Executive Officer and by the managers of the departments concerned, through meetings of the Internal Control and Risk Management Committee and through the other Committees established at Board level.

During meetings and contact with the Independent Auditor no censurable events emerged.

Note that as part of the Board of Statutory Auditors' activities, in 2013:

- no reports were received by the Board of Statutory Auditors, either directly or via the Company, pursuant to art. 2408 of the Italian Civil Code, or complaints from third parties;
- the opinions required by law were issued.

The Company heads a Group of companies over which it exercises management and control and prepares the consolidated financial statements.

2. Significant economic, financial and equity transactions and events.

Details are provided below of the events of most economic, financial and equity significance during the year for the Company and the Group, as reported by the Directors in the specific section of the Directors' Report.

- The Group's digital strategy has led to the development of new products placing the customer and customer profiling at its core, together with expansion of the integrated paper+digital product mix to enhance the Group's publishing content;
- On 29 April 2013 the shareholders' meeting of Il Sole 24 ORE S.p.A. appointed the Board of Directors, which will remain in office until the shareholders' meeting called to approve the financial statements as at 31 December 2015. Benito Benedini was appointed Chairman of the Board of Directors.
- The shareholders' meeting appointed the Board of Statutory Auditors, which will remain in office until the shareholders' meeting called to approve the financial statements as at 31 December 2015.
- On 30 April 2013 the Board confirmed Donatella Treu's appointment as Chief Executive Officer and assigned corporate management powers to the Chairman and to the Chief Executive Officer.

- On 18 June 2013 the Board of Directors of Il Sole 24 ORE S.p.A. approved the plan to merge the wholly-owned subsidiary Nuova Radio S.p.A. into Il Sole 24 ORE S.p.A. The merger will become effective from 31 December 2013 with accounting and tax effects from 1 January 2013. This transaction does not change the scope of consolidation.
- On 18 June 2013 Roberto Napoletano was appointed to manage Radio 24 and the press agency Radiocor, becoming editorial director of Group media. The appointment led to the setup of a Group news room with the aim of increasing the innovation rate of products and services and enhancing the expertise of journalists;
- On 17 September 2013 the Board of Directors of Il Sole 24 ORE S.p.A. appointed Valentina Montanari as Corporate Financial Reporting Manager with effect from 1 October 2013;
- In October a new version of the historical section of Il Sole "*L'Esperto Risponde*" (The Expert Answers) was launched, with printed add-ons and the new digital version;
- In November 2013 the Group launched its new organisational structure, with the aim of implementing the innovation model that places the reader-customer at the heart of the core business and focuses on developing digital as the ideal means for generating value through increasingly customised services and products. Specifically, the new organisation is characterised by a single editorial press management under which all the Group activities (printed, web site, digital specialist newspapers, specialist information, radio and press agency) operate together to tackle the specific reference markets, as well as a Marketing & Product Development Department responsible for marketing and publishing product development for Group media across all platforms, and a Sales & Customer Management Department responsible at Group level for product and service sales for all channels and all customer management activities for the Group;
- On 17 December 2013 the agreement was signed for the merger of Nuova Radio S.p.A. into Il Sole 24 ORE S.p.A. The merger became effective from 1 January 2013.

Opinion of the Board of Statutory Auditors

In general, the Board believes that there has been compliance with the law, the Articles of Association and the principles of sound administration.

We have found no indication, nor received reports from the Board of Directors, the Independent Auditor or the Internal Control and Risk Management Committee, of the existence of atypical and/or unusual transactions performed with third parties, related parties or between Group companies.

The Directors have illustrated transactions of an ordinary nature, in particular in the Directors' Report and in the Notes to the consolidated financial statements of the 24 ORE Group and to the separate financial statements of Il Sole 24 ORE S.p.A., executed during the year with related parties or between Group companies. To the extent of our responsibilities, reference is made to these documents, in particular with regard to the description of their characteristics and the related effects on income and equity. With regard to these transactions, with the help of the Board of Directors and the Internal Control and Risk Management Committee, we checked the existence of and compliance with appropriate procedures to ensure that these transactions were concluded at suitable terms and in the Company's interest. To this end, we also monitored compliance with the principles stated in the CONSOB regulation governing transactions with related parties, adopted with resolution no. 17221 of 12 March 2010 as amended (the "RPT Regulation"), the procedure relating to the "Regulation of Related-Party Transactions" adopted by the Board of Directors in November 2010 and its application.

Information on transactions with related parties or group companies, contained in particular in section 13.1 “Related-Party Transactions” of the notes to the consolidated financial statements of the 24 ORE Group, and in section 9.2 “Related-Party Transactions” of the notes to the financial statements of Il Sole 24 ORE S.p.A., is adequate in consideration of the Company’s size and structure.

In turn, the Board of Statutory Auditors verified that the transactions complied with the law and the Articles of Association, and were not manifestly unwise or hasty, in potential conflict of interest, in conflict with resolutions adopted by the Shareholders’ Meeting or such as to compromise the integrity of the corporate assets.

3. Performance for the year, financial position and going concern assumptions.

As stated previously in 2013 the 24 ORE Group recorded a loss of €76.2 million, compared to a loss of €45.7 million in the previous year.

In 2013 the 24 ORE Group achieved consolidated revenue of €385.5 million, compared to €430.9 million in 2012. This result was mainly affected by:

- the overall negative advertising market trend (-12.3%);
- rationalisation of the books and magazines catalogue, with title transit from printed to digital versions.

Taking into consideration the impact of positive and negative recurring charges, the gross operating margin (EBITDA) showed a loss of around €16.5 million compared to €23.7 million in 2012. 2013 in any event also felt the impact of the effect of non-recurring charges from one-off transactions and from restructuring, which affected EBITDA by €26.2 million (€18 million in 2012). The gross operating margin (EBITDA) was therefore negative by €42.7 million (negative by €41.7 million in 2012).
Depreciation, amortisation and impairment losses totalled €32.5 million, compared to €33.0 million in 2012. Affecting the result were the impairment losses on the Verona rotary press, inoperative since May 2013, and on Business Media publications and sites for €2.9 million.
The gross operating margin (EBITDA) was negative by €75 million (negative by €73.6 million in 2012).

The net financial position decreased from €5.3 million at 31 December 2012 to a negative €48.5 million at 31 December 2013. In particular, cash and cash equivalents decreased and current financial liabilities increased in relation to the cash flows trend. Medium-long term indebtedness included in non-current financial liabilities decreased following repayment of the amount due during the year and the reclassification of bank overdrafts and current bank loans relating to subsidised loans of the Parent.

Group equity decreased from €199.447 million at the end of 2012 to €121.582 million at the end of 2013.

Total cash flow was negative by €24.0 million, compared to the 2012 cash flow which was negative by €19.4 million.
Net cash used in operating activities was negative by €40.8 million, compared to the negative cash flow of €11.3 million the previous year. This result is due to the positive performance of net working capital for €2.9 million, mainly attributable to the performance of trade receivables and inventories, which decreased respectively by €15.9 million and €11.3 million, to the change of €27.1 million in trade payables and to the positive change in other assets and liabilities for €2.9 million.

Net cash used in investing activities was negative at €12.3 million, consisting mainly of operating investments. In 2012, this amount was negative by €23.2 million.
Cash flows from financing activities were positive at €29.1 million. The most significant change refers to short-term cash facilities for €20 million, of which €13.3 million referring to the repayment of current account overdraft facilities and €33.3 million in cash facilities relating to advances on receivables.

In the extensive number of its operations, the 24 ORE Group is exposed to a series of risks. Their identification, assessment and management involve the Group's Chief Executive Officer – also in her capacity as executive director of the internal control and risk management system as per the Corporate Governance Code of Borsa Italiana S.p.A. – and the heads of business areas and central corporate functions.

As described in the Directors' Report, the major risk concerns the impact of the Italian and international macroeconomic crisis on the Group's financial position in terms of profitability and borrowings (risks associated with the transition from traditional publishing formats to digital/online formats, and risks associated with the trend in daily newspaper circulation and relations with certain employee categories), on credit risk in relation to the extension of payment terms by customers, the potential increase of insolvency positions and on maintaining a high level of reliability and strong reputation of the brand and products, and on regulatory risk associated with potential liabilities arising from possible legal and tax disputes.

Note that in view of the information reported in the notes to the financial statements, the Directors consider the prospect that the Group will have adequate funds to continue operations in the foreseeable future to be reasonable and, consequently, adopted going concern assumptions in preparing the consolidated financial statements of the 24 ORE Group and the separate financial statements of the Parent at 31 December 2013.

4. Organisational structure, internal control and risk management system and the administrative and accounting system.

With regard to the internal control and risk management system, in agreement with the guidelines defined by the Board of Directors with support from the Internal Control and Risk Management Committee, the Company organised a specific system to ensure correct corporate reporting and adequate monitoring of all Group activities and able to correctly identify the main risks to which the Company and its subsidiaries are exposed.
The management of elements that make up the internal control and risk management system is defined by a risk management process to render the control system dynamic.
As described in the 2013 Corporate Governance Report, the internal control and risk management system involves the following, each to the extent of their respective duties:

a) the Board of Directors, which plays a guiding role and assesses the adequacy of the system, within which it identifies:

(i) the Director assigned to the setup and maintenance of an effective internal control and risk management system that acts on the basis of the mandate issued by the Board, of which he/she is a member;

(ii) the Internal Control and Risk Management Committee, which has the duty of providing support - through appropriate investigation activities - for the assessments and decisions made by the Board of Directors regarding the internal control and risk management system, together with related approval of the periodic financial reports, and therefore acting as the operating terminal for Board of Directors decisions on issues under its responsibility;

b) the Internal Audit manager who, as person appointed by the Board to verify that the internal control and risk management system is functional and suitable, acts under the terms of instructions received from the management body to which it reports;
c) the other corporate roles and departments with specific duties relating to internal control and risk management, organised according to business size, complexity and risk profile;
d) the Board of Statutory Auditors, which supervises the efficiency of the internal control and risk management system.

In this respect, during the meeting of 18 March 2014 the Board of Directors, adopting the considerations expressed by the Internal Control and Risk Management Committee, assessed the adequacy of the organisational, administrative and accounting structure of the Company and its subsidiaries indicated by the Group system of directives and the internal procedures adopted by the Company.
At the same time, after examining the periodic reports on the internal control and risk management system and after consulting the related Committee, the Board of Directors considered that the risks affecting the Company, identified during that meeting, were - on the basis of the level of risk defined as compatible with the Company's strategic objectives - managed and monitored with a view to sound and correct management of the company.
The Board therefore assessed the internal control and risk management system adopted by the Company to be adequate, efficient and effectively functional with respect to the characteristics of the business and its adopted risk profile.

The financial reporting process is governed by the series of regulations and procedures, the fundamental aspects of which are defined in a Group accounting manual which contains the guidelines on financial recognition of the processes of the Company and its subsidiaries.
This manual is constantly updated on the basis of the reference accounting standards and applicable regulations.
The administrative and accounting procedures and the operating instructions are both prepared and constantly updated on the basis of identification and assessment of the processes of the Company and Group companies whose nature and type are significant for the purpose of financial reporting.

It is confirmed that, in compliance with the organisational and management model adopted by the Company for the prevention of offences envisaged in Italian Legislative Decree 231/2001 on corporate liability for offences committed by employees and collaborators, through the Supervisory Board set up specifically for this purpose, the Company has pursued supervisory action over the processes and procedures implemented so as to assess continued satisfaction of the requirements to prevent the significant offences referred to in the aforementioned decree. The members of the Supervisory Board are: Massimiliano Brullo (Internal Audit Manager), Massimo Laconca and Piergiorgio Re (external advisors). In this respect, during the year the Board of Statutory Auditors met regularly with the Supervisory Board with a view to mutual exchange of information on the activities conducted, and has read the Board's annual report of 3 December 2013 from which no censurable events or infringements of the Model adopted by the Company emerged, nor any action or conduct resulting in infringement of the provisions of Italian Legislative Decree 231/2001.

Furthermore, the Company has focused in particular on the issue of occupational health and safety.

With particular reference to administration, in the Report on Corporate Governance and Ownership Structure the Board of Directors provides a detailed description of the main characteristics of the

risk management and internal control systems in place in relation to the financial reporting process, consistent with the provisions of art. 123-bis of the Consolidated Finance Act.

The Company has applied the provisions introduced by Italian Law 262/2005 and at the meeting of 17 September 2013, with opinion in favour from the Board of Statutory Auditors, pursuant to art. 154-*bis* of the Consolidated Finance Act appointed Valentina Montanari as Corporate Financial Reporting Manager (to replace Massimo Luca Arioli) with the duty of assessing the internal administrative and accounting control system. From the Corporate Financial Reporting Manager's annual report to the Board of Directors, no critical points emerged that would significantly invalidate the reliability of the accounting and financial reporting process.

Given all of the above, to the extent of its duties the Board of Statutory Auditors has obtained information on and supervised over the adequacy of the organisational structure and instructions issued by the Company to the subsidiaries pursuant to art. 114, paragraph 2 of the Consolidated Finance Act, by means of direct observation, information gathering from the relevant department managers, and meetings with the Independent Auditor and the Corporate Financial Reporting Manager with a view to mutual exchange of significant data and information.

In addition and again to the extent of its duties, also in accordance with art. 19, Italian Legislative Decree 39/2010, the Board has obtained information and supervised over the adequacy and effectiveness of the internal control and risk management system, the activities performed by the Internal Control Manager and the administrative and accounting system, and the reliability of the latter in correctly representing operational events, by obtaining information from the related department managers, examining corporate documents and the work performed by the Independent Auditor, attending meetings of the Internal Control and Risk Management Committee and meetings with the Executive Director responsible for the internal control system and with the Corporate Financial Reporting Manager.

As a result of contact with the corresponding bodies of the subsidiaries, no aspects emerged that are worthy of comment.

Independent Auditor

Independent audit of the accounts for the period 2007-2015 is performed by KPMG S.p.A., the independent auditor appointed by the ordinary shareholders' meeting of 30 July 2007 pursuant to the provisions of art. 159 of the Consolidated Finance Act in force at that time.
From information obtained it can be confirmed that, consistent with details provided in the notes to the consolidated financial statements of the 24 ORE Group and to the separate financial statements of the Company, in 2013 the Independent Auditor received a total remuneration of €333,000 for audit of the financial statements of the Company and its subsidiaries. In addition to this remuneration and for the same period, KPMG S.p.A. also received: a) €50,000 for vendor assistance services in the preparation of the financial and tax data room, analysis of potential adjustments to EBITDA and NFP, participation in Q&A sessions with the counterparty and assistance in defining the EBITDA and NFP to be included in the sale agreement; b) €24,000 for assessment services relating to logical access management: verification of the current SAP Authorisation Model in terms of consistency with the Company's organisational model and analysis of the credentials allowing the execution of Business and IT functions; c) €14,000 for verification of the ADS circulation figures for 2012 for the publication "*Il Sole 24 Ore*"; d) €13,000 for the ordinary and adaptive applied technical maintenance of the compliance management tool integrated on the Microsoft SharePoint 2010 platform. To complete the information, know that € 63,000 refer to services provided by the KPMG network.

On 31 March 2014 we received a notice confirming the independence of the Independent Auditor appointed to perform audits pursuant to art. 17, paragraph 9 a), Italian Legislative Decree 39/2010, and no situations emerged that have compromised such independence or given rise to situations of incompatibility. In addition we have discussed the risks to its independence with the Independent Auditor, as well as the measures to be adopted to limit such risks.

In accordance with art. 19, Italian Legislative Decree 39/2010, we also supervised the financial reporting process, in relation to which the Independent Auditor found no significant shortcomings in the internal control system pursuant to paragraph 3 of the aforementioned article.

We supervised the efficiency of the internal control system and the independent audit process, examining the audit plan with the Independent Auditor and discussing the activities undertaken.

During the systematic meetings between the Board of Statutory Auditors and the Independent Auditor pursuant to art. 150, paragraph 3 of the Consolidated Finance Act, no significant aspects emerged and no aspects were found worthy of comment in this report.

5. Corporate Governance

The Directors provide an annual report on corporate governance and ownership structure, the latest approved on 18 March 2014 and attached to the financial statements, providing details on the methods used to implement the corporate governance principles endorsed by Borsa Italiana.

This report proves suitable under the terms of art. 123-bis of the Consolidated Finance Act. In its reports the Independent Auditor confirmed that the Directors' Report and the information provided in the report on corporate governance and ownership structure pursuant to art. 123-bis, paragraphs 1 c), d), f), l) and m) and paragraph 2 b) of Legislative Decree 58/98 are consistent with the separate and consolidated financial statements.

Given all of the above, the Board of Statutory Auditors verified the actual implementation methods for the corporate governance rules envisaged in the Corporate Governance Code issued by Borsa Italiana in March 2006, adopted by the Company with Board of Directors resolution dated 20 August 2007. As described in the specific paragraph of the Directors' Report, note that with the Board of Directors resolution of 14 December 2012, the Company adopted the recent changes introduced by the new version of the Corporate Governance Code. Adoption of the principles of the aforementioned Code was the subject of the 24 ORE Group's "*Report on Corporate Governance and Ownership Structure 2013*", which is available in the legally-envisaged formats.

The Board of Statutory Auditors also confirmed that the Remuneration Report pursuant to art. 123-*ter* of the Consolidated Finance Act and art. 84-*quater* of the Issuers Regulation has been prepared.

Based on declarations issued by directors qualifying as "independent", the Board of Directors verified that the independence requirements envisaged in the Code were satisfied by each. This verification was performed in accordance with art. 3 of the Corporate Governance Code. Likewise, the continued independence of the Board of Statutory Auditors was also ascertained as envisaged by law and the Corporate Governance Code.

At least once a year the Board of Directors performs an assessment of the size, composition and functions of the Board itself and its Committees, if necessary issuing guidance on professional figures for which the Board believes a presence would be appropriate. From this assessment, conducted in reference to the year, a situation emerged that is fully adequate, particularly in reference to the effectiveness and efficiency of the activities of the Board and its Committees.

6. Concluding remarks on the supervisory activities performed and on the financial statements.

On 7 April 2014 the Independent Auditor issued its Reports on the separate financial statements of Il Sole 24 ORE S.p.A. at 31 December 2013 and on the consolidated financial statements of the 24 ORE Group at 31 December 2013. These reports contain no qualifying remarks or matters of emphasis. The separate and consolidated financial statements are accompanied by the declarations of the Corporate Financial Reporting Manager and the Chief Executive Officer as envisaged in art. 154-bis of the Consolidated Finance Act.

Through direct verification and information obtained from the Independent Auditor and the Corporate Financial Reporting Manager, we confirmed compliance with the regulations on the presentation and format of the consolidated financial statements of the 24 ORE Group, the separate financial statements of Il Sole 24 ORE S.p.A. and the related Directors' Report. Furthermore, during the course of supervisory activities conducted, no events emerged that would require report to the supervisory authorities or mention in this report.

To conclude, we confirm that our supervisory activities did not bring to light any omissions, censurable events or irregularities to be reported to the Shareholders.

Taking into consideration all of the above, to the extent of our responsibilities we can find no reason against approval of the financial statements at 31 December 2013, accompanied by the Directors' Report, nor any remarks regarding the Board of Directors' proposal for covering the loss for the year.

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of 29 April 2013 and will remain in office until approval of the financial statements at 31 December 2015.

Milan, 7 April 2014

Board of Statutory Auditors

(signed) Luigi Biscozzi	(Chairman)
(signed) Maurilio Fratino	(Standing Auditor)
(signed) Laura Guazzoni	(Standing Auditor)

24 ORE GROUP
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