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RM 25/09/2015 #114

COMPANIES HOUSE

ITALIAN ENTERTAINMENT NETWORK S P A  
Companies Register of Rome n 06008721000  
REA Economic and Administrative Index n 940303  
Fiscal Code and VAT Number 06008721000

GIOVANNI BETTOLO 6 - 00195 ROME (RM) Share Capital Euro 3,844,802

## Management Report on the consolidated financial statement of 31/12/2014

Dear Shareholders,

The financial year which ended on 31/12/2014 shows a loss of Euro 2,389,776

This result includes amortization and depreciation charges for property, plant and equipment and intangible fixed assets of Euro 2,443,579 other write-downs of Euro 2,313,845, financial proceeds and charges of Euro 830,407, valuation adjustments to financial assets of euro 125,219, extraordinary proceeds and charges of Euro 244,922 and taxes of Euro 1,244,471

Please note that the result obtained consolidates Civita Cultura S r l and Cine District Entertainment S r l , from the date of acquisition on 26/8/2014, with more details available below and in the additional note

### Operational conditions and development of the business activity

As you know, your Group is a leading international operator in the ideation, design, realisation, organisation and management of large shows, live shows and conventions, in audio-visual advertising production and digital communication

During the course of 2014, precisely on 26/08/2014, with a resolution of the shareholders' assembly with a deed by notary Luca Amato of Rome, the Parent company formally decided on an initial capital increase of Euro 5,841,203 in kind via the transfer of 35% of Civita Cultura S r l and 80% of Cine District Entertainment S r l , of which 1,032,562 through capital and Euro 4,808,641 as share premium and a second increase in capital in cash of Euro 3,333,331 that was subscribed by Fondo Italiano d'Investimento SGR S p A , of which Euro 589,240 00 through capital and Euro 2,744,091 as share premium At the same time the company name was changed to "Film Master Group - Italian Entertainment Network Società per Azioni" and, in an abbreviated form, "Italian Entertainment Network S p A "

With this operation, Italian Entertainment Network S p A became a holding company comprising the finest operators in the production, cultural entertainment, creativity and events sector It is a project that brings together the creativity, internationality and production capacity of the Filmmaster brand with the excellence of Civita Cultura in the management of museum and cultural activities and the brand and locations of Cinecitta Studios, through Cine District Entertainment S r l , and activating the full potential of synergies and development opportunities of the different

aggregated business areas from the production of media content, to the promotion, organisation and management of cultural, public, corporate and private events to the important world of show services and products for the B2C market

No other Italian player has such a significant know-how and internationally recognised level of professionalism this is a factor that allows the Group to develop wide-ranging communication projects for companies, institutions and individuals Thanks to the partnership with Italian Entertainment Group (Cinecitta), the Group is able to cover the entire production cycle from the creative thought, to the development of formats and their realisation and is able to support its clients in defining communication strategies The development process in the global market commenced in recent years and thanks to a number of important commercial targets being obtained, your Group has positioned itself as a key international player that is known for its quality and professionalism within the sector in which it currently operates

- Museum and cultural activities,
- Organisation of corporate events, large shows and Olympic Ceremonies,
- Advertising and audio-visual production,
- Digital communication

The organisational model facilitates the activation of creative and production synergies between the companies of the Group to offer services that are increasingly innovative and “unique” in the reference market, with a strong focus on the development of human capital These are the key factors your Group intends to focus on in its growth strategy to strengthen its leadership in the Italian market and its role as a credible player in international markets, combining experience and reliability, strength and the ability to experiment and create new innovative products

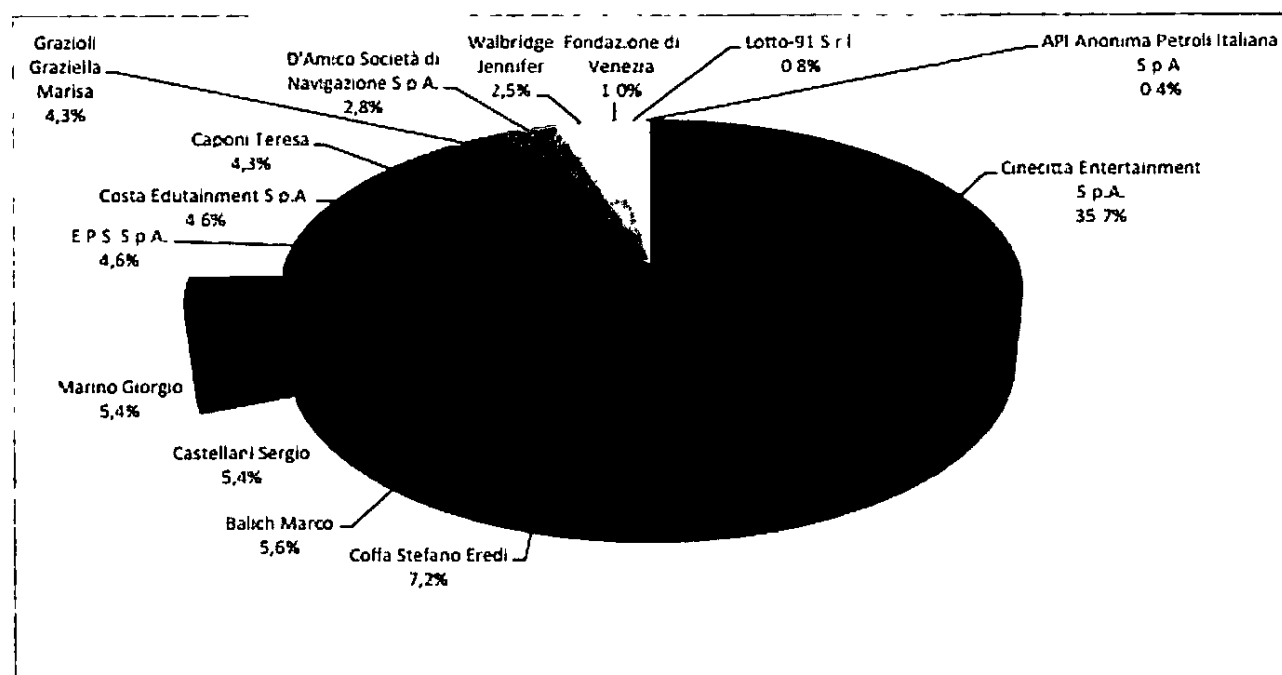
Pursuant to art 2428 we report that the business is carried out in Italy in the offices in Rome in Via dei Magazzini Generali 10, as well as the offices in Milan in Via Maroncelli 13

Your Group also has a premises used as a warehouse in Via Prenestina Rome 683 Rome and in Via Zuretti 37 Milan In addition, through its subsidiaries, your Group also has the following additional premises

COMPANY	COUNTRY	CITY	ADDRESS
Filmmaster Events Ltd	UK	London	7 Hennette Street, Covent Garden
Filmmaster Special Events Ltd	UK	London	7 Hennette Street, Covent Garden
Filmmaster Producciones S A	Spain	Madrid	Calle Fortuny, 31 – 1º
Filmmaster Mea Events FZ LLC	UAE	Dubai	BS 02 – 1st & 2nd floor
Filmmaster Mea Productions FZ LLC	UAE	Dubai	Office 1601-AI Thuraya Tower-16th Floor
Film Master Arabia CO Ltd	Saudi Arabia	Riyadh	P O BOX 22616-11495
Cermonias Carocas 2016 Spe Lta	Brazil	Rio de Janeiro	AV Presidente Vargas 482
Filmmaster Middle East and Africa LLC	Qatar	Doha	P O BOX 18698
Civita Cultura S r l	Italy	Rome	Piazza Venezia, 11
Cine District Entertainment S r l	Italy	Rome	Via Tuscolana 1055

The Parent company is not subject to management and coordination by third parties

As of 31 December 2014 the shareholders of Italian Entertainment Network S p A are

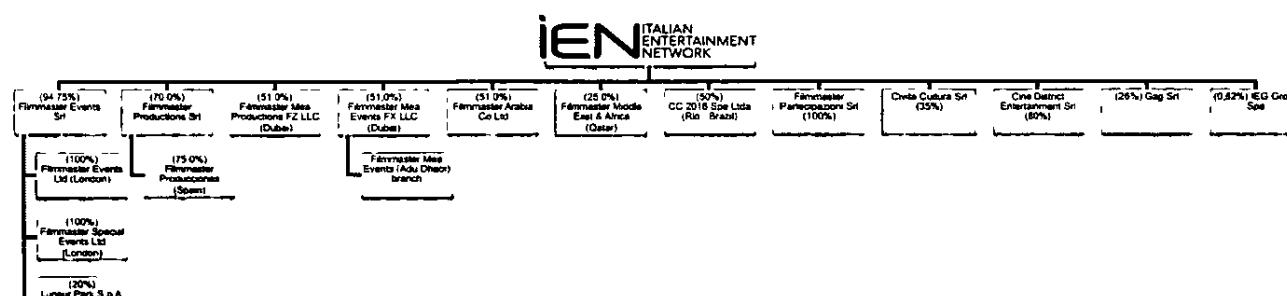


NAME		%
Cinecitta Entertainment S p A.	1.371.961	35,68%
Fondo Italiano D'Investimento Sgr S p.A.	589.240	15,33%
Coffa Stefano Eredi	276.630	7,19%
Balich Marco	213.450	5,55%
Castellani Sergio	207.472	5,40%
Marino Giorgio	207.472	5,40%
E.P.S. S p A.	177.585	4,62%
Costa Edutainment S.p.A.	177.413	4,61%
Caponi Teresa	165.978	4,32%
Grazioli Graziella Marisa	165.978	4,32%
D'Amico Società di Navigazione S.p.A.	106.884	2,78%
Walbridge Jennifer	96.820	2,52%
Fondazione di Venezia	40.210	1,05%
Lotto-91 S r l	32.442	0,84%
API Anonima Petroli Italiana S p A	15.267	0,40%
<b>TOTAL</b>	<b>3.844.802</b>	<b>100%</b>

As explained above, the extraordinary operation resulted in the arrival of new shareholders in the ownership structure, i.e.

- E.P.S. S.p.A.,
- Costa Edutainment S.p.A.,
- D'Amico Società di Navigazione S.p.A.,
- Fondazione di Venezia,
- Lotto 91 S.r.l.,
- Api Anonima Petroli Italiana S.p.A.
- Fondo Italiano d'Investimento Sgr S.p.A.

## Company organisational chart



From a legal perspective your Group directly and indirectly controls the following companies who conduct the following activities that are complementary and/or functional to the group's core business

SUBSIDIARIES				
Company	Business activity	Control	% owned	
Filmmaster Events S r l	ideation, design, realisaition and management of large shows, live show and conventions	direct	94,75%	
Filmmaster Productions S r l	Advertising, audiovisual and television production	direct	70,00%	
Filmmaster Mea Events FZ LLC	ideation, design, realisaition and management of large shows, live show and conventions	direct	51,00%	
Filmmaster Mea Production FZ LLC	Advertising, audiovisual and television production	direct	51,00%	
Film Master Arabia Co Ltd	ideation, design, realisaition and management of large shows, live show and conventions	direct	51,00%	
FilmMaster Middle East & Afrca LLC	ideation, design, realisaition and management of large shows, live show and conventions	Indirect	51,00%	
Cenmonias Canocas 2016 Spe LTDA	management of events for Rio Olymic Games 2016	Joint Venture	50,00%	
Filmmaster Partecipazioni S r l	Holding	direct	100,00%	
Filmmaster Producciones SA	Advertising, audiovisual and television production	Indirect	52,50%	
Filmmaster Events Ltd	ideation, design, realisaition and management of large shows, live show and conventions	Indirect	94,75%	
Filmmaster Special Events Ltd	ideation, design, realisaition and management of large shows, live show and conventions	Indirect	94,75%	
Civita Cultura S r l	Museum acticities, exhibition organisaition services	direct	35,00%	
Cine Distnct Entertainment S r l	Location, management of events	direct	80,00%	

The increases in the Group structure which took place during the 2014 financial year relate to

- *Civita Cultura S r l* , transfer in kind of 35% of the company ,
- *Cine Distnct Entertainment S r l* , transfer in kind of 80% of the company,

- *Filmmaster Special Events Ltd*, incorporation of a new company in London that is 100% owned by Filmmaster Events S r l – which is still not operational – for the realisation of major international shows that require the professionalism of highly prestigious and renowned international talents that can easily be found in London. This company is exempt from financial statement auditing in conformity with “section 479A of the Companies Act 2006” of the United Kingdom

The following table lists the sister companies

SISTER COMPANIES			
Company	Business activity	Control	% owned
Gag S r l	Web Agency	None	26,00%
Luneur S p A	Funfair	None	18,95%

## THE HIGHLIGHTS OF 2014

### HOLDING

As reported in detail in the preamble, the present financial year is characterised mainly by the extraordinary operation that took place in the month of August, with the entry of the Civita Cultura Group, Cine District Entertainment S r l and Fondo Italiano d'Investimento SGR S p A

With this operation, Italian Entertainment Network S p A became a holding company comprising the finest operators in audio-visual production, cultural entertainment, creativity and events sector

The process of integration got underway with the creation of a “steering committee” comprising the Managing Directors of the subsidiaries and which is coordinated by the Chairman of your Company. As well as the “steering committee”, 2 new sub-groups were set up “markets and product”, with the aim of identifying and developing new products and offers that can be proposed through the synergies of the new group, and “Organisational and procedural synergies”, in terms of the synergies in the context of the administrative management, systems, purchases and intra-group processes

In the month of December 2014, Giuseppe Costa was appointed as a second Managing Director to work alongside Luigi Abete

### BUSINESS AREAS– EVENTS

#### FILMMASTER EVENTS S R L (Italy)

The financial year that has ended should be seen on the whole as having been positive, considering that the “Special Events” Business Unit, which is still in a reconstruction phase and for which more information is provided below, did not provide a contribution in terms of turnover or margins, therefore the result that was achieved is attributable entirely to the “corporate” division that reached an overall performance that had never been achieved in the past, in terms of both overall turnover and the average value of individual job orders

It should be noted that in the months of September/November of 2013 the former chairman Marco Balich along with the majority of the staff of the “*Special Events*” division resigned and without warning left the subsidiary without this important and strategic division. This serious event resulted in the need to implement a major organisational and structural change for the reconstruction of the entire “*special events*” business units and the respective relationships with the potential international commercial counterparties: governments, institutions and organising committees of large sporting events. It should be noted that the awarding of this type of job orders requires a relational and preparatory activity of a medium/long term duration (2-3 years) and as a result, we will have to wait until the second half of 2015 before being able to see the first results.

With regard to the “*special events*” business unit, in the month of December 2013, Filmmaster Events S r l commenced a unfair competition lawsuit in the Court of Milan against the former directors Gianmaria Serra and Marco Balich, the former employees Annalisa Barbieri, Laura Cappelli and Silvia Guenzi and Worldwide Shows S r l (now Worldwide Shows S p A ), in virtue of conduct that it believes was contrary to professional correctness, consisting, amongst other things, in the misappropriation of the job order relating to the production of the Ceremonies of the Sochi 2014 Paralympic Games. In light of the documentation presented for the case by the counterparty, the request for the compensation of significant damages that were suffered and will be suffered, was adjusted to more than 8 million euro (the total or partial acceptance of this request could result in a significant non-operating income in the coming financial years). The initial hearings took place during the course of 2014 and the preliminary statements of both parties were presented. The Investigating Judge granted some of the oral evidence put forth by Filmmaster Events S r l , for which the counterparty is allowed to provide contrary evidence.

During the course of the 2014 financial year your subsidiary devised and realised 20 productions.

From these a role of particular importance is occupied by “**Enigma**”, an innovative and technological live show with a completely original soundtrack, video projections, live choreography and special effects that captivate the hearts and minds of the audience, accompanying them on a journey inside the magic of the big screen. The show is performed in the Cinecittà World theme park in Castel Romano in Rome. For the first time we worked in a context where the event is not the end, but rather the start of a long process with exploitation rights belonging to Filmmaster Events S r l .

Enigma will provide access to the new market segment of permanent shows with ambitious prospects in international contexts, an investment of circa 1.5 million.

From the international productions we would like to highlight the job order “**Ford Transit**”, which is an important result that was obtained against established international competitors. The event, which took place in Barcelona from 3 February to 21 March 2014, demonstrated the significant organisational capacity of your team that prepared and managed a complex and innovative project the success of which was recognised by the client itself and enabled your company to join the list of “*official suppliers*” of Ford and to maximise the loyalty of an international client.

The presence in the UK territory of central “*sales & marketing*” management offices of the largest international companies, including Ford, made it necessary to increase your Company’s presence and support directly in the area. For this reason, the English subsidiary Filmmaster Events Ltd hired a resource that was previously employed by Filmmaster Events S r l .

From amongst the national Italian events, we report the following job orders

- **"Ferrero Nutella 50 anni"** A series of events to celebrate the 50<sup>th</sup> anniversary of Nutella with an enormous success in terms of audience numbers between Alba and Naples **150,000 people took part in the large event in Piazza del Plebiscito** with music, entertainment and a lot of fun, which ended with a concert with performances by **Almamegretta, Simona Molinari, James Senese, Arisa, Giuliano Palma** and ended with the performance of the famous Pop Star **Mika**
- **"Maserati Gathering"** the large event for the centenary of the historic and prestigious car manufacturer A large itinerant gathering over three days with the participation of more than **250 vehicles** including the most representative and exclusive Maserati models from 30 countries throughout the world
- **"Launch Gala Agon Channel"**, launch and first live TV broadcast for the debut of Agon Channel, the new general tv channel on the digital terrestrial platform with 600 invitees and an international guest star **Nicole Kidman** A complex and detailed event in terms of logistics, fit-out, location and catering
- **"Expo Milan 2015"**, Filmmaster Events S r l became an *"Official Supplier & Provider Expo Milan 2015"* This should not only be seen in terms of the economic benefit relating to the development of the project but also in terms of the significant endorsement from the organising committee of one of the most important global events The job order relates to the awarding of the service for the ideation, design, realisation, coordination and organisation of events and activities connected to and relating to the promotion of Expo Milan 2015

All of these events are of particular importance in terms of the creative excellence, production complexity and the success obtained with clients, in the future this is certain to bring a competitive advantage in the national and international markets

It is important to report that Filmmaster Events S r l climbed to 11th place in the global league table of the TOP 50 EVENT AGENCIES and received prestigious national and international awards at the **EUBEA (European Best Events Awards)** and **BEA (Best Events Award)** In particular, at the EuBea, your Company came second as **BEST EUROPEAN AGENCY** and the production **"Ferrero Nutella 50 anni"** won the first prize for BEST MUSICAL EVENT, as well as coming second and third in other prize categories

At a national level the results achieved at the BEA were extraordinary and included

- **Best Agency – 1<sup>st</sup> prize** (Best agency of the year),
- **Creative director of the year - Alfredo Accatino** (Partner Filmmaster Events),
- **In 11 categories, it won the 1<sup>st</sup> prize including the most prestigious category of "Best Event Award" with the job order "Ford of Europe - Transit Go Further"**
- **In 6 categories, it won the 2<sup>nd</sup> prize,**
- **In 4 categories, it won the 3<sup>rd</sup> prize**

Finally, the **"Enigma"** show received the **1<sup>st</sup> prize for "BEST SHOW INDOOR"** at the **PARKS MANIA AWARDS 2014.**

In terms of international development, we report participation in the tenders for some major projects that are ongoing or which may be developed in the next three years jointly with the English subsidiary Filmmaster Events Ltd

- **"Aimag 2017"** (Asian Indoor Martial Arts Games) – Turkmenistan, for the realisation of the opening and closing ceremonies of the *Asian Indoor Martial Arts Games*

- **"Firs"** ("Federation Internationale de Rollers Sports") where an advisory process was started with the international federation in order to study new formats centring on sport and entertainment,
- **"Expo Astana 2017"**, (Astana – Kazakhstan), for the ideation, creation and production of all the aspects related to the "cultural and entertainment" cluster and advisory services for the "marketing and communication" cluster

With regard to the shareholding in Luneur Park S p A - where Filmmaster Events S r l will act as a managing partner - 2014 was characterised by the continuation of the renovation activities of the area and continued to support the venture through a shareholder's loan. The opening to the public of the funfair is now scheduled for April 2016

#### **FILMMASTER MEA EVENTS FZ LLC (Dubai)**

Through a synergistic collaboration with the Italian headquarters, the subsidiary Filmmaster Mea Events FZ LLC (Dubai) continued its policy of expansion in the territories of the Middle East with an increase in turnover of more than 41% compared to 2013

The main events were

- **"NKPI"** for the client, the Prime Minister's Office of Dubai, for which a 270 degree screen was produced with a dimension of circa 300 metres. The main authorities of the emirate were present at the event
- **"Dubai Plan"** for the client, 'Executive Council' of Dubai, an event in which the government of the emirates communicated its Vision for the period after Expo 2020. The event was a great public success and is in a shortlist for the Middle East Event Award 2014

Saudi Arabia (through the subsidiary Film Master Arabia CO LTD) remains the most interesting market with high value projects

The main client is Aramco (the national Saudi company that owns almost all of the kingdom's hydrocarbon resources is the leading global oil company). In 2014 the **"Saudi Aramco Cultural Program"** events were organised in Jeddah and Riyadh and **"Aramco broadcast"** in Dharan

From the events realised in the territory of the United Arab Emirates we report

- **"Sheikh Khalifa Excellence Award"** for the third consecutive year, with the most important state figures in attendance, Filmmaster Mea Events organised this important awards ceremony for companies whose performances stood out the most in Abu Dhabi
- **"Nutella"** the 150<sup>th</sup> anniversary of the Nutella brand was celebrated with an event that attracted a large crowd at the Dubai Mall

#### **FILMMASTER EVENTS LTD (UK)**

As mentioned previously, the presence in the UK territory of the central "sales & marketing" management offices of the leading international companies, including Ford, made it necessary to increase your Company's presence and support directly in the area. For this reason, the English subsidiary Filmmaster Events Ltd hired a resource that was previously employed by Filmmaster Events S r l

We report that the English subsidiary incorporated a new team with highly qualified staff, and has presented some briefs to renowned car manufacturers like Audi and Volkswagen. In addition, it has been accredited as an official supplier for the events of the well known software company "Karspesky"



X This company is exempt from financial statement auditing in conformity with "section 479A of the Companies Act 2006" of the United Kingdom

CERIMONIAS CARIOCAS 2016 SPE LTDA (Brazil)

The subsidiary Cerimonias Cariocas 2016 Spe Ltda, began its ideation and executive production activities of the Olympic Ceremonies for Rio 2016. During the course of 2014 the production began of "Torch relay", an event that will bring the Olympic torch into the immense Brazilian territory.

**CIVITA CULTURA S R L**

Un'opera al Castello – Competition for young artists 2014 – FOURTH edition

In the month of July 2014, the tender notice was published online for the fourth edition of the national competition *Un'Opera per il Castello*, which is dedicated to young artists, to select an artistic project that is devised for Castel Sant'Elmo in Naples. The theme of this edition is dedicated to communication. The communication space: Connections and sharing.

**BUSINESS AREA – ADVERTS**

FILMMASTER PRODUCTIONS S R L (Italy)

With regard to the subsidiary, the past financial year features an extremely positive result which is against the trend for the market, even though there was a reduction in the overall turnover of circa Euro 2 million in the 2014 financial year.

The result that was achieved, which was influenced in great part by a positive extraordinary management with a value of circa Euro 235 thousand thanks to the positive outcome of the dispute with CIS S r l, is the result of a commercial policy which aims to improve the profitability of individual job orders mainly through the rationalisation of production and structural costs rather than through an increase in the price requested from the client.

The management has pursued an aggressive commercial policy, with a specific focus on certain key customers with whom it has established and consolidated the relationship over time, and who have guaranteed a significant volume in terms of revenues. This has also been necessary to offset the loss of an important client like Vodafone.

In terms of new business the development of the "Filmmini" division continues and has allowed, even in the 2014 financial year, new clients to be approached with original production techniques. Filmmini's activity is enabling there to be a diversification of the offer that is proving to be extremely attractive even for clients that are traditionally deemed "conservative", and which has allowed the offer to be extended especially in terms of content for the web. The number of "non traditional" projects has increased even in the 2014 financial year as has the respective turnover volume.

It should also be noted that the subsidiary has invested in the market of cinema executive production for large international clients through the production of the part of the film "Ben Hur" that was filmed in Italy, at the request of the US company, BH Productions, that is managing the entire production of the film. Even though the production margin of the job order is minimal, circa 200 thousand euro, on a turnover of circa 16 million euro, that in financial terms will nevertheless exclusively have an impact on the 2015 financial year, the job order in question must be seen as an investment by the subsidiary in that it helps to project it towards a sector that is as yet unexplored. The production of such an important feature film will certainly make it attractive in the near future for new foreign investors who want to produce parts of international feature films in Italy, and with regard to whom the company itself will then have a greater bargaining power.

#### FILMMASTER PRODUCCIONES SA (Spain)

In 2014 the subsidiary Filmmaster Producciones SA (Spain) saw its turnover return to the levels of the 2012 financial year with a reduction compared to the 2013 financial year of circa 350 thousand euro, because of the reduction in value of the local advertising market. The company produced the majority of its turnover, circa 1,250 thousand euro, as services for Filmmaster Productions S r l.

#### FILMMASTER MEA PRODUCTIONS FZ LLC (Dubai)

Aside from producing all the video and multimedia content of the events it organises through its "Visual" division, the subsidiary Filmmaster Mea Productions FZ LLC increased its presence in the territory by acquiring important clients including Mc Donalds, M&M's, GMC, Galaxy, Mobily and Nescafe Japan. The latter received a bronze at Dubai Lynks 2015.

During the course of 2014 the "Visual" division developed a first major project for the Executive Council called "Fast Government".

### **BUSINESS AREA- CULTURAL AND MUSEUM ACTIVITIES**

#### CIVITA CULTURA S R L

Thanks to the development of its businesses and the company acquisitions which enriched its professional and territorial profile, the subsidiary Civita Cultura S r l has a significant size and scope. Although they retain their legal independence, the companies of the Civita Group are part of a single national entrepreneurial entity that is involved in the promotion of cultural assets, that conducts its business activities in the following areas:

- Exhibitions and Museums Area,
- Corporate and Congresses Area,
- Communication and Promotion Area,
- Territorial promotion projects Area

### **EXHIBITIONS**

The exhibition activity of the subsidiary involves the group throughout the entire national territory. During the course of

2014 20 exhibitions were organised, of which 8 were inaugurate during the course of 2013 and continued in 2014, 7 inaugurate and closed during the course of 2014 and 5 inaugurate in 2014 and continued in 2015

## MUSEUM MANAGEMENT

With regard to museum management, the company is present in the sites listed below for the management activity of the museum services

REGION	CITY	SITE
LAZIO	Rome	National Gallery of modern and contemporary art
LAZIO	Rome	Andersen Museum
LAZIO	Rome	Boncompagni Ludovisi Museum
LAZIO	Rome	Praz Museum
LAZIO	Rome	Villa Giulia Etruscan Museum
LAZIO	Rome	Maxxi
LAZIO	Rome	Palazzo Valentini
LAZIO	Rome	Palazzo Incontro
LOMBARDY	Mantua	Palazzo Ducale
LOMBARDY	Milan	Museum of the 1900s
LOMBARDY	Milan	Gallerie d'Italia - Piazza Scala
LOMBARDY	Milan	Alla Scala theatre Museum and La Scala Laboratories in the former Ansaldo Site
LOMBARDY	Monza	Villa Reale
PIEDMONT	Turin	Museum of Savings
UMBRIA	Terni	CAOS (centro arte opificio Siri)
UMBRIA	Terni	Carsulae Archaeological Site
UMBRIA	Terni	Permanente Paleontological Exhibition
UMBRIA	Terni	Theatre of the Roman Amphitheatre
UMBRIA	Terni	"S Secci" Theatre
SICILY	Palermo	Gallery of Modern Art

The tender procedures for the renewal of many important museum concessions are still blocked or suspended, with the continuation (through extensions) of the current ones, this has led to there being a further push to diversify the business activities linked to exhibitions even with the development of ventures abroad, like the exhibitions organised in Brazil

During the course of the year there was also a development of the integration of the museum and tourist services in the sector of ticketing systems and a wider and more detailed tourism and cultural offer. In particular the unification was completed for the call centre services with the aim also of promoting an increased loyalty from the public

## **PROJECTS AREA**

### *GUIDE D'AUTORE - TRE ITINERARI NEL CUORE DELLA SICILIA*

For the public-private consortium "Rocca di Cerere", Civita Cultura S r l is developing a project for the promotion of the territory. Through the collaboration of three experienced scholars and promoters, Mario Tozzi, Sergio Grasso and Franco La Cecla, the itineraries were outlined for the area around Enna to be seen from three new and interesting perspectives: geology and landscape, food anthropology, the traces of worship and religious traditions. The itineraries will be narrated by three experts and their explanations will be made available online on a website and through mobile applications developed for iOS and Android, in both Italian and English

### OPERA LABORATORI FIORENTINI S p A

## **MANAGEMENT OF MUSEUMS**

### **Management of museum services in Florence**

The management of the museum services within the Museum Pole of Florence represents the most important activity in terms of turnover and financial outlay. In this regard it should be noted that the concession for the management of these services expired in 2009 and the Company is currently operating with an extension of the original concession ahead of the publication of the new tender. 2014 was a positive year in terms of the number of visitors to the museums of the Museum Pole of Florence

In 2015, based on the results of the first two months of the year, the positive trend continues with a 15.9% increase in visitors and a 22.8% increase in ticket receipts while the takings of the bookshops fell by - 3.1%

### **Museum management services in Rome at the Vatican Museums**

Opera Laboratori Fiorentini S p A is the lead member of a Temporary Association of Companies, with the other shareholders being Giunti Editori S p A and Sillabe S r l, for the commercial management of the bookshops situated throughout the Vatican Museums

The contract with the Governorship of the Vatican City for the management of the bookshops of the Vatican Museums expired 31 December 2014. In the final months of 2014 the Governorship of the Vatican City called a tender for the management of the bookshops of the Vatican Museums which Opera L F took part in and was awarded the new concession

We are currently awaiting the formal agreement of the contract

The new concession will have some improvements compared to the old one

The 2014 financial year saw an increase in the number of visitors, while the gross takings of the bookshops remained stable compared to 2013

### **Management of museum services in Siena and its Province**

The 2014 financial year saw positive results, compared to 2013, for the number of visitors (+8%) gross takings from ticket offices (+49%) and bookshops (+4%)

The good performance in terms of takings from ticket offices is due mainly to the new management of the Civic Museums of San Gimignano (since 1/1/2014), the new management of the Duomo of San Gimignano (which started in June 2013) and the exhibition "Sergio Staino – Satira & Sogni

In particular the work of the year was concentrated in the following

#### **1 Management of the municipal museums and Santa Maria della Scala**

Following the expiry of the concession on 31/12/2014, the Municipality of Siena extended the timeframe to 28/02/2015 for the management services of the bookshops of Siena's Civic Museum and the Museum Complex of Santa Maria della Scala,

#### **2 Activities in Palazzo Piccolomini Pienza**

The Company deals with the management of the visits to the *palazzo* with an audioguide system, ticket office, bookings and bookshop. Moreover, between 29 March and 2 November 2014 within the premises of Palazzo Piccolomini the exhibition "Vinum Nostrum, Arte, scienza e miti del vino nelle civiltà del Mediterraneo antico" was prepared,

#### **3 Chigiana Musical Academy**

The Company deals with the management of the Music Shop of the Chigiana in the courtyard of Palazzo Chigi-Saracini, the ticket office, bookings and guided tours for the monumental areas. The new concession for the management of the bookshops will expire on 31 December 2016,

#### **4 Siena Duomo complex**

The management of the Siena Duomo complex was entrusted to Società dell'Opera della Metropolitana del Duomo di Siena with a contract that will expire in December 2016,

During the course of the new year products were added inside the bookshop which extended and improved the offer

#### **5 Municipality of San Gimignano**

Since July 2013 the company has obtained the management of the Bookshop of the Duomo of San Gimignano, the ticket offices and the booking service. For this initiative, the contract for which will expire in May 2017, the content of the audioguides were produced, along with the visual communication of the Cathedral, a new bookshop and dedicated merchandising. In the second half of the year the Company was awarded the tender called by the Municipality for the complete management of the Civic Museums of San Gimignano from 1 January 2014 to 31 December 2018

In addition, since 1 January 2014 the Company deals with the management of surveillance services, ticket offices, bookshops and the cleaning of the Civic Museums, the fit-out of the bookshop of the Torre Grossa and Spezieria di Santa Fina, the activation and management of the audioguide service and the management of the Art Glass service

During the course of 2014, in the premises of the Art R De Grada Gallery of Modern and Contemporary, the exhibition "Elliot Erwitt – Icons" was prepared, that opened to the public on 5 April and ended on 2 November 2014. Thereafter, on 20 December 2014, the exhibition "900 Una donazione" was inaugurated and will remain open to the public until 30 August 2015

In addition, within the Civic Museums – Art Gallery San Gimignano the Company curated the preparation and management of the exhibition "Pinturicchio La Pala dell'Assunta di San Gimignano e gli anni senesi", that was inaugurated on 6 September 2014 and ended on 6 January 2015

### **Design and Fit-out of Exhibitions Area**

In 2014 the exhibitions office, in collaboration with Civita Cultura S r l and the Soprintendenza of Florence, ideated, programmed and realised 9 exhibition events in the main Florence museums, managing the communication and promotional aspects

The events that were organised for "Un Anno ad Arte 2014" that obtained excellent results in terms of quality and audience numbers are listed below

- Palatina Gallery, "Una Volta nella Vita Tesori dagli Archivi e dalle Biblioteche di Firenze", 28 January - 27 April 2014,
- Uffizi Galleries, "Le Stanze Delle Muse Dipinti Barocchi Dalla Collezione Di Francesco Molinari Pradelli", 11 February - 11 May 2014,
- Accademia Gallery, "Ri-Conoscere Michelangelo La Scultura Del Buonarroti Nella Fotografia e Nella Pittura Dall'ottocento Ad Oggi", 18 February - 18 May 2014,
- Bargello National Museum, "Baccio Bandinelli Scultore E Maestro (1493-1560)", 9 April -13 July 2014,
- Argenti Museums, "Sacri Splendori Il Tesoro Della 'Cappella Delle Reliquie' In Palazzo Pitti", 20 May - 28 September 2014,
- Palatina Gallery, "Jacopo Ligozzi Pittore Universalissimo" (Verona 1547 - Firenze 1627)", 27 May - 28 September 2014,
- Uffizi Galleries, "Puro Semplice E Naturale Nell'arte A Firenze Tra Cinque E Seicento", 17 June- 2 November 2014,
- Accademia Gallery, "La Fortuna Dei Primitivi Tesori D'arte Dalle Collezioni Italiane Fra Sette E Ottocento", 24 June 2014 - 8 December 2014,
- Gallery of Modern Art, "Luci Sul '900 Prova Di Allestimento Per Il Futuro Della Galleria D'arte Moderna Di Palazzo Pitti", 28 October 2014 - 8 March 2015

## CIVITA SICILIA S R L

### **EXHIBITIONS AND EVENTS**

During the course of the 2014 financial year the collaboration was consolidated with Fondazione Terzo Pilastro – Italia e Mediterraneo (previously Fondazione Roma-Mediterraneo) that enabled Civita Sicilia S r l to develop some projects of a significant importance not just in Sicily but in the whole of Italy

The first exhibition project, that was inaugurated in March 2014, involved the realisation of a monographic exhibition of the Cuban artist Julio Larraz and was curated by Prof. Luca Beatrice. The exhibition was held in the striking Palazzo Valle in Catania and was a success with both the critics and the public.

The second project, that was inaugurated in October 2014, involved Sicilian painting of the eighteenth century with more than 100 works of art from Sicilian artists or artists that were regularly active in Sicily, on the theme of landscape, which again was a success with both the critics and the public, and was one of the most important exhibitions of autumn 2014.

The collaboration with Fondazione Terzo Pilastro will also continue during 2015, with two other exhibitions projects already in the process of implementation in Villa Zito in Palermo. We report a project that will feature Arab-Norman Palermo with an exhibition curated by Prof. Aurelio Angelini that will be added to the itinerary "Arab-Norman Palermo and the cathedrals of Cefalù and Monreale" in Unesco's World Heritage List. It is an important project which relates to the development and promotion in tourism and especially cultural terms of an artistic and historic itinerary within the city, that contains some works of the utmost importance of our heritage and that could even represent for Civita Sicilia an additional possibility to increase its business activities.

### **MUSEUM MANAGEMENT**

Civita Sicilia was definitively awarded, in the month of June 2014, the additional services "Ticket Office – Information Services, Booking and Presales – Design and Organisation of Exhibitions and Cultural Events– Bookshop –Didactics - Bar-Cafeteria Catering - " as well as "Functional / scientific Support– Educational services and cultural dissemination" at the modern Art Gallery in Palermo for the four year period 2014/2018. This award confirms the established position and stability of the Company in the territory.

In the context of this concession a number of projects to be arranged during the course of 2015 have already been financed including the one for the integration and renewal of the current exhibition itinerary with the movement of works in all three floors of the monumental complex, another project for the creation of a "personalised cumulative ticket", and the exhibition project on Jules Van Biesbroeck jr.

During the course of 2014 the management of the services continued positively in Palazzo Branciforte, the new headquarters of Fondazione Sicilia. Civita has been entrusted the activities relating to the management of the ticket office and bookshop, the reception and assistance with visits services, guided tours and didactic activities, promotion and communication, the organisation of events of a cultural nature.

Civita has also been entrusted via a loan the Auditorium space for conferences, congresses and cultural meetings.

## CIVITA MUSEA S R L

Civita Musea carries out its business activities in the following sites

- Archaeological area of Pompei – Ticket office, reception, cloakroom, press office and didactic services,
- Palace of Caserta – Ticket office, reception and didactic services,
- Palazzo Zevallos Naples – Management of the ticket offices, management of the bookshop, management of the till and treasury system relating to the ticket office and bookshop, surveillance of the exhibition halls, guided tours to the Gallery

The above activities are governed by different service contracts and/or concessions. At present the Pompei and Caserta concessions are still operating through an extension to the original concession, while the contract with Banca Intesa for the management of Palazzo Zevallos expires at the end of 2015.

## **BUSINESS AREA- LOCATION AND MANAGEMENT OF EVENTS**

### **CINE DISTRICT ENTERTAINMENT S R L**

In 2014 there was a significant increase in sales revenues of circa 43% compared to the previous financial year. This percentage growth concerned in virtually identical percentage terms the two main business divisions, hospitality for third party events and exhibition activities. There was also a significant increase for the sale of merchandise at the Cinecittà café (more than 70% compared to 2013).

The exhibition activities open to the public are now a consolidated activity that the public appreciates, and which is growing in a constant and directly proportional manner to the communication investment that was made.

The activities consolidated further at the start of 2015 with the opening of an additional permanent exhibition area and are expected to grow at a significant rate during the course of the next financial years if they are supported, as we plan, by communication activities that are synergistic with other entertainment functions of the group. This business area represents an important concrete and potential growth area for the company Cine District Entertainment S r l in the near future.

Thanks to good commercial work the event hospitality sector has generated important results that will be improved during the course of the coming financial years by development plans in terms of the location that was defined by specialist media as one of the most sought after in Italy and Rome.

The development of the production and sale of merchandise will also be important, including through the vehicle of "Il Caffè di Cinecittà".

### **Business performance**

#### **General economic trend**

The global economic growth has been sustained by the reduction in oil prices - that has been constant since the second half of the financial year and which intensified in the fourth quarter – as a result of both the increase in supply and the weakness of demand. One average during the year Brent reached a price of 99 USD for the Barrel<sup>1</sup>, with a reduction of circa 9% compared to 2013.

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<sup>1</sup> Energy Information Administration – Europe Brent Spot Price FOB (Dollars per Barrel) – annual average



However, the reduction of crude oil prices makes the financial stability particularly risky in exporting nations and the prospects in the short and medium terms for the global economy remain uncertain, given a persistent weakness of the euro area and Japan, the continuation of the slowdown in China and the sharp downturn in Russia

On the other hand, economic activity has accelerated clearly in the United States, as the economy grew beyond forecasts after the slow-down in the first quarter of the year, driven by internal demand and by the continual support provided by monetary policies, however, the recent appreciation of the dollar will lead to a reduction in net exports. In 2014 GDP increased by 2,4% and an increase of 3,6% is expected in 2015

In Japan, the economic trend displayed a sharp slowdown in the third quarter of 2014 because of a reduction in investment and a lower than expected increase in internal demand. The economic policies implemented are expected to sustain a gradual recovery, given also a reduction in the price of oil and a depreciation of the yen. In 2014 GDP increases on the whole by 0,1% and is expected to increase by 0,6% in 2015

The Chinese economy showed signs of a slow-down in growth particularly in the last part of the year, GDP in 2014 did however increase by 7,4%. For 2015, a deceleration to +6,8% is expected. Growth remains robust in India and even appears to have accelerated in the final months of 2014 (2014 GDP equal to 5,8%, 2013 GDP +5%)

The political tension in Russia has resulted in development slowing down, with this trend being exacerbated by the sanctions imposed by the West at the end of July, the fall in the price of crude oil and the collapse of the rouble, that have provoked a further reduction in the level of confidence of consumers and companies, there was an increase of GDP in 2014 of +0,6% (for 2015 a reduction of 3% is expected)

The stagnant situation in Brazil continues with 2014 GDP at +0,1%, which was slowed down by weak investment, that seems also to have affected the latter part of the year. In 2015 GDP is nonetheless expected to rise by +0,3%

The economic growth of the euro area remains modest, with an increase, in the third quarter, of household consumption and public authorities, which has nonetheless been held back by a reduction in investment. The French economy and to a lesser extent the German economy, have contributed to development while political uncertainty has continued in Greece, which has been reflected in economic instability, and the situation in Italy has been weak

In the last quarters in Italy consumption has improved moderately, in line with the level of disposable income linked to the increase in employment levels during the summer months. The unemployment rate did however increase and the recovery of the labour market remains fragile and is impacted by the negative expectations of companies

There has been a concurrent reduction in investment, that has been held back by the high level of unused capacity and the uncertainty over demand prospects. From the most recent macroeconomic analysis, the depreciation of the exchange rate<sup>2</sup> could promote a gradual acceleration of international trade

On the whole, 2104 GDP fell by 0,4% and is expected to rise by 0,4% in 2015, driven by the expansionary trends in the monetary policy and the measures to reduce the tax burden with the stability law, with which the Government has also committed to continue to rebalance public accounts

### ***Business outlook in the sectors in which the company operates***

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<sup>2</sup> The single European currency depreciated against the US dollar (from 1,36 in January to 1,23 in December 2014 and 1,16 in January 2015) – source Bank of Italy – Exchange Rates

The market for advertising investments in 2014 closed at -2.5%, a loss of 158 million compared to 2013 which in turn had closed at -12.3% compared to the previous year. This is the most limited reduction that we have seen in the last four years. Considering the entirety of digital investments, i.e. adding the estimates on the video, social and search advertising categories that are currently not measured on a monthly basis, the market closes near zero (-0.4%).

With regard to individual sectors, TV fell slightly (-0.5%), notwithstanding the typical different trends within it. Aside from the positive performance linked to sporting events during the summer, the months of March and November were also positive. The press sector continues to struggle, even though slight signs of recovery in the month of December allowed daily newspapers and magazines to close 2014 with a reduction of -9.7% and -6.5% respectively.

Radio has confirmed the positive trends for recent months and, thanks to an increase in December, closed 2014 at -1.8%, a slight improvement compared to the market as a whole.

Even internet grew in the month of December, reaching a level of +2.1% for the whole of 2014, which becomes +7.6% if we extend the perimeter of analysis to the digital categories that are not normally monitored.

Cinema and direct mail confirm the negative trend, albeit at a different level, losing -18.2% and -4.5% respectively. Outdoor, along with the web, is the sector bucking the trend, thanks to an increase of +3.2%.

With regard to merceological sectors, we report *se 7* that are growing, with a contribution of circa 148 million euro. For the first market segments there were different performances in the cumulative period: despite an increase in foodstuffs (+3.4%, equal to 25 million) and distribution (+6.9%, circa 23 million), there was a reduction in the automotive sector (-4.2%, circa 25 million) and the slowdown of telecommunications, that with circa 129 million less investment than 2013 registered a negative performance of -26.5%. The greatest contributions to growth come from finance/insurance (+20.6%), pharmaceuticals and health products (+9.3%) and household electrical appliances (+8.5%), which on the whole increased investment by 85 million. Finance/insurance is the sector with the biggest increase in its share (+24% circa), followed by pharmaceuticals/health products (+12.6%) and household electrical appliances (+11.7%).

2014 was therefore a year of transition and stabilisation of the market especially if we look to the trend for medium-long term, that may provide a hint of a recovery albeit at absolute levels of investment that are lower than in the past. In terms of real and nominal values, these are the same levels as the end of the '90s, even though at that point we were at the end of a growth cycle which peaked in 2000.

In the **communication and events sector**, in the 2014 financial there was a slight recovery in demand. In the Italian market there was an increase of 2.21% in the market volume, that reaches a level of 785 million euro. When combined with others this figure bodes well in terms of future prospects. On the other hand the Middle Eastern market has started to display falling trends following the reduction in oil prices and the available budgets for communication expenses for companies.

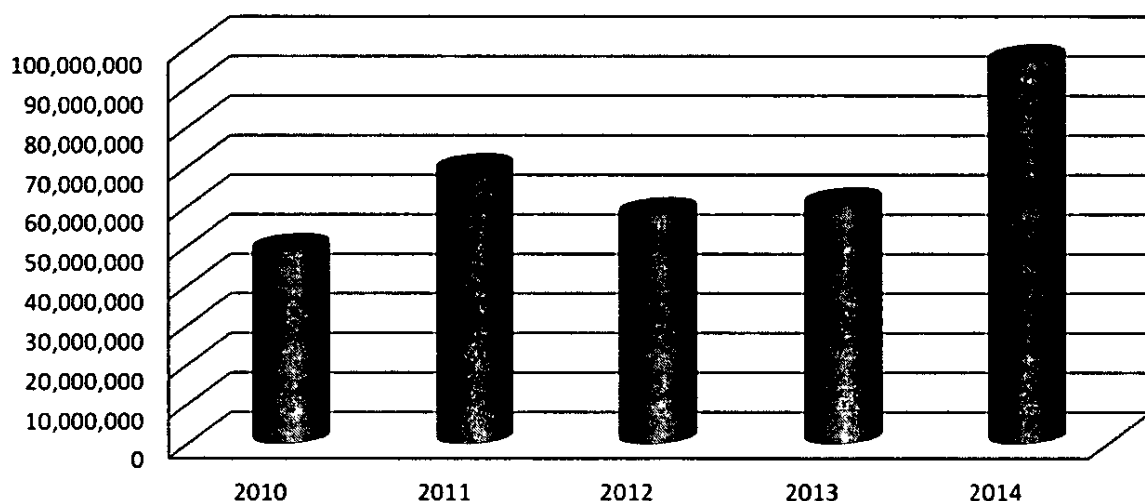
With regard to your Group, the past financial year must be considered positive, especially in consideration of the general recessionary climate described above which has not yet been left behind.

The process of internationalisation allowed your Group to maintain a good level of profitability, as will be shown below in the charts.

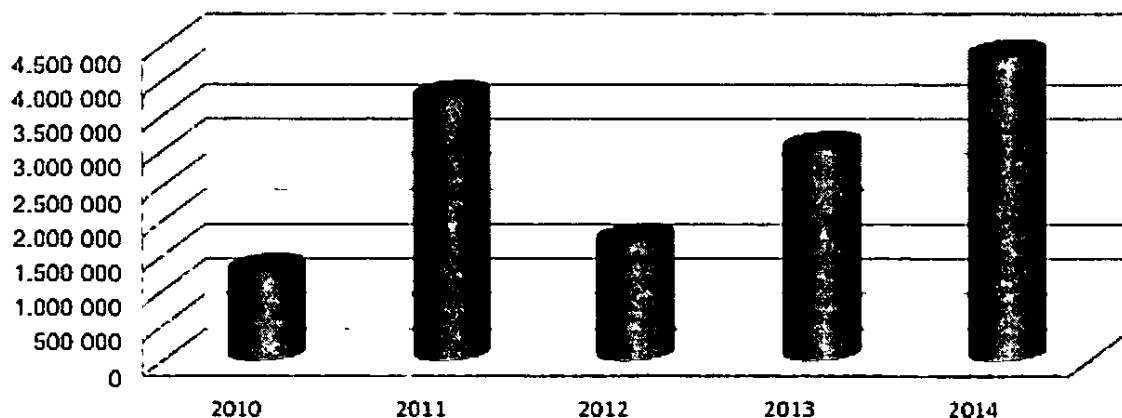
As a result of the extraordinary operation that was described above, although the values of the current and previous financial year are shown, they are not comparable. As already explained in the additional note, we report that the Group Civita Cultura S r l and Cine District Entertainment S r l were consolidated as of 26/08/2014.

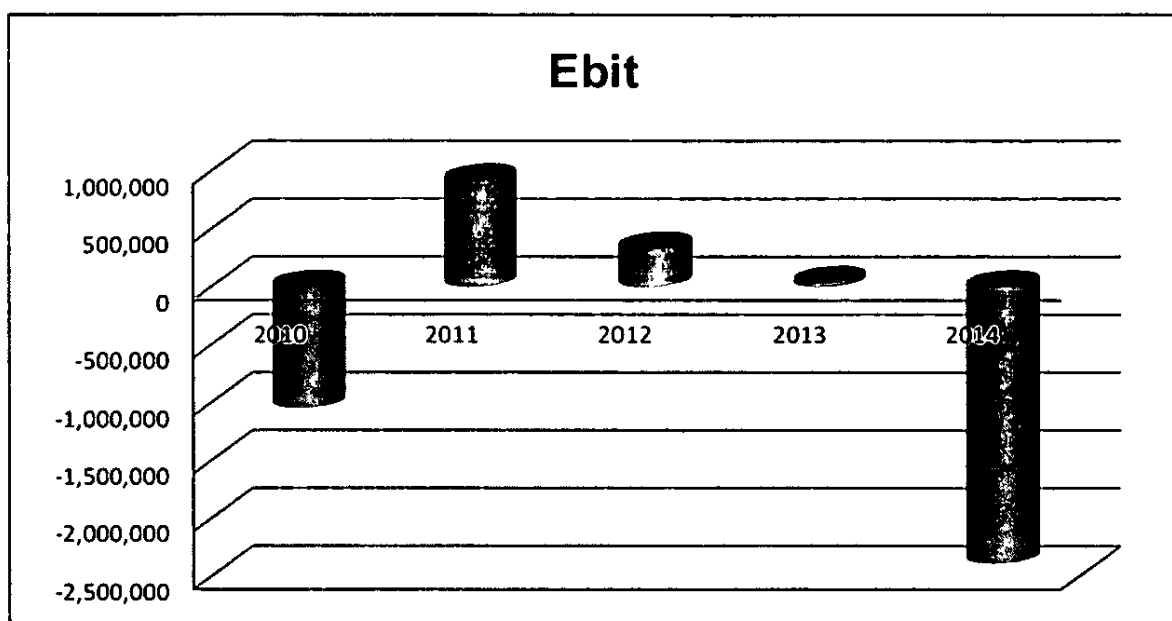
The following tables highlight the following economic trends:

### Value of Productions



### EBITDA





The table below shows the results that were achieved in the last three financial years in terms of the added value, EBITDA and the pre-tax result

	31/12/2014	31/12/2013	31/12/2012
Value of production	96,682,979	60,527,157	58,007,891
EBITDA	2,138,082	1,813,744	1,592,442
Pre-tax result	(1,145,305)	814,401	1,221,105

#### Main financial data

The reclassified income statement of the company compared with that for the previous year is as follows (in Euro)

	31/12/2014	31/12/2013	Variation
Net revenues	91,952,110	60,796,699	31,155,411
External costs	73,454,762	51,632,540	21,822,222
<b>Added Value</b>	<b>18,497,348</b>	<b>9,164,159</b>	<b>9,333,189</b>
Cost of Labour	16,359,266	7,350,415	9,008,851
<b>EBITDA</b>	<b>2,138,082</b>	<b>1,813,744</b>	<b>324,338</b>
Amortization, depreciation, write-downs and other provisions	2,446,079	816,567	1,629,512
<b>Operating Result</b>	<b>(307,997)</b>	<b>997,177</b>	<b>(1,305,174)</b>
Other proceeds	363,240	58,611	304,629
Financial proceeds and charges	(830,407)	(325,108)	(505,299)
<b>Ordinary result</b>	<b>(775,164)</b>	<b>730,680</b>	<b>(1,505,844)</b>
Net extraordinary components	(370,141)	83,721	(453,862)
<b>Pre-tax result</b>	<b>(1,145,305)</b>	<b>814,401</b>	<b>(1,959,706)</b>
Taxes on income	1,244,471	775,952	468,519
<b>Net result</b>	<b>(2,389,776)</b>	<b>38,449</b>	<b>(2,428,225)</b>

#### Main balance sheet data

The reclaimed income statement of the company compared with that of the previous financial year is as follows (in Euro)

	31/12/2014	31/12/2013	Variation
Net intangible fixed assets	21,774,705	4,767,478	17,007,227
Net property, plant and equipment	11,460,941	728,280	10,732,661

Shareholdings and other fixed financial assets	8,880,765	3,072,300	5,808,465
<b>Fixed capital</b>	<b>42,116,411</b>	<b>8,568,058</b>	<b>33,548,353</b>
Inventories	7,836,438	2,217,928	5,618,510
Receivables from Clients	37,093,412	15,574,367	21,519,045
Other receivables	6,817,001	2,403,627	4,413,374
Accruals and deferrals (assets)	773,118	188,437	584,681
<b>Short term assets from financial year</b>	<b>52,519,969</b>	<b>20,384,359</b>	<b>32,135,610</b>
Payable to suppliers	30,050,885	10,510,766	19,540,119
Advances	3,568,708		3,568,708
Tax and nat insurance payables	3,814,653	1,017,428	2,797,225
Other payables	14,824,970	3,055,661	11,769,309
Accruals and deferrals (liabilities)	1,178,964	3,639,583	(2,460,619)
<b>Short-term liabilities from financial year</b>	<b>53,438,180</b>	<b>18,223,438</b>	<b>35,214,742</b>
<b>Net capital from financial year</b>	<b>(918,211)</b>	<b>2,160,921</b>	<b>(3,079,132)</b>
TFR employee severance fund	4,735,743	1,173,560	3,562,183
Tax and nat insurance payables (beyond 12 months)	341,068		341,068
Other liabilities in the medium and long term	396,415	189,027	207,388
<b>Liabilities in the medium and long term</b>	<b>5,473,226</b>	<b>1,362,587</b>	<b>4,110,639</b>
<b>Capital invested</b>	<b>35,724,974</b>	<b>9,366,392</b>	<b>26,358,582</b>
Shareholders' equity	(22,652,233)	(8,929,238)	(13,722,995)
Net financial position in medium to long term	(15,583,931)	(1,747,183)	(13,836,748)
Net financial position in short term	2,511,190	1,310,031	1,201,159
<b>Equity and net financial indebtedness</b>	<b>(35,724,974)</b>	<b>(9,366,390)</b>	<b>(26,358,584)</b>

From the reclassified balance sheet we can see the balance sheet solidity of the company (i.e. its capacity to maintain the financial balance in the medium-long term)

To better illustrate the balance sheet solidity of the company we have provided below some financial statement indices relating to both the means of financing the financial uses in the medium/long term and the composition of the sources of financing, when compared with the same indices for previous financial years

	<b>31/12/2014</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
Fixed asset to equity margin	(19,464,178)	361,180	1,094,339
Fixed asset to equity ratio	0.54	1.04	1.14
Fixed asset to equity and m/l term debt margin	1,686,126	3,563,042	5,415,595
Fixed asset to equity and m/l term debt ratio	1.04	1.42	1.69

In the interest of clarity, there follows a description of how the above indices are calculated

- **Fixed asset to equity margin** the difference between Equity and Fixed Assets,
- **Fixed asset to equity ratio** the ratio between Equity and Fixed Assets,
- **Fixed asset to equity and m/l term debt margin** the difference between Equity + Consolidated Liabilities and Fixed Assets,
- **Fixed asset to equity and m/l term debt ratio** the ratio between M Equity + Consolidated Liabilities and Fixed Assets

#### Main financial data

The net financial position at the end of the year was as follows (in Euro)

	31/12/2014	31/12/2013	Variation
Bank deposits	14,281,590	5,350,051	8,931,539
Cash and equivalents in hand	904,413	35,033	869,380
Treasury shares			
<b>Cash and cash equivalents and treasury shares</b>	<b>15,186,003</b>	<b>5,385,084</b>	<b>9,800,919</b>
<b>Current financial assets</b>	<b>3,019,897</b>	<b>780,719</b>	<b>2,239,178</b>
Bonds and convertible bonds (within 12 months)			
Payables for shareholder loans (within 12 months)	720,047	706,724	13,323
Payables to banks (within 12 months)	15,114,034	4,162,049	10,951,985
Payables to other lenders (within 12 months)	17,910		17,910
Advances for foreign payments			
Short term instalments of loans			
Financial receivables	(157,281)	(13,001)	(144,280)
<b>Short term financial payables</b>	<b>15,694,710</b>	<b>4,855,772</b>	<b>10,838,938</b>
<b>Short term net financial position</b>	<b>2,511,190</b>	<b>1,310,031</b>	<b>1,201,159</b>
Bonds and convertible bonds (beyond 12 months)	6,666,660		6,666,660
Payables for shareholder loans (beyond 12 months)			
Payables to banks (beyond 12 months)	9,008,380	1,839,275	7,169,105
Payables to other lenders (beyond 12 months)	2,038		2,038
Advances for foreign payments			
Long term instalments of loans			
Financial receivables	(93,147)	(92,092)	(1,055)
<b>Medium to long term net financial position</b>	<b>(15,583,931)</b>	<b>(1,747,183)</b>	<b>(13,836,748)</b>
<b>Net financial position</b>	<b>(13,072,741)</b>	<b>(437,152)</b>	<b>(12,635,589)</b>

To better describe the financial situation we report in the table below some financial statement indices that are compared with the same indices for previous years

	31/12/2014	31/12/2013	31/12/2012
Primary liquidity	0.91	1.06	1.20
Secondary liquidity	1.02	1.15	1.34
Indebtedness	3.92	2.52	2.07
Coverage ratio of fixed assets	1.03	1.40	1.65

The index of primary liquidity of 0.91 is the ratio of the sum of the immediate and deferred liquidity against current liabilities. It expresses the company's capacity to cover its short term outgoings generated by the current liabilities with the proceeds generated by the most liquid entries of the current assets. The company's financial situation is to be considered good.

The index of secondary liquidity of 1.02 is the ratio between the current assets and the current liabilities. A higher figure indicates that in the short term the company is able to entirely meet its current liabilities. The value of the working capital is certainly satisfactory in relation to the level of the current liabilities and is higher than in the previous financial year.

The index of indebtedness of 3.92 is the ratio between the total uses and equity

The coverage ratio of fixed assets, of 1.03, means that the total equity and consolidated liabilities are appropriate in relation to the value of the fixed assets

### **Information relating to the environment and staff**

Considering the social role of the company as also highlighted by the document on the management report of the National Council of Certified Accountants and bookkeeping experts, we consider it appropriate to provide the following information relating to the protection of the environment and staff

#### **Staff**

Italian Entertainment Network S.p.A., the subsidiaries Filmmaster Events S.r.l., Filmmaster Productions S.r.l. and Opera Laboratori Fiorentini S.p.A. operate in accordance with certification OHSAS 18001, that was in part obtained in previous years and part renewed in the present year, which certifies the voluntary application, within an organisation, of a system that allows the latter to guarantee suitable control over the Health and Safety of Workers, as well as compliance with the compulsory regulations

#### **Quality**

During the course of the 2014 financial year, the ISO 9001 quality system was verified/updated in the subsidiaries Filmmaster Events S.r.l., Civita Cultura S.r.l., Opera Laboratori Fiorentini S.p.A., Civita Sicilia S.r.l. and Civita Musea S.r.l.

#### **Environment**

During the course of the financial year there was no damage caused to the environment for which the subsidiaries and/or sister companies of the Group Italian Entertainment Network S.p.A. were accused of alleged liability

During the course of the financial year no company within the Group were given fines or charged for environmental crimes or damage

#### **Investments**

The parent company Italian Entertainment Network S.p.A. increased the entry plant and enlargements costs in 2014 by Euro 110,500 in relation to the expenses sustained by the company for the extraordinary operation, that was formalised with the shareholders' assembly resolution of 26/08/2014

The subsidiary Filmmaster Events S.r.l. made investments of Euro 1.5 million for the project **Enigma** ("Enigma – nothing as it seems"), an innovative and technological Live Show with a completely original soundtrack. Enigma will allow it to enter the new market segment of permanent shows with ambitious prospects and in international

environments

The Civita group made investments of just over 2 million euro, of which circa 500 thousand euro for intangible fixed assets, circa 1.7 million euro for property, plant and equipment, and a little more than 14 thousand euro for investments in shareholdings

#### **Research and development activity**

No research and development activities were carried out

#### **Relations with subsidiaries, sister companies, parent companies and connected companies**

The parent company Italian Entertainment Network S.p.A. carries out its business by providing administrative, general, accounting and financial services to its subsidiaries and sister companies

At the end of the financial year, the following exposures existed with regard to related parties

<b>Exposure with related parties</b>		
<b>Company</b>	<b>Receivables</b>	<b>Payables</b>
Cinecitta Studios	2.531	211.829
Luneur Park	564.168	
Filmmaster Middle East and Africa	316.795	
Gebart	271.867	
Companies connected to Civita		
Cultura		242.452
Other	16.707	18.686
<b>Total</b>	<b>1.172.068</b>	<b>472.967</b>

Other operations with related parties took place with Immobiliare Filmmaster S.r.l. with which the company Italian Entertainment Network S.p.A. has a lease contract in place for offices situated in Milan in via Maroncelli, 13 the value of which is in line with market levels

These relationships, which do not involve atypical and/or unusual operations, are governed by normal market conditions

#### **Information relating to risks and uncertainties according to art. 2428, paragraph 2, at point 6-bis, of the Italian Civil Code**

Pursuant to art. 2428, paragraph 2, at point 6-bis, of the Italian Civil Code we hereby provide the information relating to the use of financial instruments, as they are relevant for the purpose of evaluating the balance sheet and financial situation

We have also provided below a series of quantitative information to provide details regarding the level of the company's exposure to risks



More precisely, the objectives in terms of the company's management, policies and criteria used to measure, monitor and control financial risks are as follows

### **Credit risk**

We believe that the financial assets of the company have a good credit quality

With regard to Civita Cultura, the mortgage contracts that were drawn up required covenants that were not completely respected for 2013 and 2014. On 27 October 2014 a request was sent to Unicredit S.p.A. to obtain a waiver for 2013, and the request procedure is ongoing for 2014. On the basis of past experience and the information that are available to date, we believe that these waivers will be obtained during the course of 2015. It was not therefore deemed necessary to show the liability amongst the current liabilities.

For Opera Laboratori Fiorentini S.p.A. the mortgage contracts that were already agreed by the former parent company Sviluppo Toscana SpA with Unicredit, which Opera Laboratori Fiorentini took over as a result of the merger, required covenants which turned out to be incompatible with the balance sheet and financial structure deriving from the merger. As such a review was requested with Unicredit. The assessment was completed and the new covenants were agreed as follows: 1) shareholders' equity greater than or equal to 5,000,000, 2) Net financial indebtedness/equity ratio less than or equal to 1.8. In 2014 these covenants are respected and we are awaiting formal confirmation of this by the bank.

### **Liquidity risk**

We report that

- there are debt instruments or other lines of credit (advances on invoices and current account overdrafts) to meet the liquidity requirements,
- the company does not own financial assets for which there is not a liquid market, and from which it expects to receive cash flow (capital or interest) that will be available to satisfy the liquidity requirements,
- the company does not have deposits with Credit Institutions to satisfy its liquidity requirements,
- there are different sources of financing,
- there are not any significant concentrations of liquidity risk in terms of either the financial assets or the sources of financing.

### **Market risk**

The macroeconomic scenario is subject to a high degree of uncertainty. The main risks are connected to a potential slowdown of the international recovery with the evolution of the sovereign debt crisis of the Euro area. In the immediate future the costs of the increase of the spread on the government bonds for our country are limited, but if it were to increase again there would be significant charges for public accounts and the risk of repercussions on the costs for financing the economy.

There follows a sensitivity analysis at the date of the financial statement, which specifies the effects of potential variations on the income statement in relation to the relevant risk variables, for each of the following components:

- interest rate risk **Medium/Low**. In the event of an increase in interest rates, your Group will be subjected to an

increase in its financial charges which may not be very significant in consideration of a limited need to use lines of credit

- exchange rate risk **Low**. The commercial operations with foreign countries are normally carried out with the Euro currency. In any case, any commercial operations carried out with different currencies, are completed in a short timeframe which thus make the exchange rate risk for your Group limited. The foreign subsidiaries are modest in size.

#### **Policies connected to different coverage activities**

In running its business, your Group is exposed to certain market risks and in particular to the risk of an interest rate fluctuation. The policy for the coverage of the interest rate risk on medium to long term loans consists in the use of derivatives without speculative aims.

Although the global economy is in a state of stagnation, the use of hedging operations stems from the need to consider scenarios that currently seem distant but which may arise in the future in unusual market conditions like the current ones.

The derivative instruments in Filmmaster Events S r l on the unsecured loan agreed with Banca Nazionale del Lavoro and Unicredit, which also have prudential characteristics with cap & floor mechanisms, carry out the function of the coverage of the exposure to the risk of the fluctuation and volatility of interest rates to minimise respective costs.

#### **Relevant events which took place after the closing of the financial year**

With the start of the year 2015, the parent company hired a new manager with the title "Business Development International Marketing & Sales – Director". This is an individual with a significant international profile with a lengthy experience in multinationals such as Disney and Costa Crociere. The arrival of such a highly experienced manager will allow the group to develop new products for the domestic and especially the international market.

On 16 March 2015, during the capital increase of Civita Cultura S r l, the parent company Italian Entertainment Network S p A subscribed a share increase that brought its own stake from 35% to 50%, this increase saw the waiver of the option right by all other Shareholders.

This operation will allow your Group to be able to more effectively promote the major potential of Civita Cultura.

#### **FILMMASTER EVENTS S.R.L.**

Filmmaster Events S r l is already an Official Supplier & Provider of Expo Milan 2015 and has signed contracts for the development of content and the coordination of the management activities of the spaces and pavilions of Expo 2015 belonging to Intesa Sanpaolo, San Pellegrino (Nestle group) and CNH Industrial (New Holland) (main sponsors of the Universal Exposition).

A three-year agreement was reached with UEFA (Union des Associations Europeennes de Football) for the management of events linked to the ceremonies of the final of the "Uefa Champions League" that will be held in Berlin this year.

With regard to the unfair competition lawsuit in the Court of Milan against the former directors Gianmaria Serra and Marco Balich, the former employees Annalisa Barbieri, Laura Cappelli and Silvia Guenzi and Worldwide Shows S r l

(now Worldwide Shows S p A ), on 1 April 2015 one of the counterparty's witnesses was heard. At the end of this hearing, having verified the complete unwillingness of the counterparty to present a settlement offer, the Judge set the date for the specification of the pleadings in the hearing of 17 February 2016.

#### **FILMASTER PRODUCTIONS S.R.L.**

During the year 2015 filming for "Ben Hur" will be completed which in economic terms will be felt exclusively in 2015 with a significant increase in turnover but with a minimal profitability of circa 200 thousand euro.

An important job order was also completed for Heineken with the international client which will hopefully also have a significant positive ramifications even in Italy.

#### **CIVITA CULTURA S.R.L.**

On 16 March 2015 a reduction was deliberated of the share capital, from euro 9,477,246 to euro 7,938,537, for the coverage of the losses in the balance sheet at 30 December 2014 and the simultaneous subscription, with a partial payment via a share premium for the increase in the share capital from euro 7,938,537 to euro 10,320,098.

#### **CINE DISTRICT ENTERTAINMENT S.R.L.**

We do not report any relevant events after the closing of the financial year.

#### **Business outlook**

The year 2015 begins with excellent growth prospects that are the result of synergies that developed amongst the different companies of the Group, as well as the reorganisation work that began in the year 2014 and the likely recovery of the domestic markets - thanks also to Expo –and international markets.

The setting up of the "Steering Committee" allowed your Group to prepare a plan for the development and production of new products mainly for the B2C market that are the result of the aggregate experience, talent and know-how within IEN.

By also focusing on these new formats and products, your Group has set itself the objective of increasing its presence in international areas with most development potential like the Middle East, the former Soviet republics, "Bric" nations and Japan.

As we await the unblocking of the situation for the tenders for the management of the museum services to enable the opening of a new competitive phase, we will proceed with the business activities through extensions of the original concessions, and in accordance with the development guidelines that have been scheduled and identified.

#### **Programmed security document**

In accordance with attachment B, point 26, of Legislative Decree n. 196/2003 containing the Code relating to the

protection of personal data, the directors acknowledge that the Company has adapted to the measures relating to protection of personal data, in light of the provisions introduced by Legislative Decree n. 196/2003 in accordance with the terms and procedures specified therein. In particular, we report that the Programmed Security Document, that is deposited in the company's registered office and can be freely consulted, was prepared on 31/3/2006 and has been duly updated.

We report that we have begun the activities for implementing the organisational model, in accordance with Legislative Decree 231/2001, which is appropriate for identifying and preventing the relevant criminal conduct by the Company or parties subjected to its management and/or supervision.

Dear Shareholders, the financial year which just ended marked an historic moment of change with the aggregation of excellent companies such as Civita, Filmmaster and Cinecitta, that will enable your Group to establish itself as a leader in the domestic market and as an important international player, with prospects of improved volumes and margins.

For the Board of Directors

(The Chairman)

Sergio Castellani



<b>FINANCIAL REPORT - consolidation area Italian Entertainment Network S p A</b>	<b>2014</b>	<b>2013</b>
<b>A Cash flow from operating activities</b>		
Profit (loss) from financial year	(2 390)	38
Taxes on income	1 244	776
Interest charges/(dividend payments)	830	325
(Dividends)		
(Capital gains)/capital losses deriving from the sale of businesses		
<b>1 Profit (loss) of the financial year before income taxes, interest, dividends and capital gains</b>	<b>(315)</b>	<b>1 140</b>
<i>Adjustments for non monetary elements that do not have a corresponding entry in the working capital</i>		
Funds set aside as provisions	721	272
Amortization and depreciation of fixed assets	2 444	812
Write-downs for durable losses in value		
(Write-ups of assets)		
Other adjustments for non monetary elements		
<b>2 Financial cash flow prior to variations of the working capital</b>	<b>3 164</b>	<b>1 084</b>
<i>Variations of working capital</i>		
Decrease/(increase) of inventories	(5 619)	(62)
decrease/(increase) of receivables from clients	(24 604)	(4 697)
increase/(decrease) of payables to suppliers	19 540	2 200
decrease/(increase) of accruals and deferrals constituting assets	(638)	104
increase/(decrease) of accruals and deferrals constituting liabilities	(2 461)	2 528
decrease/(increase) of other receivables	(4 688)	921
increase/(decrease) of other payables	15 919	(89)
<b>3 Financial cash flow after variations of the working capital</b>	<b>(2.549)</b>	<b>906</b>
<i>Other adjustments</i>		
Interest received/(paid)	(830)	(325)
(Income taxes paid)	(1 029)	(734)
decrease/(increase) of accrued income from stocks in the portfolio	53	(53)
Use of provisions	(141)	(1 221)
Variation of consolidation area	(949)	91
<b>4 Financial cash flow after the adjustments</b>	<b>(2 896)</b>	<b>(2 242)</b>
<b>Financial cash flow from operating activities (A)</b>	<b>(2 596)</b>	<b>888</b>
<b>B Financial cash flow deriving from investment activity</b>		
<i>Property, plant and equipment</i>		
(Investments)	(630)	128
<i>Intangible fixed assets</i>		
(Investments)	(3 223)	64
<i>Fixed financial assets</i>		
(Investments)		345
<b>Financial cash flow from the investment activity (B)</b>	<b>(3 853)</b>	<b>537</b>
<b>C Financial cash flow deriving from the financing activity</b>		
<i>Third party equity</i>	<b>7 075</b>	<b>942</b>
<i>Equity</i>	<b>9 175</b>	
<b>Financial cash flow from the financing activity (C)</b>	<b>16 250</b>	<b>942</b>
<b>increase (decrease) of cash and cash equivalents (a+b+c)</b>	<b>9 801</b>	<b>2 367</b>
<b>Cash and cash equivalents at 1 January 2013</b>	<b>5 385</b>	<b>3 018</b>
<b>Cash and cash equivalents at 31 December 2014</b>	<b>15 186</b>	<b>5 385</b>

## ITALIAN ENTERTAINMENT NETWORK SPA

Registered offices in VIA GIOVANNI BETTOLO 6 - 00195 ROME (RM) Share Capital Euro 3,844,802

### Consolidated Financial Statement at 31/12/2014

Balance sheet assets		31/12/2014	31/12/2013
<b>A) Subscribed capital unpaid</b> (of which already requested )		<b>93,147</b>	<b>92,092</b>
<b>B) Fixed Assets</b>			
<i>I, Intangible fixed assets</i>			
costs	1) Plant and enlargements costs	502,138	388,851
	2) Research, development and advertising	473,144	
nghts	3) Rights for Industrial patent and inventions	1,201,614	193,153
	4) Concessions, licences, brands and similar	75,372	18,355
	5) Goodwill	17,397,162	4,090,907
	6) Ongoing fixed assets and advances	116,546	
	7) Other	2,008,729	76,212
		<u>21,774,705</u>	<u>4,767,478</u>
<i>II, Property, plant and equipment</i>			
	1) Land and buildings	729,243	
	2) Plant and machinery	660,579	3,388
	3) industrial and commercial equipment	1,292,220	346,081
	4) Other assets	8,738,899	378,811
	5) Ongoing fixed assets and advances	40,000	
		<u>11,460,941</u>	<u>728,280</u>
<i>III, Fixed financial assets</i>			
1) Stakes in			
a) subsidianes			
b) sister companies		3,302,463	1,386,192
c) parent companies			
d) other companies		1,121,753	1,000,000
		<u>4,424,216</u>	<u>2,386,192</u>
2) Receivables			
a) from subsidianes			
- within 12 months			
- beyond			
b) from sister companies			
- within 12 months		49,500	
- beyond			

		49,500	
c) from parent companies			
- within 12 months			
- beyond			
d) from others			
- within 12 months	107,781		13,001
- beyond			
		107,781	13,001
		157,281	13,001
3) Other securities		5,632	5,632
4) Treasury shares (overall nominal value )			
		4,587,129	2,404,825
<b>Total fixed assets</b>		<b>37,822,775</b>	<b>7,900,583</b>

## C) Current assets

### I, Inventories

consumables	1) Raw materials, secondary materials and	1,067,231	
products	2) Work in progress and semi-finished	19,980	150,818
	3) Work in progress on orders	4,154,938	2,010,802
	4) Finished products and goods	2,590,317	36,186
	5) Advances	3,972	20,122
		7,836,438	2,217,928

### II, Receivables

1) From clients			
- within 12 months	36,966,581		15,574,367
- beyond	3,691,890		607,237
		40,658,471	16,181,604
2) From subsidiaries			
- within 12 months			
- beyond			
3) From sister companies			
- within 12 months	1,172,068		3,238
- beyond			
		1,172,068	3,238
4) From parent companies			
- within 12 months			
- beyond			
4-bis) For tax credits			
- within 12 months	2,399,345		2,153,128
- beyond	409,634		
		2,808,979	2,153,128
4-ter) For prepaid taxes			
- within 12 months	495,605		53,174
- beyond	63,540		

		559,145	53,174
5)	from others		
	- within 12 months	2,876,814	194,087
	- beyond	285,853	73,239
		3,162,667	267,326
		48,361,330	18,658,470
III,	<i>Current financial assets</i>		
1)	Stakes in subsidiaries		
2)	Stakes in sister companies		
3)	Stakes in parent companies		
4)	Other stakes		
5)	Treasury shares (overall nominal value )		
6)	Other securities	3,019,897	780,719
		3,019,897	780,719
IV,	<i>Cash and cash equivalents</i>		
1)	Bank and post office deposits	14,281,590	5,350,051
2)	Cheques		28,119
3)	Cash and equivalents in hand	904,413	6,914
		15,186,003	5,385,084
<b>Total current assets</b>		<b>74,403,668</b>	<b>27,042,201</b>

#### D) Accruals and deferrals

- discounts on loans			
- miscellaneous	773,118		188,437
		773,118	188,437

**Total assets** **113,092,708** **35,223,313**

**Balance sheet liabilities** **31/12/2014** **31/12/2013**

#### A) Shareholders' equity

I,	<i>Capital</i>	3,844,802	2,223,000
II,	<i>Share premium reserve</i>	11,329,732	3,777,000
III,	<i>Restatement gain</i>		
IV,	<i>Legal reserve</i>	100,000	100,000
V,	<i>Statutory reserve</i>		
VI,	<i>Reserve for treasury shares</i>		
VII,	<i>Other reserves</i>		
	Extraordinary or voluntary reserve	1,851,268	2,085,892
	Reserve for purchase of own shares		
	Reserve for EURO conversion	212,254	(158,139)



	Differences from rounding to Euro		5
	Other	1,007,486	1,007,486
		3,071,008	2,935,239
	<i>VIII, Profits(losses) carried forward</i>	(1,148,333)	(1,244,010)
	<i>IX, Profit (loss) of financial year</i>	(1,771,073)	(187,869)
	<b>Total shareholders' equity for the group</b>	<b>15,426,135</b>	<b>7,603,361</b>
	-) Third party capital and reserves	7,844,800	1,099,560
	-) Profit (loss) of financial year pertaining to third parties	(618,703)	226,318
	Total third party equity	7,226,097	1,325,878
	<b>Total consolidated shareholders' equity</b>	<b>22,652,233</b>	<b>8,929,240</b>
<b>B)</b>	<b>Provisions for risks and charges</b>		
	1) Provisions for pensions and similar obligations		
	2) Provisions for taxes incusing deferred taxes		
	3) Other	396,415	172,002
	<b>Total provisions for risks and charges</b>	<b>396,415</b>	<b>172,002</b>
<b>C)</b>	<b>TFR employee severance fund</b>	<b>4,735,743</b>	<b>1,173,560</b>
<b>D)</b>	<b>Payables</b>		
	1) Bonds		
	- within 12 months		
	- beyond		
	2) Convertible bonds		
	- within 12 months		
	- beyond	6,666,660	
		6,666,660	
	3) Payables for shareholder loans		
	- within 12 months	720,047	706,724
	- beyond		
		720,047	706,724
	4) Payables to banks		
	- within 12 months	15,114,034	4,162,049
	- beyond	9,008,380	1,839,275
		24,122,414	6,001,324
	5) Payables to other lenders		
	- within 12 months	17,910	
	- beyond	2,038	
		19,948	
	6) Advances		
	- within 12 months	3,568,708	
	- beyond		
		3,568,708	

7)	Payables to suppliers			
	- within 12 months	30,050,885		10,510,766
	- beyond			
			30,050,885	10,510,766
8)	Payables in the form of credit instruments			
	- within 12 months			
	- beyond			
9)	Payables to subsidiaries			
	- within 12 months			
	- beyond			
10)	Payables to sister companies			
	- within 12 months	472,967		
	- beyond			
			472,967	
11)	Payables to parent companies			
	- within 12 months			
	- beyond			
12)	Tax payables			
	- within 12 months	2,644,575		715,246
	- beyond	341,068		
			2,985,643	715,246
13)	Payables to pension and national insurance			
	- within 12 months	1,170,078		302,182
	- beyond			
			1,170,078	302,182
14)	Other payables			
	- within 12 months	14,352,003		3,055,661
	- beyond			17,025
			14,352,003	3,072,686
<b>Total payables</b>			<b>84,129,353</b>	<b>21,308,928</b>

## E) Accruals and deferrals

- discounts on loans			
- miscellaneous	1,178,964		3,639,583
		1,178,964	3,639,583

**Total liabilities** **113,092,708** **35,223,311**

**Capital commitments** **31/12/2014** **31/12/2013**

1)	Risks taken on by the company	
	Bank guarantees	
	to subsidiaries	125,000
	to sister companies	
	to parent companies	
	to subsidiaries of parent companies	

	to other companies	2,506,861		2,225,185
			2,631,861	2,225,185
	Endorsements			
	to subsidiaries			
	to sister companies			
	to parent companies			
	to subsidiaries of parent companies			
	to other companies			
	Other personal guarantees			
	to subsidiaries			
	to sister companies			
	to parent companies			
	to subsidiaries of parent companies			
	to other companies			
	Real guarantees			
	to subsidiaries			
	to sister companies			
	to parent companies			
	to subsidiaries of parent companies			
	to other companies			
	Other risks			
	credits assigned			
	Other			
			2,631,861	2,225,185
2)	Commitments taken on by the company		5,562,500	2,230,244
3)	Third party assets held by the company			
	assets held by the company for manufacturing			
purposes				
	assets held by the company for deposit or			
loans				
	assets held by the company as pledge or			
security				
	Other			
4)	Other capital commitments			

**Total capital commitments**

8,194,361 4,455,429

**Income statement**

**31/12/2014 31/12/2013**

**A) Value of production**

1)	Revenues from sales and services	91,952,110	60,796,699
2)	Variation of inventories of work in progress, semi-finished and finished products	828,284	(328,153)
3)	Variation of work in progress on orders	1,927,385	

4)	<i>Increases of fixed assets for internal works</i>		1,611,960	
5)	<i>Other revenues and proceeds</i>			
	- miscellaneous	363,240		58,611
	- contributions for operating expenses			
	- contributions to capital (share for financial			
year)				
			363,240	58,611
<b>Total value of production</b>			<b>96,682,979</b>	<b>60,527,157</b>

## B) Costs of production

6)	<i>For raw materials, secondary materials and consumables</i>		2,808,801	162,824
7)	<i>For services</i>		69,636,017	48,871,219
8)	<i>For use of third party assets</i>		1,849,157	836,428
9)	<i>For staff</i>			
a)	Salaries and wages	12,561,665		5,816,548
b)	Social charges	3,068,287		1,131,326
c)	TFR	682,386		272,404
d)	Pensions and similar			
e)	Other costs	46,928		130,137
			16,359,266	7,350,415
10)	<i>Amortization and depreciation</i>			
a)	Amortization of intangible fixed	1,469,001		539,895
b)	Depreciation of property, plant and	974,578		265,902
c)	Other write-downs of fixed assets	2,500		10,770
d)	Write-downs of receivables in current	2,311,345		1,167,151
assets				
equipment				
assets and cash and cash equivalents				
			4,757,424	1,983,718
11)	<i>Variation in inventories of raw materials, secondary materials, consumables and goods</i>		4,091	124,232
12)	<i>Provisions for risks</i>		38,274	
13)	<i>Other provisions</i>			
14)	<i>Other management charges</i>		1,174,706	142,533
<b>Total productions costs</b>			<b>96,627,736</b>	<b>59,471,369</b>

<b>Difference between value and cost of production (A-B)</b>		<b>55,243</b>	<b>1,055,788</b>
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## C) Financial proceeds and charges

15)	<i>Proceeds from stakes</i>			
	- from subsidiaries			
	- from sister companies	7,165		
	- other			
			7,165	

**16) Other financial proceeds**

assets	a)	of receivables registered in the fixed		
		- from subsidiaries		
		- from sister companies		
		- from parent companies	9,633	
		- other		
assets	b)	from securities registered in the fixed	94,117	56,613
current assets	c)	from securities registered in the		
	d)	proceeds other than those above		
		- from subsidiaries		
		- from sister companies		
		- from parent companies		
		- other	74,699	19,472
			<u>178,449</u>	<u>76,085</u>
			185,614	76,085

**17) Interest and financial charges**

	- from subsidiaries		
	- from sister companies		
	- from parent companies		
	- other	1,023,615	361,715
		<u>1,023,615</u>	<u>361,715</u>

**17-bis) Profits and Losses on foreign exchange**

7,594	(39,478)
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**Total financial proceeds and charges**

(830,407)	(325,108)
-----------	-----------

**D) Adjustment in value of financial assets**

**18) Write-ups**

assets	a)	of stakes		
	b)	of financial fixed assets		
	c)	of securities registered in the current		

**19) Write-downs**

assets	a)	of stakes	125,219	
	b)	of financial fixed assets		
	c)	of securities registered in the current		
			<u>125,219</u>	

**Total adjustments in value of financial assets**

(125,219)
-----------

**E) Extraordinary proceeds and charges**

**20) Proceeds**

- capital gains from sales	1,191	
- miscellaneous	356,241	164,384
	<u>357,432</u>	<u>164,384</u>

**21) Charges**

- capital losses from sales
-----------------------------

- taxes from previous financial years  
- miscellaneous

602,354

80,663

602,354 80,663

**Total of the extraordinary entries**

**(244,922) 83,721**

**Pre-tax result (A-B±C±D±E)**

**(1,145,305) 814,401**

22) Taxes on income from current, deferred and prepaid taxes for the financial

a) current taxes

1,028,794

733,510

b) deferred taxes

551,613

c) prepaid taxes

(335,936)

42,442

d) proceeds (charges) from adhering to tax consolidation/fiscal transparency

1,244,471 775,952

**23) Profit (loss) of the financial year**

**(2,389,776) 38,449**

parties -) Profit (loss) of the financial year pertaining to third

(618,703) 226,318

-) Profit (loss) of the financial year for the group

(1,771,073) (187,869)

*ITALIAN ENTERTAINMENT NETWORK S p A*

Companies Register of Rome n 06008721000

REA Economic and Administrative Number n 940303

Fiscal Code and VAT Number 06008721000

Registered Office in VIA GIOVANNI BETTOLO 6 - 00195 ROME (RM) Share Capital Euro 3,844 802

## Additional Note to the consolidated financial statement at 31/12/2014

### Preamble

As you know, your Group is a leading international operator in the ideation, design, realisation, organisation and management of large shows, live shows and conventions, in audio-visual advertising production and digital communication. The Parent company Italian Entertainment Network S p A is not subject to management and coordination by third parties.

The present Consolidated financial statement, made up of the Balance Sheet, Income Statement, Additional Note, Management Report and Financial Report, and was prepared in conformity with the provisions of the Italian Civil Code interpreted and supplemented by the accounting principles issued by the Italian Accounting Committee (OIC).

The present consolidated financial statement was prepared in the perspective of business continuity, in that the directors ascertained the absence of any indicators of a financial, management or of any other nature that could represent criticalities with regard to the Group's capacity to meet its obligations in the foreseeable future and in particular in the next 12 months.

The values shown are expressed in Euro, where different units of measurement are used these are expressly stated.

The financial statement 31 December 2014 is audited by the company Deloitte & Touche S p A.

Please note that on 26/08/2014 the company changed its name to "Film Master Group - Italian Entertainment Network Società per Azioni" and, in an abbreviated form to "Italian Entertainment Network S p A."

During the course of 2014, precisely on 26/08/2014, with a resolution of the shareholders' assembly with a deed by notary Luca Amato of Rome, the Parent company formally decided on an initial capital increase of Euro 5,841,203 in kind via the transfer of 35% of Civita Cultura S r l and 80% of Cine District Entertainment S r l, of which 1,032,562 through capital and Euro 4,808,641 as share premium and a second increase in capital in cash of Euro 3,333,331 that was subscribed by Fondo Italiano d'Investimento SGR S p A, of which Euro 589,240 00 through capital and Euro 2,744,091 as share premium.

The extraordinary operation also involved the arrival of new shareholders in, i.e. E P S S p A, Costa Edutainment

S p A , D'Amico Società di Navigazione S p A , Fondazione di Venezia, Lotto 91 S r l , Api S p A , as well as an increase in the stake of the majority shareholder Cinecittà Entertainment S p A

With this operation, Italian Entertainment Network S p A became a holding company comprising the finest operators in the production, cultural entertainment, creativity and events sector. It is a project that brings together the creativity, internationality and production capacity of the Filmmaster brand with the excellence of Civita Cultura in the management of museum and cultural activities and the brand and locations of Cinecittà Studios, through Cine District Entertainment S r l , and activating the full potential of synergies and development opportunities of the different aggregated business areas: from the production of media content, to the promotion, organisation and management of cultural, public, corporate and private events to the important world of show services and products destined to the B2C market.

Please also note, on 26/08/2014, the issuing of a convertible bond of Euro 6 666 660 that was fully subscribed by Fondo Italiano d'Investimento SGR S p A

#### **Areas of consolidation and principles of consolidation**

The area of consolidation includes the financial statement of Italian Entertainment Network S p A (the "Parent company") and its subsidiaries. Subsidiaries are understood to be those companies in which the Parent company has the decision-making power over financial and operational policies. The existence of control is presumed to exist when more than half of the actual or potentially exercisable voting rights are held for the shareholders' assembly at the reporting date. Sister companies are understood to be those in which the Parent company exercises a significant influence. Subsidiaries are consolidated starting from the date on which control is acquired over them and are excluded from the consolidation from the date on which said control no longer applies.

For the purpose of the consolidation of the subsidiaries the method of global integration is applied, i.e. the assumption of the entire value of the assets and liabilities in the balance sheet and all the costs and revenues irrespective of the actual percentage stake. The accounting value of the consolidated shareholdings is therefore eliminated as a result of the respective shareholders' equity. The operations, balances as well as profits and losses that are not achieved in intra-group transactions are cancelled out.

If the elimination of the shareholding results in a difference, this is charged in the consolidated financial statement, where possible, to the assets and liabilities of the companies included in the consolidation, and any residual amount, if negative, is registered in an entry of the shareholders' equity called "consolidation reserve", or, when it is due to the forecast of negative financial results, in an entry called "consolidation provisions for future risks and charges", if it is positive, it is offset by being charged to goodwill or deducted explicitly from the consolidation reserve.

With regard to the current financial year, we report that Civita Cultura S r l and Cine District Entertainment S r l were consolidated as of 26/08/2014.

The accounting treatment of the goodwill is illustrated in the subsequent paragraph on "Valuation Criteria".

The value of the capital and the reserves of the subsidiaries corresponding to third party shareholdings is registered



in a entry of the shareholders' equity called "third party capital and reserves" The part of the consolidated financial result corresponding to third party shareholdings is registered in an entry called "profit (loss) of the financial year pertaining to third parties"

For consolidation purposes, all the financial statements of the companies of the Group are prepared by the latter at the same date and relate to a financial year of equal duration

The financial statements that are consolidated are prepared at 31 December 2014 and are those which are specifically drawn up and approved by the Boards of the individual companies, appropriately adjusted, where necessary, as applies for foreign companies, to bring them in to line the accounting principles of the Parent company

As permitted by the reference accounting (OIC 17 e IAS 31), the company Cenmonias Cariocas 2016 Spe Ltda, which is a joint venture with the Brazilian shareholder Sr Promoções Culturais Ltda (Srcom), was included in consolidation using the method of proportional consolidation, as it is jointly controlled with other shareholders and on the basis of agreements with the latter, and the shareholding is not lower than the percentages specified in art 2359, third paragraph of the Italian Civil Code

The company Filmmaster Middle East and Africa LLC was included in the consolidation area using the Shareholders' equity method since the Group exercises a significant influence over its management, as provided by art 2359

There follow a table which summarises the consolidation area of the Group's consolidated financial statement

Company name	Type of stake	Registered offices	Shareholders' equity	Share of direct capital	Business activity
Filmmaster Productions S r l	control	Rome Via Dei Magazzini Generali 10	€ 1 914 096	70%	Advertising production
Filmmaster Producciones SA	indirect control	Madrid - Spain- Calle Fortuny 31	€ 490 752	52 50%	Advertising production
Filmmaster Events S r l	control	Rome Via Dei Magazzini Generali 10	€ 1 154 806	94 75%	Events
Filmmaster Events Ltd	indirect control	London UK - 7 Henrietta Street Covent Garden London WC2E 8PS	-€ 53 944	94 75%	Events
Filmmaster Special Events Ltd	indirect control	London UK - 7 Henrietta Street, Covent Garden London WC2E 8PS	€ 1 205	94 75%	Events
Filmmaster Partecipazioni S r l	control	Rome, Via Giovanni Bettolo 6	€ 13 083	100 00%	Operational Holding company
Filmmaster Mea Productions FZ LLC (Dubai)	control	Dubai - UAE -Office 1601 Al Thuraya Tower 16th Floor Dubai-Studio City	€ 461 346	51%	Advertising production
Filmmaster Mea Events FZ LLC (Dubai)	control	Dubai - UAE - Office 101- Boutique Studio n°2 First Floor Studio City	€ 1 496 695	51%	Events
Film Master Arabia CO LTD (Arabia Saudita)	control	Riyadh - Saudi Arabia - P O BOX 22616-11495	€ 312 149	51%	Organisation management of ceremonies and large fairs
Consorcio Cenmonias Canocas 2016 Spe Ltda	control	Rio - Brazil -Avenida Presidente Vargas n 482	€ 2 200 400	50%	Organisation of 2016 Olympic Cenmonias
FilmMaster Middle East And Africa LLC	indirect control	Doha - Qatar - Office 302 3rd floor IBQ Building Umm Ghuwailnah Area	€ 145 821	25%	Events
Civita Cultura S r l	control	Rome Piazza Venezia 11	€ 7 928 545	35%	Museum activities exhibition organisation services
Opera Laboratori Fiorentini S p A.	control	Osmanoro Sesto Fiorentino Firenze Via Tevere 14	€ 5 424 515	80%	Museum activities exhibition organisation services
Civita Tre Venezie S r l	control	Venice Via Dorsoduro 3488 U	€ 1 043 585	51%	Museum activities exhibition organisation services
Civita Mu S e A S r l	control	Rome Piazza Venezia 11	€ 205 192	80%	Museum activities exhibition organisation services
Civita Sicilia S r l	control	Palermo Via della Libertà 52	€ 86 487	51%	Museum activities exhibition organisation services
Civita Fandango S r l	control	Rome Piazza Venezia 11	€ 28 137	50%	Management of cafeteria and museum shops in Palazzo Incontro
Gebart S p A.	control	Rome via Prenestina 685	€ 1 119 808	50%	Museum activities exhibition organisation services
Civita Servizi per la Cultura S r l	control	Rome Piazza Venezia 11	€ 182 510	99 5%	Museum activities exhibition organisation services
Cine District Entertainment S r l	control	Rome Via Tuscolana 1055	€ 2 130 924	80%	Location, management of Events

The variations in the Group's consolidation area, compared to the 2013 financial year, are the following

- consolidation with the method of the full consolidation of Civita Cultura S r l and the company Cine District Entertainment S r l, the respective shareholdings of which were transferred on 26 August 2014 during the increase in the share capital of Italian Entertainment Network S p A ,
- consolidation with the method of the full consolidation of the company Filmmaster Special Events Ltd, that was incorporated during the course of 2014,
- consolidation with the method del shareholders' equity of the company Filmmaster Middle East and Africa LLC that was incorporated during the course of 2013 but only started trading during the course of the present financial year

For the two subsidiaries Filmmaster Mea Production FZ LLC and Filmmaster Mea Events FZ LLC with registered offices in Dubai, for the 2008, 2009, 2010, 2011, 2012 and 2013 financial years, and the subsidiary Film Master Arabia Co Ltd with registered office in Saudi Arabia, for the 2011, 2012 and 2013 financial years, all of which are therefore located in States or territories outside of those in the decree of the Ministry of economics and finance that was issued in accordance with art 168 bis of T U I R , your Company presented a respective tax clearance application with a favourable outcome, in accordance with art 11 of Law 27 July 2000, n 212 to the Revenue Agency - Central Regulatory Office, International Tax sector to request the non-application of art 167 of the consolidating text of taxes on income approved with D P R 22 December 1986, n 917

The accounting principles and the valuation criteria used in the preparation of the Consolidated financial statement 2014 do not differ to those that were used for the preparation of the Consolidated financial statement for the 2013 financial year

Following the review of the entire body of principles that had until now been applicable, on 5 August 2014 the OIC published the new National Accounting Principles, that were supplemented in January 2015 by the new OIC 24. The impact of the changes only had an effect on the new Financial Report format, which was prepared in accordance with the new OIC 10.

The most significant valuation criteria adopted for the preparation of the consolidated financial statement at 31 December 2014 are as follows:

## **Fixed Assets**

### *Intangible fixed assets*

The intangible fixed assets are valued at the purchase cost, including any accessory charges. The cost of the intangible fixed assets the use of which is limited in time are amortized in accordance with an amortization plan established in relation to their residual possibility of use.

In this regard, we report that:

- *The plant and enlargement costs* are amortized for a period of 5 years if the conditions for the recoverability of the plant and enlargement costs change, the amount that is not yet amortized is charged entirely to the income statement of the financial year in which the requirements for registration lapsed.
- the costs relating to *rights for industrial patents and the use of inventions*, relate to the activities carried out externally and/or internally for the acquisition of software applications and personalisation activities, or for works, for the obtainment of specific functionalities in the financial year with a usefulness of several years, that are amortized in five years, in relation to their expected useful life cycle, starting from the financial year the asset came into use,
- costs relating to *Concessions, licences, trademarks and other similar rights* include the costs for the acquisition of user licences for software applications in the financial year with a usefulness of several years, amortized in five years, the trademarks are amortized in eighteen years and in relation to their expected useful life cycle starting from the financial year the asset came into use.
- The entry *goodwill*, that was already described in the section relating to the consolidation criteria, is amortized in 18 years, in conformity with the provisions of the national accounting principles, and in particular with OIC 24,
- the costs relating to *other intangible fixed assets* relate mainly to work carried out on third party assets.

### *Property, plant and equipment*

These are registered at their purchase cost and adjusted by the corresponding depreciation provisions.

In the value they are registered at in the financial statement, consideration was given to the additional charges and costs sustained for the use of the fixed asset, with the costs further discounted by trade discounts and cash discounts of a significant value.

The depreciation rates, that are charged to the income statement, were calculated on the basis of the use, destination and economic-technical duration of the sources of income, on the basis of the criteria of the residual

possibility of use. This criteria is represented in the following rates which were not modified compared to the previous financial year and reduced by half for the financial year in which the asset came into use

Motorcars	25%
Office furniture	12%
Office machinery	20%
Assets with a value of less than Euro 516	100%

If, irrespectively of the depreciation that was already entered, there is a durable loss in value, the fixed asset is written-down accordingly. If the basis of the write-down no longer apply in subsequent financial years the original value is restored, adjusted by the depreciation charges alone.

At 31/12/2014 the company does not own any assets for which "monetary revaluations" were carried out in the past, in accordance with Decree Law n. 185/2008 or assets for which there was a departure from the legal valuation criteria, in accordance with art. 2426 of the Italian Civil Code.

#### *Financial fixed assets*

Shareholdings in sister companies and other companies are valued, in accordance with the principle of the continuity of the valuation criteria, at the purchase or subscription cost, which is reduced in the event of losses in value of the respective company. The original value is restored in subsequent financial years if the reasons for the write-down was made for no longer apply.

The shareholdings registered in the fixed assets represent a durable and strategic investment for the company.

The shareholding in Filmmaster Middle East and Africa LLC is registered in the financial statement on the basis of the method of the shareholders' equity, in light of the significant influence exercised by the Management in the management of the company, as provided by art. 2359.

#### **Losses in value**

The recoverability of the value of the property, plant and equipment, and intangible and financial fixed assets is verified in accordance with the provisions of the OIC 9 principles.

At every financial statement date the Group verifies whether there are indicators of any "durable" losses in the accounting value of its property, plant and equipment, and intangible and financial fixed assets. If the presence of said indicators is noted, the recoverable value (use value) for the assets is estimated to calculate the respective write-down.

If the recoverable value is estimated to be less than the respective net accounting value, the latter must be reduced so that it is in line with the recoverable value. A durable loss in value is recorded in the income statement at the date of the financial statement. If in subsequent financial years the basis of the write-down no longer apply, the original value of the asset is restored and adjusted only by the accrued depreciation charges, except for the goodwill for which the restoration in value is not permitted.

#### **Receivables**

These are shown at the estimated realisable value. The adjustment of the nominal value of the receivables to the estimated realisable value is obtained through the use of write-down provisions for receivables, in consideration of the general economic conditions, the specific conditions for the sector and the generic risk of unrecoverability.

#### **Accruals and deferrals**

These were calculated in accordance with the accrual method.

For accruals and deferrals with a multi-year duration the conditions that led to the original registration were verified and, where necessary, appropriate variations were made.

#### **Inventories**

Finished products are registered at the purchase or manufacturing cost, while for work in progress, the method of the specific cost was applied. Work in progress includes short-term job orders and are valued on the basis of the completed job order.

#### **Cash and cash equivalents**

These are valued at their nominal value.

#### **Provisions for risks and charges**

These are set aside to cover losses or liabilities of a specific nature determined, with a certain or probable existence, for which, nevertheless, the value or the data di sopravvenienza were not known at the closing date of the financial year.

For the valuation of these provisions the general criteria of prudence and accrual basis accounting were respected and no generic provisions were set aside that did not have a financial justification.

Potential liabilities were recorded in the financial statement and registered in the provisions when deemed probable and when it was possible to reasonably estimate the respective charge.

#### **TFR Employee severance fund**

This represents the actual liability accrued towards employees in conformity with the law and the prevailing employment contracts, in consideration of all forms of remuneration of a continuous nature.

The fund corresponds to the total of the individual indemnity accrued by the employees at the closing date of the financial statement, net of advances paid out, and is equal to that which would have to have been paid to the employees in the event of the termination of the employment relationship on said date. It therefore reflects the liabilities accrued towards the employees, in conformity with the prevailing legislation and the national bargaining.

agreements and any supplementary company agreements. The Company registered in the financial statement the entire value of the TFR accrued by its employees. We report that no employee signed up to external pension plans.

### **Payables**

Payables are recorded at their nominal value and modified in the event of returns or invoice amendments.

### **Derivative financial instruments**

The IEN Group uses derivative financial instruments with the mere purpose of coverage, for the management of the risks relating to the variation of interest rates.

A financial instrument is considered to be for coverage when

- a) the Company intends to put the coverage in place,
- b) there is a high correlation between the technical-financial characteristics (expiry, interest rate, exchange rate, etc.) of the assets /liabilities covered and those of the coverage contract,
- c) the conditions in letters a) and b) above are documented by internal evidence.

The derivative instruments for coverage are valued in a manner that is consistent with the assets, liabilities or commitments that are covered, as a result, the derivative is registered amongst the capital commitments capital commitments at its notional value.

Variations relating to the sums realised by the derivatives are registered in the income statement, the variations relating to the sums not realised are registered in the income statement when the risk that is covered manifests itself and produces its effects in the income statement.

### **Taxes on income**

The taxes in the financial year are calculated on the basis of the charges to be paid on the basis of the applicable fiscal regulations. They are set aside in accordance with the principle of accrual basis accounting, and thus represent

- the sums set aside for taxes paid or that are to be paid for the financial year,
- the value of the deferred taxes or prepaid taxes in relation to temporary differences which arose or were cancelled during the financial year.

The liabilities for individual taxes are registered in the balance sheet, in the entry tax payables, net of advances, withholding taxes and applicable tax credits. Moreover the deferred and prepaid taxes are recorded in the temporary differences between the balance sheet values registered in the financial statement and the corresponding values for fiscal purposes by applying the tax rate that is in force at the time in which said differences occur.

The valuation of the prepaid taxes is made in accordance with the statutory principle of prudence in consideration of the reasonable certainty of their recovery.

### **Acknowledgement of revenues and costs**

Revenues are reported in the income statement in accordance with the principle of accrual basis.

Costs are charged in the financial statement in accordance with analogous criteria for those for the acknowledgment of revenues and in any case according to the principle of accrual basis accounting

#### **Conversion criteria for the entries shown in foreign currencies**

The assets and liabilities in foreign currencies are converted into Euro at the exchange rate of the dates in which the respective transactions took place. The exchange rate differences realised during the collection of receivables and the payment of payables in foreign currencies are registered in the Income Statement. The conversion of receivables and payables in foreign currency, that are collectible within the next financial year, at the exchange rates that are in force at the closing date of the financial statement is ascertained and reflected in the Income Statement with an offsetting item in the entry Profit and Losses on currency exchange.

The balance sheet and the financial results of the subsidiaries whose functional currency is not the one used by the Parent company (Euro) are converted in a different presentation currency. In particular: (i) the assets and liabilities of every balance sheet are converted at the exchange rate of the close of the financial year, (ii) the revenues and costs of every income statement are converted at the average exchange rate for the period. All the resulting exchange rate differences are recorded in a separate component of the shareholders' equity.

#### **Guarantees, commitments, third party assets and risks**

The risks relating to real or personal guarantees provided for third party debts are shown in the capital commitments at a value that is equal to the guarantee that was provided, the value of third party debts that are guaranteed at the reference date of the financial statement is shown in the present Additional Note if it is less than the guarantee that was provided.

The commitments were specified in the capital commitments at their nominal value, inferred from the respective documentation.

The risks for which the occurrence of a liability is likely are described in the explanatory notes and set aside in accordance with criteria of suitability in the risks provisions.

Risks for which the occurrence of a liability is possible are described in the additional note, without setting aside the risks provisions in accordance with the reference accounting principles. No consideration was made of risks of a remote nature.

Currency	Exchange rate at 31/12/2014
Pound UK/Euro	0.7789
Dirhams UAE /Euro	4.4594
Brazilian Real /Euro	3.2576
SR /Euro	4.5573

#### **Date on employment**

We report separately for each category, the average workforce of the employees of the companies included in the

consolidation

Average number of employees at 31/12/2014	Managers	Assistant managers	White collar	Blue collar	Other	Total
Filmmaster Group	10	23	88	2	53	176
Civita Group	4	18	672	41	0	735
Cde			9		1	10
<b>TOTAL</b>						<b>921</b>

The staff of the Filmmaster Group with registered offices in Italy comprises 87 employees, including 74 white collar workers, in Spain 2 employees, in the United Kingdom there is 1 employee, in the companies in Dubai, Qatar and Saudi Arabia there are a total of 53 employees that are included in the entry others since there is no contractual differentiation, finally in Brazil 33 resources are employed

The staff of the Civita Group mainly comprises white collar workers and the company which provides the greatest contribution is Opera Laboratori Fiorentini with 448 employees

## Assets

### B) Fixed assets

#### I Intangible fixed assets

Intangible fixed assets	Gross value				Final	Amortization provisions		Retvalue		Amortization provisions		Retvalue	
	Initial	Investments	Variations	Disinvestments		Initial	Initial	Variations	Disinvestments	Initial	Initial	Variations	Disinvestments
01) Plant and enlargement costs	632 036	110 458	448 189	0	1 188 681	243 185	388 851	268 821	174 536	686 542	502 139		
02) Research development and advertising costs	0	0	950 495	0	950 495	439 285	38 066	477 351		477 351	473 144		
03) Rights for industrial patents and inventions	373 203	1 120 447	414 587	0	1 908 237	180 051	193 152	230 746	295 827	706 624	1 201 613		
04) Concessions licences brands etc	21 834	1 623	434 430	0	457 687	3 280	18 354	355 382	23 653	382 315	75 372		
05) Goodwill	6 733 569	1 979 072	14 282 056	0	22 994 697	2 842 690	4 090 879	2 100 540	785 306	5 597 536	17 397 181		
06) Fixed assets under construction and advances	0	0	118 546	0	118 546	0	0	0	0	0	118 546		
07) Other	379 639	10 904	3 588 344	0	3 978 887	303 426	76 213	1 515 118	151 612	1 970 156	2 008 731		
	8 115 271	3 220 881	20 292 617	0	31 608 769	1 078 632	1 767 419	1 978 693	1 430 500	9 020 624	21 771 906		

In the financial statement sheet Intangible fixed assets, we have the following

- "plant and enlargement costs" these relate to costs which are sustained to carry out preliminary activities, i.e. scouting and start up for the incorporation of the Brazilian company Cermonia Canocas 2016 Spe Ltda and increased in 2014 for costs relating to the expenses sustained for the extraordinary operation for the increase in the share capital, which was described in detail in the preamble, which are amortized for a period of 5 years,
- "research and developments costs" are mainly made up of market research and web marketing strategies relating to the museum area and all the expenses sustained for the ideation and design of the Exhibition 1945-1980 of Euro 428,118,
- "rights for industrial patents and use of inventions" these are mainly made up of the ideation and creation of the project "Enigma", that was described in detail in the management report,
- "goodwill of Euro 17,397,161" relates to acquisitions made by the Group as per the table below.



Goodwill	Balance at 31/12/2013	Increases	Amortization	Balance at 31/12/2014
Filmmaster Productions S r l	2 294 805	-	229 481	2 065 325
Filmmaster Events S r l	853 533	-	68 614	784 919
Filmmaster Mea Productions	284 690	-	28 469	256 221
Filmmaster Mea Events FZ LLC	334 840	-	23 956	310 884
Filmmaster Events Ltd	10 571	-	1 057	9 514
Filmmaster Arabia	-	-	-	-
Filmmaster Producciones SA	266 265	-	20 482	245 783
Cerimonias Canocas 2016	37 314	-	2 332	34 982
Cine District Entertainment S r l	-	682 767	37 932	644 836
Civita Cultura S r l	-	1 296 305	72 017	1 224 288
Civita Cultura - Consorzio Civita	-	-	2 454	70 423
Civita Musea - Arethusa	-	129 752	3 386	126 366
Civita Sicilia - Campodivolo	-	63 015	1 935	61 080
Opera Laboratori Fiorentini - Opera Metropolitana di Siena	-	8 088	2 088	6 000
Opera Laboratori Fiorentini - Disavanzo di fusione	-	7 151 993	160 142	6 991 851
Opera Laboratori Differenza consolidamento	-	3 351 020	261 591	3 089 429
Civita Tre Venezie S r l Differenza consolidamento	-	700 238	43 765	656 473
Gebart S p A. Differenza di consolidamento	-	864 276	45 488	818 788
Other	8 890	-	8 890	-
<b>Total</b>	<b>4.030.907</b>	<b>14.247.453</b>	<b>1.014.076</b>	<b>17.397.161</b>

The most relevant entry is Euro 6,991,851 for Opera Laboratori Fiorentini S p A that is mainly linked to the inverse merger operation registered in the Companies Register on 31/12/2011 with effectiveness as of 1/01/2011 with Sviluppo Toscana S r l. With this operation the subsidiary Opera Laboratori Fiorentini S p A incorporated the parent company Sviluppo Toscana S p A. The overall value of the goodwill is Euro 9,265,540, that mainly comes from the merger deficit that was generated following the cancellation of the shareholding of Sviluppo Toscana S p A in Opera Laboratori Fiorentini S p A as a difference between the purchase cost of the shares and the value of the shareholders' equity of the company Opera Laboratori Fiorentini S p A. This difference was calculated - with the consent of the company's Board of Statutory Auditors - between the assets and systematically depreciated, in accordance with the terms of principle OIC n. 24, by Euro 1,841,000 in the financial statement of the subsidiary. Finally there was a reduction from the above mentioned value, of the amortisation at 31 December 2010 of Euro 372,149 in the consolidated financial statement from the consolidation deficit of Sviluppo Toscana S p A, that was subsequently merged with Opera Laboratori Fiorentini S p A. As outlined above with regard to the criteria adopted for the preparation of the present financial statement, we believe that following the analyses carried out on the recoverability of the values relating to the goodwill, that these are suitable and justified by income and cash flow prospects which are to date likely and which may be further strengthened when the operational integration is completed with the other companies of the Group.

Following the Consolidation of Civita Cultura S r l and Cine District Entertainment S r l which took place in the present financial year, a consolidation difference attributable to the Goodwill was generated of Euro 1,296,305 and Euro 682,767 respectively through the elimination of the shareholding against the respective share of the shareholders' equity at the consolidation date.

The positive consolidation difference totalling Euro 4,564,691 is attributable to the tune of Euro 656,474 to the difference between the purchase price of the shareholding and the value of the shareholders' equity of Civita Tre Venezie, which results in a goodwill value of € 875,298, reduced by the amortization charges that were made in the consolidated financial statement in the present financial year and for those in previous financial years totalling Euro 218,825, in the 2012 financial year, in relation to the further acquisition of shares in Opera L F S p A, on the basis of the agreements that were made during the first share acquisition, there was a consolidation difference of Euro 1,778,705, which reduced by the amortization charges of the previous financial years and 2014, i.e. Euro 313,889, results in a net sum of Euro 1,464,816. Even in 2013 a further acquisition was made, the last agreed acquisition, which resulted in a consolidation difference of Euro 1,856,702, which once reduced by the amortization charges, calculated on the residual period compared to the first registration in 2010, i.e. Euro 232,088, results in a net value of Euro 1,627,246. Finally, with the full consolidation of the Gebart S p A shareholding in 2013

there was a difference of Euro 909,764, which once reduced by the amortization charges for the financial year, i.e. Euro 45,488, and that of the previous financial year results in a net value of Euro 818,788. These differences are therefore recorded amongst the assets and, with regard to that which is specified by OIC principle n. 24, relate to values that are similar to goodwill, which are systematically amortized for a period of 20 years.

- **"other intangible fixed assets"** these relate to € 700,000 for the expected benefits from the exploitation of the right to promote the activities (sale of tickets, promotion of the exhibitions organised by Opera Laboratori Fiorentini S.p.A. and the guide tours in the Museums of Florence, Siena, Pienza and Rome) at the Acquarium in Livorno, following the agreements reached with Costa Edutainment S.p.A. the owner of the aquanum, € 385,000, from the refurbishments costs of the library "LEF" now "My Accademia", situated in Florence opposite the Accademia Museum and which is held on a leasehold, the library, which was designed to also host cultural events, has a cafeteria and offers the possibility to make purchases with bookings for the Florence Museums, Euro 316,497 relate mainly to improvements on third party properties, Euro 304,432, and comprise refurbishment works of the areas where the Exhibition and the Cinecittà Cafeteria were located.

### ***II property, plant and equipment***

Property, plant and equipment	Gross value					Initial price		Initial value		Depreciation provisions		Net value	
	01/01/14	Increases	Variation cons area	decreases	31/12/14	01/01/14	01/01/14	01/01/14	01/01/14	Variation area cons	Ammt to	31 12 2014	31 12 2014
land and buildings			729 243		729 243								729 243
Plant and machinery	573 605	482 174	533 507	1	1 589 465	570 307	3 358		245 913	112 905		928 885	860 580
Industrial and commercial equipment	821 718	32 802	2 193 729		3 048 049	475 638	348 080		1 119 481	160 710		1 755 829	1 292 220
Other assets	953 177	148 104	18 564 129	30 385	19 635 025	574 384	378 813		9 618 580	701 203		10 894 127	8 738 898
Fixed assets under construction			40 000		40 000								40 000
	<b>2 348 569</b>	<b>663 079</b>	<b>24 030 011</b>	<b>31 385</b>	<b>26 971 727</b>	<b>1 046 049</b>	<b>726 851</b>		<b>10 884 393</b>	<b>973 618</b>		<b>18 672 410</b>	<b>14 430 631</b>

The entry property, plant and equipment includes:

- **"land and buildings"** this relates mainly to the purchase of a building for the logistics activities by Gebart S.p.A.,
- **"plant and machinery"** relates mainly to technical systems for lights /effects/sound relating to the ideation and creation of the show "Enigma" of Euro 381,871 and for air-conditioning, electrical and audio-video systems,
- **"industrial and commercial equipment"** relate to Euro 227,346 for the preparation of the exhibition "Cinecittà si Mostra", of Euro 354,155 for studio equipment, and the remainder for fit-outs and bookshops,
- **"other Assets"** mainly relates to "exhibitions and miscellaneous fit-outs", comprising a series of assets (specific fit-outs and exhibits) produced to organise 10 exhibitions that are scheduled to be brought to various national and foreign museums of Euro 6,576,123, Euro 1,425,550 relating to the "Costruzione Scenografica Antica Roma", Euro 336,024 for scenographic systems and miscellaneous equipment for the fit-out of the "Cinecittà Cafe".

### **III Fixed financial assets**

Balance at 31/12/2014	Balance at 31/12/2013	Variations
4,587,129	2,404,825	2,182,304

#### **Shareholdings**

The shareholdings comprise:

Description	31/12/2013	Decrease	Increase	31/12/2014
Subsidiaries				
Sister companies	1,386,192	203,158	2,119,429	3,302,463
Parent companies				
Other companies	1,000,000		121,753	1,121,753
Rounding				
	<b>2,386,192</b>	<b>203,158</b>	<b>2,241,182</b>	<b>4,424,216</b>

There follows details of the Shareholdings in Sister Companies:

Connected stakes	2013	increases	decreases	2014
Gag Srl	186 192			186 192
- from Filmmaster Events srl				
Luneur Park Spa	1 200 000	250 000		1 450 000
- from Civita Cultura srl				
Cultura Domani srl		6 000		6 000
- from Civita Tre Venezie srl				
Venezia Musei Società per i servizi museali srl in liq		2 500		2 500
Venezia Accademia Società per i servizi museali srl		40 000		40 000
SCP srl		10 000		10 000
- from Civita Sicilia srl				
G&C Palermo srl		54 890		54 890
- from Civita Servizi per la Cultura srl				
Liguna Incoming srl		883 827	85 027	798 800
Tosc - TicketOne Sistemi Culturali srl		520 000		520 000
- from Gebart spa				
Tosc - TicketOne Sistemi Culturali srl		115 950		115 950
Bookabar srl in liquidazione		236 262	118 131	118 131
<b>Total</b>	<b>1.336.192</b>	<b>2.119.429</b>	<b>203.153</b>	<b>3.302.469</b>

The Shareholdings in sister companies comprise

- Gag S r l of Euro 186,192 equal to 26% of the Share capital,
- Luneur Park S p A of Euro 1,450,000 ordinary shares with a unitary nominal value of Euro 1, equal to 18.95% of the share capital,
- Cultura Domani S r l , of Euro 6,000 equal to 50% of the share capital, incorporated on 1 August 2014, with registered offices in Milan, Piazza della Repubblica 30, the company purpose of which is the running of the museum and exhibition business in Villa Reale in Monza. At the present date 50% of the capital belongs to Civita Cultura S r l and the remaining 50% belongs to Italiana Costruzioni S p A. At the time of its incorporation Civita Cultura S r l subscribed 33.33% of the share capital and on 23 December it acquired an additional amount to reach a level of 50%.
- Venezia Musei Società per i Servizi Museali S r l in liquidation" of Euro 10,000 with registered office in Venice, Via Einaudi 74, share capital Euro 10,000, entirely paid-up, registered in the Companies Register of Venice, equal to 25% of the company's share capital,
- Venezia Accademia Società per i Servizi Museali S r l " with registered offices in Venice, Via Einaudi 74, share capital Euro 10 000, entirely paid-up, registered in the Companies Register of Venice equal to 25% of the share capital of the company, the Shareholders' equity as per the last approved financial statement is equal to Euro 10,179, value of the shareholding registered in the financial statement equal to Euro 40,000 (cost value),
- SCP S r l , of Euro 10,000 with registered offices in Venice, via Einaudi 74, share capital Euro 111 975 entirely paid-up, registered in the Companies Register of Venice, equal to 8.93% of the share capital of the company ", the Shareholders' equity resulting from the last approved financial statement, year 2009, equal to Euro 91,348,
- G&C Palermo S r l , of Euro 54,890 relating to the stake of 49.90% the shareholders of which are Gambero Rosso Holding S p A and Civita Sicilia S r l , incorporated on 19 April 2012. Purpose of the company is the carrying out of activities linked to catering in Palazzo Branciforte.
- Incoming Liguna S r l , of Euro 798,800 with registered offices in Genoa Via Filippo Turati, 2/9. At the present date the

share capital of the company, i.e. Euro 100,000 is owned by 50.00% by Civita Servizi per la cultura S.r.l., and 50% by Costa Edutainment S.p.A. Considering the level of the shareholding, we consolidated using the shareholders' equity method. It follows that from an initial value of Euro 925,000, corresponding to the purchase price, the difference between the above price and the value of the shareholders' equity at 31/10/2013 (closing date of the last financial statement), i.e. Euro 823,460, was amortized for 20 years with a charge of Euro 41,173. With the approval of the Financial Statement at 31/10/2014 there was a financial year loss of Euro 87,707, the shareholding was thus written-down by 50% of the above result, i.e. Euro 43,854.

- **Tosc – TicketOne Sistemi Culturali S.r.l.**, of Euro 520,000 relating to the stake in the share capital of the company with registered offices in Rome in Via Giovanni Giolitti, 287/C. At the present date the capital of Tosc – TicketOne Sistemi Culturali S.r.l., of Euro 150,000 is 30.00% owned by Civita Servizi per la cultura S.r.l., 19% owned by Gebart S.p.A., that registered a value of Euro 115,950, while the remaining 51% is owned by Ticketone S.p.A.,
- **Bookabar S.r.l.** in liquidation, equal to Euro 118,131 with registered offices in Roma. At the present date the capital of the company, Euro 100,000 is 27.00% owned by Gebart S.p.A.
- **Cinecittà Media S.r.l.**, with registered offices in Roma, equal to Euro 109,980. At the present date the stake owned by Gebart S.p.A. is 0.34%.

#### Other companies

	2014	2013
Italian Entertainment Group S.p.A.	1 000 000	1 000 000
Soc. Consortile Distretto Turistico Dea Morgantina a.r.l.	3 000	
Cinecittà Media s.r.l.	109 980	
Banca di Credito Cooperativo	8 773	
<b>Total</b>	<b>1.121.753</b>	<b>1.000.000</b>

- **Italian Entertainment Network S.p.A.** has in its portfolio 400,000 ordinary shares in Italian Entertainment Group S.p.A. with a value of Euro 1,000,000,
- **Distretto Turistico Dea di Morgantina società consortile a.r.l.**, of Euro 3,000, in order to promote and coordinate the development and rationalisation of the tourism and production activities, promote and protect the cultural heritage, and improve the economic, social and cultural conditions of its territory of influence, and more generally those of the region,
- **Cinecittà Media S.r.l.**, with registered offices in Roma, equal to Euro 109,980. At the present date the stake owned by Gebart S.p.A. is 0.34%.

#### Receivables

Receivables from sister companies have a balance of Euro 49,500 relating to Civita Tre Venezie S.r.l., Euro 25,000 from the non-interest bearing receivable from the sister company Venezia Accademia scari and Euro 24,500 from the non-interest bearing receivable from the SCP Scrl, finally the entry receivables from others includes Euro 107,781 from Opera for multi-year security deposits.

Other securities of Euro 5,632 are held by Filmmaster Producciones Sa and have not undergone changes compared to the previous financial year.

**C) Current assets**

**I Inventories**

Balance at 31/12/2014	Balance at 31/12/2013	Variations
7,836,438	2,217,928	5,618,510

The entry increased as follows as a result of the new company ownership structure

Raw Materials, secondary materials and consumables include miscellaneous materials for exhibitions, materials used in the upholstery (fabrics), scenography and construction laboratories that are entirely attributable to Opera Laboratori Fiorentini S.p.A., the entry work in progress on orders relates to

- events or productions that are not yet completed at 31/12/2014 for a total of Euro 3,430,321, but which will be concluded in subsequent financial years including Euro 292,320 relating to the company Filmmaster Events S.r.l., Euro 1,921,961 to the company Filmmaster Productions S.r.l. for the expenses sustained for the job order Ben Hur and for the job order Heineken, Euro 643,844 to Filmmaster Limited Ltd for International Events projects like Aimag 2017, Kaspersky Live Lab, First Rebranding for a total of Euro 643,844, Euro 572,196 for Film Master Arabia Co Ltd,
- organisation and fit-out of exhibitions that will be concluded and open to the public at the start of 2015 of Euro 724,617 that relate entirely to Opera Laboratori Fiorentini S.p.A.

The goods are made up of the inventories of assets for sale, mainly book and merchandising material relating to Opera Laboratori Fiorentini of Euro 1,614,899, Gebart S.p.A. of Euro 374,69 and Civita Cultura S.r.l. of Euro 224,459

**II Receivables**

Balance at 31/12/2014	Balance at 31/12/2013	Variations
48 361 330	18 658 470	29 702 860

The balance is made up as follows according to expiry dates (article 2427, first paragraph, n. 6, of the Italian Civil Code)

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total
From clients	36,966,581	3,691,890		40,658,471
From subsidiaries				
From sister companies	1,172,068			1,172,068
From parent companies				
For tax credits	2,399,345	409,634		2,808,979
For prepaid taxes	495,605	63,540		559,145
From others	2,876,814	285,853		3,162,667
Rounding				
	<b>43,910,413</b>	<b>4,450,917</b>		<b>48,361,330</b>

Receivables from clients are shown at the estimated realisable value and are registered net of the credit write-down provisions

The variation of the receivables from clients compared to the previous financial year is attributable mainly to the variation of the consolidation area

At 31/12/2014 the receivables attributable to the sub consolidation of Civita Cultura S.r.l. are Euro 22,920,638 and Cine District

Entertainment S r l are 1,075,643

The entry Tax Credits is made up as follows at 31/12/2014

- Ires credit for reimbursement request for deduction of Irap in previous years of Euro 835,280 within the financial year and Euro 409,634 beyond the financial year,
- Ires Irap credit of Euro 83,972,
- VAT credit of Euro 753,386,
- Tax Credit of Euro 396,748,
- Credits for taxes of companies with registered offices abroad of Euro 245,490,
- Others of Euro 78,763

The entry Credits for Prepaid Taxes of Euro 559,145 relates mainly to Italian Entertainment Network S p A the value of which of Euro 331,761 relates to the tune of 27.5% to the fiscal loss of the 2014 financial year which amounts to Euro 1,206,405. Please note, in this regard that in recent financial years Italian Entertainment Network S p A did not prudently enter the prepaid taxes on fiscal losses. Starting from the financial statement relating to the 2014 financial year 2014, in consideration of the income prospects in the medium-long terms for the parent company and in consideration also of the fact that the fiscal regulations for the carrying forward of fiscal losses was amended by D L 98/2011 we decided to record it. In order to support companies in overcoming the financial crisis amended art. 84 of the TUIR to enable an unlimited recoverability over time of fiscal losses.

To this end, we report that there are additional fiscal losses, for the years 2012 and 2013, 383,441 euro and 593,064 euro respectively for which, because of the principle of prudence, no credits were entered for prepaid taxes.

#### Receivables from others

Receivables from others mainly relate to

- Advances Civita association of Euro 284,855,
- Receipts made by third parties in the ticket offices of exhibitions and sites of Euro 1,066,190,
- suspended revenue of Euro 348,547 comprising receivables from travel agencies for tickets purchased, but not yet paid,
- Suppliers for advances conto anticipi of Euro 385,681 relates to advances in payments to suppliers,
- Receivables from Cinecittà Studios of Euro 207,028,
- Receivable from Consorzio Ingegneria per la Cultura S r l reacquired by Civita Cultura S r l with the contract of the assignment of the business division between Civita Cultura and Civita Tre Venezie which took place in 2009 worth Euro 218,648 classified as beyond the financial year.

#### III Current Financial assets

Balance at 31/12/2014	Balance at 31/12/2013	Variations
3,019,897	780,719	2,239,178

The balance comprises

- Shareholdings of Euro 24,560, from 1,560 shares of Banco Popolare S p A, and 480 shares of Chianti Banca - Credito Cooperativo, purchased at a unitary cost of Euro 30.09
- Euro 1,872,259 from the value of the policy drawn up with Axa MPS Assicurazioni Vita S p A. This is a contratto di capitalizzazione which has the aim of guaranteeing any liquidity that might be necessary for paying the TFR to the employees of Opera Laboratori Fiorentini.

Euro 1,072,049 relating to the company Cerimonias Cariocas 2016 Spe Ltda and Euro 36,585

relating to the company Filmmaster Producciones Sa for short term investments

**I Cash and cash equivalents**

Balance at 31/12/2014	Balance at 31/12/2013	Variations
15,186,003	5,385,084	9,800,919

Description	31/12/2014	31/12/2013
Bank and post office deposits	14,281,590	5,350,051
Cheques		28,119
Cash and equivalents in hand	904,413	6,914
Rounding		
	<b>15,186,003</b>	<b>5,385,084</b>

The balance represents the cash and cash equivalents and the existence of cash and assets at the closing date of the financial year

**D) Accruals and deferrals**

Balance at 31/12/2014	Balance at 31/12/2013	Variations
773,118	188,437	584,681

They measure the proceeds and charges the accrual basis for which is earlier or later compared to the actual date of payment and/or of the document, they are adjusting entries that are irrespective of the payment or collection date of the respective proceeds and charges relating to two or more financial years

At 31/12/2014 there are no accruals and deferrals with a duration of more than five years

The variation is essentially due to the extension of the consolidation area

**Liabilities**

**A) Shareholders' equity**

Balance at 31/12/2014	Balance at 31/12/2013	Variations
22,652,233	8,929,240	13,722,993

Description	31/12/2014	31/12/2013
Capital	3,844,802	2,223,000
Share premium reserves	11,329,732	3,777,000

Restatement gain		
Legal reserve	100,000	100,000
Other reserves	3,071,008	2,935,240
Profits (losses) carried forward	(1,148,333)	(1,244,010)
Own profit (loss) of the financial year	(1,771,073)	(187,869)
Third party profit (loss) of the financial year	(618,703)	226,318
Third party capital and reserves	7,844,800	1,099,560

**22,652,233      8,929,240**

At the closing date of the 2014 financial year the share capital of the Parent company comprises 3,844,802 shares each with a nominal value of Euro 1 and is broken down as follows

<b>NAME</b>		<b>%</b>
Cinecittà Entertainment S p A	1 371 961	35,68%
Fondo Italiano D'Investimento Sgr S p A	589 240	15,33%
Coffa Stefano Eredi	276 630	7,19%
Balich Marco	213 450	5,55%
Castellani Sergio	207 472	5,40%
Marino Giorgio	207 472	5,40%
E P S S p A	177 585	4,62%
Costa Edutainment S p A	177 413	4,61%
Caponi Teresa	165 978	4,32%
Grazioli Graziella Marisa	165 978	4,32%
D'Amico Società di Navigazione S p A	106 884	2,78%
Walbridge Jennifer	96 820	2,52%
Fondazione di Venezia	40 210	1,05%
Lotto-91 S r l	32 442	0,84%
API Anonima Petroli Italiana S p A	15 267	0,40%
<b>TOTAL</b>	<b>3.844 802</b>	<b>100%</b>

There follows the movements of the Shareholders' equity during the course of the last 3 financial years



In Euro	Share Capital	Share Premium Reserve	Legal reserve	Other reserves	(Losses) carried forward	the financial year	SE of Group	SE of third parties	Total SE
situation for CNS 11	2.223.000	3.777.000	100.000	3.245.017	(2.355.943)	713.233	7.202.307	1.552.785	9.255.093
Movement of result					713.233	(713.233)	-	-	-
Interdivisional transfers							-	-	-
Dividends							-	-	-
Increase in capital payments from share							-	-	-
Issuing of options on shares							-	-	-
Effect of conversion of financial statements in foreign currency							26.985	-	26.985
Movement between reserves							-	-	-
Other movements				30.798	(370.261)		(366.448)	(296.402)	(662.850)
Profit/(loss) for the period						(97.477)	(97.477)	429.792	332.315
<b>Total movements</b>				<b>30.798</b>	<b>342.972</b>	<b>(810.710)</b>	<b>(436.940)</b>	<b>133.390</b>	<b>(303.550)</b>
situation for CNS 12	2.223.000	3.777.000	100.000	3.275.815	(2.012.971)	(97.477)	7.265.367	1.688.176	8.951.543
Movement of result					(97.477)	97.477	-	-	-
Interdivisional transfers							-	-	-
Dividends							-	-	-
Increase in capital payments from share							-	-	-
Issuing of options on shares							-	-	-
Effect of conversion of financial statements in foreign currency				(185.124)			(185.124)	-	(185.124)
Movement between reserves							-	-	-
Other movements				(155.452)	866.440		710.988	(586.617)	124.371
Profit/(loss) for the period						(187.870)	(187.870)	226.319	38.449
<b>Total movements</b>				<b>(340.576)</b>	<b>768.963</b>	<b>(90.393)</b>	<b>337.994</b>	<b>(360.298)</b>	<b>(22.303)</b>
situation for CNS 13	2.223.000	3.777.000	100.000	2.935.239	(1.244.008)	(187.870)	7.603.361	1.325.879	8.929.240
Movement of result					(187.870)	187.870	-	-	-
Interdivisional transfers							-	-	-
Dividends							-	-	-
Increase in capital payments from share	1.621.802	7.552.732					9.174.534	-	9.174.534
Issuing of options on shares							-	-	-
Effect of conversion of financial statements in foreign currency				355.054			355.054	15.339	370.393
Variation of the consolidation area							-	6.714.148	6.714.148
Movement between reserves							-	-	-
Other movements				(219.286)	283.545		64.259	(210.564)	(146.306)
Profit/(loss) for the period						(1.771.073)	(1.771.073)	(618.703)	(2.389.776)
<b>Total movements</b>	<b>1.621.802</b>	<b>7.552.732</b>	<b>-</b>	<b>135.768</b>	<b>95.675</b>	<b>(1.583.204)</b>	<b>7.822.774</b>	<b>5.900.220</b>	<b>13.722.993</b>
Situation for CNS 14	3.844.802	11.329.732	100.000	3.071.007	(1.148.333)	(1.771.073)	15.426.135	7.226.098	22.652.233

The following table shows the reconciliation between the Shareholders' equity and the result of the financial statement of the Parent company and the consolidated financial statement

	2014		2013
	Shareholders' Equity	Result	
<b>Parent Company</b>	<b>17.044.446</b>	<b>(1.088.841)</b>	<b>8.958.755</b>
Consolidated shareholdings	(14.831.056)	-	(8.964.853)
Consolidation differences	5.576.751	(493.229)	4.090.907
Results of consolidated companies	16.824.189	361.232	6.571.456
Elimination of intragroup dividends	(569.449)	(569.449)	(475.810)
Distribution of CC2016 dividends	(52.931)		(119.415)
SE and third parties results	(7.226.097)	618.703	(1.325.878)
Adjustment of Group principles	(1.217.815)	(481.631)	(1.138.009)
Elimination of intragroup profits/losses	(63.327)	(63.327)	-
Valuation of company with the shareholders' equity	(58.575)	(54.531)	
<b>SE and result for the Group</b>	<b>15.426.135</b>	<b>(1.771.073)</b>	<b>7.597.153</b>

Nature / Description	Sum	Possibility of use (*)
Capital	3,844,802	
Share premium reserve	11,329,732	A, B, C
Restatement gain		
Legal reserve	100,000	B
Statutory reserve		
Reserve for treasury shares (held in portfolio)		
Other reserves	3,071,008	A, B, C
Profits (losses) carried forward	(1,148,333)	

**Total**  
Non distributable reserves

## B) Provisions for risks and charges

(art. 2427, first paragraph, n. 4, Italian Civil Code)

	Balance at 31/12/2014	Balance at 31/12/2013	Varations	
	396,415	172,002	224,413	
Description	31/12/2013	Increases	Decreases	31/12/2014
For pension liabilities				
For taxes, incl. deferred taxes				
Other	172,002		(224,413)	396,415
Rounding				
	<b>172,002</b>		<b>(224,413)</b>	<b>396,415</b>

The Provisions for risks and charges are made up of

- Euro 20,000 from the provision in the year 2012 in Italian Entertainment Network S.p.A. for tax disputes relating to assessment of the Finance Police for the year 2010, the formal report for which was drawn up on 19/07/2012,
- Euro 107,875 in Filmaster Events S.r.l. relating to a residual risk provisions set aside during the course of 2011 of Euro 200,000,
- Euro 48,950 for consolidation adjustments relating to the company in Qatar,
- Euro 219,312 relating to Opera Laboratori Fiorentini S.p.A., including Euro 110,000 as reserves for fiscal risks and Euro 109,312 from the provisions set aside for a potential risk, in the context of contractual relationships relating to the management of the bookshop of the Vatican Museums, in particular it relates to a dispute raised by the company regarding the invoices of services for which we are awaiting a credit note

## C) TFR employee severance fund

Balance at 31/12/2014	Balance at 31/12/2013	Varations
4,735,743	1,173,560	3,562,183

The fund that has been set aside represents the actual liability of the company at 31/12/2014 towards its employees who are in service on said date, net of advances that were paid out

The increases and decreases within the individual companies of the group are due to outgoing employees, amounts set aside during the year and the variation of the area of consolidation

## D) Payables

Balance at 31/12/2014	Balance at 31/12/2013	Varations
84,135,083	21,308,928	62,826,155

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total	
Convertible bonds		6,666,660		6,666,660	The
Bonds					payables
Payables to shareholders for loans	720,047			720,047	are
Payables to banks	15,114,034	9,008,380		24,122,414	valued at
Payables to other lenders	17,910	2,038		19,948	their
Advances	3,568,708			3,568,708	nominal
Payable to suppliers	30,050,885			30,050,885	value
Payables made up of credit instruments					and the
Payables to subsidiaries					expires
Payables to sister companies	472,967			472,967	of the
Payables to parent companies					payables
Tax payables	2,644,575	341,068		2,985,643	are
Payables to nat insurance bodies	1,170,078			1,170,078	
Other payables	14,352,003			14,352,003	
Rounding					
	<b>68,111,207</b>	<b>16,018,146</b>		<b>84,129,353</b>	

broken down as follows (article 2427, primo comma, n. 6, of the Italian Civil Code)

I " Payables for convertible bonds ", classified as beyond 12 months, relate to the convertible bond, that was already described in the preamble of the di present additional note, that was reserved and subscribed by Fondo Italiano d'Investimento SGR S.p.A. the first expiry of which is set for 26/08/2015 at a gross interest rate of 9%

Payables to banks at 31/12/2014 show the actual principal liability to credit institutions and are broken down as follows

- Italian Entertainment Network S.p.A.
  - the payable towards banks beyond 12 months of Euro 422,406 is a loan from Banca Popolare di Sondrio issued on data 27 January 2010 with an original value Euro 750,000, the last quarterly rate for which will be paid on 31/01/2015, at a variable interest rate according to the "Euribor 3 months" parameter increased by a spread of 2.5% the residual value of which is of Euro 40,453 and by a loan from Banca Popolare di Bergamo of Euro 750,000 granted on 25/10/2012 with a duration of 36 months the last expiry of which will be 25/10/2015, at a variable interest rate according to the "Euribor 3 months" parameter increased by a spread of 3.25%. For this loan no guarantee was provided and the residual value is Euro 381,954
- Filmaster Events S.r.l.
  - Euro 630,829 relates to the quota within the financial year of a loan issued by Banca Nazionale del Lavoro on 13/04/2012 of Euro 2,500,000 the repayment plan for which entails quarterly repayments of Euro 156,250 as of 15/07/2013 and ends on 13/01/2017, with a variable interest rate according to the "Euribor 3 months" parameter increased by a spread of 3.7%. For this loan a derivative was taken out for the coverage of the interest rate risk with cap & floor mechanisms, in order to guarantee a maximum cost of 5% per annum, for the entire duration of the loan. The residual amount, beyond the financial year, is euro 937,500,
  - Euro 4,000,000 relate to a loan with Unicredit that expires on 30/11/2018 that has two means of liquidation at the end: total liquidation or repayment on the basis of a schedule that is to be agreed. Even for this loan a derivative was taken out for the coverage of the interest rate risk with cap & floor mechanisms, in order to guarantee a maximum cost of 2.18% per annum, for the entire duration of the loan (for which a variable Euribor 3 months interest increased by a spread of 1.75% is payable)
- Opera Laboratori Fiorentini S.p.A.
  - overall payables amount to Euro 13,157,843, of which 2,500,544 are beyond the financial year. The mortgage contracts that were already drawn up by the ex parent company Sviluppo Toscana S.p.A. with Unicredit, which Opera Laboratori Fiorentini took over as a result of the merger, required some covenants which turned out to be incompatible with the balance sheet and financial structure deriving from the merger. As such we asked Unicredit

to review these. The assessment was completed and the new covenants were approved as follows: 1) shareholders' equity greater than or equal to 5,000,000, 2) net financial indebtedness/equity ratio less than or equal to 1.8. In 2014 these covenants are respected and we are awaiting the formal confirmation of this from the bank,

- **Civita Cultura S r l**

Overall payables amount to Euro 3,046,266, of which 1,144,523 are beyond the financial year and relate to the unsecured loan at a variable rate, agreed on 26 June 2009 with Unicredit of euro 2,000,000 with a duration of 9 years at the nominal annual Euribor 6 months rate + spread 3.30%, and increased in 2012 by Euro 900,000 with a duration of 6 years at the nominal annual Euribor 6 months rate + spread 3.30%. Both are guaranteed by a pledge on the shares of the subsidiary Opera Laboratori Fiorentini S p A.

The other payables to banks that expire within the financial year comprise advances on invoices and current account overdrafts of Euro 1,249,635.

"Payables to suppliers" are registered net of trade discounts, cash discounts are recorded at the time of payment. The nominal value of these payables was rectified, at the time of returns or allowances in an amount corresponding to the sum defined with the counterparty.

The entry "Tax debts" only includes the liabilities for certain and calculated taxes, since liabilities for probable taxes or taxes the value or payment date of which are uncertain, and deferred taxes are registered in entry B.2 of the liabilities (tax reserves).

There follow the main entries relating to tax liabilities within twelve months:

- Payable for VAT with deferred collectability of Euro 805,583, of which Euro 757,373 relate to Civita Cultura S r l and Filmmaster Events S r l to the tune of Euro 25,429, Civita Sicilia S r l to the tune of Euro 9,360 and Civita Musea S r l to the tune of Euro 13,421.
- Payables to the Tax Authorities for withholding taxes for employees / collaborators amount to Euro 698,435, the most significant value of which is attributable to Opera Laboratori Fiorentini S p A to the tune of Euro 288,201, Filmmaster Productions S r l to the tune of Euro 143,150, Civita Cultura S r l to the tune of Euro 90,209, Civita Musea S r l to the tune of Euro 49,302, Filmmaster Events S r l to the tune of Euro 41,466, with the remainder being within Italian Entertainment Network S p A, Cine District Entertainment S r l, Civita Tre Venezie S r l, Civita Sicilia S r l, Civita Fandango S r l and Gebart S p A.
- Payables to the Tax Authorities for withholding taxes applied on professional fees, the total value of which is Euro 177,266. The most significant entry is attributable to Filmmaster Events S r l for an amount of Euro 74,658, Opera Laboratori Fiorentini S p A for an amount of Euro 46,226, Filmmaster Productions S r l for an amount of Euro 32,355, Italian Entertainment Network S p A for an amount of Euro 4,470, Filmmaster Partecipazioni S r l for an amount of Euro 4,447, Civita Tre Venezie S r l 4,940, Civita Cultura S r l for an amount of Euro 2,322, Civita Sicilia S r l accounts for 2,700 while the residual Euro 1,470 is attributable to Gebart S p A.
- The entry payables for VAT of Euro 236,487 relates mainly to Opera Laboratori Fiorentini S p A for a total of Euro 110,466, Civita Cultura S r l for an amount of Euro 61,008, Civita Tre Venezie S r l for an amount of Euro 40,933 and Civita Musea S r l for an amount of Euro 24,080.
- The entry Payables for Taxes totalling Euro 484,837 relates mainly to Filmmaster Productions S r l for an amount of Euro 244,931, Cine District Entertainment S r l for an amount of Euro 153,561, Filmmaster Events S r l for an amount of Euro 56,612, Civita Cultura S r l for Euro 13,466, the remaining Euro 16,267 relates to other companies.
- For the companies with registered offices in Arabia, Film Master Arabia Co Ltd, it pays local taxes of Euro 150,973 and for the one with registered offices in Brazil, Cerimonias Canocas 2016, it pays tax of Euro 32,938.
- For the company Italian Entertainment Network S p A a sum of Euro 50,320 was registered amongst the payables within 12 months for a tax settlement proposal for the year 2009.

The tax payables beyond twelve months of Euro 341,068 includes the quota residua relating to the tax settlement proposal for the year 2009 of Italian Entertainment Network S p A, the last expiry date for which is 31/07/2017.

The entry "payables to national insurance bodies" which amount to Euro 1,170,078 include the liabilities relating to the national insurance obligations for employees and collaborators and are broken down amongst the companies as follows:

- Civita Cultura S r l Euro 909,863,
- Filmmaster Events S r l Euro 123,218,

- Filmmaster Productions S r l Euro 79,688,
- Italian Entertainment Network S p A Euro 26,060
- Cine District Entertainment S r l Euro 23,626,
- Cenmonias Canocas 2016 Spe Ltda Euro 4,103,
- Filmmaster Partecipazioni S r l Euro 3,520,

The "Other payables" that amount to Euro 14,352,003, comprise

- Euro 4,214,190 for payables to staff for holidays, accrued holidays and leave, bonuses and additional months,
- Euro 5,892,568 are connected to the management of museums,
- Euro 1,229,335 for security deposits with Agencies and other,
- Euro 1,063,662 for credit notes to be issued,
- Euro 671,261 for pro-forma invoices from professionals,
- Euro 660,448 for payables to partners for Projects
- Euro 287,500 for payables to social bodies,
- Euro 205,713 for payables to the donation fund of the chairman of Civita Cultura S r l ,
- Euro 127,776 for other payables

There are no payables relating to repurchase transactions ( art 2427 first paragraph, n-6 ter of the Italian Civil Code)

#### **E) Accruals and deferrals**

Balance at 31/12/2014	Balance at 31/12/2013	Variations
1,178,964	3,639,583	(2,460,619)

They represent the connecting entries of the financial year calculated on an accrual basis

At 31/12/2014 there are no accruals and deferrals with a duration of more than five years

#### **Capital commitments**

(art 2427, first paragraph, n 9, Italian Civil Code)

Description	31/12/2014	31/12/2013	Variations
Risks taken on by the company	2,631,861	2,225,185	406,676
Commitments taken on by the company	5,562,500	2,230,244	3,332,256
Third party assets held by the company			
Other capital commitments			
	<b>8,194,361</b>	<b>4,455,429</b>	<b>3,738,932</b>

The risks taken on by the company totalling Euro 8,194,361 are shown in the capital commitments at their nominal value and are broken down as follows between the individual companies of the group

#### Italian Entertainment Network S p A of Euro 1,281,376, broken down as follows

- Euro 150,000 relating to a bank loan from Unicredit to the company Investitori Immobiliari Riuniti S r l as a guarantee for the lease contract for the offices in Rome in via dei Magazzini Generali 10,
- Euro 140,000 relating to a bank loan rilasciata by Banca Nazionale del Lavoro on 24/01/2013 to the company Immobiliare Film Master S r l as a guarantee for the lease contract for the offices in Milan in via Maroncelli 13 with expiry on 01/12/2024,
- Euro 350,000 relating to a letter of patronage released by Intesa San Paolo on 07/12/2011 for the issuing of a bank overdraft for the same value to Filmmaster Mea Events FZ-LLC a subsidiary of the company,
- Euro 641,376 relating to a bank guarantee issued to the subsidiary Filmmaster Middle East and Africa LLC to participate in a tender called by the Olympic Committee in Qatar

#### Filmmaster Productions S r l of Euro 168,828, broken down as follows

- Euro 125,000 from a bank guarantee issued during the course of 2012 for the opening of a bank overdraft to the subsidiary Filmmaster Producciones SA which is valid until revocation,

Which

- Euro 30,000 from a bank guarantee issued as a guarantee for the exact and complete fulfilment of the production service of the advertising campaigns of the company of the Ferrovie dello Stato Italiane Group that was awarded after a tender called by Ferservizi S.p.A.,
- Euro 13,828 by an insurance guarantee issued as guarantee to Expo Milan 2015

Filmmaster Events S.r.l. of Euro 6 744 157, broken down as follows

- relating to "bank guarantees" of euro 1,181,657
- Euro 200,000 for an insurance guarantee issued in favour of Enel with expiry 01/03/2016 for the awarding of a contract for realisation of events, for fiscal, national insurance and retributive obligations,
- Euro 20,657 for an insurance guarantee issued in favour of Municipality of Milano for the obtainment of the authorisation to operate as a travel agent,
- Euro 753,000 for an bank guarantee issued in favour of Expo 2015 for the ongoing activities,
- Euro 208,000 for an bank guarantee issued in favour of Lombardy Region for participation in a tender,
- relating to "commitments taken on" by the company of Euro 5,562,500
- Euro 1 562 500 relate to a derivative contract relating to operations for the coverage of the interest rate risk from a mortgage at a variable exchange rate. Specifically, a loan was taken out from the Banca Nazionale del Lavoro that was granted on 13/04/2012 of Euro 2,500,000 the repayment plan for which involves quarterly repayments of Euro 156,250 starting from 15/07/2013 with the last instalment payable on 13/01/2017. On this loan, the Balance for which at the close of the financial year amounts to Euro 1,562,500, a derivative was taken out for the coverage of the interest rate, with cap & floor mechanisms, in order to guarantee a maximum cost of 5% annum, for the entire duration of the loan (on which a variable interest rate of Euribor 3 months increased by a spread of 3.70% is in force). This derivative financial instrument has the same duration as the underlying loan and the same quarterly payment terms in order to align incoming and outgoing cash flows,
- Euro 4,000,000 relate to derivative contract for the coverage of the interest rate risk on a variable rate mortgage. Specifically, during the course of 2014 a loan was taken out of Euro 4 million with Unicredit, that is repayable in a single instalment (bullet) after 4 years, at a variable interest rate according to the "Euribor 3 months" parameter increased by a spread of 1.75%, that was agreed exclusively to cover the exposure to the interest rate risk with cap & floor mechanisms, which guarantee for your Company a maximum interest rate of 2.18%. This derivative financial instrument has the same duration as the underlying loan in order to align incoming and outgoing cash flows

Civita Cultura S.r.l.

Capital Commitments	Type	Beneficiary	Issued to	2014	2013	Diff
<b>Bank guarantees</b>						
<b>in favour of subsidiaries</b>						
		Opera laboratorî Fiorentini SpA	Credito Coop. Rome	1 000 000	1 000 000	-
		Civita Fandango Srl	Mediocredito Italiano SpA	225 737	225 737	-
<b>in favour of third parties</b>						
		Assicurazioni Generali SpA (lease contract in Piazza Venezia as a security deposit)	Carife S p A	51 948	51 948	-
		Municipality of Milan (Mc Curry job order)	Axa	50 000	50 000	-
		Province of Rome (for granting the excavation rights at Palazzo Valentini)	Axa	30 000	30 000	-
		Province of Rome (for granting the excavation rights at Palazzo Valentini)	UniCredit S p A	100 000	100 000	-
		Ministry for Cultural assets and Cultural activities Superintendence for Architectural Assets, the Landscape, Historic, Artistic and Ethnoanthropological Heritage of Umbria - Perugia (for the concession of the National Gallery of Umbria in Perugia)	Axa	29 346	29 346	-
		Superintendence of the Naples Museum Pole (for the job order "Opera per il Castello di Sant'Elmo")	Axa	7 230	7 230	-
		Province of Naples	Axa	10 250	10 250	-
<b>Specific bank guarantees</b>						
<b>in favour of subsidiaries</b>						
		Civita Musea Srl (as guarantee of overdraft of euro 350,000)	UniCredit S p A	350 000	350 000	-
<b>in favour of third parties</b>						
		Consorzio Civita (from which a business division was acquired in 2006, as guarantee for the opening of simple credit. The opening of the credit will be covered with the takings within the year to enable the closing phase of the Consortium to be completed)	Carife S p A	49 000	75 000	-26 000
<b>Limited general guarantees</b>						
<b>in favour of subsidiaries</b>						
		Opera laboratorî Fiorentini SpA	UniCredit S p A	3 100 000	3 100 000	-
		Civita Musea Srl (as guarantee for the advances for accounting purposes of euro 150,000 and invoices of euro 50,000)	Carife S p A	455 000	455 000	-
		Civita Fandango Srl (as guarantee for the original loan of euro 100 000 and the overdraft of euro 5 000)	Carife S p A	162 500	162 500	-
<b>Total guarantees provided</b>				<b>5 621 011</b>	<b>5 647 011</b>	<b>-26 000</b>

**Opera Laboratorî Fiorentini S p A**

The Guarantees which have been provided amount to euro 2,160,262 and are made up as follows

Issue date	Issued by	Policy number	Entity guaranteed	Value guaranteed	Expiry
01/12/2008	Fondiana	0099 0765590 89	MUNICIPALITY OF SIENA - Piazza del Campo, 1 – Siena	42 250	01/12/2014
18/06/2009	Fondiana	0099 0767658 71	GOVERNORSHIP OF THE STATE OF THE VATICAN CITY – Vatican City	255 000	30/06/2015
19/11/2013	Allianz S p A	073017516	MINISTRY FOR CULTURAL ASSETS AND ACTIVITIES - Piazza Pitti, 1 – Florence	1 459	19/11/2014
05/08/2013	Allianz S p A	073017290	MINISTRY FOR CULTURAL ASSETS AND ACTIVITIES - Piazza Pitti, 1 – Florence	4 795	05/08/2015
11/12/2013	Elba Assicurazioni	536457	MUNICIPALITY OF SAN GIMIGNANO - Piazza Duomo, 2 – San Gimignano	105 259	11/12/2018
21/02/2013	Fondiana	0099 5104683 28	SCIENCE MUSEUM - Via Calepina, 14 – Trento	47 360	25/02/2014
21/05/2013	Liguna Assicurazioni	56155057	MUNICIPALITY OF SIENA - Piazza del Campo, 1 – Siena	336 981	15/05/2017
11/07/2014	Fondiana	0099 5108931 15	SPECIAL SUPERINTENDENCE PSAE PMCF – Via della Ninna, 5 - Florence	29 395,09	14/07/2015

14/07/2014	Fondiana	0099 5108944 06	MUNICIPALITY OF SIENA – Piazza del Campo, 1 – Siena	100 000	15/07/2015
15/07/2014	Fondiana	0099 5108951 09	MUNICIPALITY OF SIENA – Piazza del Campo, 1 – Siena	139 948,50	15/07/2015
04/11/2014	Fondiana	0099 5109634 16	OPERA DI SANTA MARIA DEL FIORE – Via della Canonica, 1 – Florence	537 000	31/01/2016
04/11/2014	Fondiana	0099 5109632 20	OPERA DI SANTA MARIA DEL FIORE – Via della Canonica, 1 – Florence	448 000	31/01/2016
03/12/2014	Fondiana	0099 5109822 15	MUNICIPALITY OF MACERATA – Piazza della Liberta, 3 – Macerata	112 814	03/12/2015

## Income Statement

### A) Value of production

	Balance at 31/12/2014 96,682,979	Balance at 31/12/2013 60,527,157	Variations 36,155,822
<b>Description</b>	<b>31/12/2014</b>	<b>31/12/2013</b>	<b>Variations</b>
Revenues from sales and services	91,952,110	60,796,699	31,155,411
Variations in inventories	828,284	(328,153)	1,156,437
Variations in work in progress on orders	1,927,385		1,927,385
Increases in fixed assets for internal works	1,611,960		1,611,960
Other revenues and proceeds	363,240	58,611	304,629
	<b>96,682,979</b>	<b>60,527,157</b>	<b>36,155,822</b>

The underlying table shows the breakdown of the entries within the individual companies

	Revenues for Events	Revenues for adverts and services	Revenues of management of Museum notes	Distretto Cinema and management of spaces	Other	Total
Italian Entertainment Network S p A					22 340	22 340
Filmmaster Events S r l	22 764 017					22 764 017
Filmmaster Special Events Limited	630 440					630 440
Filmmaster Mea Events FZ LLC	6 041 839					6 041 839
Cerimonias Cariocas 2016	2 674 617					2 674 617
Filmmaster Arabia	8 744 890					8 744 890
Filmmaster Productions S r l		22 906 632				22 906 632
Filmmaster Mea Productions FZ LLC		4 167 486				4 167 486
Filmmaster Producciones SA		449 403				449 403
Civita Cultura S r l			26 252 575			26 252 575
Cine District Entertainment S r l				2 028 739		2 028 739
	<b>40 855 803</b>	<b>27 523 521</b>	<b>26 252 575</b>	<b>2 028 739</b>	<b>22 340</b>	<b>96 682 978</b>

For more details with regard to other entries please refer to the management report



**B) Costs of production**

Balance at 31/12/2014	Balance at 31/12/2013	Variations
96,627,736	59,471,369	37,156,367

Description	31/12/2014	31/12/2013	Variations
Raw materials, secondary materials and goods	2,808,801	162,824	2,645,977
Services	69,636,017	48,871,219	20,764,798
Use of third party assets	1,849,157	836,428	1,012,729
Salaries and wages	12,561,665	5,816,548	6,745,117
Social charges	3,068,287	1,131,326	1,936,961
TFR employee severance fund	682,386	272,404	40,982
Pension treatment and similar			
Other staff costs	46,928	130,137	(83,209)
Amortization of intangible fixed assets	1,469,001	539,895	929,106
Depreciation of property, plant and equipment	974,578	265,902	708,676
Other write-downs of fixed assets	2,500	10,770	(8,270)
Write-down of receivables in current assets	2,311,345	1,167,151	1,144,194
Variation in inventories of raw materials	4,091	124,232	(120,141)
Provisions for risks	38,274		38,274
Other provisions			
Other management charges	1,174,706	142,533	1,032,173
	<b>96,627,736</b>	<b>59,471,369</b>	<b>37,156,367</b>

**Costs for raw materials, secondary materials, consumables and goods and Costs for services**

They are strictly related to that which is outlined in the part of the management report of point A (Value of production) of the Income Statement

**Costs for staff**

The entry includes the entire expenditure for the dependent employees including the promotions, changes in seniority, cost of living adjustments, costs of unused holidays, provisions in accordance with the law and national bargaining agreements, bonuses accrued

**Costs for the use of third party assets**

The entry within the parent company is mainly made up of the leasing of tangible assets relating to offices for the different headquarters for a total of Euro 445,203 and Euro 32,363 for operational rentals mainly relating to office machinery

**Amortization and depreciation of fixed assets**

With regard to amortizations and depreciations we specify that these were calculated on the basis of the useful duration of the source of income and its use in the production phase, please refer to the paragraphs relating to the assets of the Balance sheet for further details

**Write-down of receivables included in the current assets and cash and cash equivalents**

This entry includes sums set aside for estimated losses on receivables by the company Film Master Arabia Co Ltd totalling Euro 481,631, in addition, the income statement includes write-downs made for the change of strategy that led to the closing of some businesses that had begun in previous years, the total value of which amounts to Euro 1,829,714

**C) Financial proceeds and charges**

Balance at 31/12/2014	Balance at 31/12/2013	Variations
(830,407)	(325,108)	(505,299)

There follows the table relating to the details of the entries within the company

Description	31/12/2014	31/12/2013	Variations
From shareholdings	7,165		7,165
From receivables registered in the fixed	9,633		9,633

assets			
From shares registered in the fixed assets	94,117	56,613	37,504
From shares registered in the current assets			
Other proceeds	74,699	19,472	55,227
(Interest and other financial charges)	(1,023,615)	(361,715)	(661,900)
Profits (losses) on currency exchange	7,594	(39,478)	47,072
	<b>(830,407)</b>	<b>(325,108)</b>	<b>(505,299)</b>

#### Interest and other financial charges

(art. 2427, first paragraph, n. 12, Italian Civil Code)

Description	Parent companies	Subsidiaries	Sister companies	Other	Total
Interest on bonds				210,411	210,411
Bank interest				714,703	714,703
Suppliers interest					
Medium term interest on credit					
Discounts or financial charges					
Interest on loans					
Amortization of bond issue discount					
Other charges on financial transactions				98,501	98,501
Sums set aside to the provisions for risks on foreign exchange					
Rounding					
				<b>1,023,615</b>	<b>1,023,615</b>

The interest on bonds relate to interest accrued within the Parent company on the basis of the POCC (convertible bond), subscribed fully by Fondo Italiano d'Investimento SGR S.p.A. for a value of Euro 6,666,660 at a gross annual rate of 9% in the 128 days accruing in 2014

Bank interest relate mainly to financing that is in place within Opera Laboratori Fiorentini S.p.A. and Civita Cultura S.r.l.

#### D) Adjustments in value of financial assets

Balance at 31/12/2014	Balance at 31/12/2013	Variations
(125,219)		(125,219)

#### Write-downs

Description	31/12/2014	31/12/2013	Variations
Of shareholding	125,219		125,219
Of fixed financial assets			
Of securities registered in the current assets			
	<b>125,219</b>		<b>125,219</b>

The total value of Euro 125,219 is attributable to al Gruppo Civita to the tune of Euro 70,688 and the difference of Euro 54 531 is attributable to the consolidation with the Shareholders' equity method of the company Filmmaster Middle East and Africa

## E) Extraordinary proceeds and charges

(art. 2427, first paragraph, n. 13, Italian Civil Code)

Balance at 31/12/2014	Balance at 31/12/2013	Variations
(244,922)	83,721	(328,643)

There follows the table relating to details of the entries

Description	31/12/2014	31/12/2013
Capital gains from sales	1,191	
Miscellaneous	356,241	164,384
Total proceeds	357,432	164,384
Capital losses		
Taxes from financial years		
Miscellaneous	(602,354)	(80,663)
Total charges	(602,354)	(80,663)
	<b>(244,922)</b>	<b>83,721</b>

The proceeds are attributable mainly to Filmmaster Productions S r l in an amount of Euro 276,259, of which Euro 228,822 to the ongoing dispute with CIS S p A , that ended with a ruling in favour of Filmmaster Productions S r l with a sentence in June 2014 and a residual amount of Euro 47,437 to lower costs set aside in the previous financial year

The most significant value of the charges is attributable to Italian Entertainment Network S p A for non-operating losses of euro 457,134 relating to the tax liability following the subsequent signing of a settlement relating to the tax assessment for the 2009 financial year

## Taxes on income in the financial year

Balance at 31/12/2014	Balance at 31/12/2013	Variations	
1,244,471	775,952	468,519	
<b>Taxes</b>	<b>Balance</b>	<b>at Balance</b>	<b>at Variations</b>
	<b>31/12/2014</b>	<b>31/12/2013</b>	
<b>Current taxes</b>		1,028,794	733,510
<b>Deferred taxes (prepaid)</b>		215,677	42,442
			295,284
			173,235

## Deferred / prepaid taxes

Deferred and prepaid taxation have been described in detail in the section relating to "receivables" registered in the current assets of the financial statement

## Financial leasing transactions

### Leasing

#### Civita Cultura S r.l.

At 31 12 2014 the following leasing contracts are in place

- contract n 05817273 with the company Mediocredito Italiano S.p.A. for the acquisition of a motor car. The contract was drawn up in July 2012 with a total value of euro 82,962.42 + V.A.T., for a duration of 60 months to be paid on a monthly basis with an instalment of circa euro 1,151.37 + V.A.T., as the instalment is index-linked in accordance with the Euribor rate,
- contract n 05803421 with the company Mediocredito Italiano S.p.A. for the acquisition of an IT system. The contract was drawn up in 2011 with a total value of euro 48,876.56 + V.A.T., for a duration of 60 months to be paid on a monthly basis with an instalment of circa euro 816.24 + V.A.T., as the instalment is index-linked in accordance with the Euribor rate,
- contract n 7403101882 with the company Banque PSA Finance S.A. Italian Branch for the acquisition of a motor car. The contract was drawn up on 08/01/2013, with a total value of euro Euro 36,282.58 + VAT, for a duration of 60 months to be paid on a monthly basis with an instalment of euro 579.94 + VAT

#### Opera Laboratori Fiorentini S.p.A.

In the financial year the Company had 4 financial leasing contracts in place, which are all still in place at 31 12 2014, for which – in accordance with article 2427, par. 1, n. 22 of the ITALIAN CIVIL CODE and in conformity with the indications provided by principle OIC 1 – in the following table we have provided information on the effect that would have been produced on the Shareholders' equity and on the Income Statement if we recorded these transactions using the financial method as opposed to the balance sheet method (charging the instalments to the Income Statement)

#### Civita Fandango S r.l.

At 31 12 2014 leasing contract n 574619 is in place with the company Mediocredito Italiano S.p.A. for the acquisition of the exhibitions spaces of the cafeteria and bookshop. The contract was drawn up in December 2010 with a total value of euro euro 165,847 + V.A.T., for a duration of 60 months to be paid on a monthly basis with an instalment of circa euro 2,569 + V.A.T., as the instalment is index-linked in accordance with the Euribor rate. The contract will terminate at the end of 2015

In consideration of the small absolute value of the assets and the fact that the financial and balance sheet effects deriving from the application of the financial method, compared to the "balance sheet" method, are minimal, we did not believe it was necessary, when we were preparing the Consolidated financial statement, to show the assets with the financial method as recommended by accounting principle n 17

#### **Information on financial instruments issued by the company (Art. 2427, first paragraph, n. 19, Italian Civil Code)**

During the course of the present financial year, as already highlighted earlier, the parent company issued a convertible bond with a value of euro 6,666,660 that was entirely subscribed by Fondo Italiano d'Investimento SGR S.p.A.

#### **Information relating to the "fair value" of financial instruments (Art. 2427 – bis)**

At 31 December 2014, the Group Italian Entertainment Network S.p.A. has the following derivative financial instruments in place that were taken out solely for the purpose of coverage

#### **Coverage of interest rate risk**

The derivative detailed in the table below was taken out in order to mitigate the interest rate risk stemming from a variable interest rate loan taken on by the company Filmmaster Events S r l , specifically, the company took out a loan from the Banca Nazionale del Lavoro that was granted on 13/04/2012 worth Euro 2,500,000 the repayment plan for which quarterly repayments are envisaged of Euro 156 250 starting from 15/07/2013 with the final expiry on 13/01/2017 For this loan a derivative was take out which is registered in the capital commitments for the residual value of the debt at 31-12-2014 as mentioned above, for the coverage of the interest rate, with cap & floor mechanisms, in order to guarantee a maximum cost of 5% annum, for the entire duration of the loan This derivative financial instrument has the same duration as the underlying loan and the same quarterly payment terms in order to align incoming and outgoing cashflow

At 31 December 2014 the fair value of this derivative was negative to the tune of Euro (26,721)

Instrument	Expiry	Notional value	Underlying financial risk	FV 31/12/2014	Asset or liability covered
IRS	13/4/2017	EUR 2,500,000	Interest rate	(26 721)	Interest charges on a variable rate BNL loan

Euro 4,000,000 relates to a loan with Unicredit in Filmmaster Events S r l that expires on 30/11/2018 that has two means of liquidation at the end total liquidation or repayment with terms be agreed Even for this loan a derivative was taken out for the coverage of the interest rate risk with cap & floor mechanisms, in order to guarantee a maximum cost of 2 18% per annum, for the entire duration of the loan (for which a variable Euribor 3 months interest increased by a spread of 1 75% is payable

At 31 December 2014 the fair value of said derivative was negative to the tune of Euro (44,114)

Instrument	Expiry	Notional value	Underlying financial risk	FV 31/12/2014	Asset or liability covered
IRS	30/11/2018	EUR 4,000,000	Interest rate	(44,114)	Interest charges on a variable rate Unicredit loan

The company Opera Laboratori Fiorentini S p A , has five "Interest Rate Swap" derivative contracts in place as coverage of the interest rate risk on its medium-long term debt, on a notional capital "in vita" at the same date, equal to a total of Euro 2 8 million On the basis of these contracts, Opera Laboratori Fiorentini receives a variable Euribor 6 months interest rate and pays the fixed rate established in each contract

At 31 December 2014, the fair value (current market value) relating to the interest rate swap contracts that are in place is negative to the tune of Euro 40 7 thousand The main characteristics of the coverage contract are shown below

CONTRACT	NOTIONAL VALUE AT 31 12 2014	FAIR VALUE OF DERIVATIVE AL 31 12 2014	PURPOSE OF DERIVATE	FINANCIAL RISK	FINANCIAL LIABILITY COVERED
INTEREST RATE SWAP	2,785	(40 7)	Coverage	Interest rate	2,785

The companies of the group are only marginally subject to exchange rate risk and therefore no operations have been put in place to protect them from said risks through the use of derivative financial instruments

#### Other information

In accordance with the law we report that in the parent company fees totalling Euro 200,000 were paid to directors and emoluments

were paid to members of the board of Statutory Auditors (article 2427, first paragraph, n. 16, Italian Civil Code) of Euro 36,700, and Euro 35,000 for the auditing firm

The present financial statement, which comprises the Balance sheet, Income Statement, Additional Note, Management Report and financial report, represents in a truthful and correct manner the balance sheet and financial situation of the company as well as the result of the financial year and corresponds to the results of the company's accounts

## AUDITORS' REPORT PURSUANT TO ART. 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of  
Italian Entertainment Network S.p.A.

- 1 We have audited the consolidated financial statements of Italian Entertainment Network S.p.A. and subsidiaries ("Italian Entertainment Network Group") as of December 31, 2014. These consolidated financial statements prepared in accordance with the Italian law governing financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2 We conducted our audit in accordance with Auditing Standards issued by the Italian Accounting Profession (CNDCEC) and 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.  
  
For the opinion on the prior year's consolidated financial statements, the balances of which are presented for comparative purposes as required by law, reference should be made to our auditors' report issued by other auditors on April 11, 2014.
- 3 In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Italian Entertainment Network Group as of December 31, 2014, and of the results of its operations for the year then ended in accordance with the Italian law governing financial statements.
- 4 The Directors of Italian Entertainment Network S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable law. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob. In our opinion the report on operations is consistent with the consolidated financial statements of the Italian Entertainment Network Group as of December 31, 2014.

DELOITTE & TOUCHE S.p.A.

Signed by  
Adriano Cordeschi  
Partner

Rome, Italy  
June 10, 2015

*This report has been translated into the English language solely for the convenience of international readers*

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova  
Palermo Parma Roma Torino Treviso Verona

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