

Financials Rai 2015

**Reports and financials
as at 31 December 2015**

The Rai logo consists of the word "Rai" in a bold, blue, sans-serif font, centered within a white square. The square is positioned in the lower-left quadrant of the page, which has a solid blue background.

Rai

Reports and financials as at 31 December 2015





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Corporate Bodies

Board of Directors

	<i>until 4 August 2015</i>	<i>from 5 August 2015</i>
Chairman	Anna Maria Tarantola	Monica Maggioni
Directors	Gherardo Colombo Rodolfo de Laurentiis Antonio Pilati Marco Pinto Guglielmo Rositani Benedetta Tobagi Antonio Verro	Rita Borioni Arturo Diaconale Marco Fortis Carlo Freccero Guelfo Guelfi Giancarlo Mazzuca Paolo Messa Franco Siddi
Secretary	Nicola Claudio	

Board of Statutory Auditors

Chairman	Carlo Cesare Gatto
Statutory Auditors	Domenico Mastroianni Maria Giovanna Basile
Alternate Statutory Auditors	Pietro Floriddia Marina Protopapa

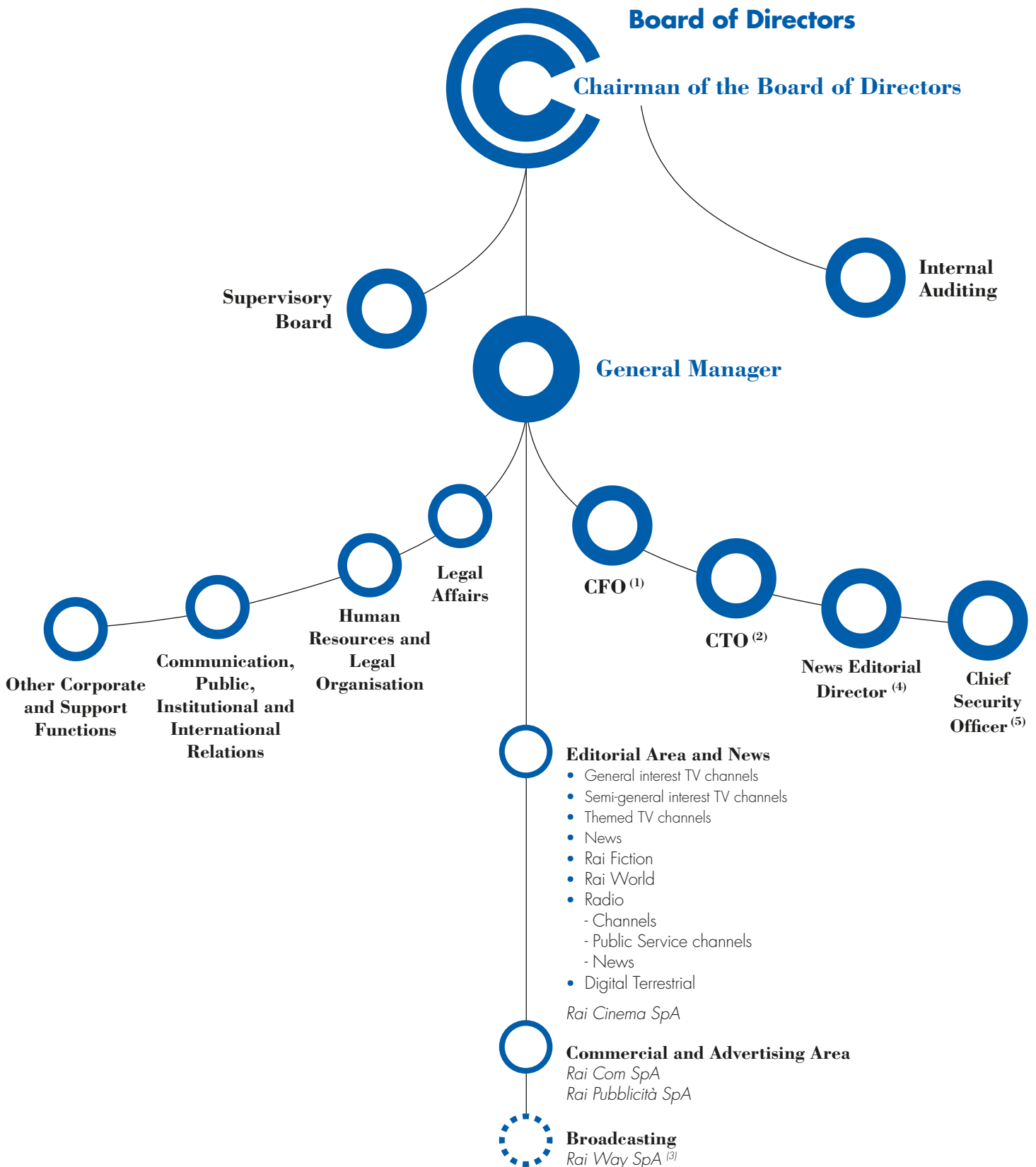
General Manager

	<i>until 5 August 2015</i>	<i>from 6 August 2015</i>
	Luigi Gubitosi	Antonio Campo Dall'Orto

Independent Auditor

	PricewaterhouseCoopers
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Organisational Structure (chart)



⁽¹⁾ Finance, Management Planning and Budgeting, Administration, Tax, Real Estate Assets and Services, Licence Fee functions report to the Chief Financial Officer.

⁽²⁾ TV Production, Quality and Planning, Research and Technological Innovation Centre, Frequency Planning and Spectrum Management, Satellite Structure, ICT functions report to the Chief Technology Officer.

⁽³⁾ Listed since 19 November 2014. Although this Company is managed and coordinated by Rai, it operates autonomously, generating revenues from its clients and using its own expertise, technologies, human and financial resources.

⁽⁴⁾ The News programmes report on their operations to the News Editorial Director.

⁽⁵⁾ The Security & Safety Department reports to the Chief Security Officer.

Letter to Shareholders from the Chairman of the Board of Directors

Dear Shareholders,

In a fast-evolving media environment that is experiencing profound changes day by day, the year just ended posed a further challenge to our organisation on its path to future growth. This commitment was and is of great importance to Rai in that it provides a Public Service that is fundamental to democracy in our country, working to develop in an increasingly competitive and complex environment.

In 2015 the legislator focused its attention on Rai and enacted significantly advanced measures, which covered key issues to a Public Service company, such as the corporate governance reform and a new licence fee collection system.

Firstly, the new governance structure and clear commitments to transparency respond to the need for making our Company more efficient and able to take informed decisions promptly and in keeping with the times.

Secondly, the purpose of a more streamlined method of collecting licence fees for private use as part of the electricity bills is to make a decisive contribution to the fight against evasion which has been a historical feature of this tax, while helping to reduce the unit amount.

The other two key drivers behind the transformation of our Company in the coming decades are the renewal of the term of the concession whereby Rai will be assigned the role of multimedia operator of the Public Service and the new Service Contract, which for the first time shall be extended to five years and shall be signed subject to a resolution of the Council of Ministers.

A strongly-defined mission that embraces a far-reaching vision of our country and of the vital contribution that Rai may make to its growth on an ongoing basis, is our drive to continue to operate as the Public Service concession holder in the future.

While pending the adoption of the new guidelines governing the renewal of the concession term, some key milestones have been established which are required for the long-term development of the process that will transform Rai

into a digital media company at the top of the game and in tune with the country in a phase of constantly increasing evolution.

In parallel with a gradual adoption of the most advanced practices applied in the financial sector - following the listing of a portion of Rai shares on the Italian Stock Exchange - Rai has successfully launched its first bond issue of Euro 350 million reserved for institutional investors, motivated by the need to strengthen its medium/long-term sources of financing.

2015 was also a year of success in publishing, awards and major achievements and, at the same time, the time framework to conceive projects and events that were started in the first half of 2016 and that will continue in the coming years.

In our vision Rai is to become a place where people can virtually gather, in hard and often confusing times, a reliable and safe place where to discover insights and stories focused on the development of their country, working together for common good and the protection of rights. We pursue quality while narrating and trying to explain an increasingly complex and mobile world in an attractive, accurate and multi-faceted manner peculiar to trusted broadcasters.

Rai must also be the voice of our country all over the world, to convey our vision, to help us to regain trust and assert our place on the international scene, without disregarding local needs and priorities.

We are committed to raising awareness of citizenship and offering the best of our knowledge wealth to all of you, both to the citizens that have been following Rai for decades and to the younger audience in order to stay in tune and connected with the Millennial Generation.

In an age of increasing media fragmentation and in the midst of profound changes in the way audiovisual contents are consumed, there are two key challenges to be addressed in the immediate future: to win the trust of those who already predominantly use the Internet and mobile devices and to not forget those who are comfortable with more traditional media.

To do this we shall build on the appeal of new methods of consumption, developing non-linear content and bringing it into tune with our scheduled programming. Our objective will then be to allow the public to get in touch with the Multimedia Television Service concession holder through a strategy based on the integration of all publishing activities and the development of highly versatile and easy-to-use digital products of new generation.

This means putting content and its distinguishing features first, through innovative formats and narrative language and models capable of generating quality content, regardless of how they are distributed.

More generally, Rai must enable everyone – from citizens to market players – to perceive and live the Public Service concession holder as a partner, thanks to a system-based approach suitable to the major role it plays.

We are on the path to offering inclusive innovation, a key to the objectivity and freedom of information, as well as to increasing digital literacy in our country, developing the audiovisual industry, stimulating creativity and talented skills in all sectors: in a word, enhancing the civil, social and economic growth of our society.

Apart from the indispensable prerequisites in terms of operations, organisational efficiency and a socially-responsible economic and financial management of Rai, our priorities will be freedom of creativity, a universal audience, and definitely to continue to earn your trust and confidence.

Review of results and financial position

Rai SpA

Income Statement

(in millions of Euros)	FY 2015	FY 2014	Change
External revenues	2,335.3	2,349.7	(14.4)
External costs	(1,363.4)	(1,415.2)	51.8
Personnel costs	(888.3)	(913.8)	25.5
EBITDA	83.6	20.7	62.9
Result before tax	(101.4)	(252.6)	151.2
Result for the year	(46.0)	(203.5)	157.5

Balance Sheet

(in millions of Euros)	31.12.2015	31.12.2014	Change
Equity	811.8	828.4	(16.6)
Net financial debt (liquidity)	349.5	228.1	121.4
	1,161.3	1,056.5	104.8

Investments

(in millions of Euros)	FY 2015	FY 2014	Change
Investments in programmes	220.3	167.6	52.7
Technical investments	69.6	72.5	(2.9)
Total investments	289.9	240.1	49.8

Personnel

(in units)	31.12.2015	31.12.2014	Change
Personnel on permanent and fixed contracts	11,825	11,868	(43)
of which fixed contracts	771	1,114	(343)

Rai Group

Consolidated Income Statement

(in millions of Euros)	FY 2015	FY 2014	Change
External revenues	2,493.1	2,489.2	3.9
External costs	(989.1)	(1,072.1)	83.0
Personnel costs	(976.5)	(1,001.1)	24.6
EBITDA	527.5	416.0	111.5
Result before tax	(29.7)	(183.6)	153.9
Result for the year	(25.6)	(175.8)	150.2

Consolidated Balance Sheet

(in millions of Euros)	31.12.2015	31.12.2014	Change
Equity	492.8	499.8	(7.0)
Net financial debt (liquidity)	362.4	308.3	54.1
	855.2	808.1	47.1

Consolidated investments

(in millions of Euros)	FY 2015	FY 2014	Change
Investments in programme	474.7	412.7	62.0
Technical investments	101.3	93.5	7.8
Total investments	576.0	506.2	69.8

Group personnel

(in units)	31.12.2015	31.12.2014	Change
Personnel on permanent and fixed contracts	13,078	13,111	(33)
of which fixed contracts	810	1,182	(372)

Rai Separate Financial Statements as at 31 December 2015

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The Rai Group **Rai's mission**

Rai's mission is to perform its **role as a general Public radio and television Service**. Specific provisions of domestic and European Union law require Rai, as Concession Holder, to comply with precise obligations in terms of the quality and quantity of its programmes, which are further detailed in the Service Contract signed with the Ministry of Economic Development.

The **Service Contract** currently in force is that applicable to the three-year period from 2010 to 2012, which is still in force by operation of Section 36 of the Contract.

The Contract provides for certain service levels and restrictions that Rai is required to meet in the performance of its publishing activities.

The Service Contract forms an evident bond between Rai and individual persons with their communities and meets needs that are material to individual development and to the creation of a social conscience.

Among the contents of Rai's programmes, some that are worthy of mention are attention to education and work, news and analysis, social and cultural issues, children and adolescents, the role of women, sport and entertainment, linguistic minorities and the promotion of the country abroad for both foreigners and Italians resident in other countries.

The market scenario

Performance was slightly positive in 2015 even if it was still affected by the scenario of prolonged global economic recession.

Obedient to its mission of providing a Public Service, Rai went on with the process of changing from a broadcaster into a Media Company, consequently adapting its programmes to multimedia canons and multi-platform distribution canons.

According to the Milan Polytechnic University's estimates, the proportions of the different means of communication in the Italian media market in 2015 remained practically unaltered compared to 2014, with a total value of about Euro 15.2 billion. There was, however, a slight contraction in the pay segment (subscriptions to pay-TV services and licence fee), which accounts for 52% of resources – a little less than Euro 8 billion. The advertising segment accounts for about 48%, equal to Euro 7.3 billion, showing a slight increase compared to 2014 (+2%).

According to the Nielsen data, the most encouraging values can be found in the radio and online services segments, both of which reported an actual increase of about 8% compared to 2014.

Advertising investments remained substantially stable in the TV market, while the sector which is most in absolute difficulty is that of printed matter, which continued to report a negative trend, coming to 17% of the advertising market value.

There was particularly fierce competition between Mediaset and Sky, the two main players operating in the domestic market of pay-TV services. Mediaset acquired exclusive rights to broadcast Champions League matches in the three-year period from 2015 to 2018 for Euro 660 million, while Sky acquired those to broadcast Europa League for the same period.

The features of the financial year were substantial transformations and organisational restructuring in the main corporate Groups which brought with them important new developments in the industrial and competitive scenario (such as Mediaset strengthening its position in the radio market and the disposal by the L'Espresso Group of DeeJay Tv to Discovery). Technological innovations, transformation in the public's approach towards the use of the media and further multiplication of the offer made the media scene particularly dynamic.

At the same time the new opportunities for growth given by the dissemination of highly innovative and cross-media services and content are threats to the *status quo*, i.e. to organisations that do not move with the times.

In this context, although official data are not to hand, Netflix's arrival in the Italian market, which took place at the end of October 2015, could also have a far from secondary impact. Although it is hard to imagine that Netflix could rapidly change established habits and positions in the market, it must be borne in mind that pay services have shrunk a little in the other European countries in which it has been active for two or three years. At the end of 2015, however, no drops in audiences or obvious declines in the performance of traditional channels had been seen in Italy.

The **radio market** has reacted most strongly to the challenges of the digital era. It is an almost universal means of communication with an 84% penetration of the Italian population over 14 years of age and has the capacity to attract targets which are precious for investors in advertising such as young people and elites who, as recently shown by the research conducted by GfK and Ipsos, state that they spend more time listening to the radio than three years ago. Radio is a medium which combines with and may overlap other means, especially internet and this also enables it to bring substantial synergies into being. It is in tune with technological innovation: new devices, mainly smartphones, have encouraged the creation of fresh opportunities for contacting and relating with the public.

On the industrial scene, in 2015 Mediaset directly entered the radio market, through the acquisition of 80% of R101 from the Mondadori Group, while Fininvest, through RTI, signed an agreement whereby it will obtain exclusive control over Finelco after completing a complex transaction. Mediamond, a concessionaire company that is 50-50 owned by Mediaset and Mondadori, manages advertising sales for R101, as well as for other national publishers (Radiotalia and Radio Kiss Kiss) and networks of local radio broadcasters (Radio Subasio and Radio Norba).

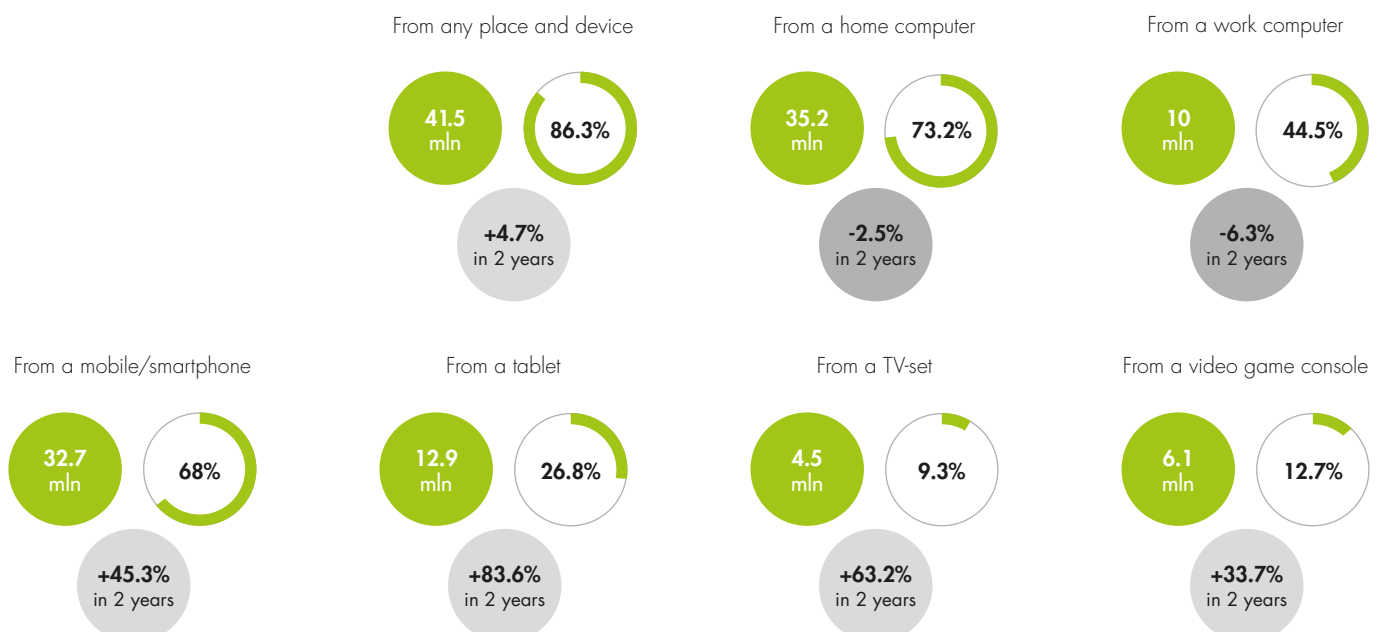
The Italian Competition Authority (AGCM) and the Telecommunications Regulator (AGCOM) commenced their respective inquiries into the possibility of also allowing Finelco Group radio companies (Radio 105, Virgin and RMC) to take advertising revenues.

For its part Rai boosted its range with a restyling operation and is still the Group with the broadest range of different genres and number of channels.

Online media, according to Audiweb data, are growing constantly: in 2015 the web penetrated 86.3% of the population of Italy, meaning that 41.5 million people state that they use internet. The web is used by 52.7% of Italians every month and 40.1% every day. Globally, the mean Total Digital Audience was 28.8 million single users a month and 21.7 million on the average day, i.e. 2% more compared to 2014, with an average increase of 7% in those using internet from a mobile device.

Availability of access to internet from different devices - Italians from 11 to 74 years old

(Source: Audiweb, December 2015)



A more detailed analysis of the availability of internet access from different devices shows a slight fall in availability from home (-2.5% in the last two years), while connecting from a mobile device is becoming increasingly widespread. 32.7 million persons can use internet from mobile phones and smartphones (+45% in two years), while 12.9 million persons can use internet from tablets (+83%). In December 2015, 18.5 million Italians were online from mobile devices (smartphones and tablets) on an average day, equal to 42% of individuals from 18 to 74 years old. Also on the increase is the number of Italians who state that they go on the web from their television sets (4.5 million people, +63% in two years) and from video game consoles (6 million people, +33.7% in two years).

According to the Digital Agenda for Europe programme, the laying of optical fibre throughout the country will be completed before the end of 2020. Among European countries, Italy has always been well behind in increasing media consumption and the extra broadband will give access to internet and allow users to see new TV channels by cable, revolutionising the market and projecting it towards on-demand schedules.

At the moment, in fact owing to the advance imposed by mobile consumption, this gap appears to be narrowing. Rai is strongly committed to bridging the digital divide and fostering digital literacy, which are key objectives for the Company.

Of particular significance was the growth of e-commerce in the abovementioned scenario, which achieved a reach of 40% of the total Italian internet population in 2015. The performance of digital property *Banzai* was exceptional in 2015: it jumped from fifth place in the ranking by number of accesses of web operators active in Italy to second place, with an average of 23.8 million single users a month.

To sum up, the media sector is in a state of great ferment: the historical media companies are broadening their range, also by diversifying their portfolios with highly specialised TV channels, and new players are coming into the TV market from other segments, platforms of different markets such as telcos and internet giants. This tendency, which now seems to be irreversible, makes it absolutely necessary to build a regulatory structure which ensures that all players observe the same rules.

There has been a phenomenon on the domestic stage which is a reversal of recent years in the past: there are now fewer channels broadcast on Italian terrestrial multiplexes and on Sky and Tivù Sat satellite platforms (including time shifts, HD and channels in other languages), which reduced by 8 units, passing from 414 in 2014

to 406 in 2015. The DTT platform channels came to 130 units (+3 compared to 2014). The number of satellite channels, free and pay, also fell from 343 to 335 (including channels on both platforms). The number of free channels went up from 159 to 163 above all owing to the appearance of new specialist channels which were formerly the sole province of pay-TV. Overall, there were 12 channels fewer in the pay-TV offer than in 2014.

This is the scenario in which digital terrestrial is now the Public Service relied on to offer the widest free range of programmes in Italy and Europe with 14 TV channels, plus 4 HD channels (Rai HD, Rai 2 HD, Rai 3 HD and the last channel that was born in September 2015, Rai Sport 1 HD). Many of the digital terrestrial channels are also available through the free satellite platform Tivù Sat; to these must be added the three large portals, Rai.it, Rai.tv and Rainews.

Tivù Sat, a free satellite platform which broadcasts all Rai programmes (in addition to the other operators' free channels) unencoded, is continuing to grow: as at 31 December 2015 there were about 2,629,000 active smartcards with more than 2 million user households.

In the satellite and digital pay-TV market, as at 31 December 2015 the number of households subscribing to Sky was stable at 4.4 million, showing a slight decline compared to the previous year, while 2 million subscribers received Mediaset Premium programmes.

Rai also operates in the app market: the three main apps available to the most important operating systems are Rai Tv, RadioRai and Rai News (8 million downloads, of which 1.5 million for the first app during 2015 alone; more than 1.3 million downloads for the second app, of which more than 255 thousand during 2015; 750 thousand downloads for the third app, of which 269 thousand during 2015). Rai played an important role on the main social networks with hundreds of official accounts and tens of millions of followers. Rai has ten radio channels counting general interest, news, the web and public service stations to add to its TV and internet offer.

2015 abounded in new developments, the main ones being:

- in February Sky launched a semi-general interest version of its digital terrestrial Sky Tg24 on LCN (Logical Channel Number) 27, which was left free by the closure of Class TV (Class Editori), on which it offers the simulcast of the satellite channel with the same name, alternating with documentaries and TV dramas and comedies;
- also in February, DeeJay TV on LCN 9 went from the Gruppo Editoriale L'Espresso

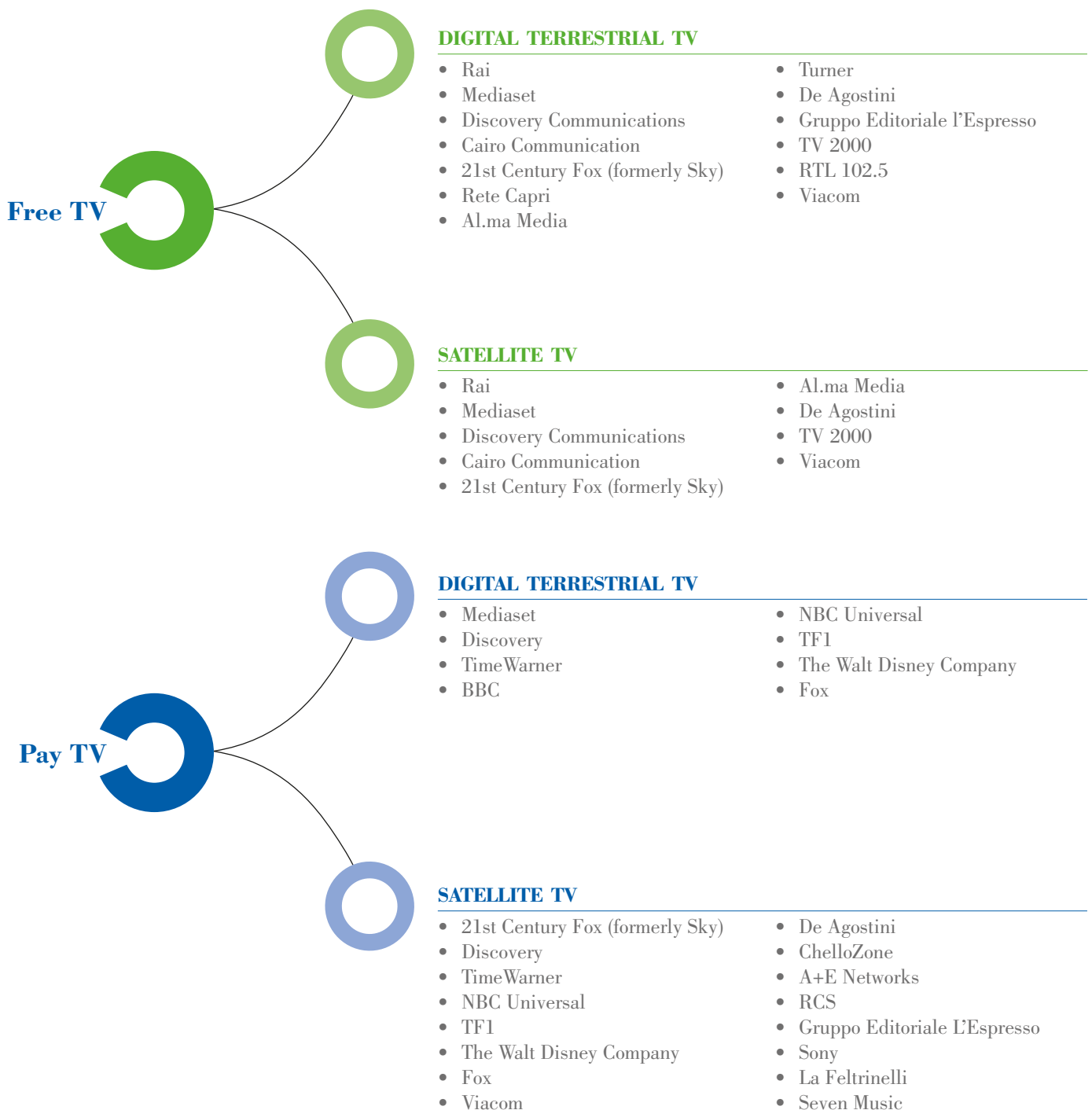
to Discovery Italia, starting on a leisurely transformation of its offer, including a number of contents of the new Group;

- in June Rcs Media Group launched the unencoded Gazzetta TV channel, managed by the *Gazzetta dello Sport* editorial team (LCN 59), which, however, was closed in January 2016;
- at the end of June Mediaset Premium launched the Premium Sport pay-TV channel on digital

terrestrial, which sends out news and sports features in a similar way to Sky Sport 24, as well as the most important sports events of the platform, such as Champions League and postponed Italian Serie A top division football matches. Mediaset Premium expanded its HD range with various new pay channels (including Premium Action +24 HD, Premium Sport HD, Premium Calcio 1 HD, Premium Crime +24 HD). The channels HotTime, Premium Action,

Major TV broadcasters in Italy

(Source: Rai)



Premium Crime, Premium Cinema closed down;

- in July Sky Italia acquired from Viacom Media Networks the MTV channel and related LCN 8, thus bringing its free-DTT channels to three (in addition to Cielo and Sky Tg24);
- in August Viacom launched MTVNext/HD, while Leonardo Tv closed down for LT Media;
- in September, Rai launched Rai Sport 1 HD, while the Cairo Communication Group launched the HD versions of the two channels La7 and La7D;
- in November Agon Channel closed down;
- channel 620 on the Sky platform started broadcasting the Teen Nick channel, launched by Viacom Media Network, on 4 December.

The considerable increase in free HD channels and the HD range as a whole (free- and pay-TV) were among the most striking features of the year, passing from 65 channels in 2012 to 95 in 2015. Most of the offers are on the satellite platform, which also hosts a 3D channel, but all the main broadcasters are making substantial investments.

As regards the behaviour of the **TV public**, the average daily audience was almost 10.4 million users in 2015, substantially stable compared to 2014, with a per-capita consumption that reached 5 hours and 23 minutes, in line with 2014.

In 2015 the seven classic general interest channels had a total share of 59%, down by 1% compared to 2014, the major part going to the free semi-general interest and themed channels, which passed from 30.2% to 31.5%. General interest channels have been on a downward trend since 2007, in parallel with the process of the digitisation of the market and also

the first phase of the global economic crisis. This is a phenomenon common to the general interest channels of the main European countries, in some of which the fall has been very pronounced, from 11.3% in Germany to 22.3% in Spain.

The moderate redistribution of the audiences of general interest and themed channels during 2015 is confirmation of the fact that the erosion in the consumption of general interest channels is stabilising, as it is in the other European countries.

Pay-TV segment also showed a slight decline, with a share passing from 9.5% to 9% during the same period.

In an increasingly fragmented and competitive, and thus increasingly difficult, radio and TV market, Rai still has its central role: it maintained its leadership in both prime time (38.3% share) and during the whole day (37.2% share).

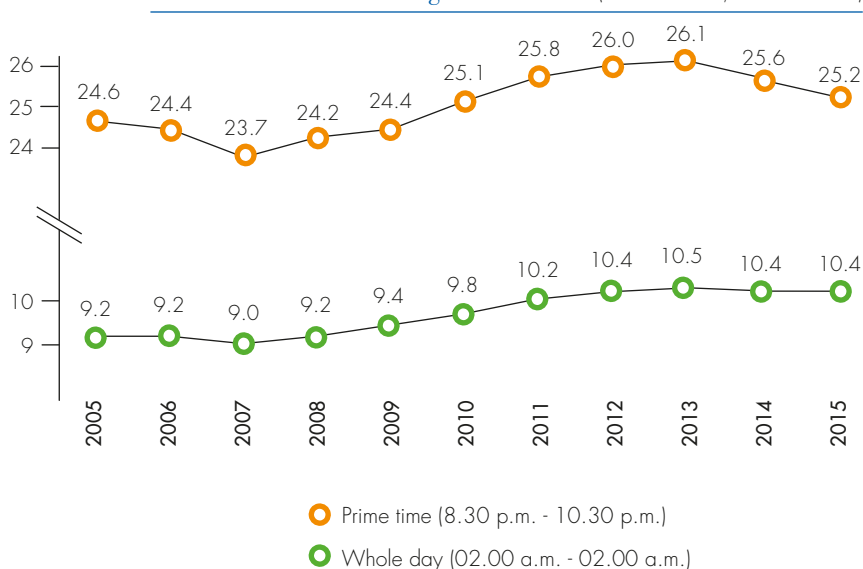
In 2015 many commercial agreements for the distribution on the new digital platforms of content specifically produced for television were concluded between TV broadcasters and telecommunications companies in the online area, in which all the main TV companies (Rai, Mediaset, Sky, Discovery, Cairo, Fox) are now present: Sky/Telecom Italia; Mediaset/Infinity/Vodafone. The process of the development of live and on-demand access services for TV and video content in general through the various connectible devices also continued, confirming the public's growing interest in these services, as in other European countries.

The main developments in this area in 2015 were:

- the arrival in the market of Sky Online TV Box, from which the same programmes as Sky Online can be seen, even from non-connectible TV appliances;
- Discovery's decision to target online streaming launching the Dplay service, which offers the possibility of watching all the main programmes of its free-to-air portfolio at no charge, at any time and from any place;
- services provided by non-TV companies (Telecom, Google, Fastweb, Apple), confirmed their role. These are aggregators of other operators' content and services based on extremely complex and diverse range and business models building on agreements like that between Telecom Italia and Sky (Tim Sky), which was signed in May 2015 for pay-TV;
- the appearance of Netflix, which has already been mentioned, and of other possible players (OTT).

Still in the online segment, there was a sharp increase in the consumption of video content and in the time spent on seeing videos, especially

Average TV audience (source: Auditel, data in millions)



from mobile devices. This growth has driven the development of video advertising, which, according to the Milan Polytechnic University's estimates, accounted for 28% of display advertising in Italy during 2015, corresponding to more than Euro 346 million (about Euro 170 million in 2012).

Strategically speaking, this is a segment in which there could be great potential for growth for Rai, also since:

- the online video market is developing strongly;
- in 2016 the video format might drive the world of programmatic advertising, which is a new form of automated transactions between advertisers and publishers for the purchase and sale of advertising spaces.

Finally, among the recent business strategy decisions taken in 2016 are:

- the Mediaset Group has developed its strategies both for growth in both the free- and pay-TV ranges, concentrating above all on sport and especially football-related content, and in the radio segment, with the acquisition of 80% of Radio 101 from Mondadori (September 2015); in February 2015, in order to create a big single national operator in the sector of infrastructures for hosting TV and radio equipment with the capacity also to play an important role in the telecommunications sector, El Towers launched a voluntary IPO and exchange offer concerning the entire share capital of Rai Way. In April El Towers acknowledged that the circumstances for pursuing the offer did not arise;
- after putting its energies into pay-TV, Sky also continued to develop its free Cielo channel offer, changing to the unencoded Sky Tg24 channel and, more recently, with the acquisition of the MTV Italia channel (LCN 8), which was renamed TV8 in 2016;
- Discovery strengthened its position on the free-TV market by acquiring All music SpA and related LCN 9, which was renamed DeeJay TV 9 in 2016; on satellite TV by broadcasting its Giallo and Focus channels on the Tivù Sat platform, as well as in online services through the launch of Dplay.

Rai Group's 2016-2018 Business Plan

An increasingly important feature of competition on the TV scene is a constant advance in linear themed programmes and shrinking audiences for general interest networks; at the same time non-linear OTT products are rapidly progressing in Italy as well as in other countries.

Furthermore, the younger age groups are less and less attracted to TV language and correspondingly more drawn to the digital world, in which consumption is most driven by the use of mobile devices, particularly suitable for watching videos online.

The radio is still a medium which is in tune with technological evolution and thus also with the youngest target listeners and may generate important synergies with other media.

This is the background against which Rai is still the TV audience leader but is gradually losing its universal reach, only partially covering the Millennial Generation and young households; the target is also older than the average for the market in radio, in which Rai has the second biggest audience. Finally, Rai's Web programmes have not yet succeeded in interacting with developments in the growth of new platforms, reaching a much lower audience than other Italian broadcasting groups.

In order to meet the challenges laid down by the competitive scenario and by the current positioning of the Group, in April 2016 the Board of Directors approved the 2016-2018 Business Plan, whose main objective is the full development of Rai's role as a universal Public Service which **Informs** completely and pluralistically, **Talks about** the country and contemporary reality, **Entertains** all Italians, **Provides access** to knowledge, **Disseminates** cultural and digital inclusion throughout the nation and **Promotes** Italy abroad.

The Business Plan names three strategic objectives:

- a universal and unique Public Service offer;
 - leadership in cross-platform audiences;
 - economic and financial sustainability;
- which are to be pursued along the following growth paths:
- enhancing the central role of content;
 - rethinking the TV, Radio and Digital offer;
 - transforming Rai into a Digital Media Company to connect with all Italians;
 - exploiting its industrial structure, which enables it to express its local roots.

In order to pursue its strategic objectives set out for the three-year period from 2016 to 2018, the Rai plans to carry out an in-depth renewal of

its broadcasting policy so that it can reach out universally and retain its audience leadership in the new digital and multi-platform scenario. It intends to do this by:

- emphasising the central role played by the generation of content, providing high quality programmes and making this Public Service more robust also by reviewing the genre mix and language;
- completing its transformation from a traditional broadcaster into a Digital Media Company reviewing the channels' concept and distribution models and working out a distinctive, personalisable digital range to bring a wide audience to Rai and allow efficient and universal access for anyone anywhere and at any time, both with the support of technology investments and through the introduction of production models and professional development suitable to the digital age.

Rai also intends to take effective measures on two fundamental enabling factors in order to make it possible for this change of gear in generating and distributing content:

- the rationalisation of the company's industrial structure to make better use of in-house expertise, also through greater specialisation and increased efficiency and flexibility;
- an in-depth organisational renewal boosting the push to change, simplifying the management of operations and enabling Rai to act according to a One Company approach.

The strategy guidelines laid down in the Business Plan are the pillars on which to build the Rai of the future with a production vision and approach which meet the new requirements of all public services in the present multi-platform scenario, with a technological infrastructure that is capable of supporting the new ways we use the media.

The legislative and regulatory framework

The legislative and regulatory developments involving the radio and television sector which occurred during 2015 are described below.

Cost of supplying the "General Public Radio and Television Service"

Law 208 of 28 December 2015 (2016 Stability Law) set the 2016 licence fee for the private use of radio and TV (Article 1, paragraph 152) at Euro 100.00 and brought in a new presumption that persons own an appliance which is able, or can be adapted, to receive Rai programmes if they have a utility for the supply of electricity in their registered place of residence.

The fee, divided into 10 monthly instalments, will be charged in the invoices issued by the supplier of the electricity connected to the utility. Under paragraph 153, letter (c), the amount payable as licence fee must be indicated in the invoice separately and the electricity companies must pass the sums involved on to the Tax Office within the 20th day of the month following collection, specifying that the entire licence fee shall be collected and paid to the Tax Office by 20 December of each year (as stated under the new Article 3 of Royal Decree 246 of 21 February 1938). The terms and methods of payment of the aforesaid sums to the Tax Office (also with reference to the effects of any possible delay, e.g. default interest), and such implementing technical measures as may be required, will be set out in a decree to be issued by the Ministry of Economic Development, in agreement with the Ministry of Economy and Finance and having heard the Energy, Gas and Water System Authority (paragraph 154).

Paragraphs 160 and ff. state that 33% of the amount of any increase in 2016 revenues over the sums already recognised in the 2016 budget deriving from the new method of payment of the licence fee is to be set aside for the Tax Office, the percentage being 50% for 2017 and 2018; the remainder of this possible increase will be assigned to Rai, provided that its amount is used for specific purposes according to the legislation in force (e.g. in favour of the National Academy of Santa Cecilia, pursuant to Article 27, paragraph 8, of Law no. 488 of 23 December 1999). It is also stated that such amounts not used in a given financial year may be used in subsequent years.

Under Article 1, paragraph 158, of the Stability Law, the new provisions do not apply to assessing and enforcing collection of the licence fee or to special fees for owning appliances other than in households.

Still pending are cases lodged in administrative and civil courts in 2015 regarding measures

brought into force in 2014 which reduced the amounts to be paid to the concessionaire to cover the cost of supplying the Public radio and television Service.

Calculation of radio and TV licence fee

Article 1 of the Ministry of Economic Development decree of 30 December 2015 (Calculation of the amount of special licence fees for holding radio or TV appliances for 2016) made no change (compared to the measures set out in tables 3 and 4 attached to Ministerial Decree of 29 December 2014), in the amount of special licence fees in 2016 for:

- i) holding radio or TV appliances other than in the household;
- ii) holding radio or TV appliances in cinemas, theatres and similar premises.

Contributions for user rights of digital TV frequencies

Paragraph 172 of Law 208 of 28 December 2015 (2016 Stability Law) annulled the previous methods adopted by AGCOM for calculating (as well as the methods adopted by the Ministry of Economic Development for applying) the contributions payable by national and local broadcasters for using digital TV frequencies (thus repealing Article 3-*quinquies*, paragraph 4, of Law 44 of 26 April 2012). The calculation, which must be made *"in a transparent manner, proportionate to the purpose, non-discriminatory and objective, on the basis of the geographic extent of the right authorised and of the market value of the frequencies, adopting award criteria based on the assignment of broadcasting capacity for competitive purposes and the use of innovative technologies"*, is now the object of a decree to be issued by the Ministry of Economic Development within 60 days from 30 December 2015.

The rule also applies to 2014 and 2015 years, for which the contributions have not been calculated (paragraph 173).

Still pending is Rai's appeal lodged with the Lazio Regional Administrative Court in 2015 against the Ministry of Economic Development decree of 29 December 2014, which, after the criterion of turnover had been abandoned, set an interim figure for the advance on the contribution for the use of frequencies in terrestrial TV bands for 2014.

Rai Reform Act

Public Radio and Television Service concession

Law 220 of 28 December 2015, on the *"Reform of Rai and the Public Radio and Television Service"*, stated that the renewal of the national service contract between the Ministry of Economic Development and Rai for the award of the concession which gives Rai the role of operator of the Public radio, television and multimedia Service should be executed every five and no longer every three years. Before the award of the concession, the Ministry is to issue a public consultation paper on the obligations of the Public Radio and Television Service, to be also financed by using the higher revenues arising from the allocation of the user rights to frequencies in the 3.6-3.8 GHz band (Article 1, paragraph 165, of the 2016 Stability Law).

For the sake of completeness, it should be pointed out that, pursuant to and for the purposes of Section 36 of the National Service Contract for the period from 1 January 2010 to 31 December 2012, which was signed with the Ministry of Economic Development and published in the Official Gazette of 27 January 2011, the abovementioned Contract is still in force.

Regional newsrooms and facilities

Law 220 of 28 December 2015, on the *"Reform of Rai and the Public Radio and Television Service"*, revised Article 45 of the Consolidation Act on audiovisual and radio media services (TUSMAR), stating that the public must be assured of these information services through the presence in each Region and Autonomous Province of *"newsrooms and facilities adequate for producing the specific programmes"* in compliance with the protection of linguistic minorities.

According to the new paragraph 3 of Article 45, the offices in Bolzano, Trento, Valle d'Aosta and Friuli Venezia Giulia retain their autonomy in financial and accounting terms with regard to the fulfilment of their public service obligations, acting as decentralised production centres in order to meet the requirements for the promotion of local culture and language tools.

The new paragraphs 3-*bis* and 3-*ter* were also introduced. Paragraph 3-*bis* in particular, relating to the Agreement with the Autonomous Province of Bolzano, gives the details of the agreement, stating that the operational costs of the service in German and Ladin – with respect to which there was no longer any reference to the issue about licence fee revenues and to be recognised under a specific cost centre in the financial statements of Rai – are to be paid by the Autonomous Province of Bolzano in an amount not exceeding Euro 10,313,000 a year. The amount is taken from the funds allocated to the attainment of public finance objectives (Article 79, paragraph 1, letter

(c), of the Consolidation Act under Presidential Decree 670 of 31 August 1972).

Any additional costs arising from the aforesaid agreement shall be borne exclusively by the Autonomous Province of Bolzano.

Paragraph 3-ter provides that the amount of Euro 10,313,000 referred to in paragraph 3-bis is increased by additional Euro 5,000,000 for 2015 and by Euro 9,687,000 a year, with effect from 2016. An amount of Euro 5,000,000 million of the cost is met for the year 2015 by a contribution in the same amount to the state budget, for the same year, from the Prime Minister's Office from resources available in its independent budget; an amount of Euro 9,687,000 for the year 2016 by a corresponding reduction in the "Fund for economic policy structural intervention", referred to in Article 10, paragraph 5, of Decree Law 282 of 29 November 2004, as amended and converted by Law 307 of 27 December 2004; an amount of Euro 9,687,000 a year from 2017 by a corresponding reduction in the projected accrual to the special current fund, which has been stated, for the purposes of the three-year 2015-2017 budget, in the framework of the "Reserves and special funds" programme of the "Funds to be distributed" mission in the 2015 budget statement of the Ministry of Economy and Finance, partially using the provision relating to the same Ministry.

Contracts signed by Rai and Subsidiaries

The new Article 49-ter, paragraph 1, of the TUSMAR states that contracts entered into by Rai and its wholly-owned subsidiaries regarding the purchase, development, production or co-production and marketing of radio and TV programmes and audiovisual works and the acquisition of the broadcasting times involved are exempt, pursuant to Article 19 of Legislative Decree 163 of 12 April 2006 (Code of Public Contracts), from the regulations governing public contracts and that they are not subject to the procedural obligation of inviting at least five bidders provided for in Article 27, paragraph 1, second section, of the abovementioned Code, while it remains obligatory to comply with the principles of economic efficiency, effectiveness, non-discrimination, equal treatment, transparency and proportionality. The following paragraph 2 of Article 49-ter of the TUSMAR then states that contracts entered into by Rai and its wholly-owned subsidiaries regarding works, services and supplies related to, connected with or necessary for the contracts referred to in the previous section with a value lower than that stated in European Community law are also exempt from the procedural obligations laid down in the Code of Public Contracts, while it remains obligatory to comply with the abovementioned EU law principles governing their award.

Corporate Governance

Organisation and administration

Rai is a joint-stock company and is subject to the general regulations governing this type of company, also as regards organisation and administration (Article 49, paragraph 2, of TUSMAR), except as otherwise provided for in Legislative Decree 177 of 31 July 2005, regulating the Consolidation Act on audiovisual and radio media services (TUSMAR).

The term of office of the current Board of Directors was renewed at the ordinary Shareholders' Meeting held on 5 August 2015. Furthermore, the Board of Directors' meetings held on 7-8 May 2015 appointed the Financial Reporting Officer referred to in Article 30 of the Articles of Association (as approved by Ministerial Decree of 1 April 2015) and took steps, after having heard the Board of Statutory Auditors, to make the related appointments during 2015 and 2016.

Finally, the Board of Directors' meeting held on 3 February 2016 acknowledged that on 28 May 2015, the date on which the bond issue was launched on the Irish regulated market in accordance with a resolution passed by the Shareholders' Meeting on 25 March 2015, Rai acquired the status of a Public Interest Entity (PIE) pursuant to Article 16 of Legislative Decree 39/2010; therefore, it resolved to instruct the Chairman to call a Shareholders' Meeting as soon as possible for the consideration and subsequent approval of the reasoned proposal of the Board of Statutory Auditors relating to the appointment of PricewaterhouseCoopers as independent auditors responsible for the statutory audit of the accounts of Rai for the financial years from 2015 to 2023.

Rai Reform Act

Article 2 of Law 220 of 28 December 2015, amending Article 49 of the TUSMAR, cut the number of members of the Board of Directors to seven and changed the rules for its composition, the requisites for Directors and clauses governing incompatibility and causes of loss of office, as well as the procedures for the appointment of the Board members. These provisions shall apply as from the date of the first renewal of the term of office of the governing body.

After the Shareholders' Meeting has authorised it, the Board of Directors may grant the Chairman powers in the areas of public and institutional relations and the supervision of internal control audits.

The position of Chief Executive Officer has also been introduced, vested with wide-ranging powers to sign corporate documents and contracts, to manage human resources and appoint executives, which will be already exercised by the current General Manager, in addition to the authority vested in him under the Company's articles of association, until the first renewal of the term of office of the Board. The new Article 49-bis of the TUSMAR clarifies that the members of the Company's governing (including the Chief Executive Officer) and supervisory bodies are subject to the actions against directors provided for in the ordinary regulations governing joint-stock companies.

The Corporate Governance Report - the Control Governance Model of Rai and the Internal Control and Risk Management System

The Internal Control and Risk Management System (SCIGR) is, "the system of tools, organisational units and corporate standards and rules whose aim is the sound and correct conduct of the enterprise, consistent with the corporate objectives set out by the Board of Directors, by means of a suitable process of identification, measurement, management and monitoring of the main risks and the construction of information flows which are adequate to ensure the circulation of information".

Rai's SCIGR is included in the overall organisational and governance system and is based on three roles, which are represented in the chart on the following page.

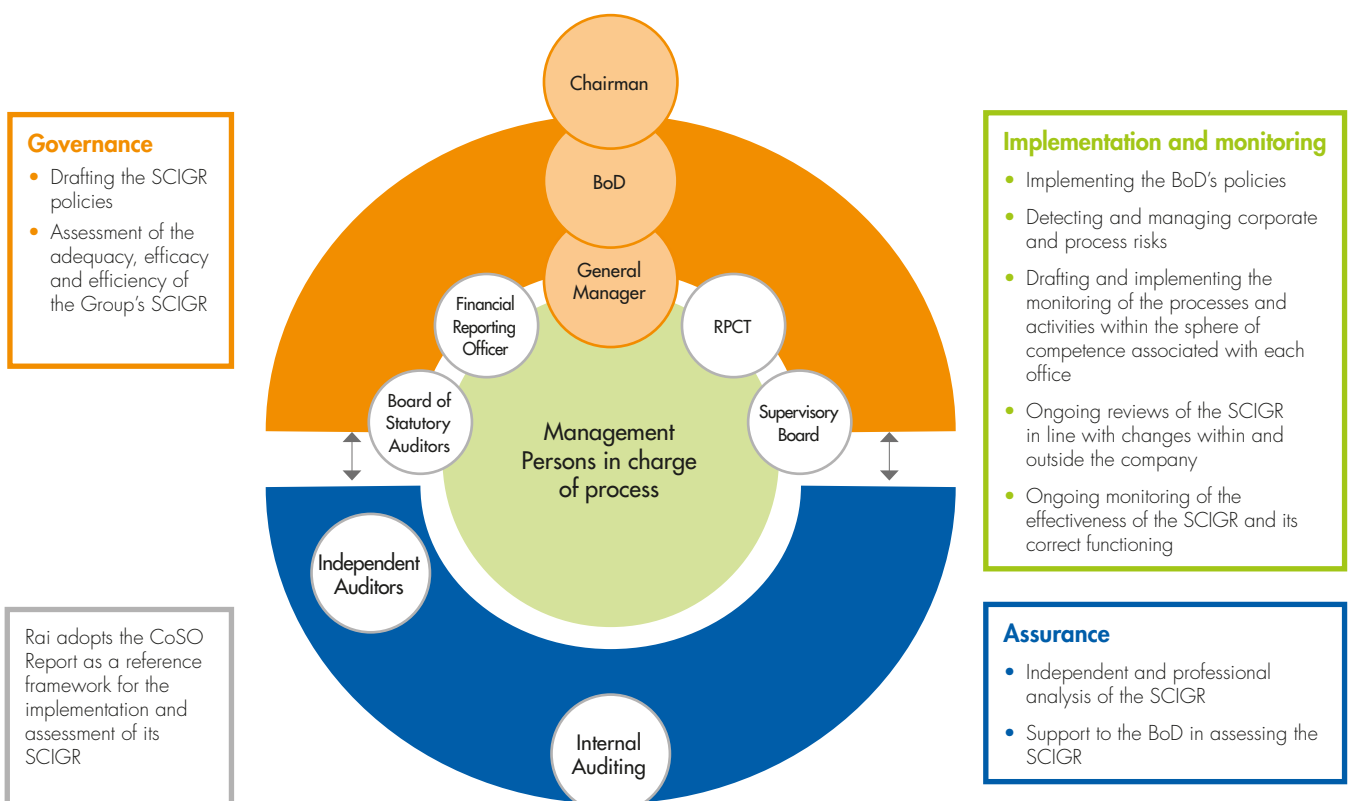
An effective SCIGR supports aware decision making and helps to protect the corporate assets, makes corporate processes efficient and effective and provides reliable financial reporting, ensures compliance with laws and regulations, the Company's Articles of Association and internal rules.

Even if it is adequate and functions well, the SCIGR, however, may only provide "reasonable certainty" regarding the attainment of corporate goals.

Rai uses the CoSO (Committee of Sponsoring Organizations of the Treadway Commission) Report as an internationally recognised reference framework, for the implementation, analysis and assessment of the SCIGR.

Rai's SCIGR, therefore, works on three levels:

- Level I: Management;
- Level II: Corruption Prevention Manager (RPC) and Management with monitoring functions – e.g. Planning and Control, Risk Management etc.;
- Level III: Internal Auditing.



The bodies and persons making up Rai SpA's SCIGR, therefore, with their particular roles and responsibilities, are:

- Board of Directors;
- Chairman of the Board of Directors;
- General Manager;
- Management;
- Board of Statutory Auditors, Independent Auditors and Magistrate of the Court of Auditors;
- Supervisory Board under Legislative Decree 231/2001;
- Financial Reporting Officer;
- Internal Auditing;
- Standing Committee for the Code of Ethics;
- Corruption Prevention Manager (RPC);
- Transparency Manager/Holder of Replacement Power.

The Board of Directors has an absolutely central role in the SCIGR in that it lays down the basic outlines of the system's organisational, administrative and accounting structure and policies, so that the Company's main risks are correctly identified, measured, managed and monitored.

The General Manager is responsible for overseeing the operation of the Internal Control System, implementing the policies adopted by the Board of Directors. The General Manager sees to the design, creation and management of the SCIGR and constantly verifies its overall adequacy, effectiveness and efficiency.

As a part of its functions and in pursuing its objectives, the Management constantly ensures that the SCIGR is correctly designed and that it runs effectively. In order to do this, and also according to the nature of the risks managed, it checks and monitors the system in order to ensure its effectiveness and efficiency in preventing irregularities and/or fraudulent activities and detecting any that have already taken place.

Pursuant to Article 2403 of the Italian Civil Code, as amended by the reform of the Company Law, the Board of Statutory Auditors supervises compliance with the law, the Articles of Association and observance of the principles of proper management. The Board oversees, in particular, the effectiveness of the SCIGR and the adequacy of the organisational, administrative and accounting structure adopted by the Company and its effective operation.

The statutory audit of accounts is conducted pursuant to Article 2409-bis of the Italian Civil Code and is the responsibility of the Independent Auditors enrolled in the special register. On 28 May 2015, after a bond issue was listed on the Irish regulated market, Rai acquired the status

of a Public Interest Entity (PIE) pursuant to Article 16 of Legislative Decree 39/2010. Therefore, Article 17, paragraph 1, applies to auditing: *"The term of the engagement for the statutory audit of accounts is nine financial years for independent auditors"*. On 10 March 2016, the Shareholders' Meeting of Rai acknowledged the proposal put forward by the Board of Statutory Auditors and resolved to renew the engagement of PricewaterhouseCoopers SpA for the financial years from 2015 to 2023.

Rai is also required to keep separate accounts of the revenues from the licence fee and the costs sustained in the previous calendar year in order to deliver the public service, based on the schedule approved by the Telecommunications Authority (AGCOM).

Rai's separate accounts are audited, pursuant to Article 47 of Legislative Decree 177/2005 (Radio and Television Consolidation Act, TUR), by Independent Auditors selected by AGCOM from among those included in the special register held by Consob but other than those appointed to carry out the statutory audit of the separate financial statements.

In compliance with AGCOM's choice and as the outcome of the tender, Rai appointed auditing firm Mazars SpA on 17 November 2011 for the period from 2010 to 2018.

Furthermore, since 2010 Rai SpA's financial management is subject to the scrutiny of the Court of Auditors, which, pursuant to Article 12 of Law 259 of 21 March 1958, reports its findings to the Presidents of the two Chambers of Parliament. For this purpose, a Magistrate of the Court of Auditors attends the meetings of the Board of Directors and of the Board of Statutory Auditors of Rai SpA.

Rai SpA has implemented the regulations under Legislative Decree 231/2001 governing the administrative liability of the entities, adopting the required Organisational, Management and Control Model. Rai SpA's Board of Directors adjusts the Model in conformity to the progressive widening of the scope of application of the law to other criminal offences and the changes in organisation that take place over time. The Supervisory Board oversees the functioning of and compliance with the Model, satisfying itself of its adequacy, i.e. that it is likely to prevent wrongdoing, as well as its implementation and updating. By a resolution passed on 24 September 2015, the Board of Directors appointed the currently serving Supervisory Board of Rai SpA. The Board submits periodic reports on its work to the Board of Directors, the Chairman, the General Manager and the Chairman of the Board of Statutory Auditors of Rai SpA.

The Financial Reporting Officer is required to prepare the company's accounting documents, having specific duties and responsibilities with regard to accounting disclosures as prescribed by law. Under Article 30 of Rai SpA's Articles of Association, the Board of Directors appoints the Financial Reporting Officer, subject to the prior mandatory opinion of the Board of Statutory Auditors, for a period not shorter than the term of office of the Board itself but not longer than six financial years, as provided for in Article 154-bis of the Consolidation Act on Finance. The Board of Directors of Rai SpA has then taken steps to appoint the Financial Reporting Officer in compliance with said provision.

Internal Auditing

The purposes and scope of internal audits and the procedures for their conduct are set out in the document on *Internal Auditing Policies* (so-called Audit Charter), which were finally approved by the Board of Directors in July 2015 in line with the relevant best practices.

The Internal Auditing Department, which has the powers and resources needed for it to go about its duties in full operational independence, including spending autonomy, the availability of a sufficient number of resources with professional expertise and access to the information, data, archives and assets of the Company and of its subsidiaries - carries out its audits in conformity to the annual Plan of activities drawn up in compliance with a risk-based approach.

This Department is directly under the Chairman of the Board of Directors and is not responsible for any operational activities. The Chairman and the General Manager oversee its work jointly. This organisational model ensures independent and objective activities whose aim is to improve organisational effectiveness and efficiency. It also assists the organisation in pursuing its objectives with a systematic professional approach which generates added value since it seeks to evaluate and improve control, risk management and Corporate Governance processes.

Internal Auditing function's main duties are:

- within the limits of the investigative tools at its disposal, to assess the operation and adequacy of the SCIGR, both on an ongoing basis and in relation to specific needs, and to provide evaluations and recommendations which foster its efficiency and effectiveness;
- to provide the management with specialist support in SCIGR issues in order to enhance the effectiveness and efficiency of audits of corporate processes, integrate them and foster constant improvement in governance and risk management.

Internal Auditing function's responsibility as regards preventing and detecting irregularities is limited: it consists in auditing, identifying and evaluating the SCIGR adopted for the processes/activities under scrutiny, analysing its findings with professional skill.

The management, namely those charged with the management of the company, are responsible for the correct design and effective functioning of the SCIGR on an ongoing basis, for the definition of the corporate and process objectives, for the prevention and detection of irregularities and for seeing that risk management procedures comply with the risk mitigation measures that have been laid down.

The Internal Auditing Manager informs, without delay and at the same time, the Chairman of the Board of Directors of Rai SpA, the General Manager and, for any action it is his duty to take, the Chairman of the Board of Statutory Auditors of Rai SpA, the Chairman of the Supervisory Board of Rai SpA and the Corruption Prevention and Transparency Manager (RPCT) of Rai SpA, of serious faults in the system for the prevention of irregularities and fraudulent conduct committed by members of the Management or by employees who perform an important role in the design or functioning of the SCIGR of Rai SpA.

Recent developments in the SCIGR

Some important developments in Rai's SCIGR in 2015 were:

- a new Regulatory Model was drawn up for the creation of an organic body of corporate rules and procedures. With this Model, Rai sets out and formalises the set of principles and rules which the Group must comply with in order to simplify and standardise organisational procedures and the management of corporate processes and any related role and responsibilities;
- amendments were made to the Company's Articles of Association in order to comply with the provisions of Law 220 of 28 December 2015, governing the "Reform of RAI and the Public Radio and Television Service", which changed, among other aspects, the division of powers among the corporate bodies referred to in the Articles;
- the Organisational, Management and Control Model under Legislative Decree 231/2001 was updated, which had been drawn up in consideration of the developments in regulatory amendments and of the new Guidelines issued by Confindustria (the Italian Manufacturers' Association), as well as of the changes in the organisational and corporate structure and the observations submitted by the Supervisory

Board in the periodic Reports to the Top Management;

- Law 190/2012 was implemented for the first time when Rai SpA adopted the Three-year 2015-2017 Plan for the Prevention of Corruption (PTPC), drawn up by the Corruption Prevention Manager. In the framework of Rai's management and coordination role, this plan also contains principles which Subsidiaries are to refer to and policies which they are to implement for the purposes of the adoption of the specific regulations. By a resolution passed on 26 January 2016, the Board of Directors of Rai adopted the Three-year 2016-2018 Corruption Prevention Plan (PTPC) of Rai SpA, which updated the previous PTPC;
- Rai SpA Three-year Transparency and Integrity Plan was adopted;
- formal rules were set out governing the procedures for the management of the corrective action decided upon by the Management as a result of audits carried out by the Internal Auditing Department in order to ensure that the process of the improvement of the Company's SCIGR is carefully overseen, that the Management handles such corrective action in an organic and uniform manner and that the Internal Auditing department monitors the process effectively;
- a review was conducted of the Procedure for managing and treating reports, including anonymous reports: the changes mainly consisted of adjustments necessary to comply with anti-corruption legislation and the creation of the new role of Corruption Prevention and Transparency Manager, as well as with the Guidelines governing whistleblowers issued by the National Anti-corruption Authority (ANAC).

Anticorruption and Transparency

Proper information is provided below in relation to the Implementation of the Three-year 2015-2017 Corruption Prevention Plan.

Rai SpA, as a state-owned joint-stock company, is required to comply with the provisions of Law 190 of 2012 and Legislative Decree 33 of 2013, which govern anti-corruption and transparency issues, respectively.

Applying this legislation, on 18 December 2014 Rai SpA's Board of Directors appointed the Internal Auditing Manager as Corruption Prevention Manager (RPC) and Transparency Manager, while, by a resolution passed on 29 January 2015, it approved the Three-year 2015-2017 Corruption Prevention Plan (PTPC) of Rai SpA.

The PTPC is a constituent element of Rai's SCIGR. It lays down an organisational model

which integrates measures for the prevention of corruption into the wider context of the company's SCIGR and its even more general organisational, administrative and corporate governance structures of Rai.

The main anti-corruption measures and action taken in first applying this legislation in 2015, planned and scheduled in the calendar which is an integral part of the PTPC, were:

- **actions taken on the PTPC governance model:** the appointment of Anti-Corruption and Transparency Coordinators, each responsible for monitoring the effective implementation of the Plan within their areas. The Function for the "*Corruption Prevention and Transparency Activities*" was also formed in March 2015 with the duty of supporting the RPCT in any related work;
- **actions to strengthen control procedures:** the RPC set out plans of action with different degrees of impact on corporate operations (Audit, Corruption Risk Assessment, documentary analysis of audits and reports, information flows, information sheets of the coordinators), in order to check for compliance and adequacy of the PTPC;
- **completion of Control Risk Self-Assessment (CRSA):** after a preliminary survey of the risk areas conducted in order to draw up the first PTPC, the CRSA was completed which applied the methods suggested in the National Anti-corruption Plan which identified the processes in whose framework persons could be guilty of illegal conduct contrary to Law 190/2012 (so-called corruption risk);
- **implementation of the personnel training programme** in two channels: (i) class seminars for the executives, officials and employees most exposed to this risk, coming from all the Regional newsrooms and TV Production Centres, as well as from some head offices; ii) an e-learning course that will gradually involve all employees;
- **activation and analysis of information macro-flows from and to RPC:** in order to monitor the proper implementation of the Plan and compliance with the related Protocols, the RPC activated specific information flows with the competent procurement Departments and with the Human Resources and Organisation Department; in the first year of its application, the Plan focused on the award of works, services and supplies in addition to also making provision, among its general measures, for some protocols related to staff recruitment and career advancement;
- **proposed updating of the PTPC:** in the implementation of the obligation to update the Plan on an annual basis, as required by the relevant regulations, the proposal for the 2016-2018 PTPC was put forward and approved at the Board of Directors' Meeting held on

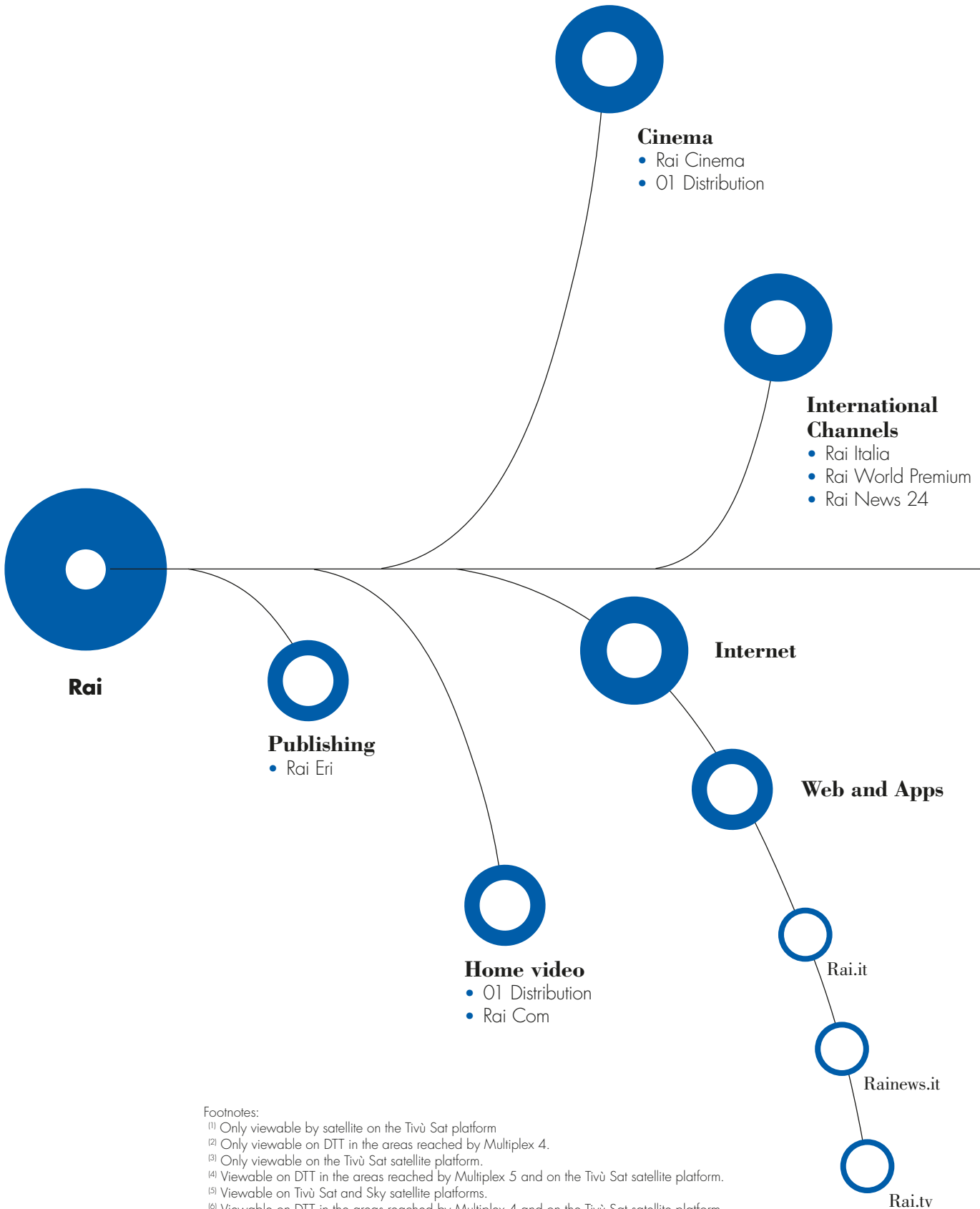
26 January 2016. The main developments adopted i) the 2015 updates of the PNA; ii) the results of the Control Risk Self-Assessment; iii) the results of the analysis on Audits and Reports;

- **transparency measures:** even if the reference regulatory framework was not quite clear, for which reason Rai tabled discussions with the ANAC and the Ministry of Economy and Finance, the company gradually made its own changes to meet transparency Obligations by (i) creating sections named "Transparent Company" on its institutional website and "Anti-Corruption and Transparency" on its intranet site, continuously revising the form and contents of these sections in order to make them more accessible and more easily grasped; (ii) presenting the proposal for the Three-year Transparency and Integrity Plan, which was approved by the Board of Directors at the meeting held on 26 November 2015; and (iii) managing and monitoring requests under freedom of information law.

A more detailed analysis of the abovementioned activities was the object of specific disclosures to the Board of Directors through the General Manager (Half-year Report approved at the meeting held on 30 July 2015 and Annual Report approved at the meeting held on 13 January 2016); the same disclosures are detailed in the PTPC and are included in the RPC's annual Report to the ANAC, which was approved by the Board of Directors of Rai on 13 January 2016. Both documents have been published in the section on "Transparent Company" of the institutional website, as prescribed by the relevant regulations.

The above measures were introduced into a particularly complex legislative scenario, especially for Rai, in which regulations are evolving which have material impacts on the company's control governance, including Law 124/2015 (Madia Act), Law 220/2015 reforming Rai, the enabling law for the reform of Public Contracts and the revision of the PNA; these regulations, in fact, have an impact on the content of the PTPC and the application of any related measure, in particular on Transparency.

Map of Rai's offer



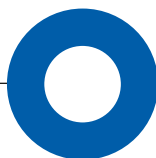
Footnotes:
⁽¹⁾ Only viewable by satellite on the Tivù Sat platform
⁽²⁾ Only viewable on DTT in the areas reached by Multiplex 4.
⁽³⁾ Only viewable on the Tivù Sat satellite platform.
⁽⁴⁾ Viewable on DTT in the areas reached by Multiplex 5 and on the Tivù Sat satellite platform.
⁽⁵⁾ Viewable on Tivù Sat and Sky satellite platforms.
⁽⁶⁾ Viewable on DTT in the areas reached by Multiplex 4 and on the Tivù Sat satellite platform.
⁽⁷⁾ Can also be accessed on DTT and satellite.
⁽⁸⁾ Can also be accessed through digital satellite.
⁽⁹⁾ Available in DAB+ in areas which receive the signal.
⁽¹⁰⁾ TV and radio news are available on all broadcasting platforms.



Radio

- Rai Radio 1 ⁽⁷⁾
- Rai Radio 2 ⁽⁷⁾
- Rai Radio 3 ⁽⁷⁾
- Rai Isoradio ⁽⁷⁾
- Rai Gr Parlamento ⁽⁷⁾
- Rai Radio 4 Light ⁽⁸⁾
- Rai Radio 5 Classica ⁽⁷⁾
- Rai Radio 6 Teca ⁽⁹⁾
- Rai Radio 7 Live ⁽⁹⁾
- Rai Radio 8 Opera ⁽⁹⁾

Television



General interest channels

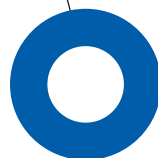
- Rai 1
- Rai 2
- Rai 3
- Rai HD ⁽²⁾
- Rai 1 HD ⁽³⁾
- Rai 2 HD ⁽⁴⁾
- Rai 3 HD ⁽⁴⁾

Semi-general interest channels

- Rai 4
- Rai 5 ⁽¹⁾
- Rai Movie ⁽¹⁾
- Rai Premium ⁽¹⁾
- Rai 4 HD ⁽⁵⁾

Themed channel

- Rai News 24
- Rai Storia
- Rai Scuola
- Rai Sport 1
- Rai Sport 1 HD ⁽⁶⁾
- Rai Sport 2
- Rai YoYo ⁽¹⁾
- Rai Gulp



News and Information ⁽¹⁰⁾

- TG1
- TG2
- TG3
- TGR
- Rai Parlamento
- Rai Sport
- Rai News 24
- Rainews.it
- Televideo
- Giornale Radio Rai
- Gr Parlamento

The publishing offer

The Rai Group is to be found on all platforms with offers differing by genre and target. Every day in Italy 41.6 million persons of at least over 4 years of age, equal to 73% of the population, watch, read or listen to what Rai has to offer, looking at one of its TV channels, listening to one of its radio stations or visiting one of its internet portals. They spend an average of 111 minutes a day with Rai media (TSSP [Total Single Source Panel] 2015 Eurisko and Auditel - October 2014/July 2015).

Rai is the only broadcaster which sends out its entire range streamed online and which also runs some TV channels broadcast during the previous seven days in replay mode.

This is the Group's strategy:

- to base its approach on a family of channels, to each of which a specific mission is assigned in order to diversify the range, enrich the culture of the population and pursue the objectives which it must attain as a Public Service;
- to look to the utmost efficiency of its production models in terms of format, themes, narration, language, aesthetics and personalities;
- to provide a range whose aim is to seize every opportunity of interacting with its audiences and which responds to the new methods of making use of content on different devices, including mobile devices;
- to make continual experiments with new technologies relating to networks, infrastructure and means, in order constantly to modernise the systems of production, dissemination and distribution of content.

The comparison with other broadcasters shows the following results.

Compared with the other main European Public Service broadcasters, Rai is the one which receives the lowest unit licence fee (Euro 113.5 versus France, Euro 136.0; the United Kingdom, Euro 198.5; Germany, Euro 215.7) while having the highest audience figures (37.2% versus France Télévisions, 29.2%; BBC, 32.9%; ARD, 30.0%; ZDF 17.9%; RTVE 16.7%)¹.

In Italy, compared with commercial broadcasters whose purpose is to create value, even short-term value, for their shareholders and stakeholders, Rai's priority and binding purpose is the generation of "public value" for the entire Italian community and its different components, again within a long-term economic and financial sustainability, in response to the values of the community that inspire its mission as concession holder of the Public Service.

The fundamental principles at the basis of the Concession Holder's activity are:

- **universality**, i.e. the aptitude for reaching all the different segments of society with its programmes, without overlooking any, and the capacity to do so;
- **autonomy**, i.e. the aptitude for taking its decisions exclusively on the basis of the interests of the population and the capacity to do so;
- **excellence**, i.e. the aptitude for acting with high standards of integrity, professional skill and quality and the capacity to do so;
- **diversity**, i.e. the aptitude for being mindful of all diversities of gender, culture, religion, etc., in order to make a vital contribution to the development of a more inclusive society by representing different points of view and the capacity to do so;
- **responsibility**, i.e. the aptitude for working transparently, committing itself to the correction of any mistakes it makes through constant dialogue with the different sectors of the public and the capacity to do so;
- **innovation**, i.e. the aptitude for enriching the media scene taking a leading role in experimenting with new formats, new technologies and new ways of connecting with the citizens, and the capacity to do so.

Among the measures taken by Rai in 2015 were:

- it continued with its process of technological innovation to improve the quality of its range and limit costs at the same time:
 - it digitised the national news programmes, while the project for the regional news programmes is in an advanced stage of completion;
 - with its digitised Radio it now covers almost 70% of the population of Italy. T-DMB, Terrestrial Multimedia Broadcasting and DAB+, Digital Audio Broadcasting+, are the new manifestations of digital radio, which provides a fundamentally important opportunity of integrating radio and internet. To the seven traditional channels have been added, on DAB+, the three Web radio channels.
- Rai 4 tried out a system of parental control so that programmes potentially harmful for minors can be blocked pending the new Media and Minors Code, which it is presumed will come into force during 2016 and will place, including for non-linear services on the web, new demands on radio and television broadcasters to provide minors and their families with forms of protection which are more in keeping with the new offers and means of consumption.
- Towards the end of the year a Social CRM system was developed (an application which puts devices, IT systems and human resources in a triangle through an information platform)

¹ The audience figures of the foreign broadcasters BBC, ARD and ZTF relate to 2014 – source: EBU.

in order to create a kind of central unit for heterogeneous flows of data, integrating all the online sources into the internal and external company databases. This system has analytic and active capacity to interact with social networks and external domains so that it is intrinsically multifunctional and provides knowledge-gathering support at a strategic level.

Also:

- in February the Ray.rai.it service was launched, which is a platform for the web public that tries to recover a target of young people of between 15 and 30 years of age which have gradually moved away from Rai's offer;
- the social networking site monitoring services were enhanced: these are now a valuable additional source of information to Auditel data;
- Rai commenced the expansion of online regional and local news programmes in the RaiNews portal.
- Expo Milan 2015 was supported by constant multi-platform coverage of all the most important events by a specifically dedicated team on a specially created website, and *ad hoc* promotional campaigns on a number of channels and platforms.

Digital terrestrial and satellite television

Digital terrestrial, which covers more than 97% of the country, is Rai's primary television platform, on which a strategy for multi-channel and broadcasting infrastructure growth has been developed. Satellite TV, for its part, reaches the few other inhabitants not served by DDT: profiting from the experience of other countries, Rai – together with Mediaset, Telecom Italia Media, Confindustria

Radio TV and Aeranti-Corallo – had already set up Tivù Sat, its free satellite platform, in 2009.

Rai's free-TV programme range is among the widest of European countries and is the most generous in Italy, consisting of 14 national channels, four² of which can be seen in HD: Rai 1, Rai 2, Rai 3 and, from September 2015, Rai Sport 1 on LCN 557.

In detail:

- there are three general interest channels – Rai 1, Rai 2 and Rai 3 (Rai HD, a general interest channel which shows the best Rai programmes, can also be seen on DTT);
- four semi-general interest channels – Rai 4, Rai 5, Rai Movie and Rai Premium;
- seven themed channels – Rai News 24, Rai Storia, Rai Scuola, Rai Sport 1, Rai Sport 2, Rai Gulp and Rai YoYo.

In September 2015, after the Mediaset Group decided to encrypt the satellite signals of Rete 4, Canale 5 and Italia 1, Rai entered into an agreement with Sky whereby Rai 4 went to channel 104 of the related platform, which resulted in a considerable increase in the numbers of Sky subscribers who watched this channel.

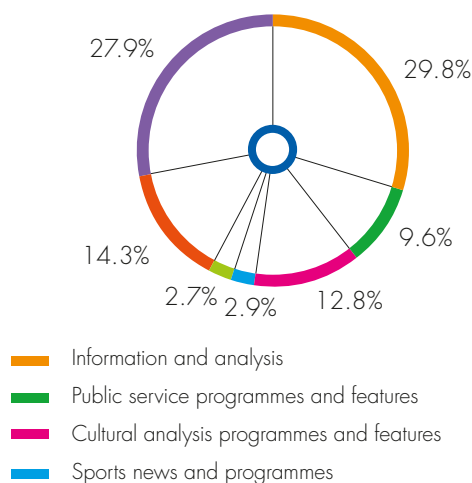
Rai broadcasts programmes in Ladin, German, French and Slovene at certain hours for the linguistic minorities living in the Special Statute Regions.

In addition to and supporting its linear television range, Rai offers interactive applications and on-demand video services on internet which can also be used on connectable TV sets (smart TV-sets or through certain types of interactive decoders).

²With the inclusion of Rai 4 HD (channel 110 on Tivù Sat), in January 2016 five Rai channels can be watched in high definition.

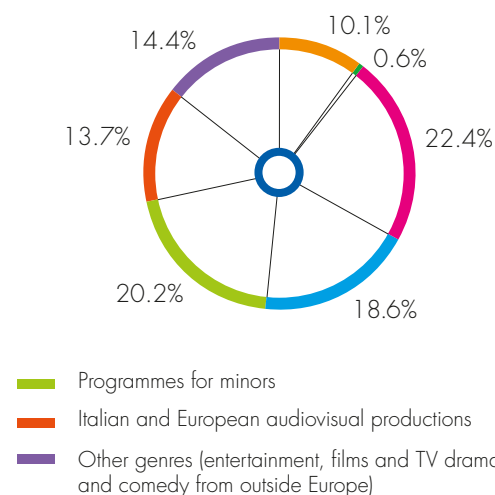
Programmes on general interest channels by genre

(source: Rai)



Programmes on specialist channels by genre

(source: Rai)



Programmes to other countries

On 1 January 2015 Rai instructed subsidiary Rai Com SpA to sell its channels in other countries. Rai Com is thus responsible for selling rights to rebroadcast Rai's TV and radio channels in Europe (Rai 1, Rai 2, Rai 3, Rai Storia, Rai Scuola, Rai News 24 and Rai Radio 1, Rai Radio 2, Rai Radio 3) and the distribution of Rai Italia, Rai World Premium and Rai News 24 channels outside Europe. Furthermore, Rai Com also sells and distributes the radio channels Radio Rai 1, Radio Rai 2 and Radio Rai 3 outside Europe.

Channels are broadcast from local TV platforms by cable, satellite or other new media platforms in various ways, both free and on payment:

- in the United States, Canada and Australia channels are offered to subscribers in a Package or Premium *à la carte*. To see Rai Channels, therefore, subscribers pay a monthly fee in addition to their subscription to their operators;
- in Asia the Rai Italia channel is free to air;
- in Europe, Latin America and Africa channels are offered in "Basic" or "Extended Basic" mode, for which they only pay their operator the monthly subscription, without additional costs.

Radio

Radio, with 84% penetration, is the second means of mass communication in Italy behind television (98%) and in front of the web (73%). In 2015 radio listeners were about 35 million and showed, compared to the same period in 2014, an increase of 703,000 (+2%)³. 66.2% of persons over 14 years of age state that they listen to the radio for at least a quarter of an hour on an average day. The trend is also rising among the segments of the public which are more open to new technologies: 50% of young people between 14 and 17 state that they listen to the radio more than they did three years ago. This finding shows that the radio is in tune with technological evolution and that the new devices have helped to create new methods of contact and relations between the public and this medium. Mobile devices are shown to be essential tools for radio too, above all for the younger targets, among whom 21.8% of persons between 14 and 17 state that they listen to it from a tablet or smartphone.

Listening to the radio goes hand in hand with enjoying music online and 90% of those who listen to digital music also listen to the radio. Cars are still one of the most important places for

listening: 87% of the population state that they tune into the radio at least once a week while travelling by car⁴.

The time spent listening to the radio in 2015 was 3 hours and 31 minutes a day, substantially in line with the value posted in 2014 (3 hours and 28 minutes).

A characteristic of radio is that it is mainly used outdoors (75.9% of listeners). About 72.9% of persons from 14 to 64 years of age use their car radio to listen to it; in the same segment of population, the traditional appliances are used by 32.1%. Traditional reception appliances are more used by more adult/elderly people (59.6% of listeners over 65).

The new technologies are extremely important for younger people. An average of 5.1% of total radio listeners use the mobile phone or smartphone to get through, while this is the way 18.5% of very young people (from 14 to 17) and 9.2% of young adults (from 18 to 24) listen to radio. Recourse to the web (from a PC or a tablet) is less frequent: 2.6% listen to streamed radio. 6.5% of listeners use the radio from their TV set by simulcast on digital terrestrial or satellite television (offered by all the national networks and a number of local channels). The phenomenon is particularly common, in this case too, among young people of up to 24 years of age.

So the radio is an evergreen medium which has the ability to renew itself and keep up with social and technological evolution.

The 2015 figures show how the typical radio audience is made up: a slight preponderance of men (53.2% of total listeners); people in the central age bracket, from 25 to 54 (55.5%); and persons with a medium- to high-level or university education (48.6%).

The market range is extremely fragmented; a large number of operators broadcast at national and local level.

At national level there are pure radio broadcasters (including RTL 102.5, Radio Dimensione Suono and Radio Italia) and radio broadcasting groups which also have other interests, such as L'Espresso, Mondadori and Il Sole 24 Ore.

³ Source: GfK Eurisko – RadioMonitor.

⁴ Source: Eurobarometer, May 2015 - GfK Eurisko – RadioMonitor 2015.

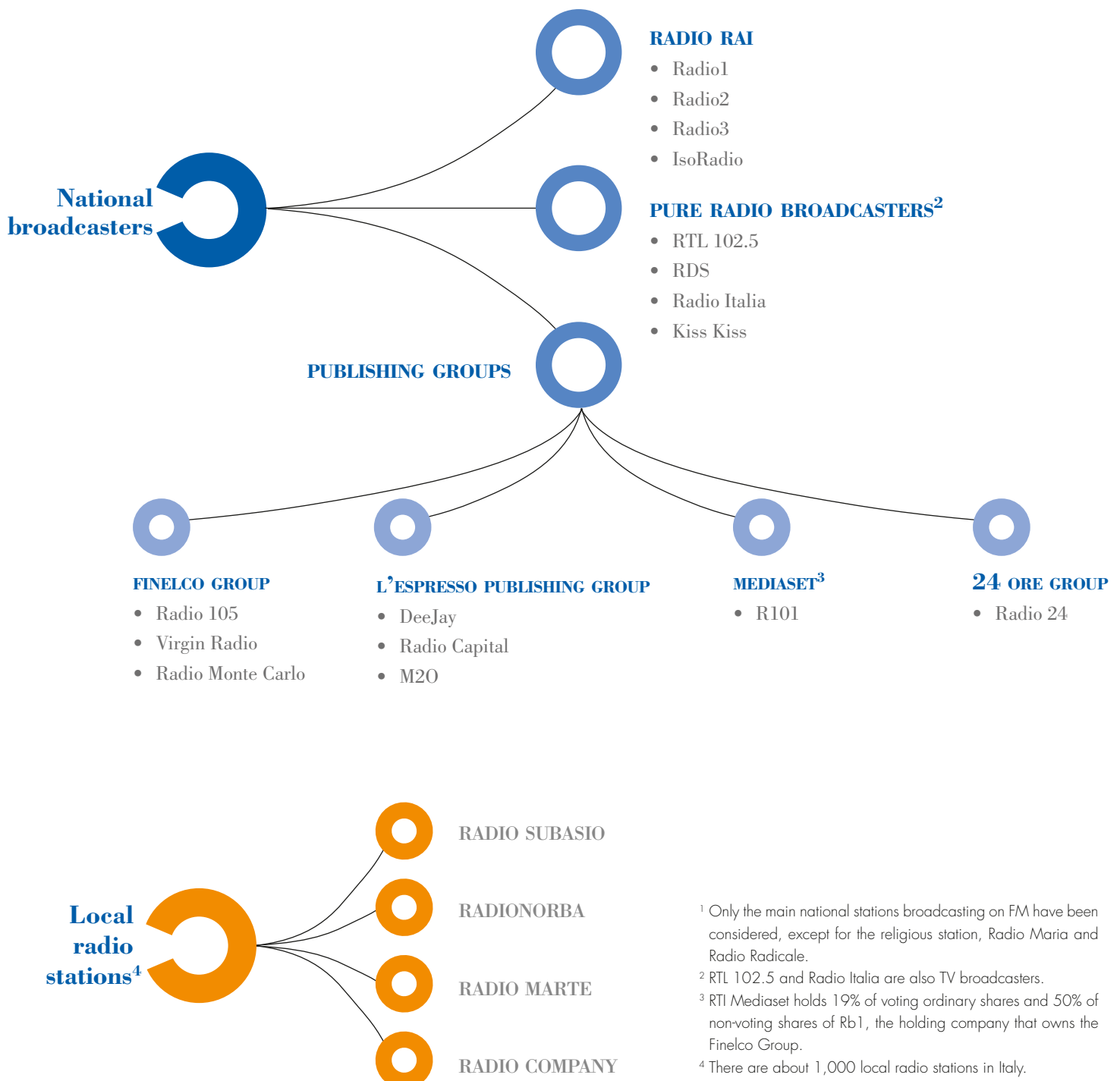
There are about 1,000 local radio stations whose signal coverage (from municipal only to more than one region) and audience shares are extremely variable. Overall, however, since they have strong local roots and since the level of the programmes of many of these broadcasters competes with the nationwide networks, local radio stations have the capacity to attract a substantial portion of the total radio audience.

In 2015, local radio stations recorded an AQH (Average Quarter Hour) share of 32.4% at national level, from 06:00 a.m. to 12:00 p.m..

RadioRai is present on all analogical and digital platforms with the aim of strengthening its central position on the market scene and for listeners. Traditional broadcasting on FM is accompanied in fact by transmission on digital terrestrial and

Major radio broadcasters¹

(Source: Rai)



¹ Only the main national stations broadcasting on FM have been considered, except for the religious station, Radio Maria and Radio Radicale.

² RTL 102.5 and Radio Italia are also TV broadcasters.

³ RTI Mediaset holds 19% of voting ordinary shares and 50% of non-voting shares of Rb1, the holding company that owns the Finelco Group.

⁴ There are about 1,000 local radio stations in Italy.

satellite TV and all its programmes can be heard on internet both through a PC or a mobile device (smartphone and tablet), including through the RadioRai App.

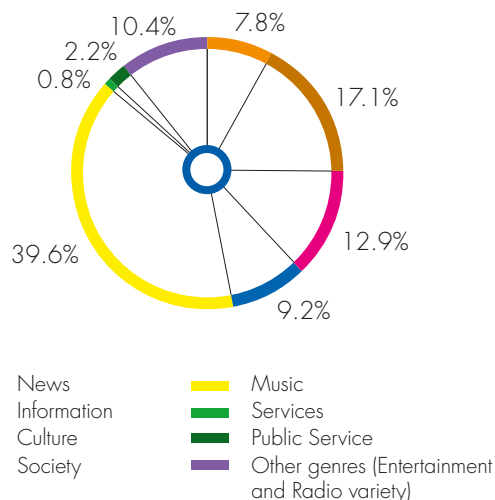
Rai's offer, exclusively produced in house, is the widest in Italy in terms of the vastness of different genres and the number of its channels; it has:

- three stations with strong individual characteristics: Radio 1, Radio 2 and Radio 3;
- Isoradio, the infomobility station;
- Gr Parlamento, dedicated to the Institutions;
- three stations specially conceived for internet, Radio 6, Radio 7 Live and Radio 8 Opera, whose approach and names were changed during 2016 and applied during the second half of the year. The stations can also be heard on DAB+;
- two themed music stations, Radio 4 Light (pop and jazz music) and Radio 5 Classica. Radio 4, which in addition to being broadcast analogically, can be heard on internet, DTT and satellite TV and on Digital Radio (DAB+). Radio 5, which in addition to being broadcast analogically, can be heard on internet, DTT and satellite TV and on Digital Radio (DAB+) and on FM in 5 Italian provincial capitals (Ancona, Milan, Naples, Rome and Turin).

As regards the audience shares of the main Publishing Groups, RadioRai, with its four main stations, Radio 1, Radio 2, Radio 3 and Isoradio, ranked second throughout the year, with a 12% share, after the Finelco Group (Radio 105, RMC, Virgin) with a 14.7% share. The L'Espresso Group (Deejay, Capital, M2O) ranked third with a 11.3% share. The most heard radio station was RTL 102.5 with a 10% share.

Radio programmes by genre

(source Rai)



Digital radio

The web is a basically important platform in Rai's broadcasting and business strategy owing to its growing use by the Italian population (85.4% of households), with a growth rate of 4.7%, estimated by Audiweb, in the last twenty-four months (December 2013/December 2015). It is also essential owing to its capacity to generate far-reaching innovations in supply, consumption and business models.

There have been three main additional elements in Rai's range since February 2015 – Rai.it, Rai.tv and Rainews.it – and the Ray.rai.it platform, dedicated to younger people; at the same time it went on with a sweeping rationalisation of its internet programmes:

- **Rai.it:** the portal which aggregates the Group's vast web offer and makes it easily accessible. Rai.it promotes all the programmes on air and gives access to them, with their web-available content, from all Rai's TV networks (both general interest and specialist), radio stations, as well as to information and multimedia content from all the newsrooms. Rai.it also offers a series of services of great importance and interest to users, such as the guide to the programmes of all the Rai TV channels and radio stations, and the community.
- **Rai.tv:** the environment for access to Rai's entire audio and video offer available on internet. The offer is divided into three services:
 - live streaming of 14 TV and 10 radio channels;
 - Replay TV, from which access may be obtained on demand and on payment of rights, to Rai 1, Rai 2, Rai 3, Rai 5, Rai Premium, Rai Gulp and Rai Yo Yo programmes broadcast during the previous 7 days;
 - access on demand to almost all the general interest channels' TV programmes and newsrooms' range, in addition to much content exclusive to the web from the Rai Archives and Rai *ad hoc* productions.

Rai.tv can also be found with a number of official channels on YouTube.

- **Rainews.it:** the environment from which access may be obtained to all Rai information: news updated in real time, enriched with videos and photo-galleries, the last editions of the TV and radio news, live broadcasts of the Rai News 24 all-news channel and the most important events of the day.

The web-based TV news was included in the Rai News project during 2015, technically integrating both the system for the management of the content and the interface for users. During 2016 this will lead to a gradual widening of the range through regional Home Pages written by Regional TV News reporters.

- **Ray.rai.it** is Rai's web platform for young people, designed to tell stories and interact with the content provided. Ray is not only a web portal, but intends to be a browsing experience for this target, who find, on this site, series newly released on internet, the most popular general interest series, stream box sets, games, competitions, interactive projects, previews and exclusive content.

Some of the Rai web services (e.g. Rai.tv, RadioRai, Rai News, Televideo, Tg1, Tg3, Rai Sport) may also be accessed in the form of applications for the main smartphone and tablet devices.

Rai's video on-demand programmes can also be found on Samsung, Apple TV and Android smart TV sets. This application provides, free of charge, on-demand content and videos to watch and watch again sitting comfortably in the living room at home: in fact users may obtain access to the Rai Replay service and, in on-demand mode, select the best Rai content in the Top Video, Fiction, Cartoon and Programmes sections with complete episodes and highlights.

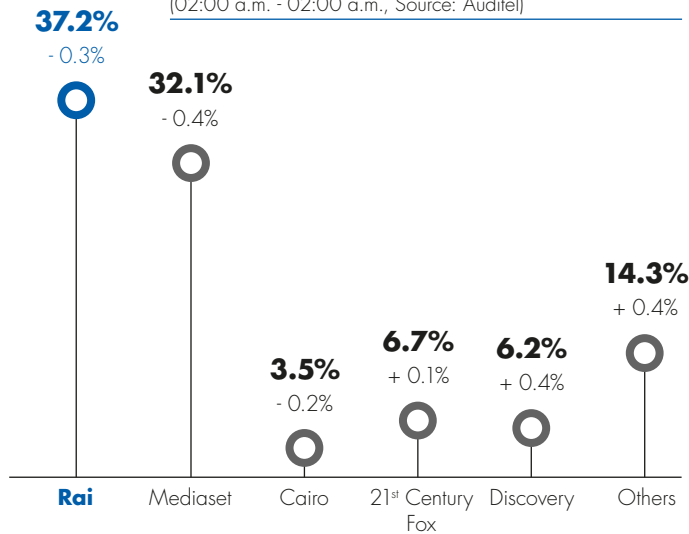
Rai is also present on interactive digital terrestrial televisions and decoders (Gold stamp certified) with the Rai Replay, TV news (TGR) and Telecomando services.

Hundreds of films, from the great classics to the latest cinema releases, from subsidiary Rai Cinema SpA have been available on payment since March 2015 on the Google Play platform, which is the Google online shop dedicated to digital entertainment, as well as on the other main platforms (Apple TV, Tim Vision).

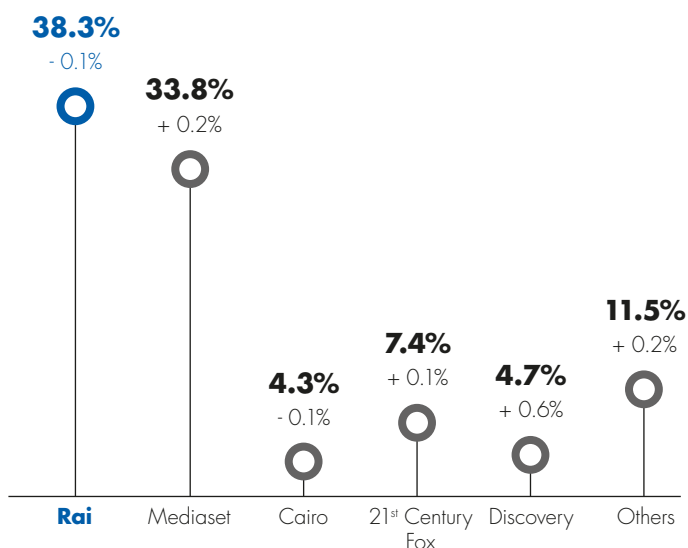
Rai continues to enhance its official presence on the most popular social networks (Facebook and Twitter) opening official profiles and accounts for TV and radio channels and programmes and increasingly integrating interaction with the public into its broadcasting policies.

Audience on an average day

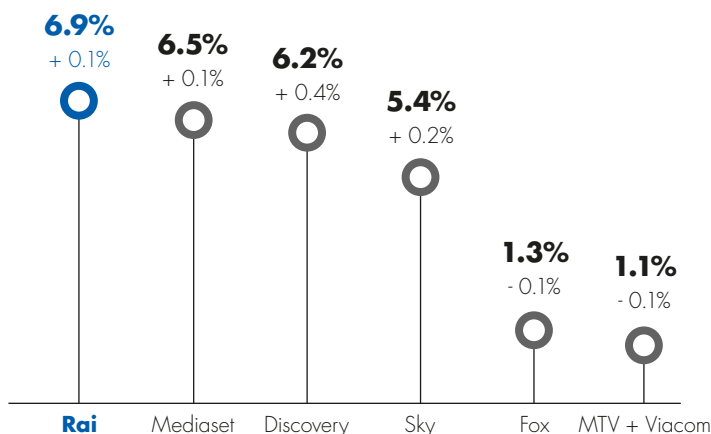
(02:00 a.m. - 02:00 a.m., Source: Auditel)

**Prime time audience**

(08.30 p.m. - 10:30 p.m., Source: Auditel)

**Comparison of specialised broadcasters**

(Whole day share: 02.00 a.m. - 02.00 a.m., Source: Auditel)

**The performance of the Rai's offer****Performance of the TV offer**

In 2015, the average number of viewers constantly remained at maximum levels: 10.4 million over the whole day (stable compared to 2014) and 25.2 million at prime time (down by 0.4 million).

The classic general interest channels (Rai 1, Rai 2, Rai 3, Canale 5, Italia 1, Rete 4 and La7) as a whole continued their negative trend, falling to a 59.0% share on a daily basis (-1.0% compared to 2014) and to 62.7% at prime time (-1.4% compared to 2014).

On the **average day** Rai was again the market leader by a long way with a 37.2% share (-0.3% compared to 2014) against 32.1% of Mediaset (-0.4% compared to 2014).

The general interest Rai channels retained their market share over the whole day above all thanks to the growth of Rai 2, while there was an overall drop of 1.4% share at prime time. Specifically, reporting the change over the previous year in brackets:

- **Rai 1**, with a 17.0% share over 24 hours (-0.3%) was again the most viewed channel in absolute terms, holding on to a fair margin over the Mediaset flagship channel (Canale 5 achieved a 15.4% share, +0.1%);
- **Rai 2**, also over 24 hours, had a 6.8% share, (+0.2%), confirming its third place after the two Rai and Mediaset flagship channels;
- **Rai 3** with a 6.6% share (-0.1%) ranked fourth.

A decisive contribution to the Rai Group's performance, however, was made by the specialist networks, which together obtained a 6.9% share over the whole day (+0.1%) mainly owing to the performances of the pre-school children's Rai YoYo Channel, as well as of Rai Movie and Rai Premium, all in the ranking of the ten most viewed specialist channels during the year, Rai YoYo being the second most viewed specialist channel during 2015.

With its completely free range of services, Rai is again the leading broadcaster of specialist channels (6.9%), ahead of Mediaset (6.5%), Discovery (6.2%), Sky (5.4%), Fox (1.3%), and all its other Italian and international competitors of the calibre of MTV-Viacom, Disney, DeAgostini and Turner.

In **Prime Time** the Rai Group remained leader with a 38.3% share (-1.0% compared to 2014) against a 33.8% share recorded by Mediaset (+0.2% compared to 2014).

As regards the individual channels, again reporting the change over the previous year in brackets:

- **Rai 1** is the most popular channel with an 18.2% share (-1.0%), ahead of Canale 5, which recorded a 15.9% share, by 2.3 percentage points;
- **Rai 2 and Rai 3** keep their places as the most viewed networks after the flagship channels, achieving a share of 7.1% (-0.2%) and 6.7% (-0.2%), respectively.

Again in Prime Time, the share of the Rai Specialist Channels increased by 6.3% (+0.3), coming after Mediaset's specialist range at 6.9% (+0.1%), a result which it achieved partly owing to its scheduling of premium football matches.

Performance of the Radio offer

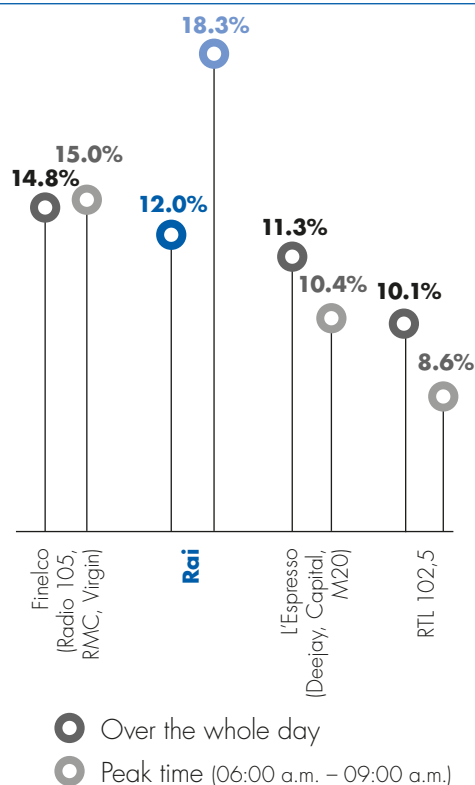
RadioRai was again the second radio group in 2015, with almost 7.3 million listeners on an average day (time band 06:00 a.m. to 06:00 a.m.). In terms of results, audience and share in an average quarter hour (reference time band: 06:00 a.m. -12:00 p.m.), RadioRai had an audience of 760,000 users, with a share of 12%. During the morning time band (prime time), from 6 a.m. to 9 a.m., with the three stations Radio 1, Radio 2 and Radio 3, it remains leader with an average audience of 1.3 million, equal to a share of 18.3% (substantially unchanged compared to the previous year, 1.3 million users and a 18.2% share). Adding Isoradio, surveyed for the first time, total listeners amounted to 1.4 million (19% share).

All Rai stations increased their audience over the whole day as a whole: the findings of the GfK Eurisko – RadioMonitor for 2015 were:

- **Radio 1** with 4.2 million listeners (+238 thousand, +6% compared to 2014) remained in 6th place in the national radio ranking;
- **Radio 2** with 3 million listeners (+196 thousand, +6.9%) was in 7th place;
- **Radio 3** with 1.4 million listeners (+91 thousand, +6.9%) remained in 14th place;
- **Isoradio** with 729,000 listeners took 16th place.

Radio audiences

(AQH, Source: Eurisko Radiomonitor)



The increase in the number of listeners over the whole day as a whole is also reflected in the size of the audience for average quarter hour for radio as a medium overall, but in a different way for the individual stations. In details:

- **Radio 1**, up with 326 thousand listeners on the average (+9 thousand, +2.8% compared to 2014), with a share of 5.2% (-0.4%);
- **Radio 2**, with 253 thousand listeners (+10 thousand, +4.1%), with a share of 4.0% (+1%);
- **Radio 3**, up with 139 thousand listeners (+10 thousand; +7.8%), with a share of 2.2% (+4.7%);
- **Isoradio**, with 40 thousand listeners and a share of 0.6%.

Among Radio Rai's competitors are:

- **RTL 102.5**, with the biggest audience with 6.8 million listeners (+1% compared to 2014);
- **RDS** stable in 2nd place with 4.7 million (+3.4%);
- **Radio DeeJay** in 3rd place with 4.6 million (+1.3%);
- **Radio Italia** in 4th place with 4.5 million;
- **Radio 105** in 5th place with 4.5 million (+2.2%).

Performance of the Web and Social offer

An average of 28.8 million users, equal to 46.6% of the population, connected to internet at least once a month in 2015, i.e. 68.3% of those who have access to the Web. 23.2 million (81%) of these saw video content. The data on the profiles of internet users on an average day show that 11.1 million men used internet (40.5% of males from the age of 2 upwards), 11 million women (39.8%) and almost two-thirds of young people between 18 and 34 years of age. A large part of the time spent online is occupied by connecting from mobile devices (smartphones and/or tablets). In fact browsing from a mobile device takes up 71% of total time online, with figures which again show young people and women's preference for these devices: 84.7% of the total time of persons from 18 to 24 years old, 78.7% for persons from 25 to 34 years old and 75.6% of women's total time.

In 2015 it was seen that Rai websites reached 18% of the Italian online population, while an analysis of browsing patterns showed that about 15% of visitors set a Rai site as their default page on first access. An average of 178.5 million Rai Group web pages were visited every month and almost 2.1 billion pages were visited during the year as a whole (+1.4% compared to 2014). According to the Audiweb survey, more than 5.6 million people as a whole visited the Rai domains on a monthly basis.

The Rai.tv multimedia portal obtained a monthly average of over 3.3 million visitors, equal to 93.3 million pages visited, for a total of about 1.1 billion a year (+22.7% compared to 2014). Over 1.3 million single users a month visited the RaiNews.it domain during 2015, thus determining a monthly average of 46.1 million pages visited, for a total of 553 million a year (+7.2% compared to 2014).

As already mentioned, Rai's presence on mobile devices, already rich and varied, further diversified in order to be available on the different operating systems. The most successful applications were Rai.tv, Radio Rai and Rai News. There have been 8 million downloads from the first application since the launching date, 1.5 million of which during 2015 alone; there have been more than 1.3 million downloads from the second application since the launching date, more than 255 thousand of which during 2015; the RaiNews app generated 750,000 downloads since the launching date (December 2013), 269,000 of which during 2015.

Again according to Audiweb, 46.3% of persons using internet from a mobile device visited a Rai website in an average month during 2015, a value increasing compared to the corresponding period in 2014, when mobile traffic had come to 45% only.

According to the current global trend, greater and greater numbers of individuals are connected by smartphones and use social networks, with a marked predilection for Facebook and WhatsApp. Rai's efforts in this field are beginning to bear fruit; this is borne out, for example, by the 34% increase in conversations or interaction on Twitter from 2014 to 2015 in connection with a basket of broadcasts which are comparable in terms of title and type (*The voice*, *Festival di Sanremo*, *Pechino express*, *Tale e quale*, *Made in sud* and *Il più grande pasticciere*).

In general terms, the fans and followers that follow the Group on Facebook and Twitter amounted to 17.4 and 6.4 million, respectively.

The Rai business

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Audience over the whole day (general interest TV channels)

Rai 1	17.0%
Rai 2	6.8%
Rai 3	6.6%

Prime time Audience (general interest TV channels)

Rai 1	18.2%
Rai 2	7.1%
Rai 3	6.7%

Television

General interest TV channels

Rai 1

Rai 1 continued to strengthen its leading position, both in terms of audience and the wealth and variety of its range and is still indisputably the channel that is most watched by Italians.

40 million contacts a week, 24.8 million viewers a day, 101 average minutes of viewing a day which generated a figure of 1.7 million average viewers with a 17% share over the 24 hours and 4.6 million viewers with a 18.2% share in Prime Time (+1.6% and +2.3%, respectively, compared to the direct competitor Canale 5). These data show the force of aggregation that Rai's flagship network has brought to bear, even in an increasingly competitive and fragmented context, in which the range of themed channels was expanded.

As well as being the most viewed Rai channel, the public's feedback on Rai 1 quality was favourable: according to a Corporate Reputation

survey conducted during the first half of 2015, Rai 1 obtained the best rating from the population of Italy (6.6 on a scale of 1 to 10) and according to the Qualitel survey conducted over the same period, Rai 1's quality rating rose from 7.3 in spring 2014 to 7.5 in 2015.

As regards its offer, Rai 1 is continuing to build on its relations with the public with popular quality programmes which range over various TV genres: big cultural events, entertainment, drama and comedy, cinema, live analysis of news, science topics and documentaries, keeping viewers company at all times of the day.

Standing out among the **great events** of the year was the 65th edition of the *Sanremo Festival*, directed and presented by Carlo Conti, which obtained an average 48.6% share during the five evenings, the highest figure of the last 10 years: the best performance (53%) was obtained with young people from 15 to 24 years old. The final evening was seen by 11.9 million average viewers, a 54.2% share, and it became the most watched programme in absolute terms of the entire 2015 TV year.

Expo 2015 the opening, the big inaugural event of Expo Milan 2015, broadcast live and with world coverage from the Piazza del Duomo in Milan, presented by Antonella Clerici and Paolo Bonolis with the special appearance of Andrea Bocelli, accompanied by the Choir and Orchestra of the Milan Teatro alla Scala Opera House, was seen by an average of 6.4 million viewers with peaks of over 9 million during the evening (an average share of 26.7%).

Viva il 25 aprile was the evening that commemorated the 70th anniversary of the Italian Liberation. A great event based on intensely significant content broadcast live with links to various locations to tell stories about the Resistance, masterfully presented by Fabio Fazio with the participation of top level guests starting from Sergio Mattarella, the President of the Republic. Also memorable was *Callas*, in which Dario Fo's genius and Paola Cortellesi's talent were the key aspects of an event which recounted, in dialogues with various different persons, the life, successes and loves of the soprano who enchanted the world with her extraordinary voice after the Second World War. This programme, which fell midway between entertainment and culture in the true spirit of this Public Service, brought over 1.8 million spectators to Rai 1.

Then there were *Andrea Bocelli - Il mio cinema*, an evening based on the most famous sound tracks in film history presented by Massimo Giletti with the Rai Symphony Orchestra and guests from Italy and other countries which was watched by over 5 million viewers, a 21.8%

share; *Panariello sotto l'albero*, two evenings of pure entertainment on which Giorgio Panariello talked about Italy ironically in a very intimate Christmas atmosphere (the average audience for the two evenings was 5.5 million, a 26.6% share).

Albano e Romina, *Capitani coraggiosi*, *Il Volo* and *Wind music awards 2015* were four concert events shown by Rai 1 during the year to average audiences of up to 5 million, a 23.3% share; these concerts entered into contact with a total of 28.8 million persons, 50% of the population of Italy.

As regards serial **entertainment** products, on one hand some completely new products were tried out in Rai 1's season – *Forte Forte Forte*, *Senza Parole*, *Gli italiani hanno sempre ragione* and *Il dono*, *Si può fare* in its second edition and, back after past successes, programmes such as *Notti sul ghiaccio* – while on the other hand formats already in Rai 1's library continued, like *Ti lascio una canzone* and *Tale e quale show*, the last-named again with the highest audience, a 23.4% share and an average of 5.1 million spectators on the 11 evenings.

The 2015 season was a particularly successful one for **TV drama and comedy**: among the many highly successful products *Un passo dal cielo 3* again stood out; the first instalment was the most watched TV drama and comedy product of the year (28.6%), *Braccialetti rossi 2*, which became a cult phenomenon among youngsters, watched by 55% of girls between 8 and 14 years old and the return of *Il giovane Montalbano*, which obtained a 22.2% average share for the six episodes, which were new releases. Critics and the public acclaimed the new medium-length and long serials, including the drama based on civil issues, *Questo è il mio paese*, and the two series *È arrivata la felicità* and *Il paradiso delle signore*, the former for its language and the second for its production model; then there were mini-series and TV film events such as *L'angelo di Sarajevo*, *Pietro Mennea - La freccia del sud*, *Sotto copertura*, *Lea* and *Limbo*.

In 2015 the **cinema** resumed a leading role in Rai 1's schedules, often being well received by the public. In addition to great international titles such as *Rush* and *The Impossible*, the Channel concentrated on Italian cinema, also in order to support the national audiovisual industry. In this sphere there were films on social themes such as *La mafia uccide solo d'estate*, the main event in Rai's programme on Legality Day and commercial themes such as *Amiche da morire* after the film by the same director, *Giorgia Farina*, *Ho ucciso Napoleone*, had been shown in cinemas by OI Distribution.

Among **acquired serials**, the second season of *Velvet* returned in the spring; this series has won the loyalty of the public during these two years in the complex context of Wednesday evening, with an average of 3.5 million viewers. Finally, Classic Disney films during the Christmas period were again offered successfully with *Peter Pan*.

Rai 1 has also always been **information**. In addition to journalist Bruno Vespa's analysis of news items, politics and manners in *Porta a Porta* in the late evening, a new programme called *Petrolio* took hold; in its 16 instalments, this programme spoke in an assertive and innovative language about the challenges that Italy must take up in order to release, exploit and get the most out of its riches. During the drama of the terrible Charlie Hebdo attacks on 7 January, the other attacks in Paris on 13 November and in Mali on 20 November, Rai 1, as in fact Rai as a whole, again showed it was very responsive and flexible with its scheduling, covering events impeccably and becoming the main source of information on the entire Italian TV scene during those days.

Cultural education remained one of the Channel's strong points in 2015, with Piero Angela's usual prime time appearances, the traditional summer *Superquark* instalments and the documentaries of *Passaggio a nord-ovest* as the mainstays of the daytime schedules. The cultural range was enriched by an extraordinary night time visit to the Turin Egyptian Museum by Alberto Angela, watched by 3.5 million viewers, equal to a 15.2% share. Travels in Italy and beyond the national borders also successfully continued, in the quests of our friends in *Easy Driver*, *Linea Blu*, *Linea Bianca*, *Linea Verde*, *Overland* and *Dreams Road* for destinations the variety of whose landscapes, cultures and tendencies astonished viewers. Finally, in the summer Mario Tozzi's *Fuori Luogo* returned for its second season, explaining how changes in the planet have also led to changes in our way of living.

As regards **sports events**, Rai 1 broadcast all the Italian National Team matches unencoded and in HD, the Italian Under 21 European Football Championships, the TIM Cup and the League Supercup with peaks of over 9 million viewers and the 2015 F1 World Championship Grand Prix races.

Rai 1's strong desire to fulfil its mission as a Public Service takes the form of broadcasting programmes which are very much appreciated by the public during the day too.

In Access Prime Time *Affari tuoi* with Flavio Insinna continues to guide the vast Rai 1 audience

towards the important prime time programmes, making a game the opportunity to talk about the wonderful mosaic composed of the Italian regions.

Online and social network areas are making strong progress: a total of 380 million pages were visited during 2015, with a monthly average of 4.8 million single users; the most popular event was the *Sanremo Festival*, which alone attracted 8.4 million visitors in all. Adding Rai 1's various official accounts together, there are now 800,000 followers on Twitter and over 4 million fans on Facebook. Again the *Sanremo Festival* proved to be the most popular social network event with a total of 2.8 million interactions on these two platforms.

As regards multi-platform developments, work intensified during 2015 on various production projects in order to tap the potential of some products which are beyond the horizons of TV programme schedules. Among newsagent shop journals and magazines, *Reazione a catena* was an outstanding success, its 29 numbers selling a total of over 1,400,000 copies.

“In a TV scenario which is in a process of transformation, Rai 1 confronts the difficult challenge of building on its reputation for trustworthiness in presenting the contemporary world while renewing content and language”.

Rai 2

Rai 2 stands for contemporary TV: culture and information, spectacle and entertainment for the best picture of the latest developments in our times.

In 2015 too, Rai 2 continued to take advantage of its aptitude for experimentation and innovation, in terms of both languages and content, gaining the third place among TV channels behind Rai 1 and Canale 5. This happened at the same time as a process of rejuvenating the offer, with programmes such as *Made in Sud* and *The Voice*, which attracted viewers with an average age of between 44 and 45, with an average share of 10.5% and 11.8%, respectively.

Remaining on the subject of prime time entertainment, in the first six months of the year Rai 2 broadcast the second season of *Boss in incognito* (with a share of 8.2%, up by 1.3% compared to the first cycle) and of *Unici*, which was enriched with additional portraits; as a result of constant revisions and a careful strategy of scheduling the programme at the same time as

events and anniversaries, *Unici* showed that it could even achieve excellent results after its first showing. Finally, note the excellent performance by the final evening of the *Eurovision Song Contest*, which at the end of May obtained a gratifying 16.2% share.

As regards the information range, established productions like *Virus* and *2Next - Economia e Futuro* characterised the schedule both in the first and in the second half-year.

In the summer Prime Time, Rai 2 pushed the innovation button experimenting with little used languages in the general interest slot, for example with factual entertainment and docu-reality programmes. The experiments were the two prime time *Detto Fatto* programmes, in which the flagship programme of the Rai 2 afternoon was presented in gala form, and *Coppie in attesa*, which presented the stories, almost in real time, of the affairs of eight Italian couples whose lives changed first with the expectation and then the birth of a child.

Voyager kept firmly to its new specialist approach, focusing on descriptions of big cities and attractive places. The first cycle was shown in the summer (Florence, Barcelona and Sardinia to mention some of the localities visited) while the second was broadcast in December, devoting one of its four instalments to Jubilee places at the same time as the launching of the Holy Year.

In the second half of the year entertainment mainly concentrated on restyling successful programmes while experimentation continued to flourish both in prime time and later in the evening, with a view to optimising resources and strengthening the Channel's brand.

Among the programmes shown in Prime Time was the fourth edition of *Pechino Express* in a much revamped version, mainly owing to a change of itinerary (Peru, Ecuador, Brazil were the countries passed through by the caravan of competitors) and a deeper involvement of the presenter, Costantino della Gherardesca. On the lines of *Pechino Express*, an experiment was made with a new all-Italian reality adventure show, *Monte Bianco*. In a spectacular, evocative scenario, four couples, each consisting of a celebrity and an expert mountain guide, tested their endurance in high adrenalin attempts to conquer the highest peak in Europe. A reality game show tried out with a modern and original language which put the Channel in a prominent position in a segment in which general interest TV channels are relatively unrepresented. This was an experience which served to understand the strong points and difficulties of this genre.

The autumn pause observed by *Made in Sud* turned into the opportunity to try out *Stasera tutto è possibile*. The success of this programme (an average of 2.3 million viewers, a 10% share with a peak of 12.5% in the sixth and last instalment) further strengthened Rai 2's ability to show successful humorous programmes, which is also one of its important characteristics

The second season of *Il più grande Pasticcere* was the opportunity to press on even more with factual and culinary talent show programmes, setting aside the traditional way of presentation and giving centre stage to the master pastry cooks. This further confirmed Rai 2's position as the general interest channel which is the leader in this genre.

In late evening schedules in 2015 there were both presentations of contemporary reality with the already mentioned *2Next – Economia e Futuro*, *Senza peccato* and the experimental *Il Verificatore*, *Evolution* and *Generazioni* and entertainment, mainly concentrating on two themes, music and humour. Examples of the first theme were *Emozioni*, *Unici* and *Party people Italia*, while among the comic and satirical experiments there were *Razzo Laser*, *Sorci Verdi* and *Fatti Unici*.

Sorci Verdi, in which J-Ax made his debut as a presenter, a versatile talent with a big following on the social networks, exploited its place after prime time to try out innovative, deconsecrating language. *Fatti Unici* introduced a new genre into the Channel, live comic sitcom which met with considerable success and opened the way to a possible upgrade to prime time.

The new scheduling structure for Access Prime Time programmes remained: short, adjustable productions aimed at starting off the Rai 2 prime time programmes at more or less the same time as the other general interest channels while keeping the level of popularity with the public high and trying out products that can also be used on other platforms. Bought-in comedy sketches such as *LoL* and *Vicini di casa* and Rai Fiction's *Zio Gianni*, for example, are original products that fall within the scope of Rai's mission to try out new languages halfway between the classic linear range and the new programming models.

In the Rai 2 Daytime schedules, afternoon audiences were built on and became younger as a result of *Detto Fatto*, a Milan production that has already been mentioned. This programme is strongly factual and is a hybrid of frontal teaching, tutorial story-telling and people show. Another innovation in the second half of the year was the introduction of a short daily edition of *Cronache Animali*, an example of this Channel's leaning to factual programmes and its interest in our four-legged friends.

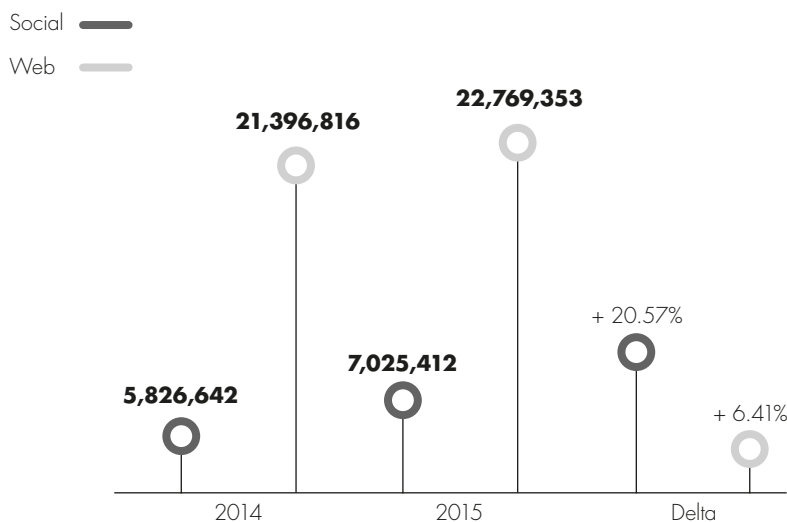
In short, experimentation was the distinctive feature of Rai 2's programmes.

11 products that were new with respect to the previous year were inserted in prime time and late evening during 2015, totalling 50 instalments. Many of these are returning in 2016, increasing the number of the Channel's titles at peak times.

There was a further expansion of the range of **cross-media activities** in 2015 and some new ideas specially conceived for the world of internet were tried out. The creation of *ad hoc* content concentrated in particular on the more successful programmes with their themes and language. The target was the younger audience, already inherently leaning towards the web; addressed at this public were web rooms (*The Voice of Italy*), exclusive backstage and clips (*Made in Sud*) and web chats (*Detto Fatto*). New graphic layouts helped to swell the Rai 2 community and produced more social engagement.

A part of the social network performance, above all in the last part of the year, was due to an experiment launched with an Italian start-up to develop a sophisticated social wall which manages social campaigns both through keywords (to reach a specific target) and through specific accounts or aimed at the wall contributors/users. In another experiment in *Virus* during 2015 the presenter used his tablet to enter the social wall live on TV, reading and displaying the comments from the public.

Single users



The trend of the data from the social media confirms the soundness of the strategies for the choice of product: social language reaches the desired target directly, with a substantial response not only in terms of numbers but also of sentiment

The decrease in the number of web pages visited (-9.23%) and the much slighter rise (2.20%) in the other internet traffic indicators, compared with the social media data, are probably due to the fact that a product with great appeal for the young target, *Made in Sud*, was not in the autumn web range, unlike 2014.

“On the Italian TV scene Rai 2 established its leading role in innovation and experimentation, attaining the objective of lowering the age of its audience using a light-hearted style and surprising the public”.

Rai 3

Rai 3 is the channel of commitment, with a very strong identity both in terms of its audience and the perception of its quality as a Public Service in the real sense of the term.

Each television year is different from the previous one in the inevitable and enthralling need to describe our times and our collective emotions in a modern manner making use of linguistic and cultural innovations. But Rai 3's year 2015 was even more important because it brought home the need to relaunch the channel in both content and form at a crucial time for general interest television owing to the fragmentation of the total audience and the variety of the offers from digital and satellite competitors.

This was made possible having its back covered by comforting data in which the minus in Prime Time was mainly caused by the fall in the audience on Tuesday evenings owing to the presence of the *Di martedì* talk show on La 7, similar to *Ballarò*, which previously sailed far ahead of the other programmes (when the wind behind political talk shows was much stronger) and was in splendid isolation in front of all other general interest programmes. Nevertheless all the channel's Daytime programmes (*Agorà*, *Mi manda Rai 3*, *Elisir*, *Pane quotidiano* and *Geo*) and some Prime Time brands (in particular *Chi l'ha visto* and *Chetempochefa*) improved their performance, also thanks to authors' capacity to innovate their programmes while preserving their continuity.

The challenge taken up, then, was to build on winning products, create new titles and

programmes to establish them in the schedule and try out new languages, keeping the helm pointing straight towards Rai's identity on the TV scene and in the expectations of the public.

Rai 3, therefore, was again the Channel which tells us about what is happening and our country with different languages, reporting events and analysing the news, presenting history and science programmes, entertaining with culture, intelligence and quality: in short, a service which corresponds to the high quality image which the last Qualitel surveys attribute to it, with substantial audiences and fully worthy of its usual position as the third most watched Italian TV channel.

Rai 3 has always talked about our country in many forms and in many ways. It is the general interest channel which has the privilege of being linked with the regional newsrooms, from which, for some years, it has been taking features about the nameless Italy made up of organisations both small and great which invest in the country's resources.

This it does starting with the morning appointment with the *Buongiorno regione* regional news programme, continuing right up to the weekend Daytime programmes, especially *Bell'Italia*, all programmes with a big following among this channel's viewers.

Among the Daytime programmes on weekdays and holidays, *Geo* talks about our country, as does *Kilimangiaro*, which creates wide spaces with the intention of telling us all about what is happening in different localities.

The primary objective in 2015 was again to lower the average age of the audience, which is now quite high on the average, even retaining high, positive target values in terms of both how the channel presents itself and the social and cultural position of its viewers. Rai 3 therefore commenced a thorough process of projecting its products on the world of internet and on the social media in particular, making more and more space for itself also with apparently ancient programmes like *Chi l'ha visto*, convinced that having a strong position on the second screen will give it the essential energy it needs for contemporary TV.

One of Rai 3's strengths are its tried and tested long-standing brands, which are much in harmony with the Channel's identity and take up a large part of its Daytime and Prime Time schedules. The strength of its historic products, which are the sturdy backbone of the channel, however, make it a more delicate task to insert new programmes and languages, which are indispensable in order to keep its offering contemporary and progressive, in the spirit of the mission of a Public Service.

Among the new experiences in 2015 was the debut of the *Non uccidere* series, taking the direction in which *Gomorra* had gone at the beginning of the year. This series marked the return of TV drama and comedy to Rai 3, a genre which had been absent from the channel for some years but which recovered young age groups which had left it.

Another prime time innovation was *L'erba dei vicini*, a new mood in which to talk about Italy and compare it with other European countries. The format of competing with other countries in a game was a pretext for providing information light-heartedly and with a careful eye to what happens abroad, a theme which is not often handled on Italian television.

An experiment with a new way of presenting scientific themes was also conducted in prime time: top-level meteorologist Luca Mercalli appeared in this valuable slot on Saturday evenings at the helm of a new format called *Scala Mercalli*, which spoke about the environment and the land with exclusive international documentaries.

Fabio Fazio's *Chefuorichetempochefa* on Saturday evening is the programme that most succeeded in restyling a format which has been on the air for a number of seasons: he brought his audience up to a very substantial level again, showing a talent for cultural expression while satisfying the demands of contemporary taste and language.

A winning feature of the 2015 schedules was also Rai 3's capacity to be with what is happening, joining in when current affairs cry out for attention and analysis. One example is enough: the first evening devoted to the election of the President of the Republic, presented by Federica Sciarelli and Corrado Augias.

Among the late evening programmes, in addition to some old friends (*Gazebo* firstly, but also *Nemico pubblico*, *Visionari* and *Stelle nere*), new products were shown such as *Io e George*, in which writer Simonetta Agnello Hornby goes with her son George on a journey from London to Sicily, the place of her family roots. This is an opportunity to see the whole of Italy and look at it through the eyes of someone who has come back to the country after a long time abroad. Then there was the return of *Il processo del lunedì*, a historic Rai 3 brand put together by this channel and Rai Sport, a version of this genre in the form of a light-hearted but knowledgeable and sometimes irreverent talk show.

The channel's prime time schedule almost always continued to find room for quality Italian and international films five days out of seven.

Another important aspect was that even if the schedule continued on its long-established basis until the first week in July to resume in the first week of September, Rai 3 has tried for some years to keep the months of July and August alive going on with *Agorà* in a summer version in the morning and *Parallelo Italia* in prime time in order not to strip the channel of information, which is always strategically important for Rai 3. The result was a summer which succeeded in keeping the schedule vivacious while experimenting with new programmes, new languages and new faces.

As regards innovation, the year was also devoted to the preparation of the triumphant return of *Rischiatutto*, one of the most loved programmes of Italian television, with the baton passing from the great Mike Bongiorno to the person he considered his ideal successor, Fabio Fazio, one of Rai 3's precious figures. This is a demanding programme constructed in house, a fascinating production challenge: the aim is to combine a quiz based on cultural knowledge and not on the speed of the multiple choice quizzes of recent years with elements of entertainment in order to make a winning blend out of the vintage flavour of this programme and the modernity which today's television demands.

The project was conceived with the idea of keeping to the Thursday evening fixture for historical reasons; Rai 3 has been seeking a new competitive brand for this evening of the week for some time. *Rischiatutto*, however, will be a Rai programme first and foremost and in fact the first instalments will be broadcast on Rai 1.

“Rai 3 remains the channel for a modern manner of giving information and intelligent entertainment, the channel for reality but also for innovation, for culture but for people at the same time; it has a general interest slant but a precise identity of its own which makes it different”.

**Audience -
specialist
channels**
(semi-general
interest and
themed channels)

Over the whole
day

6.9%

Prime time

6.3%

Semi-general interest and themed TV channels

Rai Gold

Rai 4

Rai 4 is the TV of the global imagination, Oriental action and French crime films, American fantasy and the most successful TV series by distinguished directors along the new frontiers of popular genre productions.

The main innovation in 2015 was its arrival on Channel 104 of the Sky platform on 13 September. This development put the accent on technological upgrading rather than on the opportunity of production changes, with the opening of the second audio channel for many products and with the passage to broadcasting in HD on both satellite platforms from January 2016.

With a typical following of a very young and young adult audience, with a natural inclination for the web and active on social networks, Rai 4 improved its audience figures in 2015 for the 15 to 44 year-old target both during the whole day and during Prime Time.

As in previous years, its range was focused on the cult international genres: science fiction, epics, action, crime films and thrillers in the form of serials and long films. Among the most important new releases broadcast on the channel were: *Vikings*, *Game of Thrones*, *Dominion*, *DoctorWho*, *Atlantis* and *Penny Dreadful*. The schedule also included some events which this channel's audience is especially attracted to, above all *Emmy Awards*, the American TV serial awards and the *Eurovision Song Contest*.

Peak audiences substantially higher than the Channel's objective for this particular target were obtained by action and martial arts genre productions, especially *The Quest – La prova*, by and with Jean-Claude Van Damme, with an astonishing 3.5% share, but all the action films in the *Action Heroes* cycle, featuring stars Van Damme

and Jason Statham, achieved more than satisfactory results with excellent prime time audiences.

The fantasy macro-genre included films which had already been shown on general interest channels such as the classic *Viaggio al centro della terra* and the science fiction and apocalyptic *Armageddon*, but also a hitherto unshown series, *Dominion*, an exquisitely postmodern blend of various classic sub-genres like space opera, family saga and supernatural horror.

The most striking results, however, came from the contemporary epic category, as a reward for the watchful scouting work that the channel did to find original products. A symbolic, trail blazing series, *Game of Thrones's* best audience was nearly caught up with by the hitherto unshown series with a historical background *Vikings*. An excellent performance was also recorded by the films, not only with Hollywood productions, *The Eagle* and *Conan the Barbarian*, but also with independent productions, one Norwegian and the other New Zealander: *Escape* and *The Dead Lands*.

“Rai 4's objective is to find a new type of audience, which plays a leading part in the great present cultural transition towards postmodern imagination, driven by the boom of urban fantasy and young adult literature, film sagas and its super heroes and TV epic serials”.

Rai Premium

Rai Premium is the semi-general interest channel for people who want to live an experience and see a programme again, which enthusiastically pursues its business vision with targeted initiatives and a schedule catering for traditional and cultural values and the collective Italian imagination.

The heir of a TV drama and comedy only channel for real fans of this genre until 2012, it has undergone a gradual metamorphosis which recently ended by leading to a different production style. Its present offering alternates its original nucleus, which concentrates on TV drama and comedy, with new genres that have now become irreplaceable pillars of its schedules: soap operas, re-runs of general interest channel entertainment programmes and bought-in TV movie collections.

In spite of this considerable diversification of its range, in 2015 the Channel kept its position in the female 25 to 54 years of age target over the whole day, with a marked increase in prime time with a +15% share.

As regards social affairs, in 2015 Rai Premium produced programmes for a number of special days and anniversaries: International Women's Day, the fortieth anniversary of the death of Pier Paolo Pasolini, the thirty-fifth anniversary of the Bologna terrorist bomb massacre, the Memorial Day for the victims of the *foibe* massacres, disability initiatives, the fight against organised crime and the recent Holocaust Memorial Day.

The Channel also broadcast many successful programmes such as *Memory*, with Maurizio Costanzo, who received a number of much loved personalities for six weeks to tell anecdotes and remember the feelings and sensations which accompanied the making of screen plays and TV drama and comedy with the help of images from the Rai Teche Archives; *Mr Premium*, a weekly programme which talked about the show business world with curiosities and behind the scene insights presented by Max Tortora; *Speciali Premium*, six monthly instalments talking about the great artistic talents of leading figures in Italian show business from the 1950s to our own times, such as Zeffirelli, Avati, Manfredi, Nanni Loy, Arbore, Tognazzi; and *Autoritratti*, a venture into philology enriched by film sequences and archive material in which the most popular actors and directors spoke about their lives and their careers.

“Rai Premium is the narrative channel which looks to the past but at the same time works in new genres to make its public think, laugh and feel”.

Rai Movie

Rai Movie is the channel for all genres: comedies, thrillers, action, romantic, horror. A channel in which viewers' favourite genre plays the leading role.

In 2015 Rai Movie continued to pursue its policy as a film channel in which, as a Public Service, it combined quality and performance. The Channel's result in prime time was gratifying with films such as *Sulle tracce dell'Assassino* (3.2% share), *Impiccato più in alto* (2.8%) and *Quattro matrimoni e un funerale* (2.8%), obtaining audiences of over 600,000 viewers.

In 2015 many projects were continued and there were also some innovations.

Among the events which are the Channel's regular fixtures is Memorial Day, marked with a film related to the Holocaust – *Good – L'indifferenza del bene* by Vicente Amorim, a clinical view of the occult persuasion techniques adopted by Nazism to penetrate the German

social fabric and a different vision of the war and euthanasia. Rai Movie devoted a film a day for an entire week to the 70th anniversary of the Italian Liberation, with the addition of a series of other films which went back over, studied and commemorated the events of 70 years ago.

A film on a connected theme, *I Cento Passi* by Marco Tullio Giordana, was shown on Legality Day. Late on Friday evening the cycle *Articolo 3 – Il cinema civile* continued with a film every week on human rights, equality and social commitment.

In 2015 Rai Movie also continued to cultivate its close relationship with the main Italian film festivals, covering the Venice, Rome and Turin events on the spot with its now usual daily specials, boosted by the production of content exclusively directed at the web, such as interviews, press conferences, live broadcasts and red carpets. The Taormina Film Festival entered the schedule for the first time: in the late evening every day from 15 to 21 June there was a space for Livio Beshir to comment on the festival with analyses and interviews.

Also as regards festivals, Rai Movie simultaneously produced a daily feature on the films shown in the Rendez-vous, New French Cinema and Spanish Film Festivals in Italy and two special editions of *Movie Mag*, a cinema magazine, with analyses and interviews.

There is also the weekly *Movixtra*, an anthology, with comments, of precious cinematographic information produced by Rai over more than 60 years, also available on line.

Particular attention was paid to monographic cycles. Throughout August 2015 a cycle of films was shown in the mornings which went back over the careers of Mario Soldati and Alberto Lattuada, the intention being to rediscover forgotten Italian film classics. Furthermore, always taking care to pay homage to personalities who have just passed away or to commemorate an important anniversary, Rai Movie devoted a special series of programmes to Pier Paolo Pasolini forty years after his death.

Many foreign films were broadcast in two languages, with the original soundtrack sent out on the second digital terrestrial audio channel; Rai Movie also undertook to comply with its instructions to devote not less than 1% of its schedule to recent Italian films (made from 2009 onwards).

Apart from its TV schedules, Rai Movie has been operating on the web for some time, aiming to integrate its traditional TV programmes with the

portal and the two main social networks. Rai Movie's official page, which the public uses as a guide to programmes and which is the centre of distribution for streamed and on-demand content, has been linked to Facebook and Twitter pages for some time with the purpose of expanding its content, its narratives and its operational horizon, becoming interactive and cross-medial, as a contribution to the establishing its own identity and setting itself up as an important, reliable source of information for film lovers.

“Rai Movie is the channel of every movie genre, devoted both to TV programming and the new opportunities offered by the internet and social networks”.

Rai Cultura

Rai Cultura produces, distributes and fosters the circulation and multi-platform reuse of cultural content and quality formats. A schedule which combines narrative force and rigorous scientific verification and speaks the language of today, with the capacity to override outdated scheduling concepts and which also travels through networks and social media on mobile devices and in on-demand mode.

Rai 5

This is the cultural entertainment channel devoted to music, art, literature and theatre with a special focus on large-scale productions, innovation and experimentation in the fields of music, art and theatre.

Rai 5, which was conceived as a cultural entertainment channel, is to place the performing arts as the essential nucleus of its schedules. It offers unique and easily identifiable schedules ranging over theatre, opera, classical music, ballet, art, literature, creative cinema and documentaries.

The programmes include regular live coverage of great events and precious items from the Rai archive and high-profile Italian and foreign productions, films and documentaries. Prime times every day in 2015 were devoted to a different genre of excellence: documentaries, works of literature adapted for the screen, classic plays, films by great directors, figurative arts, opera, concerts, ballet, docufilms and contemporary theatre.

Prestigious live cultural and artistic events on this channel included *Tutto ciò che mi resta* for the Memorial Day and Giacomo Puccini's *Turandot* conducted by Riccardo Chailly at the La Scala Opera House in Milan on 1 May for the inauguration of Expo and *Gala des étoiles* with Roberto Bolle on closing day in addition to the traditional slot on 7 December for the live inauguration of the Teatro alla Scala opera season. In 2015 *Giovanna d'Arco* from Giuseppe Verdi, conducted by Riccardo Chailly, was proposed to the opera-loving public.

In 2015 Rai 5 also broadcast about 1,270 hours of serious music performances giving ample room to operas (about 230 hours), many of which original works, and 600 hours of theatre.

The channel gave much importance to the production of documentaries inspired by cultural festivals and anniversaries of theatrical and musical works and of cultural events in general. Productions in the theatrical season generally followed the same lines as in the past, alternating large-scale performances by municipal theatre companies with works by independent companies. The heart of the serious music programmes were the 12 concerts in the Rai National Symphony Orchestra season (the Orchestra became a part of the Rai Cultura Department on 31 March 2015), many of which were broadcast live, the 8 concerts in the Academy of Santa Cecilia season and the two Expo-related events previously mentioned, produced by agreement with the Teatro alla Scala Opera House.

Finally, in 2015 Rai 5 broadcast the last two stages of *Viaggio in Italia* with the famous and very popular pianist, Lang Lang, live from the Florence Opera House and the Arcimboldi Theatre in Milan.

“Rai 5's productions cover all genres of performing arts from music to theatre and from ballet to opera and focus particularly on broadcasting events live at the same time providing cultural entertainment in an up-to-date and contemporary language”.

Rai Storia

This is the quality channel which presents history, shows great documentaries, talks about Italy and reflects on our past, present and future.

In 2015, apart from the regular daily programmes – *Il giorno e la storia*, *Mille papaveri rossi* and *Il tempo e la storia*, the channel added new productions to its schedule which defined the themes handled in the evening more sharply in order to give them greater continuity and identity.

Monday was devoted to culture, a journey along the peninsula both in time and space, to make known historical places and eras. On Tuesday there were analyses of the great personages of the 20th century and other periods. On Wednesday documentaries and other programmes told the story of Italian identity and society while on Thursday attention moved to the history of distant civilisations, places, peoples and religions which have marked stages in the evolution of the human race. Fridays were dedicated to the history of great war catastrophes, revolutions and the fight against crime and terrorism.

The week ended on Saturday with programmes devoted to the television and to the most popular shows and personalities that have struck the collective Italian imagination in *Tv Talk*, the cult programme of the season. Sundays were devoted to the interplay of past and present with the now well-established *Eco della storia*, great films and programmes on the history of Italian and world documentaries.

There were many Public Service projects in 2015 for the creation of content, action and services for the encouragement of the country's cultural and civil development. Among the subjects handled in such programmes were the teaching of history on TV, the 70th anniversary of the end of World War II and the Italian Liberation, Expo, Jubilee Year, the hundredth anniversary of Italy's entry into World War I, the defence and exploitation of Cultural Assets, women, episodes of violence and legality.

“Great institutional activities, the most important anniversaries, events in the past that are to be remembered, all become televised and cross-media events in Rai Storia which are vital elements in the narration of our country's culture”.

Rai Scuola

This is the channel devoted to instruction, education and information and scientific and technological literacy: culture and learning at the centre of the television's function as a Public Service.

Rai Scuola is devoted to teaching the young generations and to relations among school, family and students, using the most dynamic and innovative didactic tools in the field of multimedia.

In 2015, the programmes in this channel went on with their work of presenting information and educating its public, putting together attractive educational formats in order to be increasingly effective in addressing a young audience strongly attached to web languages and cultures.

As well as the by now established programmes devoted to the teaching of English and to information, important innovations in 2015 that are worthy of mention were the attention paid to science with the programme *Memex – La Scienza raccontata dai protagonisti* and *Zettel – il Caffè filosofico*, on the history of philosophy with the leading Italian philosophers talking about the development of Western thought on great themes and the great thinkers who played their parts in this process.

“Rai Scuola broadens its horizons even further, offering tools and content online and for the world of mobile devices, creating operational links with schools, universities, the leading cultural institutions and the most active persons and entities in the sphere of scientific and technological research”.

Rai Ragazzi

Rai YoYo

Rai YoYo is the television for pre-school age children and their families, a channel conceived and created to amuse and instruct at the same time.

Its objective is to help children to discover themselves and the world around them on a daily basis, with content based on a solid and accurate narrative foundation, produced to a high standard and with an elevated educational input. Offering entertaining programmes whose intention is to guide childhood growth, a distinctive element in Rai's mission as a Public Service, is one of the priorities of Rai YoYo, which has always directed its efforts to promoting the strongly educational nature of its studio productions and its bought-in and co-produced cartoon series.

In 2015 Rai YoYo strengthened its leading position among offerings for children in a highly competitive scenario.

Among the strong points of Rai YoYo, which contributed to the results achieved, are both the concentration of editorial work on the most important and successful programmes and constant investments in programmes for studio productions which significantly boost the reputation and appeal of its schedule.

All its studio productions became regular slots for the public, marking the main moments in the children's day: *Buonanotte con le favole di YoYo*, *Buongiorno con YoYo*, *Le Storie di Gipo*, *La Posta di YoYo*.

In 2015 games and recreational products were also offered on the www.raiyoyo.rai.it portal with new mini-sites for the most-loved programmes and the publication of drawings sent to *La Posta di YoYo*; relations with parents were enhanced by means of blogs and dedicated social network pages.

“From the point of view of productions Rai YoYo is an excellence at national and international level which has succeeded rapidly in establishing itself as the favourite and most watched Channel for Italian children and their families”.

Rai Gulp

Rai Gulp is the place where the TV becomes “child's play”: teen comedies, teen soaps, films, games and cartoons to give young people more fun every day.

Rai Gulp is the channel for school age children from 8 years old to other early teenagers. The aim of Rai Gulp's range is involve and acquire the loyalty of a young public who play an increasingly central role in multimediality, make their own selective choice of what they want to see on TV and tend to focus their interests and aspirations on very specific domains such as music, performances, action, video games, sports, interactive events and live participation.

The schedule abounds in cartoons, TV films for young people and studio productions selected to be appreciated by different age bracket targets.

Rai Gulp has also built up a competitive cross-media range, creating an online community of its own with projects which strengthen the bond between Rai and young people. This is the scenario in which, as regards social media, the channel set up a record with more than 300,000 “likes” on its Facebook page, which is increasingly a place where comments are exchanged on the channel's programmes and where followers ask for new episodes or insights into their favourite personalities.

Many native web products have also been tried out, such as the *Next tv* magazine (the winner of the Conchiglia d'Oro Moige 2014 award) or *Cose dell'altro mondo*, with Luca Parmitano, which were additions to Rai Gulp's range together with a new format, *Versus – Generazione di campioni*, a sports programme.

“Rai Gulp's characteristic is that it is a smart, educational entertainment offering which uses themes and trends which are particularly dear to the target audience in order to convey positive values and elements in an entertaining and light-hearted vein which is a valuable aid in young people's formative process, making them aware of the issues they meet in their everyday lives and of the complexity of their times”.

Rai News 24

Keeping up with viewers' times: Rai News 24 is the all-news channel most watched by Italians who want immediate information at any time all round the clock.

During 2015 the process continued for integrating the three cores which make up Rai's all round the clock information service Rai News 24 multi-platform. Only one editorial office, suitably organised and transversally, provides content for Rai News 24 (the all-news TV channel), Rainews.it (the Rai information portal) and Teletext (the teletext platform which has over 16,000 pages of news and services on air for visually and hearing impaired persons every day).

In recent months Rai News 24 further enhanced its specialisation in the delivery of information, reporting news more promptly and covering an ever increasing number of domestic and world events with long live broadcasts, features, analyses by guests and experts and correspondents' reports. Rai News 24 managed to produce more original content, also supplemented by brief, flexible and accurate analyses, also because it worked extremely closely with other Rai news offices (especially with the regional newsrooms) and increasingly expanded its use of the global network of Rai correspondents.

In 2015 Rai News 24 carried out its function as a service even more intensively: its reporters were often on air for other channels and for the other leading Rai news programmes. Rai and its resources in different parts of the country are common ground for all those working in the company. Rai News is the heart of this synergy, which delivers substantial savings in costs and human resources.

The Rainews.it portal, created fully integrated into and coordinated with the TV channel, went on with its growth.

The public, especially when there are important events, is turning to the pages of Rai's news site with ever-increasing conviction.

Rainews.it displays the best information produced by the Company as a whole and accompanies each news item with text, photos, videos, webdocs and latest generation multimedia products to provide free, impartial and detailed information always available in the round.

Teletext, for its part, continues to be a prompt and simple information tool at the centre of the media diet of the Italian people, which considers this channel authoritative, swift and reliable.

But simplicity is not achieved to the detriment of the quality of the information or of technological progress; apps with Teletext content are among the most downloaded and appreciated in the Italian news scenario.

“Substantial investments in infrastructures and production systems are bringing Rai News 24 into line with the most modern Italian and international competitors in the all-news information sector”.

Rai World

Rai World operates on the international TV market through the **Rai Italia** channel, offering a range that complies with the arrangements made in the Agreement between the Italian Prime Minister's office and the Company regarding Rai programmes for Italians abroad (especially in continents outside Europe).

In 2015 work therefore concentrated exclusively on the international TV offering, unlike the previous period, in which some operations also involved commercial and distribution activities, which were afterwards transferred to associate company Rai Com.

Rai Italia is a general interest channel, based on flow programming and containing all TV genres (news, analysis, cultural and religious features, entertainment, drama and comedy, films, children's programmes, sport, etc.), taken from the Rai channels, specifically Rai 1, Rai 2, Rai 3, Rai Storia and Rai 5, thus constituting a best of Rai which is also directed at fellow-Italians abroad.

Furthermore, original programmes have also been included for years, specifically planned and produced to satisfy the requirements of Italian communities all over the world.

The channel is broadcast in three editions (one for the American continent, one for sub-Saharan Africa and one for Asia and Oceania) which take the various time zones into account in the programming schedule.

The 2015 schedule included:

- *Community – L'altra Italia*, devoted to the life, events, personages and stories in Italian communities abroad presented in services filmed and with studio guests, followed by the daily *InfoCommunity* features in which experts reply to viewers' emails regarding taxation, pensions, consular services, etc., and *La lingua di Community* with Dante Alighieri Society linguists searching out proverbs, neologisms,

outdated words and all the other wonders of the Italian language.

- *Camera con vista*, devoted to descriptions of Italian excellences in art, landscape, tourism, literature, spectacles and sport: a journey, therefore, through the most important shows and fairs and the most out-of-the way towns and villages and through the most important exhibitions; presentations of industries and crafts which make Italy famous all over the world and of lesser known itineraries which reserve even greater surprises.
- *Un giorno nella Storia*, devoted to an anniversary or celebration of an event in the history of Italy: a piece from the memory album in the wonderful heritage of the Rai Archives.
- *Doc! Doc!*, offering the best documentaries by Italian authors for another view of today's Italy.

New productions were also brought into the autumn 2015 season, including *Speciali Community – Le storie*, with the best stories from the Italian communities over the world – a programme conceived to be shown also on other Rai channels – and *Camera con vista – Speciali*, a weekly programme for the analysis of questions which aroused particular interest in the main schedules, presenting fascinating documentaries on Italian excellences and the Italian industrial and economic system.

An important aspect is that it was thanks to synergy with Rai 3 and Rai Storia that Rai Italia was able to tell the stories of our compatriots abroad and describe the other Italy that lives far from our borders, thus providing the feedback that our communities in other countries have been demanding for such a long time and that is also desired by the Agreement with the Prime Minister's Office.

This was one of the biggest achievements of Rai Italia during 2015, which, moreover, as shown by the usual world survey conducted by the Italian Ministry of Foreign Affairs, with the cooperation of embassies, consulates and the representatives of the communities of Italians, was seen and appreciated by a greater number of our compatriots abroad, a result in fact which is probably due to the new original productions in Rai Italia's schedules.

Apart from these new products there were regular programmes like *Cristianità* with the Pope's Mass and *Angelus* and *La giostra dei gol* with its live Series A top division football championship matches.

With a new identity, specifically personalised for the Italian public abroad, Rai Italia also showed prime time theatrical works and opera from Rai

5's productions and Rai Com's "Tavolo della Musica".

In this too, as in the composition of its programmes, Rai Italia is one of the elements which are most consistent with the mission as a Public Service with which Rai has been entrusted.

Rai Sport

Minute by minute coverage of all types of sport: sports events live, sports news and international competitions so that the public need never miss their appointment with their favourite events. But also historic challenges and enterprises which have made sport something more than a sport.

The activity of Rai Sport continued intensively in spite of the absence of the great sporting events which are typical of even years: in 2015 the high definition Rai Sport 1 HD came into being: an important development which gave this Channel the chance to improve and gain ground on its main competitors at technological level too.

Other important innovations were the creation of a flexible schedule ready to be put into motion with studios and teams of technicians operational from 07:30 a.m. to 12.40 p.m., another rebranding of the Channel, a new SR8 studio in HD and the transfer of the broadcasting of Rai Sport 2 from Rome to Turin.

Returning to products, the schedules were as rich as the planning and production of the events merited.

Rai Sport produced and edited all the National Team matches, both qualifiers and friendlies, which obtained high audience figures.

There was an important innovation among football championship features, the merger of *90° minuto* with *Stadio Sprint*. The new programme on Rai 2 lasts two hours and thirty minutes and is divided into three parts: *Anteprima 90°*, *90° minuto* and *Tempi Supplementari*. There are two presenters and opinion-leaders of international repute in the studio.

Domenica Sportiva was absolutely revolutionised with a completely refurbished studio, the return of the public, many prestigious regular guests and leading reporters alternating every week, once again repeating the successes of this historic Rai programme during 2015.

Sabato Sprint, *Dribbling* and *90° minuto di B*, all on Rai 2, remained unaltered while the historic *Processo del Lunedì* returned to Rai 3's schedule after many years.

But Rai Sport is not only football. F1 was also very successful with Grand Prix both live and downloaded and the traditional dedicated features: *Pole Position*, *Pit Lane* and *Numero Uno*.

Big cycling events were again broadcast: the *Giro d'Italia* and the *Tour de France*, the latter personalised by Rai Sport after many years. Both these events were seen by big audiences as also the Milan to Sanremo race, the Tour of Lombardy, the great Northern Italian classic races, the World Cycling Championships and the Tyrrhenian to the Adriatic race.

There were also big audiences for winter sports, especially the World Alpine Skiing Championships, but also for cross-country skiing and all other sports disciplines.

The World Swimming Championships at Kazan and the World Athletic Championships at Beijing were also important TV events.

Among the novelties in theme-based Rai Sport 1 HD were the first appearances of features like *Portami con te* on social issues, *Ludus* on the forthcoming Rio Olympics, *Tutti i colori del bianco* on winter sports, *Quelle che il calcio* on women's football, *Dai e vai* on basketball and the confirmed feature of Lega Pro.

“Rai Sport’s objectives are to offer a schedule which gives viewers the certainty that they will find the programme they are looking for, reassures the public that they are always there when a sport event is taking place and broadcasts analysis and discussion”.

**Afternoon
audiences**

TG1	22.8%
TG2	16.7%
TG3	10.7%
TG4	15.7%

Information**TG1**

For over sixty years, TG1, the Rai 1 news programme, has been the product on which the entire Rai information system rests, the moment at which the citizen/viewer and the world of the institutions, politics, society, religion, economy and culture meet. In two words, a Public Service.

Indisputably the leading Italian news provider in terms of audience and image, TG1 was again the most watched Italian news programme during 2015, with a further rise in its audience and well ahead of its competitors.

The evening edition gained more than 1% compared with 2014.

These successful results were due to the correct presentation of a multiplicity of different news items, the capacity to select them appropriately, care in the transmission of images and credibility and rigour in verifying content and preparing reports. All these factors make TG1 a reliable news programme for the entire population of Italy, a mixture of tradition and innovation in using current language and presenting contemporary issues.

The basic reasons for TG1's success are a broad-based schedule of 12 editions a day (from 6.30 a.m. to 01.30 a.m.), a total of 175 minutes of broadcasting a day, analysis in *Tv7* and *Speciale TG1* and nine other special features; its participation in the three-hour Rai 1 *Uno mattina* programme; more than forty live broadcasts of important events and various extraordinary editions; and the synergy with *Porta a Porta* in preparing its prime time editions

“TG1 could well adopt for itself the summary of the mission assigned to the BBC by its legendary founder, Lord Reith: ‘educate, inform, entertain.’ Inform by reporting the most important news of the day, educate with reports on fundamental issues in people’s lives, entertain with personalities and culture through music, cinema and theatre.”

**Evening
audiences**

TG1	24.7%
TG2	8.1%
TG3	10.4%
TG4	12.3%

TG2

Distinctive marks of TG2 are innovation and analysis as elements that confirm its role as a Public Service.

In 2015 this news programme again had good audiences in its two main editions at 01.00 p.m. with a share of about 17% and 08.30 p.m., with a share of about 8.2%.

With over 4,400 events handled counting ordinary and special news editions, analyses and live broadcasts, about 2,000 broadcasting hours and 25,000 features, TG2 is now watched by almost 8 million people every day. The evening edition at 8.30 p.m., especially the second part named *Dentro la Notizia*, alone produced about 1,100 extra features, having original things to say about subjects which often cannot be considered in depth within the traditionally brief space of a news programme. Its competitors at this hour are prime time features such as *Affari tuoi* and *Striscia la notizia*, which alone draw almost half of the total audience.

If it is considered that the general interest channels lost about a million viewers in a year, TG2 is the most watched Rai 2 programme on the basis of average audience figures for this channel.

TG2 is the only general interest TV news programme which has identifiable feature programmes, the most important of which is *Tg2 Dossier*, a weekly special focus which has always been in this channel. *Tg2 Dossier* in fact celebrates its 40th birthday in 2016, and is still very much appreciated for its high level of quality.

In addition to *Tg2 Dossier*, features which continued to be successful were *Storie*, *Mizar*, *Tg2 Punto di Vista*, *Tg2 Costume e Società*, *Medicina 33*, *Tg2 Motori*, *Si Viaggiare*, *Eat Parade*, *Cinemattineé*, *Achab libri*, the last four re-run in 2015 inside the 6:20 p.m. news from Monday to Thursday in order to reach a wider public, obtaining good results.

In 2015 too, a thirteenth feature made its appearance, *Tutto il bello che c'è*, which tells positive stories of voluntary work and solidarity for which there is seldom space in TV news programmes.

“TG2’s objective for 2016 is another challenge which this programme wishes to meet: to enrich the second part of the 8:30 p.m. news edition with a restyled studio and a two-page spread of information in order to talk about the Italy which is changing by handling everyday problems.”

TG3

TG3 is the news programme for citizens and society in which everyday problems are tackled clearly and in which politics is explained balancing the different viewpoints. Always with an eye to social developments, TG3 handles the issues which determine the quality of day-to-day life with sensitivity.

With more than 550 hours of news a year, many hours of features and 33 hours special live broadcasts on big present-day global issues, TG3’s strong point is the use of a direct style in describing what is happening, in choosing the subjects to handle, in its aptitude for giving a voice to the weak and excluded and in giving room to politics but not to political power centres.

TG3 was again among the most watched news programmes in 2015 with an average share of 10.4% for its 07:00 p.m. edition and the same number of viewers as in the previous year: 1,741,000. The 12 noon edition, the only Rai news programme broadcast from Milan, was watched by 1,268,000 people in 2015 with a 22.7% share, up compared to the previous year. Excellent audience figures, therefore, and a highly loyal public with a medium to high level of education who appreciate live information, many interviews with personalities, features, special editions, correspondents’ reports and guests either in the studio or linked up.

But TG3 is not only news.

Plenty of room was again made in 2015 for features like *Linea Notte* with its end-of-day analyses, *Fuori Linea* with its reports from an art or historical venue and *Fuori TG*, with its live link-ups. Then there were also *Agenda dal Mondo*, with reports on foreign politics made in the form of the stories and daily lives of the persons themselves; *Chièdiscena* about live dance and theatre performances; *Pixel*, a technology and innovation feature which presents the latest internet innovations and technologies related to new sources of energy and the environment; *Persone*, which presents life stories told in the first person whose interest lies in their originality and singularity.

A particularly important audience is that of LIS, the TG3 in sign language for viewers with impaired hearing.

TG3 has a massive presence on internet, with thousands of pages and the possibility of watching again online all the news editions and features and videos sent in by users. A characteristic of the TG3 website is a satirical cartoon and features produced for websites such as *TG3Tech*, *TG3Books*, *TG3Comics* and *TG3Kids*, respectively devoted to technology, books, comics and young people. Video chats

and live interviews with guests strengthen the bond between TG3 and the web public.

TG3 was the first programme to try out the virtual world of the social networks and now has over 140,000 friends on Facebook and over 145,000 followers on Twitter; the number of contacts is rising steadily.

“The strong points of TG3 are the direct language with which it describes events and considerable use of live broadcasts to move viewers to where the events are taking place”.

TGR

The TGR, the Regional News Programme, is the multimedia programme based on direct contact with the regions which makes content for the television, the radio and internet, supporting the Company's other channels.

The TGR is a real source of wealth for Rai owing to the locations of its regional offices all over the country and about 700 reporters. The TGR is always present in the regions, and is useful not only for presenting the regional news but also because through these outlying offices Rai is always promptly on the spot when the most important events in the life of the country occur. In past years, when major Italian incidents took place, such as the earthquakes which ravaged L'Aquila and Emilia, the Costa Concordia shipwreck, the Lampedusa tragedy and the Genoa flood, it was thanks to its regional newsrooms that Rai was able to fulfil its mission as a Public Service.

The TGR broadcast over 14,000 hours of TV information and radio content in 2015, some for linguistic minorities, and transmitted about 30,000 news contributions to the national channels: a massive task which is, to an extent greater than it has ever been, a distinctive mark of the Public radio and television Service.

2015 was also a turning point year for content and image. Particular attention was devoted to social issues, with a large number of awareness campaigns and frequent in-depth consideration of the most important questions for the local areas concerned. A process of renewal of the TGR's identity was also accomplished through restyling, with new studios and new graphics, trying out new forms of language and endeavouring to combine all these factors in a multimedia offer that is already widely appreciated.

Even in a new corporate organisation structure, the TGR must cover its local areas more and more thoroughly and provide a conscious and deliberate flow of communication both in order to interact with

other channels, particularly with Rai News, and to respond to precise segmented requirements related to specific public objectives, closely bound up with a renewal of its mission as a Public Service.

“In 2015 the TGR went on with the implementation of its digitisation plan, increasing the number of refurbished regional offices to 16 with a substantial increase in speed of production and greater involvement of reporters in preparing broadcasts, thus delivering obvious benefits in terms of quality”.

Rai Parlamento

Rai Parlamento is the news programme which informs TV users of the doings of the Italian and European Parliaments, in close connection with political developments.

Three daily editions of *Tg Parlamento* were devoted to the proceedings of the Italian Parliament during 2015, in addition to 22 editions of *Speciale Parlamento*, broadcast live from the Chamber of Deputies and the Senate, and 45 live broadcasts of *Question Time*, in which Deputies ask questions and receive immediate answers.

38 instalments of the weekly *Settegiorni* were also devoted to current Parliamentary activities and there were 40 broadcasts of the weekly *Punto Europa*, which reports European Parliament proceedings.

Rai Parlamento also produced 77 instalments of *Spaziolibero* on the world of associations and non-profit organisations.

Rai Cinema

Rai Cinema's activity consists in buying films and TV dramas and comedies to meet the requirements of Rai's general interest and specialist channels, producing films and distributing them in cinemas and home videos.

Acquisition

Rai Cinema buys television rights under long-term agreements with strategic partners of high standing – CBS and Disney as regards the US majors, ZDF and Beta Film from among European suppliers – and acquires targeted products with a view to the procurement of a variegated range of products to satisfy all the Rai Channels' scheduling needs.

In 2015, in addition to carrying on with the agreements in being in previous years, Rai Cinema bought a package of first-run and library films from Eagle Pictures, a vast range of prime time products for all Rai Channels and some titles soon to be shown in cinemas from Good Film.

Among the films bought under international agreements, the first-run series of sequels from CBS – *NCIS*, *NCIS Los Angeles*, *Good wife*, *Extant*, *Under the Dome* – in addition to the new series *Zoo* and *CSI Cyber*.

Other serials were the new *Senza Traccia* series from Warner and the tenth season of *Supernatural* and the last season of *Two and a half man*.

The new edition of the *La Bibbia* cycle was bought from Lux Vide: these are 14 restored episodes digitised in 2K and 4K with new sound effects and scenes omitted from the previous episodes.

Rai Cinema kept a constant watch over world film trends and belongs to the major international markets so that in 2015 it strengthened its relations with all the leading operators in the sector and added to its stock of films from all over the world. The line-up for 2016-2017, therefore, has a wealth of prestigious titles to which Rai has all the rights in the distribution chain.

Among the main foreign films bought in 2015 were *The Free State of Jones*, a great American production directed by Oscar winner Gary Ross and starring Oscar winning actor Matthew McConaughey; Quentin Tarantino's *The Hateful Eight*; *A Hologram for the King* starring Tom Hanks after his worldwide success in *Bridge of Spies*; two very important French films of different genres, Luc Besson's *Valerian*, returning to fantasy with a big budget after the global success of

Lucy, and *Dalida*, with a crowd-pulling Italian and French cast; and *El Clan*, the Argentine film which won the Silver Lion at the Venice Film Festival, a high quality product which bears out the importance of Rai Cinema's participating in international film festivals.

Movie production

2015 was a fruitful year for productions, with no fewer than 55 titles which will make up a product portfolio varied enough for all types of audience.

Among the films made and shown in cinemas were Stefano Sollima's *Suburra*, a popular genre film providing an insight into present-day corruption; *Gli ultimi saranno gli ultimi* by Massimiliano Bruno on the economic crisis; *Il Professor Cenerentolo*, a new comedy by Leonardo Pieraccioni, which came out at Christmas; and in the cinemas in early 2016 Giuseppe Tornatore's new film, *La corrispondenza*, with Jeremy Irons and Olga Kurylenko.

Among the works by established authors which gave the public much food for thought were *Le confessioni* by Roberto Andò, who resumed working with Toni Servillo, a film set in the heart of Europe which tells a story of a monk invited to a G8 summit; *Fai bei sogni*, by Marco Bellocchio, taken from the book by Massimo Gramellini featuring Valerio Mastandrea; and *La verità sta in cielo* by Roberto Faenza, with Riccardo Scamarcio and Valentina Lodovini, on the disappearance of Emanuela Orlandi.

Among first and second works were a new film by Pif, *In guerra per amore*, set in Sicily towards the end of World War II, in which the hero joins the army to ask for his beloved's hand; Marco Danieli's first work, *La ragazza del mondo*, an unusual point of view of a girl who is a Jehovah's Witness; Claudio Giovannesi's second work, *Fiore*, with Valerio Mastandrea, the story of a girl in prison; *Il padre di Italia*, the second work by Fabio Mollo, with Isabella Ragonese and Luca Marinelli; and *The whale*, the second work by Andrea Pallaoro with Charlotte Rampling playing the part of a woman tormented by doubts of her husband's innocence.

Among the works that appeal to a wider public in that they use the light-hearted tones of comedy were *Smetto quando voglio 2* and *3*, the sequels of the successful comedy by Sydney Sibilia; the new Vanzina brothers' comedy, *Miami Beach*; the fresh, tender comedy *Troppo Napoletano* by Gianluca Ansanella; and *La pazza gioia*

by Paolo Virzi with Valeria Bruni Tedeschi and Micaela Ramazzotti, an on-the-road film about the flight of two women.

Documentary production

As regards reality films, during 2015 Rai Cinema made 32 documentaries continuing with its production policy and in line with its duty of supporting independent producers and authors. This branch of activity addresses themes based on the social, cultural, political, historical, economic and religious reality of our times.

Among the various projects were some by young emerging directors such as *Strane Straniere* by Elisa Amoruso, stories of women from other countries who have made new, full lives for themselves in Italy; *La gente resta* by Maria Tilli, about three brothers and their families in the Taranto of the Ilva steel factory; and *La nostra scuola* by Stefano Collizzolli, a journey in quest of school experiences which are unknown but full of positive surprises; *Hanaa* by Giuseppe Carrieri and *The Remnants – Quello che resta* by Paolo Barbieri and Riccardo Russo.

Also to be mentioned are new documentaries by authors who have now made their name, like Andrea Segre's *I sogni del lago salato*, a journey in booming Kazakhstan, which is experiencing the euphoria of growth which Italy does not even remember; Elisabetta Sgarbi's *Colpa del comunismo*, an all-round investigation into the world of the carers to whom Italians entrust the weakest members of their family; Stefano Savona with *La Strada dei Samouni*; Pappi Corsicato with *Julian Schnabel* and Alina Marazzi with *Anna Piaggi, la moda in un caleidoscopio*. After the Hebrew communities' general favourable response to Israel Moscati's *I figli della Shoah*, with two extremely high-level international showings – one in Jerusalem for the Memorial Day and the other in Paris at the Shoah memorial on the anniversary of the Vel d'Hiver roundup – Rai Cinema decided to make another documentary with the title of *Suona ancora*.

Participation in Festivals

2015 was a year abounding in awards and satisfaction for Rai Cinema.

In Berlin it successfully presented Laura Bispuri's first work, *Vergine Giurata*, the only Italian film competing; *Cloro*, a much appreciated debut by Lamberto Sanfelice, selected in Generation, and *Torneranno i prati* by the master, Ermanno Olmi, in the Berlinale Special section.

Rai Cinema had two films competing in the Cannes Festival: *Il racconto dei racconti* by Matteo Garrone and *Mia Madre* by Nanni Moretti. As well as these there were Roberto Minervini's documentary *Louisiana – The Other Side* in the *Un certain regard* section and Denise Villeneuve's American film *Sicario* with Emily Blunt and Benicio Del Toro.

Many prestigious awards were received: 18 David di Donatello awards, no fewer than 9 to *Anime nere* by Francesco Munzi, announced as the Best Film of the Year; 7 Golden Globes, the awards granted by the foreign press in Italy, among which one for the Best Film to *Il giovane favoloso* and 16 Silver Ribbons awarded by the Italian Cinema Reporters Union at Taormina. Rai Cinema presented 13 titles at the Venice Film Festival, two in the competition: Marco Bellocchio's *Sangue del mio sangue* and *Per amore vostro* by Giuseppe M. Gaudino which brought Valeria Golino the Volpi Cup as Best Actress.

In the last part of the year Rai Cinema entered 9 films at the Rome Festival and 13 at the Turin Festival.

Distribution

Rai Cinema distributed 27 films in 2015 which took in about Euro 68 million at the box office selling more than 11 million tickets; it was in the fourth place in the ranking of distributors with a market share of 11.38%.

The most successful films were: *Si accettano miracoli*, *Non sposate le mie figlie*, *Suburra* and *Il Professor Cenerentolo*.

Following its policy of supporting young directors, Rai Cinema distributed *Se Dio vuole*, directed by Eduardo Falcone, which won the award for best debutant director in the last edition of the David di Donatello award.

Rai Cinema remained absolute leader in the rental channel in 2015 (source: Univideo), while sales fell slightly (-9%) compared to the previous year, mainly due to the lack of products with a big commercial appeal among the new releases. As a counter-trend, sales from the catalogue (from a library of 2,200 titles) rose by 23% (source: GFK), as a result of new targeted marketing policies.

The best results in 2015 came from *Il sale della Terra*, *Il giovane favoloso* and *Si accettano miracoli*.

Commercial agreements

Rai Com has been responsible for distribution on new platforms since 2015 with a view to the synergy and optimisation of processes at Group level.

The arrival in Italy of a powerful player, Netflix, in October 2015 made it necessary to review the market strategies of on-demand operators, increased competition and the consequent attractiveness of rights of the SVOD (Subscription Video On Demand) type, which have only been exploited to a limited extent till now, making these rights more valuable than they have ever been.

The total value of the commercial agreements for SVOD rights concluded in 2015 (with Mediaset, Telecom and Netflix) was therefore a very substantial amount. Of great importance, in both strategic and financial terms, was the agreement with Sky for the marketing of PPV and PAY rights, which includes 23 new current titles. Large numbers of Rai Cinema films were also on sale in newsagents' stands, thanks to the agreements with Mondadori and L'Espresso.

2015 was a year of growth for Rai Cinema's web world. The usual promotional activities through institutional portals Raicinema.it and Raicinemachannel.it continued but also became more sophisticated: as a result of the prestigious collaboration agreement with a major portal, Condé Nast Italia, all the web contents of Rai Cinema, which can be also used in the Rai Cinema channel of CNLive!, recorded excellent results in terms of viewing.

Rai Fiction

Rai Fiction is responsible for TV drama and comedy and cartoons for broadcasting on the general interest Channels, the specialist Rai channels and on the web.

Rai's commitment to the promotion of Italian and European TV and radio productions in these genres is at the same time an obligation under its Service Contract and one of its strongest attractions for its audience. Indeed Rai productions are the most popular genre among TV viewers and the cartoons which it co-produces are of the highest international standard.

Overall the performance of Rai TV drama and comedy in 2015 was very favourable. New works were broadcast by Rai 1 in prime time on 102 evenings and the average audience was over 5.1 million with a 19.9 share%.

The twenty most watched Italian TV drama and comedy films in the period were all Rai productions.

The long series *Un passo dal cielo 3* (average audience over 7.2 million viewers, with a 26.3% share), over 2% above the previous season, was the most watched of all: a result which shows the hold this series has on mass audiences, their affection for it and the brand's capacity to talk to new categories of viewers without losing touch with the more traditional ones.

Excellent figures were also achieved by the mini-series *L'angelo di Sarejevo* with Beppe Fiorello (7.2 million viewers, with a 25.5% share). This production achieved the ambitious feat of involving a vast audience by going over the dramas of the Serbian-Bosnian conflict.

Braccialetti rossi was also highly successful, an absolute TV and cross-media phenomenon among the very young.

The second season of this series exceeded the previous year's audience, reaching an average of 6.7 million viewers and a 24.2% share (+381,678 and +1.47% compared to the first series) and further lowering the spectators' average age to 48.7 (-3.7 compared to the first series).

As regards TV drama and comedy formats, in 2015 there were more long-running (85%) and fewer short-running serials (15%) than in 2014.

There was also a general change in content because more productions were based on present-day life (82%) than those set in a recent past or a past of significance to our own times (18%).

In 2015, while producing drama and comedy for Rai 1, Rai Fiction reinforced its commitment for the other Channels, experimenting with different languages and formats.

On Rai 2 *Zio Gianni*, a sketch comedy created by The Pills, played a decisive role in reanimating the Access Prime Time band. There was no shortage of new products in Rai 2's Prime Time schedule either; for example the docu-fictional *Coppie in attesa*, which has a more social approach focusing on the theme of becoming parents.

In addition to the traditional instalments of soap opera *Un Posto al Sole* for Rai 3, Rai Fiction conceived and produced *Non uccidere*, a new long popular genre serial which has been well reviewed not only in Italy but also abroad. This a project with which a low-cost production method was tried out for a quality prime time programme almost fifteen years after the launching of *La Squadra*.

To these titles must be added innovative productions such as the docu-fiction *Ilaria Alpi – L'ultimo viaggio* or the continuation of the sketch comedy *Il candidato – Zucca Presidente*, conceived by La Buoncostume (with a 9% share and over 1 million viewers at 11:50 p.m.).

The most novel experience in 2015 was also certainly the launching of *RAY*, a web platform targeted at the 15 to 30 age group and the web public in February. *RAY* has already become a prominent element in the Rai Group's range, with constantly improving results.

In 2015, In addition to drama and comedy, Rai Fiction co-produces cartoons for children and their families. The products are usually daily serials for the specialist Rai YoYo and Rai Gulp channels with original offers, accompanied by the best international acquisitions, obtaining excellent results and reception. Rai's efforts in this sector have revived the Italian animation industry, in which there is now a network of innovative firms integrated in international production processes throughout the country.

Rai Teche

In 2015 projects continued to be carried out to strengthen the brand as the Public Service's point of reference for the country's history presented in audio and video.

Among the forms this work took were a big exhibition at the Chamber of Deputies of the library of photographs of past editions of the historic *Tribuna Politica* programme, which had over 2,000 visitors in only two weeks, and the production of two documentaries made in collaboration with Rai Cinema, selected for the main Italian film festivals and granted major international awards.

Rai Teche's contribution, through its Multimedia Catalogue (**CMM**), to Rai departments and channels remained vitally important. There are now 1.5 million TV hours which can be searched and 1.3 million radio hours.

75 million documents are indexed in the Catalogue, with 1,300,000 hours of TV material and the same quantity of radio material, with the addition of 75,000 books on specific themes and 45,000 photographs for about 12,000 registered users who log in to search Rai Teche every day for archive material to reuse in programmes, conducting over 560,000 searches every month.

Of equal importance among Rai Teche's duties are the management of the **Rights archive** – Rai Teche verifies and confirms the validity of the rights to programmes broadcast every day – and its responsibility for harmonising the **process of digitising** products for the Rai archives.

In 2015 the Rai archives also continued to enhance the cultural value of Rai's memory as a historical source and a source of study material for the whole country, increasing the number of public and private Entities, Museums, Schools, Universities, Foundations which now refer to Rai as the custodian of excellence of historical documents in connection with all types of celebrations or anniversaries.

Rai Teche now exhibits in many Italian and foreign museums and in Italian Institutes of Culture abroad, Universities and Libraries.

During the year Rai Teche did research and provided films for, among others, the Prime Minister's Office for the 70th anniversary celebrations of the Italian Resistance; for the NOMA ("no to the mafia") anti-mafia museum; for the Association of the relatives of the Ustica plane crash victims; for the Senate and Chamber of Deputies satellite channels; for the Chamber of Deputies audiovisual library; for the Ministry of

Foreign Affairs' Italian Culture Institutes all over the world; for the weekly magazine L'Espresso and for the celebration of the 60th anniversary of the newspaper.

“The Rai archive is a unique asset for the Company and one of great value for the country, and this is the reason that it has been one of the Italian organisations included in the UNESCO Memory of the World Register”.

RadioRai

The Radio, one of the pillars of this Public Service, is the medium most subject to hybridisation, in terms of platforms, content, web exposure and interaction with social media. For this reason it must endeavour to strengthen and even improve its central role on the digital scene for the listening public and the investor market.

The main lines of strategy in 2015 therefore involved determining the offering, coordinating schedules, technological innovation, the launching of the new internet and digital Channels, the construction of a radio governance body, the development of another audience survey, a plan for the development of digital broadcasts (Dab+), monitoring programme quality, new advertising formats, organisational action to improve operational and responsibility flows, local partnerships, special projects and cross-promotion between the radio and the television.

The overall objective is a public Radio consisting of a set of channels whose scheduling models should be more and more in harmony with its production mission, without duplicate or overlapping products, implemented by web contents and social media.

The new range of internet and digital Channels launched in the summer, accompanied by rebranded graphics, supersedes the WebRadio model: *Radio4 Light* (formerly Fd4), *Radio5 Classica* (formerly Fd5), *Radio6 Teca* (formerly Wr6), *Radio7 Live* (formerly WR7), *Radio8 Opera* (formerly WR8).

In a highly competitive scenario dominated by commercial networks, Radio DeeJay and Radio 105, RadioRai's results are comforting: there were 65 million Podcast downloads in the year and Radio 2 increased its unique browsers in the second half of 2015 (47,355, +209% compared to the second half of 2014), followed by Radio3 (20,236, +39.6%) and Radio1 (19,507, +42.8%).

The 2015 audience survey conducted by Radiomonitor Cati (Gfk) has not yet been certified by the AGCOM. On the other hand the Broadcasting Company Committee (*Tavolo Editori Radio*) chaired by Rai achieved a strategic objective: to conduct the first basic Radio survey (*Come afferrare Proteo*, Ipsos-Gfk) which was presented to the market in October. During the autumn the national Broadcasters and the main local broadcasting Associations signed an understanding for the incorporation of a Radio Broadcasters company which, in 2016, will provide greater impetus to the process of setting up a future survey with the intention of forming another Joint Radio Industry Committee with the participation of the Market and the Authority's support.

The Radiomonitor data for 2015 show that the consumption of this medium is rising slightly, with 35 million listeners on the average day (+2.05% a year); the aggregate value of Radio1, Radio2, Radio3 was equal to 8.6 million (+6.5% compared to 2014), excluding Isoradio, which had not been surveyed previously. The total share also showed a slight increase: 12.02% (+0.74%).

In 2015, furthermore, RadioRai Channels conducted 38 fund-raising campaigns and 22 awareness campaigns through different means of production, on air and online. The campaigns were chosen by Rai's Social Affairs Office. The promoters appreciated the effectiveness of the Radio's contribution, generally well integrated into programme flow; one reason was that listeners consider the radio to be an authoritative instrument and feel it close to them.

Equally effective were media partnerships between RadioRai and the promoters of events, publications and meetings, selected on the basis of their affinity with the channels' various contents. These are important opportunities for the visibility of the RadioRai brand locally and on internet:

Audience of RadioRai channels

Radio 1 **5.2%**

Radio 2 **4.0%**

Radio 3 **2.2%**

there were 181 of these initiatives in 2015, starting with the big Rai-sponsored events.

The most important of these special projects was RadioRai's presence at the Milan Expo 2015.

For the entire duration of the event, the Channels broadcast from the unique RadioBox installed near the Tree of Life, the symbol of Expo 2015, in cooperation with the Ministry of Environment, Land and Sea and with Italy Pavillion. From this transparent station with a multimedia control booth and a multi-function studio, Radio 1, Radio 2, Radio 3, Isoradio and Radio 7 Live sent out information, music, entertainment and Dj programmes with the frequent participation of visitors. The Radio Day Special on 29 September celebrated the closure of Expo 2015 with a non-stop programme followed by a convention open to the investor public.

RadioRai also promoted and organised the 2015 edition of *RadioDays*, the international rally of public and private radio companies which took place in Milan in March. RadioRai broadcast scores of live programmes from its special location, with appearances by scholars and celebrities among others.

Radio1

Radio 1 is a modern information provider, with analyses, inquiries, reports, all the important sports news and music untied to commercial considerations. A network with content pleasing to all, repeated on the web and on all the social platforms.

In 2015 Radio 1 followed the programming policies it had begun to adopt in the previous year, the aim being to construct schedules in which prompt information plays the leading role – great news, political, economic, international and sports events – and to come into increasingly close and frequent contact with its audience also with the assistance of new technologies. Radio 1 in fact is a social network itself: the listeners become assistant editors in practice, continually suggesting subjects to handle, taking part in discussions and enriching broadcasts with stories and first-hand accounts.

A rising audience, a repositioned brand and a stable presence on internet and on the social media: these are the distinctive elements of Radio 1. These results were very much related to the channel's new approach to giving the news: 35 news programmes every day, 3 press reviews, inquiries, analyses, correspondents' reports, live all round the clock, also and above all as regards sports events.

The network's flagship programmes go to the local populations and hand the microphone to the listeners, strengthening and confirming Rai 1's position as a real community, reliable and authoritative, to identify with: *Radio anch'io*, *La radio ne parla*, *Restate scomodi*, *Italia sotto inchiesta*, *Bianco e Nero*, *Zapping*, *Tra poco in edicola*. Guests, inquiries, features, analyses, meetings with leading Italian and international personalities. Furthermore, highlights from the news programmes from all over the world, posted on Twitter, video assists from the sports team and photo stories from correspondents on Instagram, are only some of the extras which enrich the linear schedules every day.

In the 2015 schedules the non-stop live programmes which presented the main events of the year were very important; in some cases, as for the terrorist attacks in Paris and Mali they completely overturned the schedules. The inauguration of Expo, the closure of the half-year Italian Presidency of the EU Council, the Auschwitz Memorial Day, RadioDays, the gathering of all the European radios, the election of the President of the Republic Sergio Mattarella, the local elections, which Radio 1 recounted live with hours and hours of programmes with the news at 30-minute intervals and press reviews, in an almost uninterrupted flow of information.

The morning *Voci del mattino* international press review is now a firm fixture, which represents the most complete offer among the European public services: a selection of highlights from the main world televisions and some broadcasters outside the usual European information circuits: apart from the BBC, France 24, the Russian Channel 1, the Spanish CCTV, Radio 1 also gave space to the Chinese channel Arirang, Times Now from South Korea, the Indian Globo News, the Brazilian ENCA, and TV news programmes from South Africa and Australia.

Particular attention was paid to TVs in Arabic: Aljazeera, Al Arabiya, Al Majadeen, the Iranian channel Al Alam, the Morocco TV MEDI1 and the Tunisian channel NESSMA. And of course there are also the big American networks, CNN, CBS, FOX, NBC, etc..

Expo 2015 was the opportunity to give an account of a great event seen from a different point of view: *Eta Beta*, *Bianco e Nero*, *Italia sotto inchiesta*, *News Economy*, only to mention some, succeeded each other from 1 May, the day of the exhibition's inauguration, followed by a Radio 1 news special.

Radio 1 is also the channel of great music. New programmes are *Latitudine Soul*, dedicated to the great singers who marked the history of black music, and *Beat connection*, which looks back to the other face of pop culture every day; then

there are steady favourites, *King Kong*, which continues to explore the paths of popular and experimental music; *Music Club*, with its stories, anniversaries, events and meetings with the personalities who reinvented rock and pop; and *Stereonotte*, a historic brand which has become a cult programme, and *Brasil*.

At a time when sports on TV are to a great extent parcelled out and mostly on payment, Radio 1 is the Public Service channel which offers all the most important sports events free: from football to F1, from volleyball to Grand Prix motor cycling, from tennis to cycling, from swimming to skiing. No fewer than 39 hours of broadcasting every week, a new feature after the Midnight News from Monday to Sunday for a total of 10 sports reports a day, 1,600 hours on air during the year and 380 commentaries on Serie A top division football matches, 420 on Serie B second division, Champions League, Europa League, National Under-21 team and Italian Cup football matches and basketball and volleyball matches. These are the figures behind this channel's sports offering in 2015.

Radio 1 also gives room to original and innovative formats, like *Radio 1 Plot Machine*, a programme dedicate to writing which becomes interactive making use of the potential of social networks, whose first e-book, co-produced by Mondadori and consisting of 15 tales which obtained the highest number of "likes" on the programme's Facebook page, was presented at the Turin Book Fair.

Radio 1's editorial range also encompasses programmes on specific themes such as medicine and well-being with *Life*, information from the European Union with *Manuale d'Europa*, counter current reflections in *Non sono obiettivo* and the lives of the prominent artists of Contemporary Art with *Contemporanei*. Then there are features on books, environment, cinema, cars, agricultural policies, diet, fashion, customs.

Radio2

Radio 2 is based on voices, established and new formats, content quality, music, brand visibility and a wide internet and social network offering. Contemporary language and creativity entertain listeners combining light-heartedness and values while experimenting with innovative projects.

Most of the products offered during the autumn of 2014 were again in the 2015 weekday schedule, a decision for continuity in order to make the programmes more easily identifiable and gain the loyalty of the listeners. During the weekend, however, there were new programmes to enhance the value of the range and raise approval and audience ratings: *Coniglio Relax*, a spin-off from *Ruggito del Coniglio* conceived for weekend mornings which seeks to capture new listeners and win the favour of more members of the solid group of fans; *Una vita*, a new format of live narration involving listeners and their stories, one of the most downloaded programmes in the iTunes ranking; and *Radiobattle*, the first live musical encounter with live tweeting on a hashtag in common among 12 public and private European radio companies, an experiment whose goal is to make Radio 2 the driving force behind comparisons among the music played in Europe and in other continents, a language which transcends borders and unites the young generations. This programme was submitted for the Prix Italia 2015 competition with the endorsement of the EBU (European Broadcasting Union).

In the summer *Metropolis* talked about the virtues and defects of cities and towns of all sizes with the participation of listeners invited to join in by advance messages on the social media. Nina Zilly, the presenter of *Stay Soul*, proposed her choices of music by well-known composers and stories of personal life; *Italiani Incontinenti* told the life stories of Italian expatriates in the Americas. Nino Frassica enlivened the afternoon with the surreal humour of *Programmone*, which carried on into the autumn; and *I Sociopatici* was a new infotainment programme which discussed our current lives through the filter of social media and described present-day sociopathy in its innumerable forms.

The new *2diRadio2* is a programme to note in the weekend, presented by Radio 2 web editors, Andrea Corbo and Annalisa Vacca, two insiders who have brought into listeners' homes the spirit of a team whose watchword is innovation, throwing a bridge between the adult public and the language of internet. Another programme to keep in mind is *Ti connetto i nonni*, a Rai social project for digital literacy which is teaching the elderly how to connect to the web and, before the evening programmes, Vincenzo Mollica

whose *Prima che mi dimentichi di tutto* talks about his extraordinary experiences as a journalist and wizard of show business.

There were many innovations in the autumn schedule: *Radio2 Social Club* was broadcast every day, a programme containing thoughts on the variety and languages of music, live music and original humour including the irreverent *Tglercio*; there was also a new formula for *Non è un paese per giovani*, discussing different issues every day of the week; and the political talk show, *Un Giorno da Pecora*, stayed on the programme but with a change of presenter.

All Radio 2 programmes have web and social media versions with specially created products and content to strengthen brand awareness and support the identity of the Radio 2 mark. Viral content has therefore been produced which multiplies contacts, like *Keep Calm* from *Ruggito del Coniglio*, *Beato del Giorno* from *Seiunozero*, *Buonanotte di Radio 2*, Enrico Vaime's aphorisms, a hashtag, *AdottaUnaParola* and many others.

There was also a considerable increase in collaboration with the general interest TV channels in 2015, with a large number of personalities appearing and themes adopted on more than one medium.

Radio 2 offers music, shows, festivals and entertainment to share information about local initiatives with its listeners, both as regards big events and history in common: the tenth edition of the Energy Saving Day, *M'illumino di meno*, launched by *Caterpillar* and addressed at schools, preceded by a massive campaign conducted on internet and in physical locations; *Radio City*, a great festival of Italian radio, its history and its main personalities; the International Turin Book Fair; Bookcity and PianoCity in Milan; the Taormina Film Festival; *Caterpillar's* social campaign, *Bike the Nobel*, a symbolic candidature of the bicycle for the Nobel Peace Prize in 2016, presented in Radio 2's unique style, which has the ability to marry entertainment to social commitment; the 17th edition of *Caterraduno*, a week of events from Senigallia, a Radio 2 party with live broadcasts, guests and big concerts; the live events of Radio2 Lucca Summer Festival. The younger age brackets were not overlooked because there were reports on events such as Maker Faire, a great festival of innovation, the most important festivals of comics cartoons and games Romics and the Lucca Comics & Games, and the Internet Festival with cultural, educational, art and communications projects.

Radio 2's music in 2015 again deserves a special mention: many live concerts from festivals

all over Italy presented by *Radio2 Live* and scores of performances of pop, soul, folk and electronic music. A playlist of mainstream genres contains the most interesting current new pieces and also the hits and great classics of the past, Italian and international evergreens. A range of themed programmes was concentrated in the evening and at night; a policy which gives priority to quality pop music but does not overlook mood tunes.

Radio3

Radio 3 is an inimitable blend of tradition and openness to new ideas with an unbeatable range of contemporary culture and quality music.

In 2015 the Channel devoted particular attention to the great debates on cultural and civil themes – dramatically proposed by present-day events, and enhanced the breadth and quality of its music programmes.

As regards culture, the series of broadcasts should be remembered, under the slogan *more culture less fear*, that followed the bloody affairs in Paris, the Charlie Hebdo attack and the attacks in November, which culminated in the live evening from the French Academy at Villa Medici in Rome, at which writers both male and female expressed their solidarity with the French capital reading a text aloud.

There were also many programmes which commemorated the 70th anniversary of the Italian Liberation in different ways and, with two evening theatrical events, the 100th anniversary of the First World War. Other special events were broadcast for Memorial Day on 27 January, which Radio 3 always covers from a different Italian city, Ancona in 2015, from which to narrate the fortunes of the Jewish communities, and not only these and to the Centenary of the Armenian genocide, commemorated with a series of broadcasts and an intense theatrical event on the evening of 24 April.

Radio 3 continued to devote a great amount of air time to the most important events, either with live broadcasts or special programmes, come the Rome Festival of Science and the Bologna Arte Fiera, the *Day of Remembrance* (which commemorates *foibe* massacres) and the Berlin Film Festival, *Libri Come* (a book and reading festival), the Turin Book Fair, Cannes Film Festival and Venice Art Biennale the Economy Festival in Trento. There was also the Venice International Film Festival, the Mantua Festival of Literature, the Modena Festival of Philosophy, the Ferrara Festival di Internazionale, the Genoa Science Festival and the Rome Più Libri Più Liberi Fair.

Also worthy of mention are the festivals organised directly by Radio 3 itself, such as Arte Lavoro Cultura at Forlì, the fifth edition of Materadio at Matera, the Basilicata city proclaimed as the European Capital of Culture 2019, and the second edition of Radioeuropa in Perugia, dedicated to Greece.

Of course Radio 3's presence at the Milan Expo was indispensable, including live broadcasts from the event preceding the opening of RadioRai's space at the Italy Pavilion.

As regards music, in 2015 Radio 3 broadcast 968 programmes of opera, symphony orchestra music and the fifteenth year of concerts from the Quirinale, the President of the Republic's residence, live and downloaded music, Euroradio concerts from the main world institutions, Sunday and morning concerts and numerous jazz performances.

We must mention the live broadcasts from the Teatro alla Scala Opera House, the Turin Royal Palace, the Bologna Comunale, Venice La Fenice, Rome Opera Theatre and Naples San Carlo opera houses; the Rai National Symphony Orchestra was a constant presence both with Symphony Season concerts and cycles of *Rai Nuova Musica*, devoted to contemporary music, and the Spring Piano Festival. The Euroradio concerts, from the main world institutions, proposed famous orchestras such as the Wiener Philharmoniker, the Berlin Philharmoniker and the Lucerne Festival Orchestra, etc.; furthermore, there were works from the opera seasons of major world theatres such as the New York Metropolitan, the Wiener Staatsoper and the Royal Opera House in London. Other contemporary music events were festivals like the Venice *Biennale Musica* and *Milano Musica*.

Among the most important and very special live music programmes was the itinerant concert along the new Line C Rome Underground stations dedicated to the artists of the Theresienstadt ghetto produced in collaboration with the Rome Opera Theatre and the live evening from Auditorium A at the Rai headquarters in Via Asiago with pianist Stefano Bollani, now a fixture which is looked forward to by radio fans and the many reporters and musicians involved.

Another project which Radio 3 strongly supports is scientific and digital literacy: in addition to daily broadcasts on this theme, in 2015 a new programme was created, *Il romanzo della scienza. 100 anni di relatività*. The hundredth anniversary of the publication of the theory of relativity was an opportunity to tell the story of the life and discuss the works of the German scientist who, in 1915, published what was to be the nucleus of the theory of general relativity in four short pages.

There were also valuable collaborations with institutions such as *La Lingua Batte* on the Italian language for the Italian Olympics with the Ministry of Education, Universities and Research, a programme intended for all Italian language schools in this country and abroad. There was again collaboration between Radio 3 and schools for the third edition of the *Giornata ProGrammatica*, producing a veritable marathon to promote and exploit the Italian language.

Radio 3 also has a careful eye to current affairs. *Prima pagina, Pagina 3, Tutta la città ne parla, Radio3Mondo, Radio3Scienza* and *Fahrenheit*, continued to provide listeners with prompt information.

Theatre plays an important role on Radio 3 too: the fifth edition of *Tutto Esaurito! Un mese di Teatro* was broadcast in November. The number of users who listened to the productions again on internet and the number of podcast contacts showed that it is correct to believe that in these times the languages of the stage could not be closer to our interests and personal and collective issues. Three evenings in particular were well received by the public: one in memory of Pier Paolo Pasolini, one in honour of actress Giulia Lazzarini and the production dedicated to writer Roberto Bolaño, the words of which were read out by Maria Paiato.

2015 ended with a number of Christmas programmes: the sound track of the film *Mi racconti una favola? C'era una volta il Natale...* which told a fairy tale every evening in December; *Qui comincia*, four weeks devoted to the theme of Christmas in poetry, art and music; while Radio3Scienza offered *Felici e contenti. Le fiabe raccontano la scienza*, and *Pandora*, telling the myths of yesterday and today.

More and more attention is being paid to new formats and to meeting the requirements of an audience which chooses to download programmes more frequently than in the past apart from listening to them on air in the traditional manner. Particular care was taken, therefore, with packaging content which could be streamed or podcasted, a policy appreciated by users, as shown by the results obtained by the programme *Ad Alta Voce*. Again as regards internet, in 2015 *Museo nazionale* made its debut, an outright virtual museum which gathers together the most representative works belonging to the Italian art heritage. In this case the interesting aspect was the involvement of the public on the social networks, especially Instagram, in which the #MuseoNazionale campaign collected more than 7,000 contributions.

Isoradio and public service channels

In 2015 Isoradio went on with its mission as a Public Service Channel, based on flow programming, for the entire schedule of 24 hours a day: traffic and road news and music. Daily links were also confirmed with the highway police, the Italian Motorways Company (Autostrade per l'Italia), the National Highways Agency (ANAS), Harbourmasters' Offices, Airports, Railways and the operations rooms of local Police forces of the Main Italian metropolitan cities in order to give continuous and accurate information on traffic conditions and the roads in general.

Among the new features in 2015 were numerous State Police programmes and links, the weekly broadcasts *Viaggiare in sicurezza*, which informs motorists about the rules in the Highway Code and how to drive safely, *Pronto 113*, in collaboration with local police headquarters focusing on the practical measures taken in their districts, *il Rosso e il nero*, concentrating on summer holiday traffic with the support of Autostrade per l'Italia, and *Notte sicura con Isoradio*, a radio happening for young people on Saturday nights to stress how important it is for them to enjoy themselves without running risks.

Another road safety project was the publicity campaign conducted in collaboration with ASAPS (the Association of Supporters and Friends of the Highway Police), in which famous actors lent their voices to remind drivers of safety regulations, and a weekly programme called *Sulla Buona Strada*, dedicated to road education projects for schools, in cooperation with the Road Safety Directorate General of the Ministry of Infrastructure and Transport.

In May Isoradio sent out special broadcasts from Expo 2015: there were interviews regarding the exhibition every Saturday and traffic news for

the area was provided in collaboration with the Milan Municipal Police; Isoradio was also the media partner for the *Velocità e Lentezza* project and, with the collaboration of the ANCI (Italian Association of Municipalities) and the Highway Police, for the tour of the towns belonging to the Città dei Motori Association.

Isoradio also covered the Extraordinary Jubilee Year of Mercy in the weekly feature *Le strade del Giubileo*, with interviews of persons in responsible positions in the Vatican City, the Rome Prefecture and Police Headquarters, journalists and road safety experts and, as regards musical events, covered the Sanremo Festival with *Le cinque giornate di Sanremo* including reports from correspondents in the Ariston Theatre and from some service stations in the road network.

Finally, as regards Public Service channels, *La Campanella*, a feature on Radio 5 Classica, draws on a vast archive of classical music to provide a musical education aid suitable for primary and lower secondary schools.

Commercial activities

Advertising

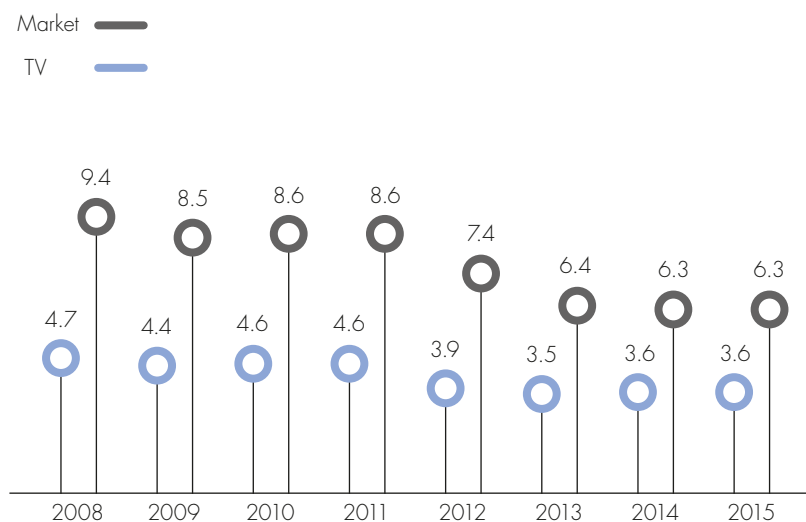
After years of recession, in 2015 Italian GDP grew again and the main economic indicators all reversed the trend: household consumption rose after three years during which it had fallen, investments went up by 1.1%, the number of jobs increased and recruitment again moved in the direction of permanent forms of employment contracts. The consumer confidence index, an indicator which measures either the optimistic or pessimistic view of the Italian people, rose for the first time over its base value in 2010 (110.5).

This was the background against which investment in advertising reached the same level as in 2014, which confirmed that the punishing and almost non-stop decline since 2008 has come to an end, which led to a total loss of Euro 3.1 billion from 2008 to 2015.

In 2015 advertising revenues on TV showed a slight increase (+0.7%) compared to 2014, mainly driven by the New Comers (including Discovery); on the radio they increased by 8.8%, and practically stable on internet (+0.7%) (net of values determined by *Search and Social*); while the downward trend on daily newspapers and periodicals continued; finally, cinema showed a decrease of 4.1%.

In 2015 **Rai Pubblicità's** performance on television was -2.3% compared to the previous year, but on the basis of a homogeneous comparison with 2014, namely net of the extra

Trend in advertising investments (source: Nielsen)



value gained from the 2014 Football World Cup, its revenues increased by 2.5%, in line with the market performance, net of Big Sports Events.

In 2015 advertising revenues achieved by Rai Pubblicità totalled Euro 662.8 million, compared to Euro 674.9 million in 2014, with a reduction of 1.9%; however, while comparing homogeneous years, namely net of the extra value gained from the 2014 Football World Cup, there was a variation of plus 2.9%.

TV advertising showed an overall decrease of 2.3%, with a decrease of 2.9% for General Interest Channels, an increase of 1.7% for Specialist Channels and 3.1% for Product Placement.

Revenues from advertising on the radio rose by 4.3%, on the internet decreased by 8%, which was almost fully attributable to the 2014 investments relating to the Football World Cup, while Cinema confirmed, in a negative market, the value posted in 2014.

In 2015 Rai Pubblicità completed the process it had embarked on in 2013 of recovering the market share it had lost during the previous three years compared to its main competitor. This result, moreover, was achieved in a market that was falling substantially and in which there was strong competitive pressure from the massive entry of new broadcasting companies.

In a scenario which should again prove to be favourable in 2016, Rai Pubblicità's objective is to maximise revenues aiming at quality and customer service and pursuing three main strategies:

- **draw attention to product quality:** in an expanding market, the limited size of its catchment area compared with its competitors can be a distinctive factor for Rai in guaranteeing the quality of the product provided for clients, giving greater visibility and thus leaving a stronger impression;
- **take advantage of Big Events and the premium range** with pricing policies which help to sell Rai's premium contents (*Big Sports Events, Top Events, Special Events*), endeavouring to offer multimedia and multiform spaces across all programme schedules;
- **jack up marketing initiatives**, completing the expansion of the company's commercial offices focusing on the web, the radio and the cinema to increase multimedia space and also provide for incentives linked to the audience figures for Big Events.

Sales

Sales activities, which have been carried out since June 2014 by Rai Com, a wholly-owned subsidiary of Rai, involves the management of all Rai and third party intellectual property rights in order to raise funds other than those from the licence fee and from advertising, operating in a number of markets, in different business areas and on a number of projects.

During 2015 the scope of this work varied as a result of amendments to the agency agreement between Rai and Rai Com, whereby the responsibility for the production of serious music and theatrical works was transferred from Rai Com to the Parent Company.

The main activities are described below by each area.

Music Publications

The Music Publications area draws up and promotes the catalogue of music publications for use in the programming of contemporary and non-contemporary classical music and in recording. It also buys, produces, markets and distributes contemporary music, sound tracks and original music for radio and television, in Italy and abroad.

During 2015 rights to serious music and theatre were acquired to meet Rai Channels' broadcasting requirements and to print publications for marketing and promotion at a national and international level. For this purpose relations were strengthened with the main Theatres and Opera Companies and with the entire Italian cultural system in order to record and produce operas, ballets and concerts.

As regards issuing and publishing radio and TV programmes, 46 new TV programme guide layouts were designed in 2015: *Il Caffè, Linea Verde, Torto o Ragione, Presa Diretta, Agorà Estate, Chi l'ha Visto?, Una notte al Museo, D-DAY, Fatti Vostrì, Io e George, Italia da Stimare, Il Processo del Lunedì, Voyager, Il Giubileo di Francesco*, to mention some of these, and the department collaborated in the restyling of the Rai Scuola, Rai Sport and Rai News channels. Furthermore, the rights were also acquired for the sound tracks of the *Made in Sud, Ballando con le Stelle, Gazebo, Il Sesto Senso* programmes.

The Music Publications area collaborated with the Communication and Image Department in issuing 135 publications which promoted channels and Rai itself and composed original music

for 11 Radio 1 programmes and 14 Radio 2 programmes.

This area also had an important part in Rai drama and comedy: it published and produced 29 original sound tracks for TV films and internet series (TV movies, mini-series, long-running series).

After a twenty-year break, in 2015 Rai resumed its collaboration with the Italian National Symphony Orchestra, recording the sound track of many series and mini-series, like *Tango per la Libertà*, *Non uccidere*, the greatly successful series *Il Paradiso delle Signore* and the mini-series *Luisa Spagnoli* and *Boris Giuliano*.

Original music was also published and produced for scientific and educational documentaries and cultural programmes, like *Ulisse*, *Superquark*, *Passaggio a Nord Ovest*, *Radici*, *La Grande Avventura del cibo* for Expo, *Egizio il Museo Vivo*.

There were further additions to the catalogue of contemporary music publications, which were also broadcast in Radio Rai programmes (Radio 3 and Filodiffusione), on Radio CEMAT (the most important Italian web radio entirely devoted to contemporary music) and also abroad, on Radio France, Bayerisches Rundfunk and WDR.

Musical works were performed at prestigious foreign festivals, like BerlinUltraschall, New York Philharmonic "Contact!" Series, the Salzburg Biennale, Wittener Tage für Kammermusik, Ravenna Festival, the Strasbourg Music Festival, Donaueschinger Musiktage, the Milan Music Festival, and were also presented at the National Academy of Santa Cecilia, the Dresden Semperoper and the Mannheim Nationaltheater (where Lucia Ronchetti's *Esame di mezzanotte* was awarded the critics' Opemwelt Prize), the Live Music Festival in Munich, deSingel in Antwerp, Beethovenhalle in Bonn, Porto Casa da Música, Cité de la Musique in Paris, Akademie der Künste in Berlin, the Cantiere Internazionale d'Arte Foundation in Montepulciano, Accademia Filarmonica Romana, Auditorium Parco della Musica in Rome, the Theatres of Reggio Emilia, the Italian Culture Institute in Paris.

As regards performing arts, in coordination with the Rai Channels, the filming rights were acquired for 4 ballets, 40 concerts, 15 operas (including *Giovanna d'Arco* at the inauguration of the Teatro alla Scala Opera House season), 7 documentaries and 18 theatrical works and coordinated their production until 30 June 2015. Relations were managed with more than twenty Theatres and Opera Companies, supporting them with the productions in

conformity to the guidelines of the Parent Company on one hand and the Foreign Sales area on the other.

Negotiations commenced for the conclusion of long-term master agreements with Fondazione Teatro alla Scala, the Academy of Santa Cecilia and the Opera Theatre in order to standardise the arrangements for the acquisition of filming rights.

Agreements with Public Authorities, Institutional Bodies, Non-profit Organisations

During 2015 agreements continued to be drawn up and managed with Public Authorities and Bodies regarding:

- the conception, creation and distribution of integrated and multi-platform training, communication and educational projects for public utility and other institutional purposes of the Local authorities concerned, focusing particularly on the promotion and exploitation of the various local areas with the help of the inclusion of specific themes in general interest TV and radio programmes, providing information and reports, short films and special features;
- the production of radio and television programmes for linguistic minorities in Italy and Italians abroad to spread Italian culture over the world;
- marketing Italian National Symphony Orchestra products (Rai Auditorium in Turin) and putting on concerts in collaboration with local, national and foreign institutions (Fondazione per la Cultura in Turin, Studio Musica Srl, MITO, etc.);
- producing documentaries on themes of interest to Institutional Partners;
- setting up dedicated Televideo pages;
- promoting themes of interest to Non-profit Organisations by making special programmes, informing and reporting;
- promoting local areas by relocating and marketing radio productions.

Many collaboration agreements with Bodies and Associations were entered into in 2015, although the cuts imposed by the finance law inevitably had an impact on investments in communication on the part of central and local Public Authorities and consequently on the execution of agreements and on all forms of collaboration with Rai.

Among the most important forms of collaboration with public authorities in 2015 were one with the Ministry of the Interior for the conduct of a campaign on immigration and integration (*Radici*); one with the Ministry of Culture for the promotion of tourist and cultural itineraries abroad in connection with

the *Signa Maris – l'Italia che il mare racconta* project; and one with the Ministry of Labour for broadcasting training and career guidance advice.

The communication campaigns consisting of messages on the themes of agrofood and fishing in collaboration with the Ministry for Agricultural, Food and Forestry Policies also continued, sometimes with the help of special programmes (e.g. *Il posto giusto, Frigo sei ciò che mangi, I Signori del Vino*).

Specially worthy of mention are the arrangements made with Milan Expo 2015 for the construction of the media centre, host broadcasting, live entertainment and revenues for advertising in the site; with the Basilicata Region for putting on the New Year's Eve show; with the Sicily Region for projects promoting the island; with the Campania Region for sending out information regarding agrofood and the production chain; and with the Grana Padano cheese Consortium for broadcasting information regarding a healthy diet, also by producing special features. The Agreements on with the Autonomous Province of Bolzano and with the Prime Minister's Office also continued regarding broadcasts to safeguard the interests of linguistic minorities.

Intensive work was done on finding programmes, including radio programmes, in which to include local events and performances.

Sales of rights to foreign countries: cinema, TV and music

The activity in this area consists of the distribution of TV and film products for Rai and other parties. It has also been marketing musical products since January 2015, including operas, concerts and ballets.

The financial results of the sale of TV, film and musical works is positive and showed an improvement over the preceding year. Globally, most revenues come from Eastern Europe and from English-speaking, Middle East and Africa countries.

Among the most successful titles were the TV series *Giovane Montalbano 2*, the films *Anime Nere* by Francesco Munzi and *Latin Lover* by Cristina Comencini, with the addition, among non-fiction products, of the sale to Abu Dhabi Media of the live rights to the *Palio di Siena* bareback horse race.

As regards music, operas, concerts and ballets are distributed by granting co-production rights or licences to the main broadcasters (ZDF, Artè,

RSI, NHK and others) or by distributing them to halls directly using the *All'Opera* season, which brings the best Italian works to cinemas the world over. There was also the usual campaign for the sale of TV rights to the live performances at the Milan Teatro alla Scala Opera House.

Sports rights

Sales of rights to sports events also performed well. Among the activities in this area were:

- the production of the themed Juventus TV channel and its distribution abroad, together with Roma TV and Lazio Style Television;
- marketing the archive rights to some Series A and B football clubs abroad, including Juventus, Inter, Fiorentina, Sampdoria, Chievo, Atalanta, Bologna, Empoli, Cesena, Carpi, Frosinone;
- marketing the rights to Italian National and Under-21 Teams friendly matches.

Rai Eri

The year 2015 was one of intensive activity with a programming plan whose aim was to make use of Rai's authors and programmes in line with the mission to inform and the credibility which have always been characteristics of this Public Service. The number of publications printed by Rai Eri itself rose by over 70% – 39 were new publications – and publications co-produced by other publishers also continued to be issued. Scouting also resulted in new projects prepared in house with Rai authors and in the acquisition of new outside authors who chose Rai Eri as their new publisher.

Among the most successful publications were *Fedeltà è cambiamento* by Don Dario Edoardo Viganò, *Le ricette della salute e della bellezza* by Vira Carbone, *Vi porterò con me* by Giovanni Allevi and *Coach* by Walter Zenga. All these sold out within a few weeks after issue and were thus reprinted, not to mention the publications about the best known personalities in the Company, such as Clerici, Balivo, Vespa, Angela, etc..

Rai Eri's participation in the Turin Book Fair was also a success. There was a high number of visitors and attendance at the events was enthusiastic, especially for *Il mondo di Braccialetti Rossi* (this was an example of effective interplay between a publication and a small screen product) and for astronaut Luca Parmitano with his *Volare*, the best seller in the bookshops since 2014.

There were crowd-pulling and prestigious events arranged around books and authors: for example

the presentation of *Fedeltà è cambiamento* with Fondazione Corriere della Sera, with Enrico Mentana and Aldo Grasso, and the presentation/concert of Giovanni Allevi at the Ara Pacis presented by Pippo Baudo.

Furthermore, with a view to making a forceful entry into the digital market, in which Rai Eri's percentage share is limited but rising all the time, 2015 saw both the commencement of the process of digitising the titles already in Rai Eri's catalogue and the conclusion of the agreement with the main Italian digital distribution platform, Edigita, so that all the newly released Rai Eri products are immediately available in e-book format at the same time as the paper version is launched.

Library and consumer product

Work continued on ways to enhance the value of the library and the consumer product, which benefited from both the entry of new audiovisual firms (Netflix) to the market and the change in marketing policies.

The main types of activity were:

- Teche archives: the main master agreements were renewed or others were concluded with Italian broadcasters in the pay platforms to exploit cartoon content; agreements were also made with the firms operating on internet for the sale of exclusive Rai footage and content.
- Italian Home Video: Rai Com did business directly and not as a mere distributor with encouraging results. The DVD reproductions of TV series *Braccialetti Rossi* performed well.
- Normal trade: results were good, also owing to the increase in the number of products published.
- Licensing: in spite of the crisis in the Italian market, which certainly penalised the sector as a whole, the editions of the cartoon *Masha e Orso* were very successful, as were those of the weekly puzzle magazine connected with the TV programme *Reazione a Catena*.
- Digital extension: among New Media business, valuable distribution agreements were entered into and developed in both the SVOD and EST/T-VOD (Electronic Sell Through/ Transaction Video On demand) markets and Rai content was placed on all the other platforms in the market.

Business development

Italiana is a new Rai international commercial project created in 2015 with the objective of finding new lines of business associated with the country's main assets (culture, food, tourism). After a first agreement with Abu Dhabi Media for the

distribution of the product in 23 MENA (Middle East-North Africa) countries through the national channel Al Emarat, *Italiana* was also distributed to China (The Travel Channel International), Russia (Rossya K) and Canada (Rogers), with a potential catchment area of about 200 million viewers. The business model is based on two principal elements: foreign broadcasters buy the product up-front and branded content is inserted in the programme to obtain advertising revenues.

Rai Channels marketing

In 2015 the marketing of Rai Channels abroad was transferred to Rai Com and the international distribution model was changed in Australia, the United States of America and South America. In the past, by awarding the distribution of its channels to third-party firms (AlBaraka and All TV), the cost of these companies' operational and marketing costs were subtracted from the amount Rai received. On the basis of the new business strategy, as Rai manages the activity directly, long-term revenues are higher even if it has to pay its own operational and marketing costs.

In 2015 the marketing activities in non-EU countries recorded a confirmation of revenues in the area compared with 2014.

A positive performance was also recorded with reference to European countries, specifically Belgium, France, Luxembourg and Switzerland.

Other activities

Producing on a multi-platform and multi-channel basis requires substantial financial, human and infrastructural resources and a degree of technical and technological experience which is adequate to developments in Rai's market, the essential features of which are the need to make use of digital technologies along the whole value chain and the need for processes to support Rai's transformation into a Digital Media Company as elements which will enable this cultural change to be made.

Technology

The industrial processes of product creation and distribution on the various platforms are carried out by the Technology and Production Area, which is coordinated by the Rai Chief Technology Officer. This area is responsible for the Quality and Planning, TV Production, Research and Technological Innovation Centre, ICT, Frequency Planning and Spectrum Management, Satellite Structure Departments, with the operational coordination of the Engineering functions of Teche Rai, Radiofonia and Real estate Assets and Services.

Planning

Intense work conducted by the Planning function resulted in the preparation of the 2016-2018 Plan of Technological Activities, which seeks to schedule the work done in technical projects to obtain benefits for the products that Rai creates and for the services offered to users, for the end-to-end quality of the range and for the effectiveness and efficiency of corporate processes.

There are five objectives in the Plan of Technological Activities, all set with a view to the transformation into a Digital Media Company in pursuit of Rai's mission as a Public Service:

- to distribute and broadcast channels through a number of fixed and mobile networks;
- to support Rai's own multi-platform production in order to contribute to lowering the average age of the audience, lengthening the life cycle of the product and obtaining more revenues;
- to use interactive, personalised content by profiling users and tailoring content to help in transforming the traditional Rai users into active clients who take a constructive role, receive the material which best matches their profile and interact with this content;
- to guarantee the minimum Full HD quality of Rai's content expected by its users;
- to put the user at the centre, meaning taking care to satisfy an active person with ample

freedom of choice in a competitive market. This objective is to be attained by using all available devices and networks and by being able to deliver a high quality and reliable service.

The Plan of Technological Activities exploits four technological enablers of the Media Company:

- dematerialisation, i.e. digitisation of content and operational and supporting processes;
- Cloud technologies for effective, efficient and secure storage and distribution of dematerialised content all along the value chain;
- Full IP technologies as the key tool for enabling innovation in that they are pervasive, bi-directional and can be conveyed to all networks;
- neutrality to broadcasting networks so that Rai content can reach customers anywhere and on all types of fixed or mobile equipment or device.

TV Production

The TV Production Department's priorities during 2015 were:

- to do its best to support the realisation of editorial projects, some of which were of a substantially different nature from previous years (e.g. the Milan Expo 2015, the Jubilee, more TV drama and comedy productions, enrichment of programmes with shots in movement);
- to ensure that Rai's HD content production, operational and broadcasting chain met the highest technological standards in order to raise product quality and customer service level.

The following were the main technological developments during 2015.

T-Cube

After creating the software and technical infrastructure of the T-Cube - Transition To Tapeless project and conducting the relative trials and final tests at the end of 2014, work continued to put into service a new production process, which was extended to 70 editorial teams at the end of 2014. The editorial teams of 15 Regional Offices were also connected, which considerably decreased the number of radio link contributions to production centres. In conformity to the objective of this project, the new system removed the need for physical mediums and created a completely digital and file-based editorial and production chain, also at the Rai Expo facility; starting May/October 2015, semi-finished product contributions produced during Expo 2015 were stored and

shared with all the Company's News and Editorial departments.

Digitalisation at Regional Offices

The process of the digitalisation of all the Regional Offices which had commenced in July 2014 recorded a significant progress and will be completed during the current financial year.

Single Domestic Infrastructure for News programmes

In the framework of the introduction of the integrated news production systems, studios and control booths of domestic News departments and Regional Offices, in May 2015 work started on the construction of the Single Infrastructure for domestic New programmes (TG1, TG2, TG3, Rai News 24 and Rai Parlamento), in support of the strategic project for the reorganisation of Rai's information programmes. Rai News 24 has been operating on System 2 since October 2015 and TG3 since 1 December. The project will be completed before the end of June 2016 with the digitisation of Rai Parlamento and the porting of TG1 and TG2 to System 1.

Outside filming – Action at Institutional Offices

As regards the process of renewing and completing the HD digitalisation of the present production equipment, work started during 2015 and continued on upgrading/renewing at the following offices:

- **Vatican City:** completion of HD digitalization of the Borgo S. Angelo equipment (control booth, studio, 3 editing stations linked to the web with a videosever);
- **Quirinale:** the second half-year saw the completion of the procedure to award the contract for the construction of a new HD control booth and the upgrading of the fixed filming equipment inside the Palace. The project also includes the creation of two editing rooms and a stand-up control unit for links to the TV news.

Digitalisation of Central Control Stations

Implementing works started on modifying the broadcasting stations for the emission of the three general interest Channels' HD signals in automated simulcast. The new Turin Production Centre HD digital installation for broadcasting the themed channels also came into service.

Rai Sport's programmes in HD

During the year the technical and production work was completed for the Rai Sport Channel to be broadcast in HD in September. The upgrading of

the continuity studio of the Rai Sport channel, on air since December, was also completed.

Among the **production work**, were:

- preparation and performance, from mid-April 2015, of all the production activity for Milan Expo 2015 through:
 - support in deciding on and implementing the production content set out under the agreement with Expo 2015 SpA;
 - producing programmes and link-ups for Rai features and news stories;
 - designing and fitting out a multi-functional studio and related additional spaces;
 - hosting broadcasting;
 - production support to Rai News programmes to provide information on the event;
 - filming and supporting the production of programmes on important communication events such as those in *Milan Bicocca University*, *Firenze Palazzo Vecchio*, *Napoli Pompei* and *Milano Piazza Duomo* and providing the RaiExpo facility with the personnel and means necessary to create products for broadcasting such as promotions, commercials, documentaries, etc..
- Producing drama and comedy programmes with in-house resources:
 - at the Turin TV Production Centre (CPTV), the filming of a new production, *Non uccidere*; the Turin unit had no previous experience with producing comedies and dramas, giving rise to complexities and difficulties which made this a particularly challenging assignment;
 - at the Naples and Rome TV Production Centres, the production activities for *Un Posto al Sole* and the filming of *È arrivata la felicità*.
- Some reorganisations of studio production activities as a result of the temporary closure of studios and control booths at the Rome Nomentana site for reconstruction work. Replacement studios had to be found externally to Rai in order to produce some important Rai programmes scheduled during the day and at prime time from the beginning of the autumn season.
- Production increased compared with 2014 in some areas such as outdoor filming in challenging circumstances; taking all the 2015 Tour of Italy moving shots exclusively with in-house resources; providing greater support to the production of quality serious music and theatre events; some major commitments to making additions to and replacing existing studio productions (such as, for example, *W il 25 aprile*, *Panariello Sotto l'Albero*, *Capitani Coraggiosi*, *Scala Mercalli*, *Evento Libri lo Leggo Perché*); and commencing Jubilee of Mercy programmes in the last part of the year.

- Some new studio productions were also made, including *L'Erba dei vicini* for Rai 3.
- Work and facilities to support the production of TV information programmes by creating a single interface for the various Newsrooms in order to manage all requests for the production of information so that only one part of the system is exclusively responsible for optimising and determining the relative production models and for overseeing the end-to-end news production chain.
 - Completing the insourcing of the graphics and editing of a substantial portion of Promotion and Image Department products by fitting out a farm at Rai's Via Teulada studios to meet the requirements of this sector of activity.

ICT

The Information & Communication Technology (ICT) Department provides IT and telecommunications services to in-house and Rai Group customers. It is responsible for the integration of processes, information systems and communication networks, assures technological evolution, security and the continuity of services on fixed and mobile workstations with the assistance of a solid networking infrastructure.

In 2015 the ICT Department contributed to setting the process of the Company's transformation from a Broadcaster into a Digital Media Company into motion, attaining objectives which impacted on the renewal of the business processes and which entailed a significant upgrading of the technology infrastructure.

The Department carried out the following activities in the framework of the projects related to this transformation:

- the integration of the management systems of Rai's multimedia assets (Multimedia Catalogue, T3-Digiteca digital archive, Digitisation of the Teca Master (Master Archive));
- Rights Management system, a key instrument for having up-to-date information in order to make greater use of content;
- supporting the production process by commencing on the creation of a new tool (Primsys) which responds to the growing complexity of the issues that have to be considered when planning the use of human resources and production techniques.

The ICT Department also strengthened the security of the digitisation infrastructure by carrying out work on:

- News Digitisation;
- the Programming system, particularly to integrate broadcasting (Scheduler module) into the T3 digital content management System;

- the dematerialisation of corporate processes (Full Digital);
- the upgrading of the File Based IP network in support of the Full IP product.

A study was commenced into the development of the Rai Data Centre environment with a view to the creation of a Main site, a Business Continuity site and a Disaster Recovery site.

Research & Development

Rai is constantly engaged in experimenting and implementing technological broadcasting, telecommunications and TV production platforms.

In the changed market scenario, the scope of research and its tools have increasingly focused on product enhancement, interaction with users and distribution through different media, also in high and very high definition, in order to support and guide the abovementioned transformation into a Digital Media Company.

The main progresses made during 2015 were the development of the audio/video production and encryption systems, research on new multi-platform services and the expansion of distribution networks (both fixed and mobile).

The transition towards the **Full HD format** – with the prospect of moving towards even more sophisticated formats – required the study and evaluation of new technologies and appliances able to handle very high quality television signals all along the production and distribution chain, paying particular attention to standardisation of new formats, also with a view to a transition to the IP technology.

Rai took part in laying down the requisites for the future video formats referred to as "beyond HD", with specific regard to the requirements of compatibility with current formats; the study of high dynamic range (HDR) formats is particularly important in this field of research, as they allow the generation of images with a strong visual impact against a moderate increase in the data flow during broadcasting. Research into HDR technology (Ultra High Definition) focused on the examination of the standardisation proposals under consideration by regulatory bodies (ITU, MPEG, DVB) and their impact on the content production and distribution chain within the context of new UHD services. The applicability of HDR to the present HD chain was also considered.

The objective of the **Teca Master (Master Archive) digitisation** project, fully in the implementation phase, is to transform the old analogical archive

into a modern digital master file archive, as far as possible automating all the transfer operations from existing mediums. The new digital archive will be completely integrated into the Rai Multimedia Catalogue and into a programme right management system based on the data model implemented by Rai within the scope of the *PrestoPrime* European project.

As regards radio, the **DAB+ network** project was further developed. This new service will take its place beside the present FM broadcasting method, providing a new digital network with an extremely high audio quality, without interruption, which, for example, will be very valuable in tunnels and through which it will be possible to deliver new additional multimedia services, such as those concerning the so-called *RichRadio*.

In line with the Company's strategy of moving towards a Digital Media Company, during 2015 work continued on developing applications and services to improve and expand Rai's offer on **Smart TV sets**. Among the various projects was the creation of the *Tivùlink* portal on channel 100 of the Tivù Sat satellite platform, which constitutes a single point of access to various broadcasters' interactive products, simplifying their use.

In the field of new **multi-platform services**, 2015 was characterized by more and more effort into research into and the development of services which improve the way Rai products are used and make them more accessible with a view to increasing the extent to which the disabled are included in society and in the working world; among others, the *SlowTV* project resulted in the design of a system which slows down the video and audio parts of a programme in order for its contents to be utilised on a more universal scale

An important aspect in the development of **terrestrial broadcasting networks** is the need to take steps towards a more efficient way of exploiting television frequencies. The experiments in the field conducted in Valle d'Aosta are interesting in this connection, as they used both second-generation digital terrestrial, DVB (Digital Video Broadcasting)-T2 (Terrestrial 2), and technologies compatible with advanced 4G-LTE (Long Term Evolution) mobile phone terminals. These experiments evaluated the possibility of broadcasts to household television co-existing with television broadcasts to mobile devices. Research also started into the introduction of broadcasting modes in present and next generation mobile technologies. An LTE-Broadcast experiment into this was made in collaboration with Telecom Italia during Expo 2015 and, in collaboration with the Turin Polytechnic, a comparative study of mobile phone networks and broadcasting networks with a view to transmission using 5G-Broadcast technology was commenced.

As regards **participation in financed projects**, in 2015 progress was made with work on the European *BRIDGET* (BRIDging the Gap for Enhanced broadcast) project, which verified a combination of technologies which enable the creation of links between television programmes and multimedia elements. Work continued on the *ESA HEVC (High Efficiency Video Coding) for 4K satellite distribution* project, which deals with the satellite distribution of Ultra-HD content and on the Italian *HEAD* project, which will allow Rai Archives material to be used as a help in remote neuro-rehabilitation.

Collaboration in the *La città educante* project continued in the framework of the Ministry of Education, Universities and Research's Cluster Projects.

Frequency Planning and Spectrum Management

Activities focused on two objectives in particular:

- to expand the HD range with research and experimentation into a further HD channel for the Rio 2016 Summer Olympics and two more channels from September 2016, verifying hypotheses for the reconfiguration of the MUX (Multiplexer) and technological work on the platforms;
- to use and protect digital terrestrial television (DTT) frequencies, strengthening Rai Way's position in the telecommunications market.

The valuable frequency resources at Rai's disposal both for its primary services (TV and radio broadcasting) and for its ancillary services (radio links, mobile links, radio cameras and radio microphones for TV and Radio Productions) were supported in particular at the World Radiocommunication Conference (WRC 15) held in Geneva in November 2015 by means of constant constructive collaboration with national institutions (Ministry of Economic Development and AGCOM).

WRC 15 confirmed that the UHF Ultra High Frequencies (470 -694 MHz, so-called "sub 700 MHz") will continue to be allocated exclusively to terrestrial television services at least in the next decade. The certainty of these resources is the essential prerequisite for making the investments necessary to rechannel television services after the release of the 700 MHz band, which should be available in 2020 (this date is to be confirmed at EU level) for the mobile services of Telco operators.

These important results, which assure the long-term security of the terrestrial television platform (DTT), strengthen Rai Way's position in the telecommunications market.

Satellite activities

The Satellite Department plans and broadcasts Rai programmes by satellite in Italy. During 2015:

- it drew up the plan for broadcasting Rai programmes by satellite in HD (Full HD Sat Plan) and coordinated the commencement of satellite broadcasting of the Rai Sport 1 HD channel (LCN 112 Tivù Sat) in September 2015; first in SD (Standard Definition) in December 2015 and then in HD at the beginning of 2016, Rai 4 was also made available to Sky subscribers on LCN 104 (110 on Tivù Sat) by encrypting it in NDS in addition to the Nagra encryption of Tivù Sat;
- it managed contacts and coordination between Rai and Tivù Sat, performing activities for the strategic development of the free platform via satellite;
- it conducted relations with satellite receiver manufacturers and gave manufacturers suggestions regarding the development of the equipment, in agreement with the Research Centre, and also participated in the national and international standardisation activities.

Technical and institutional agreements

During the last months of 2015 agreements were made with major entities, such as ANITEC (Association of IT, Telecommunications and Consumer Electronics Companies) for starting experiments into improvements in the technical quality of Rai radio and television programmes for users' benefit. The contents and organisational guidelines were also set out for participating in some regional, national and European funding programmes (Horizon 2020).

Technical Quality Development

Continuous improvement in the technical quality of Rai's products and services is an aspect which distinguishes the Company in its mission as Concession Holder of the Public Service activity.

For these reasons, technical quality monitoring activities also continued during 2015, both from an objective point of view and from the perspective of the end user perception, across the entire production and distribution chain.

The main activities were the analysis of the data provided by the system for the detection of signals emitted all over the country (EVA- Signal Quality Evaluator), technological quality benchmarking, the coordination of the management of disruptions (in order to take the appropriate infrastructural counter-measures) as well as the coordination of operational rules and the related comparative evaluation.

The EVA system is the tool used to check the technical quality of radio and television signals and to manage corrective systemic and infrastructural action that provides a rapid and effective communication of technical malfunctions. In this context, operational procedures were also started for the development of digital radio, thanks to the purchase of specific sensors for the reception and measurement of the DAB+ standard, which will be installed at the sites of the Rai Regional Offices.

Work also continued on the improvement of the technical quality of TV drama and comedy products, together with other similar initiatives to provide the users with the highest technical quality standards (such as HD and UHD), as well as on the monitoring and assessment of instrumentally-measured technical quality, including in collaboration with Rai Way (e.g. Radio, Fiction, Sport).

The SCSRT information system devoted to disruptions detected on the distribution network of Rai's radio and television signals or reported by associate company Rai-Way was also further upgraded. Action was also taken on parts of the network and on its structure as a whole to improve the technical quality of the signal and the overall reliability of the distribution network itself.

The project for the introduction of statistical analysis tools has been launched and the system will be supported by a data mining application in order to analyse the trends of the values measured and make aggregations on a geographic and temporal basis.

The system will be completed with a series of indicators which will provide a parametric and multi-dimensional display of the anomalies that have been found on personalised dashboards. Experiments will also commence with mobile sensors which will be able to interconnect with the central system by Internet using the wireless technologies available (WiFi, 3G network, 4G network).

Broadcasting

Rai Way, which is a company listed on the Electronic Stock Market of Borsa Italiana from November 2014, is the owner of the Network required for, among other things, the transmission and broadcasting of audio and/or video content belonging not only to Rai in delivering its Public Service but also to other broadcasters, both in Italy and/or abroad.

In performing its work Rai Way manages over 2,300 sites with infrastructures and equipment for transmitting and broadcasting radio and television signals over the whole of Italy, has 23 operational centres around the country and has a highly specialised staff with more than 600 resources. Its technological assets and specialist know-how are the key resources which enable it to deliver its present range of services, but also for the development of new activities.

Rai Way's services may be summarised as follows:

- **Broadcasting services:** terrestrial and satellite transportation of radio and television signals through its Broadcasting Networks to the end users within a geographic area.
- **Transmission services:** transmission of radio and television signals through the connecting network (radio links, satellites, optical fibre) and, in particular, the provision of Contribution Services, i.e. single direction transportation services:
 - between preset sites and/or voice/data through analogue or digital circuits;
 - of a radio frequency from a satellite within a certain geographic area of a certain radius and related services.
- **Tower Rental services**, i.e.:
 - hosting transmission equipment at the points (stations) from which radio, television, telephone and telecommunication signals are sent out;
 - management and maintenance of the transmission equipment hosted;
 - complementary and related services.
- **Network Services**, including a vast range of miscellaneous services which the company can provide for electronic and telecommunication networks in general (design, construction, installation, maintenance and management, consultancy, monitoring, radio protection, etc.).

The types of client which contact Rai Way to use these services may be conventionally defined as Broadcasters (national and local TV broadcasters, also including Rai); TLC Operators (mainly mobile phone operators); Public Authorities and Corporate (residual category including public authorities, legal entities and persons).

Rai Way is a leading operator in the Italian market of TV and radio broadcasting infrastructures. In the market of TV broadcasters, the main transmission platforms are made up of:

- DTT (Digital Terrestrial Television, both unencoded and pay-TV);
- DTH (Direct To Home) (satellite);
- IPTV (Internet Protocol TV);
- cable TV.

DTT is much more widespread in Italy than in other Western European countries, in which platforms are more common and more competitive via satellite (e.g. the United Kingdom and Germany), cable (e.g. Germany) and IPTV (e.g. France).

DTT's solid place on the Italian broadcasting scene is further bolstered by the absence of cable TV (in Europe, firms with the capability of delivering cable television services are normally the strongest competitors for both television and broadband) and in fact of IPTV, whose scarceness is due, among other things, to the limited availability of fast broadband networks with the capacity to support the services involved.

Italian radio programmes are broadcast in analogical and digital formats (DAB – Digital Audio Broadcasting) and there is no provision yet for a deadline for switching off the analogical signal, in line with many other European countries.

Several activities were carried out during 2015 both to the benefit of the Rai Group and in the provision of services to third-party operators.

The service contract entered into between Rai and Rai Way in 2014 provides for and regulates the possibility of the parties being able to negotiate the delivery of additional services or services aimed at developing new electronic communication and telecommunications networks, or new transmission technologies and standards, should new client requirements emerge.

Among the most significant services in terms of technological and product innovation delivered in 2015 was the construction of a roof in the Expo 2015 exhibition area with LTE wireless broadband for the production requirements of the client, which was thus enabled to shoot live HD films even from mobile equipment.

All the HD connection services for the World Swimming Championships in Kazan (Russia) and the World Athletic Championships in Beijing were also delivered. Rai Way provided technological solutions for this using optic fibre networks and local specialist engineering support, always reaching a very high level of reliability.

As regards the activities carried out to the benefit of third-party customers, during 2015 Rai Way continued to promote a commercial line to mobile radio operators in order to encourage the development of new generation networks and build up the Company's relations with the various operators. Special tariffs were worked out and proposed in order to develop telecommunications networks and infrastructures at sites which are at Rai Way's disposal; sometimes these special rates were granted against the operator's commitment not to discontinue the use of a number of stations specified in the contract for a set period of time; in the last part of 2015, pursuing this commercial policy, Rai Way renewed the existing agreement with the fourth and last mobile radio operator after having renewed the agreements with the other three in past years.

In spite of the cost cutting measures taken by these operators, their interest in Rai Way sites remained practically unaltered, particularly as regards the construction of HUB stations to connect with other plants.

As regards the broadcaster customers, some new TV and radio stations were activated during 2015; Rai Way also conducted some experiments to test the technologies necessary for the introduction of the wireless broadband services which have been enabled by the boosting of the capacity of its network, and verified the effective potential of the market for this.

Its commitment to R&D was constant, also in collaboration with Rai's Research and Technological Innovation Centre. The main direction taken was to try out new digital services applied to radio and television transmission and broadcasting.

The main work done in 2015 in this area was:

- **SFN (Single Frequency Network) network:** experiments continued in order to verify the effects of the propagation of SFN on the digital terrestrial signal by a systematic data gathering process which involved various sections of the company's network, so that the effects of co-channel interference due to sources coming from other directions could be evaluated;
- **spectrum recordings:** the creation of a database of the electromagnetic conditions for radio frequency signals of the DVB-T, DVB-T2, DVB-T2 Lite, FM, DAB+, LTE, Wind Farm type and mobile reception in order to verify professional, semi-professional and consumer receiver models and compare them in standard conditions;
- **ECO project** (in partnership with a telecommunications operator and an Italian University): the aim of this project is to overcome the digital divide of areas which tend not to receive signals from broadcasting

and telecommunications companies. To do this, broadband is introduced into such small Italian municipalities, where it is not possible to lay optical fibre, extending a connection with a package of Smart City concept services (videosurveillance, access control, energy control, environment monitoring systems, Wi-Fi location system, smart metering).

Communication

During 2015 Rai took some steps which did not confine themselves to communicating and promoting the main products of the Channels and Newsrooms but also encompassed issues of importance to the country, the Company and its role as a Public Service.

For example:

- as regards information, a TV, radio and press campaign was conducted to establish the position of Rai News 24, the project for the digitisation of the three national channels was carried out and the role of the regional newsrooms was promoted;
- there was a wide-ranging campaign to present the results of Milan Expo 2015, also to the International Conference of the Ministers of the participating countries;
- ample space was given to all the events which are expressions of our country's cultural spirit (e.g. MiTo 2015, RomaEuropa, Lucca Summer Festival, Prix Italia, Spoleto Festival, opening of the Teatro alla Scala season, the season of the National Symphony Orchestra of Rai, Turin Film Festival) and to events that regard the world of art and culture but in which the Company nevertheless plays a leading role, not only in making them known but as a direct participant (Cannes Film Festival, Venice Film Festival and Rome Film Festival);
- some awareness campaigns were carried out with regard to themes associated with Italy, its past and our present: the 150th anniversary of the Coast Guards, who have had a vital role in immigration problems recently; AIRC (Italian Association for Cancer Research), Telethon fund raising events and World Autism Day, a clear sign of attention to health problems that affect a large number of people; World Childhood Day; Legality Day; the 70th anniversary of the Italian Liberation; and the services to the public provided by INPS (the Italian Social Security Institute), Digital Agenda;
- a complex project involving analysis, internal comparison and data gathering was started in 2014 in order to give a full and efficacious view of Rai's ongoing commitment to social responsibility. The project has not yet been completed but enough progress was made to draw up the first edition of the Social Report during 2015. The document uses the

Sustainability Reporting Guidelines under the Global Reporting Initiative (G.R.I.), the most used sustainability reporting model at an international level, in the G3.1 version;

- in 2015 the Social Affairs Office, following the guidelines that have been gradually laid down since 2013, continued to assist Associations, Foundations and Non-profit Organisations through a large number of solidarity projects; it committed its efforts to increase the number of audio described programmes (660 hours of audio description were broadcast in 2015, 443 of which were first releases); numerous fund raising campaigns were promoted (41 accepted) and awareness campaigns (25 accepted), 24 Rai social issue advertisements, 4 Pubblicità Progresso advertisements and 99 Prime Minister's Office advertisements were broadcast; activity on the web and on the social media increased with 65 published campaigns, 39,200 tweets, 19,083 new followers, 20 million visitors, 100 videos were inserted on the Rai.tv channel, 40,000 posts on the Institutional Facebook page;
- many conferences were arranged, including the 2nd Public Service Conference on the public service offering; *I volti del Mediterraneo* on perceptions of the migration phenomenon; *La cultura del whistleblowing*, a civil and ethical commitment to the an effective fight against corruption; *Roma verso il Giubileo*, communication in the Holy Year of Mercy; *Scenari mediorientali* and the DAESH phenomenon, pre-release showings of TV dramas and documentaries such as *Max&Helène* for Memorial Day 2015, *Je suis Ilan: 24 jours, la vérité sur l'affaire Ilan Halimi*, *Limbo* in the presence of Minister Pinotti with a link-up to the Italian contingent in Herat; other important events such as the Turin International Book Fair and Telethon Day 2015; *#non mi arrendo*, an exhibition at the Chamber of Deputies in collaboration with the Rai Archives under the title *Cari elettori, care elettrici* on the history of the Tribuna Politica programme; a nationwide competition, *Una nuova carta d'identità per la Rai*; and the promotional campaign *A 100 anni dalla Grande Guerra*;
- finally, the contact centre service which satisfies all users' needs for information and further explanations in its expanded form was to become fully operational at the beginning of 2016.

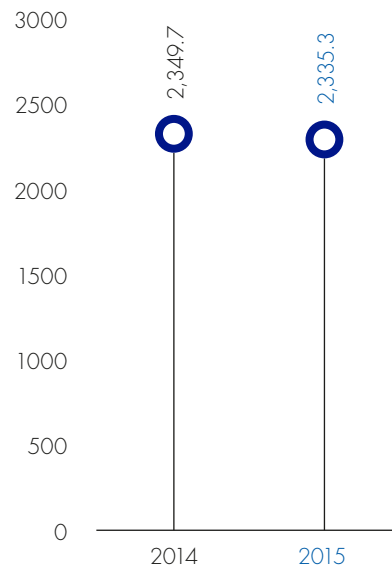
Review of results and financial position of the Parent Company

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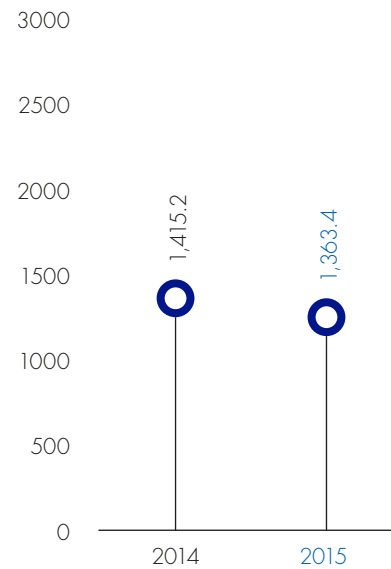
Highlights

(in millions of Euros)

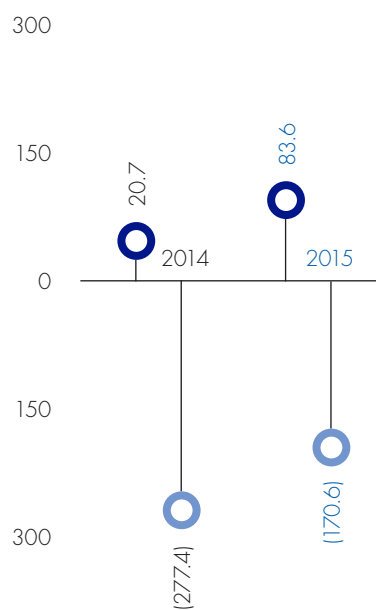
External revenues



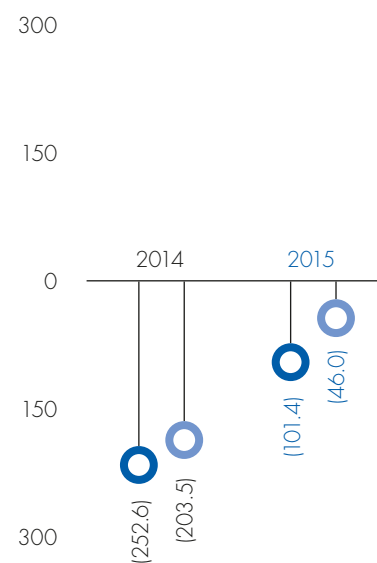
External costs



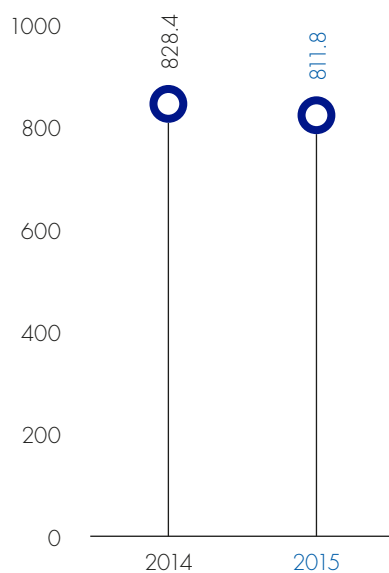
EBITDA - Operating result



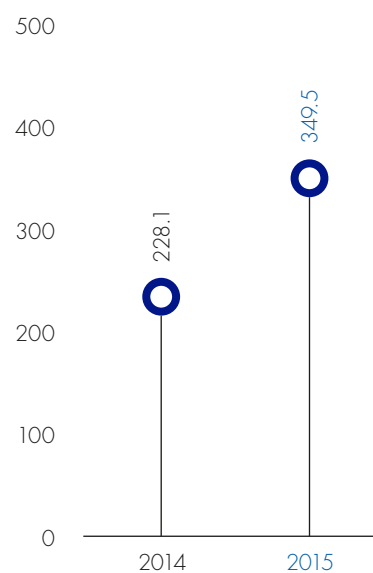
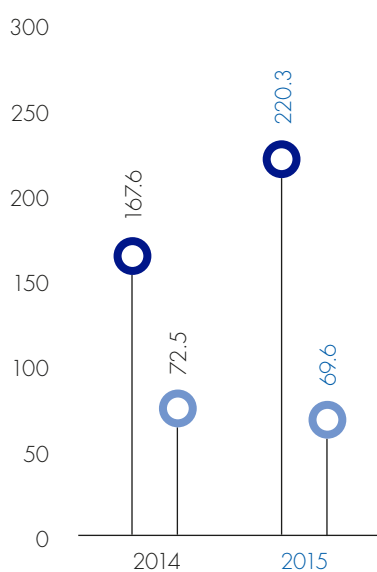
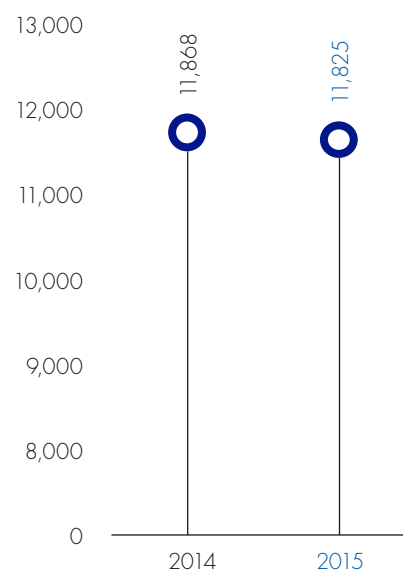
Result before tax Result for the year



Equity



Net financial debt

Programme
and Technical InvestmentsPersonnel
as at 31 December (units)*

* Includes personnel under fixed-term contracts for 1,114 units in 2014 and 771 units in 2015

Reclassified financial statements

Income Statement

(in millions of Euros)	FY 2015	FY 2014	Change
External revenues	2,335.3	2,349.7	(14.4)
External costs of goods and services	(1,363.4)	(1,320.6)	(42.8)
Big sports events	0.0	(94.6)	94.6
Total external costs	(1,363.4)	(1,415.2)	51.8
Personnel costs	(888.3)	(913.8)	25.5
EBITDA	83.6	20.7	62.9
Amortisation, depreciation and write-downs	(252.1)	(271.0)	18.9
Provisions	(2.1)	(27.1)	25.0
Operating result	(170.6)	(277.4)	106.8
Net financial income (expenses)	67.3	26.2	41.1
Income from equity-accounted investments	1.9	(1.4)	3.3
Result before tax	(101.4)	(252.6)	151.2
Income taxes	55.4	49.1	6.3
Result for the year	(46.0)	(203.5)	157.5
Other comprehensive income (expense)	29.4	(37.7)	67.1
Total comprehensive income (expense) for the year	(16.6)	(241.2)	224.6

Balance Sheet

(in millions of Euros)	31.12.2015	31.12.2014	Change
Non-current assets	2,228.4	2,190.1	38.3
Current asset – net	(354.4)	(362.4)	8.0
Provisions for risks and charges	(174.3)	(186.2)	11.9
Employee benefits	(538.4)	(585.0)	46.6
Net invested capital	1,161.3	1,056.5	104.8
Equity	811.8	828.4	(16.6)
Net financial debt (liquidity)	349.5	228.1	121.4
	1,161.3	1,056.5	104.8

Results of the Parent Company

Income Statement

The financial statements for the year ended 31 December 2015, which were the first financial statements prepared by Rai in accordance with IFRSs, showed a net **loss for the year of Euro 46.0 million**, showing an improvement compared a net loss of Euro 203.5 million in 2014.

The following section provides an overview of the main items in the income statement, together with the reasons for the most significant changes compared to the same period in the previous year.

It should be pointed out that there were events in the 2014 financial year which make it less possible to compare the results for the year with those of the prior year. Some of these events are commented on in below.

In particular, reference is made to the recognition of the 2000-2014 Service Contract entered into with subsidiary Rai Way, in force until 30 June 2014, which, in the application of IAS 17, includes an embedded lease of the transmission equipment used by the subsidiary and to the corporate reorganisation transactions, such as the acquisition of the "internet" business unit from RaiNet and the contribution of the "commercial" business unit to Rai Com, with effect from 30 June 2014.

External revenues

These are made up of licence fees, advertising revenues and other commercial income. They amounted to Euro 2,335.3 million, showing a decrease of Euro 14.4 million (-0.6%) compared to 2014.

Licence fees (Euro 1,637.5 million). These include fees accrued for the period, as well as fees relating to previous years, which have been collected through standard enforcement procedures, net of the sums being reimbursed.

The result for the year reflects the provisions of Law 190 of 23 December 2014 (Stability Law), which provides for a reduction of 5% in the licence fees to be paid to Rai as concession holder. The result for the previous year also reflects the effects of the reduction in the licence fees to be paid to Rai as set out by Law 89 of 23 June 2014.

The licence fees for the period, as well as fees relating to previous years, which have been collected through standard enforcement procedures, showed an increase by Euro 49.4 million (+3.1%), as shown in the table below.

This increase reflects the different impact of the regulations mentioned above, which, both in the current and previous year, determined a reduction in the share of income from licence fees payable to Rai, in an amount equal to Euro 81.6 million in 2015 and Euro 144.2 million in 2014.

External revenues

(in millions of Euros)	FY 2015	FY 2014	Change
Licence fees	1.637,5	1.588,1	49,4
Advertising	585,5	596,2	(10,7)
Other revenues	112,3	165,4	(53,1)
Total	2.335,3	2.349,7	(14,4)

Licence fees

(in millions of Euros)	FY 2015	FY 2014	Change
Fees for the period - ordinary subscribers	1.537,4	1.492,5	44,9
Fees for the period - special subscribers	75,6	76,1	(0,5)
Fees recovered through enforcement procedures	25,9	22,0	3,9
Reimbursements	(1,4)	(2,5)	1,1
Total	1.637,5	1.588,1	49,4

Net of this effect, there was a reduction in income of about Euro 13 million, which was determined, in a context characterised by a unit licence fee that remained unchanged at Euro 113.50 in the last two-year period, by a reduction in the number of paying subscribers, due to both a reduction in the number of new subscribers and an increased delinquency rate, as shown in the relevant table.

The licence fee in force in Italy continued to be one of the lowest in Europe in 2015 too. The table below reports, as an example, the annual amount of the licence fees in force in some European countries.

Licence fees in Europe

(in Euros)	
Switzerland	416.33
Denmark	327.42
France	136.00
Austria	193.92
Sweden	238.35
Germany	215.76
United Kingdom	198.24
Italy	113.50

Licence fees – changes in users

	FY 2015	FY 2014	% Change
New subscribers	197,800	253,543	-22.0
Renewals	15,331,782	15,469,260	-0.9
Paying subscribers	15,529,582	15,722,803	-1.2
Late/non-paying subscribers	1,322,408	1,287,191	2.7
Registered subscribers	16,851,990	17,009,994	-0.9
Delinquency rate %	7.93%	7.67%	
Cancellations	355,804	326,174	9.1
Cancellations + Delinquency	1,678,212	1,613,365	4.0

Advertising

(in millions of Euros)	FY 2015	FY 2014	Change
TV advertising on general interest channels:			
- commercials	389.4	410.6	(21.2)
- promotions, sponsorships and special events	102.6	96.3	6.3
- product placement	3.6	3.5	0.1
	495.6	510.4	(14.8)
TV advertising on specialist channels	61.2	60.1	1.1
Radio advertising	24.9	24.0	0.9
Web advertising	5.0	2.5	2.5
Other advertising	0.5	0.7	(0.2)
Shares attributable to third parties	(1.2)	(1.4)	0.2
Contingent assets	(0.5)	(0.1)	(0.4)
Total	585.5	596.2	(10.7)

Advertising. In 2015 the market substantially confirmed the level achieved during, with a total loss of 0.5% in advertising revenues (Nielsen data). 2015 confirmed that the very unfavourable trend which led to a substantial drop in the value of the advertising market from 2008 onwards has come to an end.

In 2015 Television advertising recorded a slight increase (+0.7%), Radio advertising increased at a higher percentage (+8.8%), Internet remained substantially stable (-0.7%), while advertising revenues from daily newspapers, periodicals and cinemas continued to fall.

Advertising revenues of Rai (Euro 585.5 million) decreased by Euro 10.7 million (-1.8%), as shown in the table below.

Actually the homogenous comparison, i.e. net of the increasing value arising from the Football World Cup 2014, showed significantly different trends, with the TV medium showing a higher trend compared to the market performance.

Other revenues showed a decrease of Euro 53.1 million (-32.1%), as detailed in the table below.

For a correct analysis of the trend in this item, we must mention the effects of the contribution of the 'commercial' business unit to Rai Com, which took place from during 2014: actually, the outsourcing of the commercial business entailed that Rai Com retained a portion of the revenues it achieved, on account of remuneration for the mandate it performed; as a result, the Parent Company's revenue was reduced by this component with effect from 30 June 2014, the effective date of the contribution. This also entailed reduced costs as a result of the outsourcing of commercial activities.

The reduction reported compared to 2014, on the basis of the considerations reported above, was then less significant and was mostly related to the capital gain arising from the transfer of equity investments of Rai Way recognised during 2014 and to the failure to report proceeds arising from the transfer to football clubs of the rights of use of the archive materials, as no agreements of this type were entered into during 2015; the rights acquired against these contracts were used within the framework of the programming and commercial exploitation on the part of Rai Com according to the mandate agreement in place.

The trends reported above entailed a slight increase in the weight of the licence fee over total revenues, as shown in the table at the bottom of this page.

Other revenues

(in millions of Euros)	FY 2015	FY 2014	Change
Special services under agreements	44.2	48.0	(3.8)
Service and other services to subsidiaries	25.8	28.5	(2.7)
Transfer of rights of use of archive materials to football clubs	0.0	27.0	(27.0)
Sale of rights and musical publications	15.6	23.5	(7.9)
Sundry services, mainly rendered to public entities	7.4	7.4	0.0
Digital terrestrial broadcasting services	2.9	3.4	(0.5)
Agreements with telephone operators	1.5	2.1	(0.6)
Rai Way IPO capital gain	0.0	8.1	(8.1)
Others	14.7	19.0	(4.3)
Shares of sales attributable to third parties	(0.5)	(2.8)	2.3
Contingent assets	0.7	1.2	(0.5)
Total	112.3	165.4	(53.1)

% of revenues

	FY 2015	FY 2014
Licence fees	70.1	67.6
Advertising revenues	25.1	25.4
Other revenues	4.8	7.0
Total	100.0	100.0

Operating costs

This item includes both external and internal (personnel) costs, incurred in the ordinary course of business.

They totalled Euro 2,251.7 million, showing a decrease of Euro 77.3 million, equal to 3.3%, compared to 2014, the reasons for which are outlined below.

Total external costs (Euro 1,363.4 million) – This item included purchases of goods and provision of services required to implement one-time-use programmes (purchase of consumables, external services, artistic collaborations, etc.), filming rights to sports events, copyrights, services rendered by subsidiaries, running costs (rentals and hires, telephone costs and postal charges,

cleaning, maintenance, etc.) and other operating costs (indirect taxes and duties, contribution to Supervisory Authorities, etc.).

This item showed a reduction of Euro 51.8 million (-3.7%) compared to 2014, due to the presence of costs relating to big Sports Events (such as the Football World Championship and Winter Olympics) in 2014, which had accounted for Euro 94.6 million (of which Euro 90.0 million for the acquisition of filming rights only).

Net of this component, external costs recorded an increase of about Euro 42.8 million compared to 2014, which were mostly attributable to the effects arising from the abovementioned recognition of the finance lease involving the Rai Way equipment in 2014 – entailing economic effects in 2014 that consisted of a lower amount of costs for services, offset by higher amortisation and higher financial costs –, as well as to an

Total external costs

(in millions of Euros)	FY 2015	FY 2014	Change
Purchases of materials	14.3	16.3	(2.0)
Costs for services:			
Freelance services	128.8	121.8	7.0
Services for acquisition and production of programmes	172.9	180.0	(7.1)
Daily allowances, travel expenses and additional personnel costs	34.2	34.8	(0.6)
Signal broadcasting and transport - Rai Way	197.0	152.6	44.4
Maintenance, repairs, transport and similar costs	35.6	35.4	0.2
Documentation and assistance for IT systems services	42.9	41.7	1.2
Other external services (telephone systems, cleaning, supply services, post, insurance, etc.)	92.9	101.0	(8.1)
Acquisition of viewing rights from subsidiaries	324.1	318.5	5.6
Leases and rentals	49.5	48.1	1.4
Filming rights	143.7	217.5	(73.8)
Rights of use	103.4	101.9	1.5
Rai Way IPO costs	0.4	8.5	(8.1)
Recoveries of expenses	(5.1)	(4.2)	(0.9)
Contingent liabilities	(13.3)	(1.3)	(12.0)
	1,307.0	1,356.3	(49.3)
Other costs:			
Prizes and winnings	11.3	12.5	(1.2)
Contribution to the Supervisory Authorities	5.3	3.8	1.5
TASI (indivisible services) tax / IMU (Single Municipal) tax	8.7	8.6	0.1
Other indirect taxes, duties and other levies	9.2	9.2	0.0
Daily newspapers, periodicals, books, publications	1.7	1.7	0.0
Membership quotas and fees	3.4	2.9	0.5
Capital losses on disposals	0.2	0.4	(0.2)
Others	2.1	3.7	(1.6)
Contingent liabilities	0.2	(0.2)	0.4
	42.1	42.6	(0.5)
Total	1,363.4	1,415.2	(51.8)

increase in freelance services costs (Euro +7.0 million), to be mainly attributable to a higher use of artistic resources in the implementation of one-time-use programmes.

An increase was also recorded in net contingent assets for services rendered (Euro 12.0 million compared to 2014), to be mainly attributable to the failure to recognise assessments reported in previous years concerning Copyrights and for services rendered.

Personnel costs – These amounted to Euro 888.3 million, down by Euro 25.5 million (-2.8%) compared to 2014, according to the breakdown reported in the table below.

Wages and salaries remained practically unchanged since the greater costs arising from the increase in the number of staff and automatic contractual increments were mostly set off by the positive effect in profit or loss of the reduction in liabilities for untaken leave and pay in lieu of time off.

The reduction in Social Security Contributions was mostly due to the recognition of charges arising from the restatement of the provision for compensation in lieu of notice for journalists in an amount of Euro 27.4 million in 2014.

The **employees** as at 31 December 2015 included 11,054 people under permanent and apprenticeship contracts and 771 people under fixed-term contracts. The increase of 300 units in staff members compared to 31 December 2014 was due to the exit of 190 resources, of which 33 under early retirement incentive plan and to 490 new hires, of which 383 as a result of the transformation of fixed-term contracts into permanent contracts, 39 for new apprenticeship contracts, 23 for reinstatement arising from disputes and 24 for transfers from Group companies.

The **average number of employees**, including staff members under fixed-term contracts, amounted to 11,747 people, showing an increase of 112 resources compared to the number of staff members in the previous year. Specifically, there was an increase of 278 resources in the staff members under permanent contracts and a decrease of 166 resources in the staff members under fixed-term contracts.

EBITDA

As a result of the performances reported above, EBITDA a positive balance of Euro 83.6 million, up compared to 2014 (Euro 20.7 million).

Personnel costs

(in millions of Euros)	FY 2015	FY 2014	Change
Wages and salaries	651.4	651.1	0.3
Social security contributions	185.8	213.5	(27.7)
Provision for Staff severance Pay	39.7	39.1	0.6
Pension and similar costs	12.3	12.1	0.2
Other	18.2	14.9	3.3
	907.4	930.7	(23.3)
Early retirement incentives	6.3	5.1	1.2
Recoveries of expenses	(4.8)	(6.1)	1.3
Capitalised personnel costs	(17.6)	(12.4)	(5.2)
Contingent liabilities	(3.0)	(3.5)	0.5
	(19.1)	(16.9)	(2.2)
Total	888.3	913.8	(25.5)

Amortisation, depreciation and write-downs

This item showed a balance of Euro 252.1 million, down by Euro 18.9 million compared to 2014 (-7.0%) and related to amortisation, depreciation and write-downs of current and non-current assets, as shown in the table below.

Depreciation of property, plant and equipment relating to 2014 included the effects of the classification of the previous service contract with Ray Way under finance leases, which entailed the recognition by Rai of depreciation of Euro 30.2 million relating to the transmission equipment during the first half of 2014.

Investments for the year amounted to Euro 289.9 million, showing an increase of Euro 49.8 million (+20.7%), attributable to repeated-use programmes, and specifically to the TV drama and comedy genre, as shown in the table below.

Provisions

This item recognises accruals to provisions for risks and charges and related reversals that cannot be classified to specific income statement items, showed a negative balance of Euro 2.1 million (Euro 27.1 million in 2014) and was made up of accruals of Euro 16.4 million (Euro 33.7 million in 2014) and reversals of Euro 14.3 million (Euro 6.6 million in 2014).

Amortisation, depreciation and write-downs

(in millions of Euros)	FY 2015	FY 2014	Change
Depreciation			
of property, plant and equipment:			
Buildings	11.5	14.5	(3.0)
Plant and machinery	47.7	70.6	(22.9)
Industrial and commercial equipment	1.3	2.1	(0.8)
Other assets	5.1	5.3	(0.2)
	65.6	92.5	(26.9)
Amortisation of intangible assets:			
Programmes	140.9	139.0	1.9
Software	4.0	4.4	(0.4)
Digital terrestrial	3.4	3.4	0.0
Other rights	0.3	0.4	(0.1)
	148.6	147.2	1.4
Write-downs (write-backs)			
of intangible assets	32.6	27.7	4.9
of other non-current assets	2.4	2.1	0.3
of trade receivables and other current assets	2.9	1.5	1.4
Total	252.1	271.0	(18.9)

Investments for the year

(in millions of Euros)	FY 2015	FY 2014	Change
TV drama and comedy	205.7	143.8	61.9
Other programmes	14.6	23.8	(9.2)
Investments in programmes	220.3	167.6	52.7
Investments in property, plant and equipment	63.6	66.5	(2.9)
Software	6.0	6.0	0.0
Technical investments	69.6	72.5	(2.9)
Total	289.9	240.1	49.8

Operating Result

Operating costs and revenues entailed an improvement of Euro 106.8 million in the Operating Result, which passed from Euro -277.4 million in 2014 to the current Euro -170.6 million.

Net financial income (expenses)

Net financial income (expenses) showed a positive result of Euro 67.3 million (Euro 26.2 million in 2014), up by Euro 41.1 million compared to 2014.

This item, which is broken down in the table below, showed the economic effects arising from the distribution of dividends on the part of subsidiaries, from the recognition of actuarial interest for employee benefits, as well as the effects of financial operations, such as interest income/expense from banks, Group companies and bondholders.

The following changes were recorded compared to 2014:

- an increase in dividends from subsidiaries, Euro 25 million;
- setting interest recognised in the first half of 2014 to zero, arising from the recognition of the finance lease on the capital assets of Rai Way, Euro 4.1 million;

- lower charges from actuarial valuation of employee benefit obligations as a result of a reduction in the discount rates used, Euro 6.7 million;
- lower interest payable to banks, mainly arising from the early repayment of the medium/long-term amortising loan in June 2015, Euro 7.9 million;
- interest expense on bond issues in relation to the issue of a bond in May 2015, Euro 3.6 million;
- lower net interest income receivable from subsidiaries and associates in relation to lower cash holdings on average, Euro 1.0 million;
- lower charges for Interest Rate Swap closed against the abovementioned early repayment of the amortising loan, Euro 2.1 million.

The average cost of borrowing, made up of uncommitted credit lines, stand-by loans, medium/long-term loans and the bond issue, decreased from 2.2% to 3.3% in 2014, in relation to the lower interest rate paid to bondholders compared to the pre-existing amortising loan.

Net financial income (expenses)

(in millions of Euros)	FY 2015	FY 2014	Change
Dividends			
Rai Cinema	44.2	35.3	8.9
Rai Way	21.8	11.2	10.6
Rai Com	6.5	0.9	5.6
Rai Pubblicità	7.9	8.0	(0.1)
	80.4	55.4	25.0
Other financial income (expenses)			
Net interest income (expense) from banks	(5.4)	(13.3)	7.9
Net interest income (expense) from subsidiaries and associates	3.2	4.2	(1.0)
Interest expense on finance lease	0.0	(4.1)	4.1
Interest expense on bond issues	(3.6)	0.0	(3.6)
Interest on defined-benefit obligations	(4.9)	(11.6)	6.7
Net foreign exchange gains (losses)	(0.4)	0.4	(0.8)
Income (expenses) on Interest Rate Swap	(1.4)	(3.5)	2.1
Net financial contingent assets (liabilities)	0.6	0.0	0.6
Others	(1.2)	(1.3)	0.1
	(13.1)	(29.2)	16.1
Total	67.3	26.2	41.1

Income from equity-accounted investments

This item showed a positive balance of Euro 1.9 million (against a negative balance of Euro 1.4 million in 2014), arising from the measurement of associates and joint ventures according to the equity method, as detailed in the table below.

Income taxes

This item showed a positive value of Euro 55.4 million (Euro 49.1 million in 2014), arising from the balance between current and deferred tax, as detailed in the table below.

No amount was recognised with regard to IRES (Corporate Income) tax as the result for the year was negative for tax purposes, in the same way as in 2014.

IRAP (Regional Production Activity) tax was set to zero (compared to Euro 19.8 million in 2014), as a result of the deductibility of personnel costs from taxable base introduced with effect from 2015.

Deferred tax liabilities, which were positive for Euro 22.4 million (Euro 4.9 million in 2014) were determined by the recognition of IRES and IRAP tax arising from:

- reimbursement of deferred tax liabilities allocated in previous years, with a positive effect in profit or loss of Euro 2.2 million;
- remeasurement of the tax rate at 24% with effect from 2017 on differences allocated in previous years, with a positive effect in profit or loss of Euro 20.2 million.

Deferred tax assets, which were positive for Euro 32.5 million (Euro 63.9 million in 2014) were determined by the recognition of IRES tax credits mainly arising from:

- a negative taxable income being offset against a positive taxable income of subsidiaries contributed within tax consolidation for the 2015 tax period, with a positive effect in profit or loss of Euro 38.3 million;
- a negative taxable income that may be offset against the deductible share of the Group's taxable expected in 2016, with a positive effect in profit or loss of Euro 1.5 million;
- a negative taxable income that may be offset against deferred tax liabilities, with a positive effect in profit or loss of Euro 6.7 million;
- remeasurement of the tax rate at 24% on deferred tax liabilities allocated in previous years, the reimbursement of which is expected starting from 2017, with a negative effect in profit or loss of Euro 14 million.

Income from equity-accounted investments

(in millions of Euros)	FY 2015	FY 2014	Change
Revaluations (Write-downs)			
Auditel	0.0	0.1	(0.1)
Euronews	1.0	(2.1)	3.1
San Marino	0.0	(0.1)	0.1
Tivù	0.9	0.7	0.2
Total	1.9	(1.4)	3.3

Income taxes

(in millions of Euros)	FY 2015	FY 2014	Change
IRES tax	0.0	0.0	0.0
IRAP tax	0.0	(19.8)	19.8
Deferred tax liabilities	22.4	4.9	17.5
Deferred tax assets	32.5	63.9	(31.4)
Direct taxes from previous years	0.5	0.1	0.4
Total	55.4	49.1	6.3

Balance Sheet

Non-current assets

Property, plant and equipment are broken down in the related table.

Investments in programmes were mostly made up of TV drama and comedy genres (Euro 297.8 million), to which most of the total investments for the period related (Euro 205.7 million). The breakdown of the item is reported in the table at the bottom of the page.

Non-current assets

(in millions of Euros)	31.12.2015	31.12.2014	Change
Property, plant and equipment	885.2	887.3	(2.1)
Investments in programmes	401.3	353.1	48.2
Non-current financial assets	926.5	931.3	(4.8)
Other	15.4	18.4	(3.0)
Total	2,228.4	2,190.1	38.3

Property, plant and equipment

(in millions of Euros)	31.12.2015	31.12.2014	Change
Land	370.1	370.2	(0.1)
Buildings	313.4	320.9	(7.5)
Plant and machinery	140.0	147.2	(7.2)
Industrial and commercial equipment	3.4	3.2	0.2
Other assets	21.8	20.9	0.9
Assets under construction and payments on account	36.5	24.9	11.6
Total	885.2	887.3	(2.1)

Investments in programmes

(in millions of Euros)	31.12.2015	31.12.2014	Change
Drama and Comedy	297.8	242.7	55.1
Cartoons	26.1	22.0	4.1
Rights of use of football library	77.1	87.7	(10.6)
Other	0.3	0.7	(0.4)
Total	401.3	353.1	48.2

Non-current financial assets, which were made up of participating investments and other financial assets with a maturity beyond twelve months, showed a decrease of Euro 4.8 million, as shown in the table below.

Other non-current assets are broken down as shown in the related table.

Net current assets

Net current assets are broken down in the table on the bottom of the page, showing the various components of the item and the changes that occurred in the two financial years.

Non-current financial assets

(in millions of Euros)	31.12.2015	31.12.2014	Change
Equity investments in subsidiaries:			
Rai Cinema SpA	267.8	267.8	0.0
Rai Com SpA	107.1	107.1	0.0
Rai Way SpA	507.1	507.1	0.0
Rai Pubblicità SpA	31.1	31.1	0.0
Rai Corporation (in liquidation)	2.9	2.9	0.0
	916.0	916.0	0.0
Equity investments in associates:			
Auditel Srl	0.7	0.7	0.0
Euronews	3.8	2.9	0.9
Tivù Srl	3.2	2.7	0.5
San Marino RTV SpA	2.1	2.1	0.0
	9.8	8.4	1.4
Other equity investments	0.7	0.7	0.0
Fixed-income securities	0.0	2.3	(2.3)
Derivative financial instruments	0.0	3.6	(3.6)
Other	0.0	0.3	(0.3)
Total	926.5	931.3	(4.8)

Other non-current assets

(in millions of Euros)	31.12.2015	31.12.2014	Change
Software	9.5	7.5	2.0
Commercial rights with football clubs	4.8	6.4	(1.6)
Digital terrestrial frequencies	1.1	4.5	(3.4)
Total	15.4	18.4	(3.0)

Net current assets

(in millions of Euros)	31.12.2015	31.12.2014	Change
Inventories	0.2	0.4	(0.2)
Trade receivables	342.6	338.1	4.5
Other receivables	281.9	278.0	3.9
Trade payables	(542.4)	(544.2)	1.8
Other payables	(415.3)	(397.6)	(17.7)
Deferred tax assets (Liabilities)	(21.4)	(37.1)	15.7
Total	(354.4)	(362.4)	8.0

Trade receivables were mostly made up of receivables from subsidiaries, mainly from Rai Pubblicità and Rai Com.

Provisions for risks and charges

This item amounted to Euro 174.3 million and showed a decrease of Euro 11.9 million compared to 31 December 2014. The breakdown of accruals and related changes compared to 2014 are shown in the table below.

Employee benefits

This item amounted to Euro 538.4 million, down by Euro 46.6 million compared to 31 December 2014. The breakdown of accruals and related changes for the year are shown in the table below.

Net financial position

The net financial position at the end of the year, determined according to the ESMA schedule, was negative for Euro 349.5 million, showing a deterioration compared to 2014 (Euro -228.1 million) and is reported in the table on the following page.

Specifically, there was a consolidation in medium/long-term borrowing, determined by the bond issue of Euro 350 million launched in May 2015, which allowed the early repayment of the outstanding syndicated loan of Euro 295 million with a lower term.

The cash flow for the year was negative for Euro 121.4 million as a result of:

- net negative outflows to associates, mainly to Rai Com, for Euro 44 million;

Provisions for risks and charges

(in millions of Euros)	31.12.2015	31.12.2014	Change
Legal disputes	(69.0)	(94.0)	25.0
2014-2015 concession fee	(35.8)	(25.3)	(10.5)
Reclamation and renovation of properties	(15.1)	(16.3)	1.2
Costs of accrued commissions	(11.0)	(5.0)	(6.0)
Risks of recourse for losses on receivables from concessionaires Rai Pubblicità and Rai Com	(10.4)	(11.5)	1.1
Litigation with social security institutions	(10.0)	(12.0)	2.0
Other	(23.0)	(22.1)	(0.9)
Total	(174.3)	(186.2)	11.9

Employee benefits

(in millions of Euros)	31.12.2015	31.12.2014	Change
Staff severance pay	(262.2)	(281.2)	19.0
Supplementary company pension fund	(146.9)	(170.6)	23.7
Compensation in lieu of notice – journalists	(113.7)	(117.5)	3.8
FASDIR welfare fund for retired executives	(14.9)	(15.0)	0.1
Other	(0.7)	(0.7)	0.0
Total	(538.4)	(585.0)	46.6

- net negative outflows to third parties for Euro 77 million, determined by receipts not sufficient to meet the requirements of current operations and for investments, despite the collection of previous tax receivables and the factoring of the VAT credit.

During 2015 Rai was assigned, for the purposes of the bond issue, a Long-Term Issuer Baa3 (investment grade) rating by Moody's, which considers the solvency of Rai substantially equal to that of the Italian Government.

The average financial position was negative for Euro 155 million (Euro -254 million in 2014), showing an improvement of about Euro 100 million, as a result of a lower debt at the beginning of the year.

The analysis of **financial and debt structure ratios** shows:

- a **net invested capital coverage ratio**, defined as the ratio of net invested capital to equity, equal to 1.43 (1.28 in 2014);
- a **debt/equity ratio**, defined as the ratio of net financial debt to equity, equal to 0.43 (0.28 in 2014);
- a **current ratio**, defined as the ratio of current assets (inventories, current assets, cash and cash equivalents and financial receivables) to current liabilities (current liabilities and financial payables), equal to 0.73 (unchanged from 2014);
- a **non-current asset coverage ratio**, defined as the ratio of equity to non-current assets, equal to 0.36 (0.38 in 2014).

The Company monitors the **financial risks** to which it is exposed using dedicated IT and statistical tools. The Company's financial management policy is in line with international best practices and is aimed at achieving capital preservation through a risk-averse approach, combined with active monitoring of exposure and the implementation of appropriate hedging strategies; this policy is also managed on behalf of the Group companies (except for Rai Way). The information on financial risks is reported in the specific section of the notes to the separate financial statements, to which reference should be made.

Net financial position

(in millions of Euros)	31.12.2015	31.12.2014	Change
Liquidity	67.1	113.5	(46.4)
Current financial receivables:			
- from subsidiaries	100.2	81.9	18.3
- current financial assets on derivatives	8.4	4.7	3.7
- non-current securities – current portion	2.3	0.0	2.3
- time deposits	3.0	0.3	2.7
- other	0.1	0.0	0.1
	114.0	86.9	27.1
Current financial debt:			
- to banks	(6.0)	(109.3)	103.3
- current financial liabilities on derivatives	0.0	(1.2)	1.2
- to subsidiaries and associates	(132.5)	(67.8)	(64.7)
- other	(1.1)	0.0	(1.1)
	(139.6)	(178.3)	38.7
Non-current financial debt:			
- to banks	(45.0)	(246.6)	201.6
- bonds issue	(346.0)	0.0	(346.0)
- non-current financial liabilities on derivatives	0.0	(0.8)	0.8
- to subsidiaries	0.0	(2.1)	2.1
- other	0.0	(0.7)	0.7
	(391.0)	(250.3)	(140.7)
Net Liquidity (financial debt)	(349.5)	(228.1)	(121.4)
of which:			
- to subsidiaries/associates	(32.3)	12.0	(44.3)
- to third parties	(317.2)	(240.1)	(77.1)
Total	(349.5)	(228.1)	(121.4)

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Other information

Human Resources

The rationalisation of existing human resources continued in 2015, prioritising internal mobility, also through the recourse to job posting and changing job descriptions; work continued on the target recruitment of young people under apprenticeship contracts; completely new methods of human resources development were put in hand on the basis of structured and integrated policies in order for the Company to have complete knowledge of each member of its staff in terms of performance appraisal, expertise mapping, assessment of potential and training requirements.

When all this information is managed, also through the coherent changes in the information tools concerned whose planning is in progress, an integrated system of human resources development and management will be ready to assist the Company to attain its corporate objectives.

The employees as at 31 December 2015 included 11,054 people under permanent and apprenticeship contracts and 771 people under fixed-term contracts.

The analysis of the changes that occurred in the number of employees shows that the company staff, including 10,754 resources at the beginning of the year, increased by 300 people, while the staff members under fixed-term contracts,

which were 1,114 resources at the beginning of the year, decreased by 343 people.

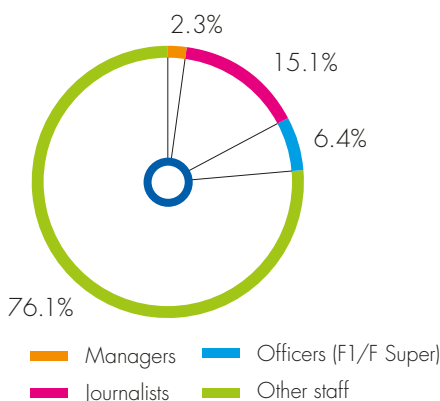
Specifically, the changes in the number of employees recorded 190 terminations of employment, of which 51 for having attained retiring age, 33 under early retirement incentive plans, 13 under intra-group mobility schemes, 13 for termination by mutual agreement, 45 for resignation, 10 as a result of labour disputes and 490 new hires.

The various reasons for the recruitment of new human resources were:

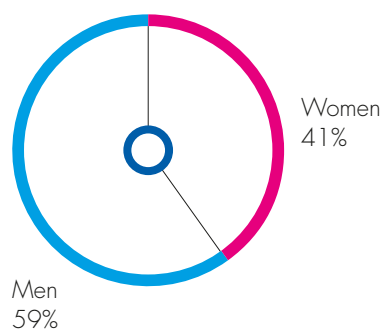
- 383 as a result of applying labour agreements applicable in the areas concerned;
- 24 intra-group mobility;
- 10 filling vacancies in the National Symphony Orchestra in Turin;
- 23 reinstatements as a result of labour disputes;
- 50 (39 of whom on apprenticeship contracts) in order to replenish the labour force owing to turnover, the expansion of some facilities or new requirements.

As regards **artists**, continuing with the policy of cutting the costs of external collaborators, further reductions in pay were made during 2015, even further reducing fees that had already been cut in previous years, while the fees of artists whose fame has decreased substantially over the years were agreed starting on a new basis without taking the amounts of previous fees into account.

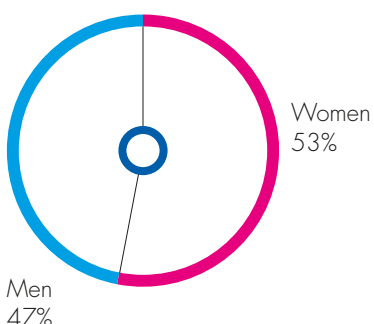
Staff by macro-categories (source Rai)



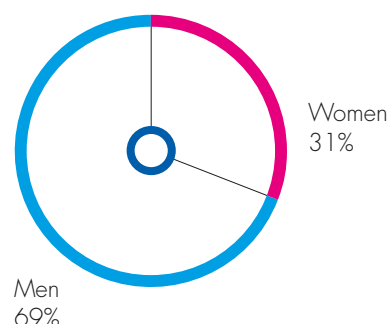
Breakdown of staff into men and women (source Rai)



Proportion of women recruited



Breakdown of terminations of employment into men and women (source Rai)



The Casting Office conducted searches for competitors, actors and actresses and opinion leaders for 11 TV productions and for actors and actresses to use in televised Rai Pubblicità commercials. The screen tests of 5,752 potential candidates were added to the casting database in 2015.

In 2015 the Artists Department was engaged in starting the operational phase of the project for the transfer of the artistic collaborators system to SAP also using the "Travel Expenses Module" and, in collaboration with the Legal and Corporate Affairs Department, redrafting the contractual standards to enter into the new system.

Owing to the high number of persons involved, the organisation of training sessions for users, which took place in 2015, was particularly complex.

As regards **Internal Communication** activities, in order to expand and increase the efficiency of RaiPlace, the tool for communication between the Company and its employees – work continued, throughout 2015, on the project concerning the implementation of the new intranet portal which will have more content and will be better integrated with the Company's IT systems and which will be completed during the second quarter of 2016.

The following were the main measures taken during 2015 in continuing to optimise **organisation** also in the light of the switchover from a digital broadcasting to a Media Company model which is to embrace the conception, production and broadcasting of content suitable for all distribution platforms:

- the creation of the function of Chief News Editor, who coordinates the functions of the newsrooms and their programmes;
- the introduction of the Creative Department to lay down the guidelines for developing the approach to building up an identity for Rai's production and business activities on all platforms and for all brands, also in relation to product promotion;
- the merger of the Communication and Public Relations Department and the Institutional and International Relations Department into the new Communication and Public, Institutional and International Relations Department;
- the creation of the Security & Safety Department, headed by the Chief Security Officer, with responsibility for the oversight of setting up, developing and coordinating comprehensive plans for the management, control and protection of the corporate assets;
- the creation of the Public Utility Services Office under the Deputy Director for the Coordination of the Offer, which will act as a single point of reference for Rai's services to the public and public utility contents.

As part of the optimisation of corporate processes, the procedure for preparing fact sheets for proposed products was revised, as was the process for the planning of advertising products, also with reference to new types of contents, and some procedures were reset in support of product development, such as product planning, the definition of production orders and the drafting of contracts for collaborators.

Finally, activities were completed in support of the Sites set up under the 2013-2015 Business Plan.

As regards **industrial relations**, negotiations were formally launched with a view to the adoption of the new National Labour Agreement for journalists and the renewal of the Supplementary Agreement Rai/Usigrai; discussions also continued on the completion of the process of digitising the regional TGR newsrooms and on the procedures for migration to a single system for the production of news for all reporting newsrooms.

As regards the personnel whose employment relationship is regulated by the Collective Labour Agreement for middle managers, office and manual workers, activities were carried out, with reference to the trade union agreement of 23 December 2014, in support to the internal functions for the implementation of the provisions specifically relating to *Buongiorno Regione*, the professional appointments as 'Rec/Dec e Rup' (the manager in charge of the contract performance and the tender manager, respectively) and to the so-called "atypical" workers.

During the year, discussions began to take place with the Trade Unions representing middle managers, office and manual workers with a view to drawing up a new Industrial Relations model, revising the units representing the workers within the Company, and their rights in their capacity as such in line with the new rules governing bargaining units laid down in the Consolidation Act of 10 January 2014, signed between Confindustria (Italian Manufacturers' Association), and the Confederate Organisations. The talks were successfully concluded with the signature of the Protocol of Industrial Relations and agreements on workers' rights in July and September/October. Specifically, the Production Units were redefined and, accordingly, the number of RSU and RLS to be elected – during the first quarter of 2016 – within each of them.

Talks have begun with ARCAL-Rai, the recreational, cultural and welfare association for Rai employees, with the aim of modifying the Articles of Association and management procedures to take account of changes in the legislative framework and to review and rationalise the costs the Company sustains in financing recreational, cultural and welfare activities.

Finally, in the second half of the year, proceedings were started for the National Technical Company/Trade Union Committee set up in relation to training issues in the implementation of the agreement for the renewal of contracts dated 7 February 2013.

Recruitment work in 2015 consisted of the process of searching for and finding human resources to fill various professional positions out of 740 persons assessed. The Recruitment Area's work continued to be based on criteria springing from principles of impartiality, transparency, openness and non-discrimination and mainly took the form of competitive procedures. Rai completed in fact the project for the selection of Apprentices which had commenced in 2014. The objective of the selection process was to engage 20 law graduates. A Professional Journalists Recruitment process was also carried out during the year, as a result of which 100 persons were found and put on fixed-term contracts with a view to future requirements; various persons needed to satisfy specific production requirements were also engaged, such as directors, programme assistants, operators and technicians, both newly recruited and as a result of career advancement or change of duties. Finally, in order to support young people not in employment, training or education, 24 post-graduate traineeships were awarded to people of under 29 years of age, using the European Youth Guarantee Plan.

In the **Training** sphere, schemes were implemented in 2015 which served both to raise employees' professional qualifications and to acquire aptitudes and organisational approaches which help to implement the Company's strategies. Some of the projects falling within the scope of these measures included the PER.FOR.MA (*Percorsi di Formazione Manageriale*, Managerial Training Schemes) project intended for executives, which was carried out in the second edition. Another project that can be mentioned is MAN.TRA (Managers on Training), a four-day course specially designed for middle managers to provide a "Welcome to Rai" which gave an inside view of the Company through listening to personal experiences and talking to TV and radio hosts, journalists, authors, directors and managers.

As a business priority, in 2015 the Company was strongly committed to supporting the digitisation process. Over a thousand technicians, employees and journalists were given training, which were involved in the production process of RaiNews, regional TGR newsrooms and Rai Parlamento, for more than 40,000 training hours provided. The implementation and upgrading of the Company's IT systems were systematically accompanied by *ad hoc* training courses for a total of about 35,000 hours.

Compared to 2014, a total increase of about 65% was recorded in the training hours provided, which was mainly attributable to the relaunch of the Training Plan concerning Safety & Security issues, which, in accordance with the regulatory changes occurred, and through appropriate on-line courses, involved, in a few months, about 9,000 employees, accounting for about 75% of total.

This project was put into a much more structured Plan which included Supervisors' courses, special safety courses, courses for executives, training for health and safety assistants and for workers' health and safety representatives and for first aid teams and, for the first time, courses in the surveillance and control of alcohol and drug use, the last-named designed and administered in collaboration with the Company Medical Officer at Rai headquarters and the Health and Safety Manager, thus giving due importance to internal resources who provided a high added value to the success of this particular project.

As regards **Safety, Security and Environment** the Company maintained its Certification under standard OHSAS 18001. There is a progressive increase in the number of certified sites in the framework of the Health and Safety Management System, including the Turin Head Office that obtained certification in 2015.

As regards environmental protection, the review of the waste management procedure was approved, which was aimed at rationalising the related operations and at complying with the relevant regulatory obligations in full. The steps that were taken proved to have progressively reduced the relative Accident Rate, which, in 2015 too, had the merit of leading to INAIL (the Italian Industrial Accidents Insurance Agency), granting a percentage reduction in insurance premiums so that the impact of this item on staff costs was lightened.

During the entire period the **Company Health Service** carried out the supervisory activities involved in health protection in the workplace as prescribed by Legislative Decree 81/2008 carrying out about 4,800 medical examinations, both preventive and periodic, at the various Rai offices throughout the country in addition to performing other duties. Furthermore, 19 healthcare plans were prepared for big production events that took place at local level.

Intercompany transactions

In 2015 the Rai Group's operations were carried out on the basis of a decentralised organisational model, whereby some activities were managed by specially incorporated companies. Transactions with subsidiary and associated companies are based on customary negotiations held with reference to current and market values. For the details concerning the commercial and financial relations with the Group companies, reference should be made to the paragraph on "Related Parties" in the Notes to the separate financial statements.

Rai Way shares, which are listed on the Electronic Stock Market (MTA) of Borsa Italiana from 19 November 2014 following the completion of the Global Offer, recorded, during 2015, a positive performance with an increase of +47.9% compared to an increase of +15.4% in the FTSE Italia All Share Index and +38.2% in the FTSE Italia Mid-cap Index.

Rai Way closed 2015 with a capitalisation of Euro 1,283.3 million.

During 2015, the percentage of share capital of Rai Way held by Rai SpA (65.07%) and by the market (34.93%), respectively, remained stable. As regard the floating capital, note a significant investment equal to 5.184% of the capital on the basis of the last notice given pursuant to Article 120 of Legislative Decree 58/1959, served on 8 June 2015.

On 24 February 2015 El Towers SpA announced, in an appropriate press release, that its Board of Directors had unanimously resolved

to launch a voluntary IPO and exchange offer concerning 272,000,000 ordinary shares of Rai Way SpA, equal to the total share capital of the same.

This offer, which was launched pursuant to and for the purposes of Articles 102 and 106, paragraph 4, of Legislative Decree no. 58 of 24 February 1998, as amended and supplemented and of the related implementing provisions, was aimed at the delisting of the shares of Rai Way SpA on the MTA or at the acquisition of an investment representing at least 66.67% of the share capital of Rai Way. The abovementioned press release reports any additional information relating to the terms and conditions of the same.

Subsequently, following the notice dated 10 April 2015, whereby El Towers SpA announced that it had resolved to bring the investment threshold subject to the effectiveness clause to 40%, on 13 April 2015 Consob (Italian Securities and Exchange Commission) stated that the change in elements in the Offer constituted a different kind of transaction which thus made it impossible to proceed with the formalities required for the approval of the offer document and that, therefore, the same had to be regarded as concluded. Specifically, El Towers changed the amount of the minimum share they stipulated as a condition for the effectiveness of their offer after Consob had informed the Offeror, on 1 April 2015, that the Ministry of Economy and Finance and Rai intended to keep a 51% share in Rai Way, which therefore meant that the Offeror could not obtain the minimum 66.67% share which it had stipulated as a condition for the effectiveness of the Offer and this constituted an impediment to the request to approve the Offer Document.

Highlights - subsidiaries

(in millions of Euros)	Rai Way		Rai Com		Rai Cinema		Rai Pubblicità	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues	212.8	171.2	51.5	26.4	348.0	351.6	665.9	679.4
Operating result	61.9	37.0	11.8	3.5	72.5	70.5	10.9	11.6
Result for the year	38.9	24.6	7.2	6.3	46.6	46.6	8.0	7.5
Total comprehensive income for the year	39.0	23.2	7.2	6.1	46.8	49.7	8.3	7.1
Equity	159.3	153.8	112.9	112.2	284.0	281.5	37.9	37.5
Net financial position	(41.6)	(65.5)	90.0	48.3	(95.0)	(75.7)	28.9	6.5
Investments	30.1	14.5	-	-	254.0	245.9	1.5	1.8

(in units)

Personnel as at 31 December	623	623	110	88	134	114	347	350
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Report on Operations of the Board of Directors / **Other information****Balance Sheet - Rai SpA, with associates and subsidiaries, as at 31 December 2014 and 2015**

(in thousands of Euros)	Rai Pubblicità	Rai Cinema	Rai Com	Rai Way	Rai Corporation in liquidation	Total Subsidiaries	Audiradio	Auditel	Euronews	San Marino Rtv	Tivù	Total Associated
Non-current financial assets												
As at 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2014	-	1	-	-	-	1	-	-	-	-	-	-
Current financial assets												
As at 31 December 2015	-	100,185	-	-	-	100,185	-	-	-	-	-	-
As at 31 December 2014	-	81,887	-	-	-	81,887	-	-	-	-	-	-
Current trade receivables												
As at 31 December 2015	227,137	4,622	75,280	4,839	2	311,880	-	-	-	50	169	219
As at 31 December 2014	203,308	5,963	57,375	5,558	-	272,204	-	-	-	65	231	296
Other current receivables and assets												
As at 31 December 2015	2,815	18,725	231	18,173	-	39,944	-	-	-	-	-	-
As at 31 December 2014	3,068	20,932	480	11,215	-	35,695	-	-	-	-	-	-
Current financial liabilities												
As at 31 December 2015	(33,351)	(5,138)	(89,968)	(228)	(3,754)	(132,439)	-	-	-	(91)	-	(91)
As at 31 December 2014	(9,209)	(6,064)	(48,322)	(365)	(3,457)	(67,417)	-	-	-	(352)	-	(352)
Trade payables												
As at 31 December 2015	(115)	(20,122)	(7,124)	(59,914)	-	(87,275)	-	-	-	-	(449)	(449)
As at 31 December 2014	(1,168)	(11,438)	(33,030)	(56,478)	-	(102,114)	-	-	-	(1)	(559)	(560)
Other current payables and liabilities												
As at 31 December 2015	(5,086)	(3,523)	(53)	(2,456)	-	(11,118)	-	-	-	-	-	-
As at 31 December 2014	(6,336)	(671)	-	(2,718)	-	(9,725)	-	-	-	-	-	-
Non-current financial liabilities												
As at 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2014	-	(2,097)	-	-	-	(2,097)	-	-	-	-	-	-

Income Statement - Rai SpA, with associates and subsidiaries, as at 31 December 2014 and 2015

(in thousands of Euros)	Rai Pubblicità	Rai Cinema	Rai Com	Rai Way	Rai Corporation in liquidation	Total Subsidiaries	Audiradio	Auditel	Euronews	San Marino Rtv	Tivù	Total Associated
Revenues from sales and services												
As at 31 December 2015	586,775	(18)	58,501	44	-	645,302	-	-	-	-	487	487
As at 31 December 2014	597,458	143	51,798	15	-	649,414	-	-	-	79	464	543
Other earnings and proceeds												
As at 31 December 2015	3,261	4,853	6,950	12,661	-	27,725	-	-	-	17	90	107
As at 31 December 2014	3,220	6,597	5,525	14,791	-	30,133	-	-	-	16	40	56
Costs for services												
As at 31 December 2015	89	(316,362)	(9,254)	(196,926)	2	(522,451)	-	(6,220)	-	1	(1,795)	(8,014)
As at 31 December 2014	1,073	(314,610)	(17,892)	(152,556)	-	(483,985)	-	(5,414)	(500)	2	(1,834)	(7,746)
Personnel costs												
As at 31 December 2015	1,331	962	1,208	428	-	3,929	-	-	-	164	-	164
As at 31 December 2014	2,143	762	1,273	1,127	-	5,305	-	-	-	162	-	162
Other costs												
As at 31 December 2015	(35)	(9)	(358)	-	-	(402)	-	-	-	-	-	-
As at 31 December 2014	-	-	(183)	-	-	(183)	-	-	-	-	-	-
Amortisation, depreciation and write-downs												
As at 31 December 2015	-	-	(8)	-	-	(8)	-	-	-	-	-	-
As at 31 December 2014	-	(21)	-	-	-	(21)	-	-	-	-	-	-
Provisions												
As at 31 December 2015	-	-	129	-	-	129	-	-	-	-	-	-
As at 31 December 2014	-	-	(129)	-	-	(129)	-	-	-	-	-	-
Financial income												
As at 31 December 2015	7,915	47,512	6,507	21,842	-	83,776	-	-	-	3	-	3
As at 31 December 2014	8,026	38,644	930	12,382	-	59,982	-	-	-	2	-	2
Financial expenses												
As at 31 December 2015	(156)	-	(22)	(4)	-	(182)	-	-	-	-	-	-
As at 31 December 2014	(423)	-	(57)	(4,059)	-	(4,539)	-	-	-	(1)	-	(1)

On 16 April 2015, the Board of Directors of RAI - Radiotelevisione italiana SpA confirmed that, in any case, the majority shareholder would not have accepted the offering launched by El Towers, not even following the change made. On 22 April 2015, El Towers announced that its Board of Directors, having examined Rai's communication, "*consequently acknowledged that, even before the offer period starts, the conditions for proceeding with the offer do not arise*".

The proceedings brought before the Competition Authority was also discontinued after El Towers had withdrawn, as announced on its website on 17 April 2015, the notice on the concentration transaction that had been given on 24 February 2015.

Significant post-period events

Extension of the Concession Term

On 19 April 2016, the new Code of Public Contracts (Legislative Decree 50 of 18 April 2016) entered into force. This decree, under Article 216, paragraph 24, provides that "in order to achieve the highest possible participation in the public consultation referred to in Article 5, paragraph 5, of Law 220 of 18 December 2015 (Rai Reform Act), and pending the updating of the regulations governing the assignment of the Public radio, television and multimedia Service", the term of the concession must be extended from 6 May 2016 to 31 October 2016, thus providing reasons for a reasonable expectation of renewal.

Amendments to the Articles of Associations

In compliance with the aforementioned developments regarding the governance, as provided for in the Rai Reform Act 220 of 28 December 2015 (as well as with the provisions regulating the transition phase), it was decided to prepare two separate sets of articles of associations, which were firstly approved by the management board on 26 January 2015 and then by the Extraordinary Shareholders' Meeting on 3 February 2015: the first set (Articles of Association "A"), which adopted the amendments introduced by the Reform Act that could be applied immediately, was intended to remain effective until the first renewal of the Board of Directors following the date of entry into force of the Act; the second set (Articles of Association "B"), which adopted the new governance structure in its entirety as regards the composition and appointment of the board and the position of Chief Executive Officer, was intended to become effective at a deferred date as from the first renewal of the Board following the date of entry into force of the aforementioned Reform Act. At the Board of Directors' meeting of Rai held on 3 February 2016, with reference to the new regulatory and articles of association framework following the reform, the new governance structure of the company was acknowledged (duties of the Board of Directors, General Manager); by a resolution dated 16 March 2016, the Board (taking account of the resolution passed by the Shareholders' Meeting held on 10 March) delegated to the Chairman the responsibility for supervision of internal control audits.

Appointment of Independent Auditors for the financial years from 2015 to 2023

On 10 March 2016 the Ordinary Shareholders' Meeting of Rai approved the reasoned proposal put forward by the Board of Statutory Auditors as regards the appointment of PricewaterhouseCoopers SpA as independent

auditors for the statutory audit of accounts for the financial years from 2015 to 2023, in consideration of the acquisition by Rai of the status of Entity of Public Interest during 2015.

Licence Fee

Under Article 1, paragraphs 152 and ff., the 2016 Stability Law (Law 208 of 28 December 2015) provides, as from 1 January 2016, for a new procedure for collecting the TV licence fees for private use through a charge - under a separate item - on the electricity bills.

Additionally, in order to combat licence fee avoidance, a mechanism was introduced according to which the possession of a TV set is assumed whenever a contract exists for the supply of electricity in the place where a person has his/her registered residence.

The assumed possession of a TV set may be ignored only with a self-certification issued pursuant to the consolidated act referred to in Presidential Decree 445 dated 28 December 2000, which, in case of false declarations, may also entail criminal penalties.

By an order dated 24 March 2016, the Director of the Revenue Agency approved the self-certification form to be used only by the holders of a contract for the supply of electricity for domestic residential use, setting out the procedures and time limits for filing such self-certification.

Under paragraph 154 of Law 208 of 2015, provisions are made for the issue of a decree by the Ministry of Economic Development, in agreement with the Ministry of Economy and Finance, having heard the Electricity, Gas and Water Network Authority, aimed at implementing the new regulations and the procedure of which is currently being carried out.

Incorporation of Tavolo Editori Radio Srl

On 1 April 2016 Tavolo Editori Radio Srl was incorporated, with a quota capital of Euro 110 thousand, divided between national Publishers (70%) and local Publishers (30%), in which Rai holds a share of 15.8%. The other quotaholders are: Elemedia Group, RB1 (Finelco), Il Sole 24 Ore, RadioKissKiss, Rtl 102.5, Radio Italia, RTI (Mediaset), Radio Dimensione Suono, and the associations Aeranti Corallo and FRT.

The priority purpose of the company is to design and implement a proprietary research system aimed at measuring the audience of the radio and of the radio broadcasting companies on all transmission platforms, in compliance with the guidelines issued by AGCOM, the Italian Communication Regulatory Authority, on this issue and in cooperation with the representatives of the advertising investors, in view of a new Joint Industry Committee of the Italian Radio Broadcasting.

Outlook

On the basis of the evidence in the first quarter of 2016, the main indicators in the macroeconomic scenario are showing some slight signs of recovery although there is still a risk of less favourable developments. Moreover, economic activity is gathering speed slowly unlike previous cycles of economic expansion and so it will probably only have a marginal effect on Rai, taking account of the structure and composition of revenues.

As regards public funds, the main source of financing, 2016 was the first financial year that saw the application of the new method to collect ordinary licence fees for private use by charging the amount to the invoices issued by electricity companies.

The purpose of this important change in regulations is to make a decisive contribution to the fight against evasion which has been a historical feature of this tax. Therefore, even on the basis of a prudential estimate of the number of self-certified declarations which the holders of residential domestic electricity contracts may submit to rebut the presumption that they hold an appliance which can or may be adapted to receive broadcasts, there are good grounds to believe that licence fee revenues will be higher in the financial year in progress than those recorded in 2015.

However, the estimated licence fee revenues shall be reviewed during the first months of operation of the new collection system, taking account of the effective trend in the main variables (number of electricity utilities, avoidance rate, counter-declarations, etc.).

The 2016 financial year will be affected by the considerable costs connected with the acquisition of the rights to big sports events, the Summer Olympics and the European Football Championships.

This is the scenario in which, in view of the need to assure the universality and distinctive nature of this Public Service, while remaining the leader in cross-platform audiences and preserving economic and financial sustainability, Rai will take effective action on two fundamental enabling factors: the rationalisation of its business structure to enhance its efficacy and flexibility and an in-depth organisational renewal to simplify the management of its operations.

According to the information to hand at the moment and taking the market trends of the relevant markets into account, as matters stand it seems that the attainment of an acceptable degree of financial stability is a reasonable objective.

Additional information

In relation to the technical requirements connected with the obligation to prepare the Consolidated Financial Statements, pursuant to Section 16, paragraph 4, of the Articles of Association, Rai makes use of the right provided for in Article 2364 of the Italian Civil Code, which allows the Ordinary Shareholders' Meeting to be called for the approval of the Financial Statements within 180 days from the closing of the financial year.

It should be pointed out that the Company does not own treasury shares, not even through trust companies or third parties and that, in the previous year, the Company did not carry out any transaction for the acquisition or disposal of the aforesaid shares.

Resolution proposal

The Board of Directors hereby proposes:

- to approve the draft separate financial statements of Rai SpA, prepared in accordance with the International Accounting Standards and made up of the Statement of Financial Position, the Statement of Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity and the Notes to the Financial Statements, showing a net loss for the year equal to Euro 45,982,723.19, as well as the Report on Operations;
- to cover the net loss for the year equal to Euro 45,982,723.19 through the use of the Distributable reserve from valuation of equity investments;
- to cover the loss carried forward for IFRS adjustments, equal to Euro 251,318,033.62, through the use of:
 - Distributable reserve from valuation of equity investments for Euro 3,315,658.46;
 - Reserve for merger surplus for Euro 5,314,605.80;
 - Distributable IFRS FTA reserve for Euro 205,042,681.80;
 - Other reserves for Euro 37,645,087.56.

Financial statements of Rai SpA

Financial statements of Rai SpA

Statement of financial position

(in Euros)	Note	Financial year ended		Balance as at 1 January 2014
		31 December 2015	31 December 2014	
Property, plant and equipment	11.1	885,127,267	887,259,679	1,143,409,644
Intangible assets	11.2	416,722,055	371,589,143	373,018,985
Equity investments	11.3	926,509,313	925,157,328	1,112,618,539
Non-current financial assets	11.4	59,111	6,108,560	2,724,429
Other non-current assets	11.6	14,547,668	50,086,929	35,838,774
Total non-current assets		2,242,965,414	2,240,201,639	2,667,610,371
Inventories	12.1	246,576	360,822	1,388,057
Trade receivables	12.2	341,414,152	336,111,940	524,533,097
Current financial assets	12.3	114,045,940	86,877,354	140,780,489
Tax receivables	12.4	106,688,189	94,221,434	59,539,839
Other current receivables and assets	12.5	161,897,285	135,708,222	155,778,333
Cash and cash equivalents	12.6	67,110,708	113,499,504	6,244,166
Total current assets		791,402,850	766,779,276	888,263,981
Total assets		3,034,368,264	3,006,980,915	3,555,874,352
Share capital		242,518,100	242,518,100	242,518,100
Reserves		881,111,639	832,004,257	822,853,218
Profits (losses) carried forward		(311,844,194)	(246,170,676)	4,317,064
Total equity	13	811,785,545	828,351,681	1,069,688,382
Non-current financial liabilities	14.1	391,067,941	250,314,980	201,965,570
Employee benefits	14.2	538,355,592	585,051,239	522,399,588
Non-current provisions for risks and charges	14.3	174,323,248	186,160,596	184,359,421
Deferred tax liabilities	14.4	21,427,982	37,077,863	78,030,596
Other non-current payables and liabilities	14.5	6,286,016	11,917,379	18,028,807
Total non-current liabilities		1,131,460,779	1,070,522,057	1,004,783,982
Trade payables	15.1	542,414,534	544,200,838	554,447,003
Current financial liabilities	15.2	139,669,846	178,258,990	575,056,676
Tax payables	15.3	73,774,023	67,136,917	62,187,159
Other current payables and liabilities	15.1	335,263,537	318,510,432	289,711,150
Total current liabilities		1,091,121,940	1,108,107,177	1,481,401,988
Total liabilities		2,222,582,719	2,178,629,234	2,486,185,970
Total equity and liabilities		3,034,368,264	3,006,980,915	3,555,874,352

Income statement

(in Euros)	Note	Financial year ended	
		31 December 2015	31 December 2014
Revenues from sales and services	16.1	2,297,196,722	2,296,824,705
Other earnings and proceeds	16.2	38,054,830	52,918,488
Total revenues		2,335,251,552	2,349,743,193
Costs for purchases of consumables	16.3	(14,250,498)	(16,270,464)
Costs for services	16.3	(1,307,030,747)	(1,356,365,631)
Other costs	16.3	(42,083,782)	(42,540,575)
Personnel costs	16.4	(888,250,262)	(913,812,305)
Amortisation, depreciation and write-downs	16.5	(252,119,448)	(271,030,187)
Provisions	16.6	(2,088,357)	(27,092,471)
Total costs		(2,505,823,094)	(2,627,111,633)
Operating result		(170,571,542)	(277,368,440)
Financial income	16.7	87,278,380	65,182,944
Financial expenses	16.7	(19,938,349)	(38,946,243)
Income from equity - accounted investments	16.8	1,844,370	(1,381,264)
Result before tax		(101,387,141)	(252,513,003)
Income taxes	16.9	55,404,418	49,058,833
Net result from operating activities		(45,982,723)	(203,454,170)
Result for the year - Profit (loss)		(45,982,723)	(203,454,170)

Financial statements of Rai SpA

Statement of comprehensive income

(in Euros)

	Financial year ended	
	31 December 2015	31 December 2014
Result for the year	(45,982,723)	(203,454,170)
Items that can be reclassified through profit or loss:		
Profit/(loss) on cash flow hedge instruments	1,246,175	5,699,680
Tax effect	(2,656)	(865,705)
Total	1,243,519	4,833,975
Items that cannot be reclassified through profit or loss:		
Restatement of defined-benefit plans	28,173,068	(42,716,506)
Total	28,173,068	(42,716,506)
Total comprehensive income (expense) for the year	(16,566,136)	(241,336,701)

Cash flow statement

(in thousands of Euros)	Note	Financial year ended	
		31 December 2015	31 December 2014
Profit before tax		(101,387)	(252,513)
Adjustments for:			
Amortisation, depreciation and write-downs	16.5	252,119	271,030
Accruals to and (releases of) provisions related to personnel and other provisions		64,968	114,636
Net financial expenses (income)	16.7	(67,340)	(26,237)
Income from equity - accounted investments	16.8	(1,844)	1,381
Other non-cash items		204	(41,929)
Cash flows from operating activities before changes in net working capital		146,720	66,368
Change in inventories		114	226
Change in trade receivables	12.2	(7,941)	78,465
Change in trade payables	15.1	(1,786)	(2,533)
Change in other assets and liabilities		44,559	25,984
Use of provisions for risks	14.3	(31,772)	(27,477)
Payment of employee benefits and to external funds	14.2	(65,250)	(67,150)
Income taxes paid		-	(23,292)
Net cash flow from operating activities		84,644	50,591
Investments in property, plant and equipment	11.1	(63,602)	(66,548)
Disposals of property, plant and equipment	11.1	461	33
Investments in intangible assets	11.2	(226,305)	(173,625)
Disposals of intangible assets	11.2	-	103
Dividends collected	11.3	80,882	55,804
Interest collected		85	85
Cash flow from contribution (acquisition) of business units		-	4,150
Change in financial assets	11.4 12.3	(20,953)	57,455
Net cash flow from investing activities		(229,432)	(122,543)
Long-term loans	14.1	345,558	147,500
Long-term loan repayments	14.1	(296,126)	(98,333)
Disposal of equity investments (*)		-	280,251
Increase/(Decrease) in short-term loans and other loans	15.2	54,169	(137,439)
Net interest paid (**)		(5,202)	(12,771)
Cash flow from financing activities		98,399	179,208
Change in cash and cash equivalents		(46,389)	107,256
Cash and cash equivalents at the beginning of the period	12.6	113,500	6,244
Cash and cash equivalents at the end of the period	12.6	67,111	113,500

(*) Related to transactions without loss of control

(**) Related to financial assets/liabilities

Financial statements of Rai SpA

Statement of changes in equity

(in Euros)	Share Capital	Legal reserve	Other reserves	Profits (losses) carried forward	Total equity
Balances as at 1 January 2014	242,518,100	8,943,984	813,909,234	4,317,064	1,069,688,382
Allocation of the result	-	215,853	4,101,211	(4,317,064)	-
Result for the year	-	-	-	(203,454,170)	(203,454,170)
Other comprehensive income (expense)	-	-	4,833,975	(42,716,506)	(37,882,531)
Total comprehensive income (expense) for the year	-	-	4,833,975	(246,170,676)	(241,336,701)
Balances as at 31 December 2014	242,518,100	9,159,837	822,844,420	(246,170,676)	828,351,681
Allocation of the result	-	2,393,193	45,470,671	(47,863,864)	-
Result for the year	-	-	-	(45,982,723)	(45,982,723)
Other comprehensive income	-	-	1,243,519	28,173,068	29,416,587
Total comprehensive income (expense) for the year	-	-	1,243,519	(17,809,655)	(16,566,136)
Balances as at 31 December 2015	242,518,100	11,553,030	869,558,610	(311,844,195)	811,785,545

Notes to the separate financial statements as at 31 December 2015

1) General information

Rai Radiotelevisione italiana SpA (hereinafter referred to as "Rai", the "Company" or the "Parent Company") is a joint-stock company incorporated under the laws of, and domiciled in, Italy, with registered office in Rome, at Viale Mazzini no. 14 and organised according to the legal system of the Italian Republic.

The separate financial statements as at 31 December 2015 (hereinafter referred to as the "Separate Financial Statements"), as described below, are the first to be prepared in accordance with the International Financial Reporting Standards ("IFRSs").

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are active in Italy in the role as a general Public Radio and Television Service operator. The Parent Company is required by special national and Community regulations to fulfil specific obligations regarding the quality and quantity of its broadcasting schedule, which are further detailed in the Service Contract entered into with the Ministry of Economic Development (hereinafter also referred to as the "Contract").

The current Service Contract is that referred to the three-year period from 2010 to 2012, which is still in force by virtue of the provisions of Section 36 thereof.

The Contract provides for certain service levels and restrictions that Rai is required to meet in the performance of its publishing activities, which are increasing over time. It also establishes a clear connection between Rai, individuals and the community, meeting needs that are relevant to the growth of the individual and the creation of public awareness. Editorial issues that are worthy of mention are the focus on education and employment, information and insights, social and cultural issues, children and teenagers, the role of women, sports and entertainment, minority languages and the promotion of the image of Italy abroad, to the benefit of both foreigners and the many communities of Italians living there.

Under Law 89/2014 Rai must ensure public information at a national and regional level, through the presence of newsrooms and facilities suitable for specific productions in each region and autonomous province. The new paragraph 3-bis of Article 17 of Law 112/2004 also provides for the offices located in Bolzano, Trento, the Aosta Valley and Friuli-Venezia Giulia to retain their autonomy in financial and accounting terms, to serve as decentralised production centres for the promotion of local culture and language, and for any other regional and provincial office to retain such autonomy until the definition of a new local structure on the part of Rai.

In accordance with Law 220 of 28 December 2015 governing the "Reform of Rai and of the Public Radio and Television Service", the national service contract between the Ministry of Economic Development and Rai is to be renewed for a term of five years rather than the previous three years, within the scope of the concession that assigns Rai the role of operator of the Public radio, television and multi-media Service. The award of the aforementioned concession requires the Ministry of Economic Development to launch a public consultation on the duties of the Public radio and television Service, to be also funded by the higher income arising from the granting of the rights of use of frequencies in 3.6-3.8Ghz band (Article 1, paragraph 165, of the 2016 Stability Law).

The Company's share capital is owned respectively by:

- Ministry of Economy and Finance (99.5583%);
- SIAE Società Italiana Autori Editori (0.4417%).

2) Basis of preparation

The Company prepared its financial statements for the previous financial year in accordance with the provisions of Articles 2423 and ff. of the Italian Civil Code, which regulate the basis of preparation. With effect from the financial year ended 31 December 2015, the Company applies, in relation to the provisions under Legislative Decree 38 of 28 February 2005 and in the preparation of its Separate Financial Statements, the International Financial Reporting Standards (hereinafter referred to as "IFRSs" or "international accounting standards") issued by the International Accounting Standards Board (hereinafter referred to as IASB) and adopted by the European Commission according to the procedure referred to in Article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002. The IFRSs also include all international accounting standards ("IAS") and all the interpretations issued by the International Financial Reporting Standards Interpretations Committee ("IFRS Interpretations Committee"), previously known as "Standard Interpretations Committee" (SIC). While preparing these Separate Financial Statements, the Company provided full information and applied the IFRSs consistently to all periods covered by these Separate Financial Statements.

Since these were the first financial statements prepared by the Company in accordance with IFRSs, it was necessary to enter a process of transition from Italian GAAPs to IFRSs, in compliance with IFRS 1 "First-time Adoption of International Financial Reporting Standards"; for this purpose, the date of transition to IFRSs was set at 1 January 2014 (hereinafter the "Transition Date"). As regards the disclosures required under IFRS 1 in relation to the accounting impact of the transition from Italian GAAPs to IFRSs (hereinafter the "Transition to IFRSs"), reference should be made to the detailed information provided in note 18 below, "Criteria for the transition from Italian GAAPs to IFRSs".

The structure of the Separate Financial Statements adopted by the Company provides as follows:

- the items of the Statement of Financial Position must be segregated into current and non-current;
- the items of the Income Statement must be classified by nature;
- the Statement of Comprehensive Income must be presented separately from the income statement and must state the results of operations, together with income and expenses that are recognised directly in equity, as expressly required by the IFRSs;
- the cash flow statement must be prepared according to the "indirect method", by adjusting the result (profit/loss before tax) for the year for any non-cash items; and
- the statement of changes in equity must show the aggregate income (expenses) for the year, as well as transactions with shareholders and any other changes in Equity.

This approach best reflects the elements that determined the result of operations for the year, as well as its financial and capital structure.

The Separate Financial Statements were prepared by applying the historical cost method, taking into account value adjustments, where appropriate, except for those items of the financial statements that, under IFRSs, must be recognised at fair value, as stated in the accounting principles and except in the cases in which the IFRSs provide for a different accounting principle.

These Separate Financial Statements have been prepared on a going-concern basis, since it is believed that no financial, management or other indicators exist that could raise doubts about the Company's ability to meet its obligations in the foreseeable future and, specifically, in the next twelve months.

The procedures through which the Company manages financial risks are described in note 7 below, "Financial Risk Management".

The Separate Financial Statements have been audited by PricewaterhouseCoopers SpA (hereinafter the "Independent Auditors").

The values stated in the tables reporting the Statement of financial position, the Income statement, the Statement of comprehensive income, the Statement of changes in equity, are stated in Euro units, while the Cash flow statement and the explanatory notes of the separate financial statements, in consideration of their relevance, are expressed in thousands of Euros, except as otherwise stated.

3) Accounting principles

The most significant accounting standards and principles used in the preparation of the Separate Financial Statements are summarised below.

Current Assets

Inventories. Inventories of technical materials are valued at purchase cost, which is determined according to the weighted average cost method and depreciated based on market performance and the presumed non-use linked to obsolescence and slow moving.

Trade Receivables - Other Receivables and Current Assets - Current Financial Assets. Trade receivables, other receivables and current assets and current financial assets are initially recognised at fair value adjusted for directly attributable transaction costs; subsequently they should be measured at amortised cost according to the effective interest rate method (i.e. the interest rate that equals, upon initial recognition, the present value of estimated cash flows and the book value), as appropriately adjusted to take account of write-downs, through the recognition of a provision for bad debts. Receivables from customers and other financial assets are entered under current assets, except for those that have a maturity of more than twelve months from the reporting date, which are classified under non-current assets.

Impairment of financial assets. All financial assets, other than those measured at fair value with a corresponding entry in profit or loss, are tested at each reporting date, in order to assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised only if there is evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss events have an impact on the estimated future cash flows of the asset.

Objective evidence of impairment may include observable indicators, such as for example:

- the issuer or the debtor is experiencing significant financial difficulty;
- default or delinquency in interest or principal payments;
- the probability that the debtor will enter bankruptcy or other financial reorganisation;
- a significant decrease in the estimated future cash flows.

Losses that are expected to arise from future events are not recognised.

For financial assets accounted for at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. This value is recognised in profit or loss.

If the amount of a previously recognised impairment loss decreases and such decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the Income statement.

Derecognition of financial assets and liabilities. Financial assets qualify for derecognition when one of the following conditions is fulfilled:

- the contractual right to the cash flows from the financial asset expires;
- the Company has transferred substantially all the risks and rewards of ownership of the asset, transferring its rights to receive the cash flows from that asset or assuming a contractual obligation to pay those cash flows to one or more recipients (if any) under an agreement that meets the requirements provided for in IAS 39 (the so-called "pass-through test");
- the Company has neither transferred nor retained substantially all of the risks and rewards of ownership of the financial asset and has not retained control.

In case of factoring transactions that do not substantially provide for the transfer to the factor of the risks and rewards attached to the assigned receivables (therefore, the Company is still exposed to the risk of insolvency and/or delayed payment - the so-called assignments "with recourse"), the transaction is treated as raising a loan backed by the receivable being assigned. In this circumstance, the assigned receivable is still recognised in the Company's statement of financial position until it is collected by the factor and a financial payable is entered against any possible advance obtained by the factor. The financial cost of factoring transactions is represented by interest on the advance amounts taken to profit or loss on an accruals basis, which are classified as financial expenses. Fees accruing on assignments are entered under financial expenses.

Financial liabilities qualify for derecognition when they are extinguished, that is, when the contractual obligation is either discharged or cancelled or expires.

Offsetting financial assets and liabilities. The Group is entitled to offset financial assets and liabilities when, and only when:

- there is a legally enforceable right of set-off the recognised amounts; and
- there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Cash and cash equivalents. Cash and cash equivalents include cash, demand deposits and financial assets with an original maturity equal to or less than three months, which are readily convertible into cash and are subject to an insignificant risk of changes in value. The components of cash and cash equivalents are measured at fair value.

Collection transactions are recorded according to the date of the banking transaction, while the date of instructions is also taken into account for payment transactions.

Non-current Assets

Property, plant and equipment. Property, plant and equipment are recognised at cost and stated at acquisition or production cost, including additional costs that are directly attributable to making the assets available for use. No revaluation of property, plant and equipment is allowed, not even in compliance with specific laws.

Costs for improvements, modernisation and transformation, aimed at increasing the value of property, plant and equipment, are recognised under balance sheet assets when it is likely that they would increase the future economic benefits expected from the use or sale of the asset.

Property, plant and equipment are systematically depreciated on a straightline basis over their economic-technical useful life, which is the estimated period in which the asset will be used by the entity. This period commences in the month in which the asset is, or would have been, used for the first time. When the item of property, plant and equipment is comprised of several significant components with different useful lives, depreciation is carried out for each component. The value to be depreciated is represented by the book value reduced by the presumed net transfer value at the end of its useful life. Land, even if purchased together with a building, works of art and property, plant and equipment held for sale are not subject to depreciation. Any changes in the depreciation charges, arising from a review of the useful life of the item of property, plant and equipment, concerning the residual value or in the procedures to obtain economic benefits from the asset, are recognised prospectively.

Below is the estimated useful life of the main property, plant and equipment:

	Useful life in years	
	Minimum	Maximum
Buildings	10	50
Plant and machinery	4	8
Industrial and commercial equipment	5.3	5.3
Other assets	4	8.3

Routine maintenance and repair costs are recognised in profit or loss in the period when they are incurred.

Intangible assets. Intangible assets refer to identifiable assets without physical substance, which are controlled by the Company and from which future economic benefits are expected, as well as goodwill when acquired against payment. An intangible asset is identifiable when it can be clearly distinguished from goodwill. This requirement usually is met when:

- the intangible asset arises from a legal or contractual right; or
- the asset is separable, that is, it is capable of being sold, transferred, rented or exchanged, either individually or as an integral part of other assets.

The Company's control consists of the power to obtain future economic benefits from the asset and of the possibility to restrict the access of others to those benefits.

Intangible assets are stated at acquisition or production cost, including additional costs that are directly attributable to making the assets available for use. No revaluation of is allowed, not even in compliance with specific laws.

Intangible assets with a finite useful life are systematically amortised over their useful life, which is the estimated period in which the assets will be used by the Company and are structured as follows:

a) Programmes:

Acquisition and production costs for programmes, which comprise the external costs that can be allocated directly to each production and the costs of the internal resources used for the creation of the individual programmes, are accounted for as follows:

- 1) costs for repeated-use TV productions are capitalised under intangible assets. If such productions are ready for use at year-end the costs are amortised on a straight-line basis from the month when they are realised or the right is available, over the period of their estimated useful life. If such repeated-use productions are not yet usable at period-end, the costs are reported as intangible assets under development and payments on account.

The table below reports the useful life of repeated-use programmes, estimated in view of objective difficulties encountered in identifying elements capable of establishing an appropriate correlation between advertising revenues, license fees and the amortisation of rights, to which must be added the impossibility of determining the multiple ways of exploitation:

	Useful life in years
Rai TV drama and comedy and cartoons	3
Football library exploitations rights	4

Costs for concession rights with a shorter duration are amortised over the period they are available. In the event that the viewing rights available as per contract are exhausted, the residual value is expensed in full.

- 2) Costs for one-time-use television programmes are charged in the income statement in a single year, which is normally that in which they are used. More specifically:
 - *News, light entertainment, documentaries, serious music and plays and all radio programming.* Costs are charged in the year in which they are incurred, which is normally the year in which the programmes are broadcast.
 - *Sports events.* Costs are charged in the year in which the event takes place.
- b) Software licences are amortised over three years from the year they are available for use, which is normally the year in which they enter service.
- c) Costs incurred for the construction of the digital terrestrial network are stated net of amortisation and amortised on a straight-line basis over the estimated period of use from the date the service is activated.
- d) Trademarks are amortised over ten years from the year they are available for use, which is normally the year in which they enter service.

Goodwill and the other intangible assets with an indefinite useful life are not amortised; the possibility of recovering their book value is verified at least once a year and whenever events occur that might be considered evidence of impairment.

Impairment of non-financial assets. Non-financial assets are tested at each reporting date, in order to assess whether there is any evidence that they may be impaired. When events occur that indicate an impairment of non-financial assets, the recoverable value shall be estimated by comparing the book value with the higher of fair value, net of costs of disposal, and the value in use. The value in use is determined based on reasonable and demonstrable assumptions that represent the best estimate of the future economic conditions that will occur during the residual useful life of the asset, attaching importance to external indicators. When the reasons for the write-downs cease to exist, the value of the assets is reinstated and the adjustment is recognised in profit or loss as a revaluation (reinstatement of value). The value is reinstated at the lower of recoverable value and book value, including any write-downs previously carried out and reduced by the amortisation allowances that would have been allocated had no write-down been made.

Government grants. Government grants, including non-monetary grants measured at fair value, are recognised when there is reasonable assurance that they will be received and that the Company will comply with any conditions attached to the grant.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is initially recognised at fair value and the government grant is measured as the difference between the initial book value and the funding received. The loan is subsequently valued in accordance with the provisions set out for financial liabilities.

Operating grants are stated as a positive component in profit or loss, under "Other earnings and proceeds".

Government grants received for the purchase, construction or acquisition of fixed assets (property, plant and equipment or intangible assets) are recognised as a direct reduction in the related acquisition or production cost, or stated as an income with reference to the related useful life.

Financial assets (current and non-current). **Equity investments in subsidiaries** are stated at cost adjusted by impairment losses. These impairment losses are calculated on the basis of the recoverable value determined with reference to the cash flows that the investee will be able to produce prospectively. Therefore, any positive difference, arising upon acquisition, between the acquisition cost and the share of the investee's equity at current values attributable to the Company is included in the book value of the equity investment. Any write-down of this positive difference will not be reinstated during subsequent periods, not even when the conditions that led to said write-down cease to exist.

Investments in joint ventures and associates are recognised according to the equity method.

Under the equity method, equity investments are initially recognised at acquisition cost, by allocating any possible difference between the cost incurred and the share of investment in the fair value of the identifiable net assets of the investee in the same way as that provided for in IFRS 3 "Business Combinations". Subsequently, the book value is adjusted in order to take account of:

- the investor's share of the profit or loss of the investee after the date of acquisition; and
- the share of other Comprehensive income of the investee.

Any changes in the investee's equity, other than those described above, are recognised in profit or loss when they substantially represent the effects of a transfer of a share of the investment held in the investee. The dividends distributed by the investee are recognised as a deduction in the book value of the investment.

Should there be any objective evidence of impairment, the recoverability shall be estimated by comparing the book value with the related recoverable value determined by adopting the criteria set out in the section on "Impairment of non-financial assets". When the reasons for the write-downs cease to exist, the value of the investments is reinstated within the limits of the write-downs made, taking the impact to the income statement.

The transfer of shares of investment that entails the loss of joint control or of the significant influence over the investee determines the recognition of the following items in profit or loss:

- any capital gain/losses calculated as the difference between the consideration received and the corresponding portion of the carrying amount of the investment being disposed of;
- the effect of the remeasurement of any residual investment to fair value;
- any amounts recognised under other comprehensive income relating to the investee, which will be reversed to profit or loss.

The value of any retained investment, adjusted at the related fair value at the date of the loss of the joint control or of the significant influence, represents the new book value and, thus, the reference value for any subsequent measurement according to the applicable accounting principles.

Once an equity-accounted investment, or a share thereof, is classified as held for sale, since it meets the requirements set out for such classification, the investment, or a share thereof, will no longer be measured according to the equity method. Any shares of such investment not classified as held for sale are measured according to the equity method until the completion of the disposal of the share of investment classified as held for sale. After the disposal, any remaining share retained is measured based on the applicable accounting principles.

Other equity investments entered under non-current assets are measured at fair value, recognising the effects in the equity reserve pertaining to the other comprehensive income; any fair value changes recognised in equity are taken to the income statement upon their write-down or realisation. When the investments are not listed in a regulated market and the fair value cannot be determined reliably, they are measured at cost adjusted for impairment losses, which are not subject to reinstatement.

The **investor's share of possible losses of the investee**, in excess of the carrying amount of the investment, is recognised in a specific provision to the extent that the investor is committed to fulfil legal or constructive obligations placed on the investee or, in any case, to cover its losses.

Receivables and financial assets held to maturity are stated at cost, represented by the fair value of the initial consideration, as increased by transaction costs (if any). The initial book value is subsequently adjusted so as to take account of capital repayments, write-downs and the amortisation of the difference between the repayment value and the initial carrying amount; the amortisation is carried out based on the effective interest rate (amortised cost method).

Should there be any objective evidence of impairment losses, the write-down is determined by comparing the related book value with the current value of the estimated cash flows discounted at the effective interest rate that is defined upon initial recognition. Receivables and financial assets to be held to maturity are stated net of any related provision for bad debts.

Current and non-current liabilities

Financial liabilities - Trade payables - Other payables and liabilities. Loans and trade payables are recognised when the Company becomes a party to the relevant contract clauses and are initially measured at fair value adjusted by any directly attributable transaction costs.

Subsequently, they are measured at amortised cost using the effective interest rate method.

Provisions for risks and charges. Provisions for risks and charges refer to costs and charges determinable in nature, the existence of which is certain or likely, whose amount and/or timing could not be determined at the reporting date. Accruals to the provisions are recognised when:

- a present obligation, whether legal or constructive, has arisen as a result of a past event;
- a settlement is expected to result in an outflow of resources;
- the amount of the obligation can be estimated reliably.

Accruals to provisions are stated at the value representing the best estimate of the amount that the company would reasonably pay to settle the obligation or to transfer it to a third party on the reporting date. When the financial effect of the passing of time is significant, and the payment dates of the obligations can be estimated reliably, the accrual is determined by discounting the estimated cash flows that are determined based on the risks associated with the obligation; the increase in the provision arising from the passing of time is recognised in profit or loss under "Financial income" or "Financial expenses".

The costs that the company expects to incur in the implementation of reorganisation plans are recognised in the year in which the plan is formally defined and the parties involved may expect that the reorganisation will actually take place.

The provisions are periodically remeasured in order to reflect any changes in estimated costs, timing and discount rate; the reviews of the estimates are charged to the same income statement item as that under which the provision was initially set aside. Provisions for risks and charges are discounted if it is possible to reasonably estimate the moment when the monetary payments will actually occur. When the liability is related to property, plant and equipment (e.g. decommissioning and site restoration), any changes in the estimates of the provision are recognised against the asset to which they refer, within the limits of the book values; any excess is recognised in profit or loss.

If some or all of the expenditure required to discharge an obligation is expected to be reimbursed by a third party, the reimbursement, when it is virtually certain that it will be received, is recognised as a separate asset.

As regards contracts, whose non-discretionary costs required to fulfil the obligations assumed, exceed the economic benefits that are expected to be obtained from the contract (contracts for valuable consideration), the Company recognises a provision equal to the lower of the cost required to fulfil the obligation and any compensation or sanction resulting from a breach of the contract.

The existence of **contingent liabilities**, which are represented by possible, but not probable, obligations resulting from past events, depending on whether some uncertain future events occur, which are not fully under the control of the company, or the amount of which cannot be estimated reliably, does not result in the recognition of liabilities in the accounts, but must be described in a specific note in the Separate Financial Statements.

Employee benefits. Post-employment benefits, taking into account their features, are classified in "defined contribution" and "defined benefit" plans. Under defined contribution plans, the company's obligation, limited to the payment of the contributions to the Government or to a fund or a legally separate entity, is determined based on the contributions that are due and payable. The costs related to such plans are recognised in profit or loss based on the contributions paid during the period. Under defined benefit plans, the company's obligation is determined separately for each scheme, based on actuarial assumptions and by estimating (in accordance with the projected unit credit method) the amount of the future benefits that the employees earned at the reference date. More specifically, the present value of the defined benefit plans is calculated using a rate determined based on market yields, at the reporting date, of high quality corporate bonds or, absent any active market where such bonds are traded, of Government bonds. The liability is recognised on an accruals basis during the vesting period of the right and is measured by independent actuaries. If the plan assets exceed the current value of the relevant liability, any excess is recognised as an asset.

Net interest includes any return on the plan assets and any interest cost to be recognised in profit or loss. Net interest is determined by applying the discount rate defined for liabilities to the liabilities, net of any plan assets; net interest of defined benefit plans is recognised in profit or loss under "Financial income" or "Financial expenses".

Actuarial gains and losses arising from the actuarial measurement of the defined benefit plans and the return on the plan assets (net of any related interest income) are recognised under other components of the Statement of comprehensive income. As regards other long-term benefits, actuarial gains and losses are recognised in profit or loss. Should a defined benefit plan be amended or a new scheme be introduced, any social security cost related to services performed in the past is recognised in profit or loss.

Derivative financial instruments. A derivative is a financial instrument or another contract:

- the value of which changes depending on the changes in a parameter known as "underlying", such as an interest rate, a stock price or the price of commodities, a foreign exchange rate, a price or rate index, a credit rating or any other variable;
- that requires an initial net investment equal to zero, or lower than the investment that would be required for contracts with a similar response to the changes in market conditions;
- settled on a future date.

Derivative instruments are classified as financial assets or liabilities depending on whether the fair value is positive or negative, and are classified as "held for trading" and measured at fair value through profit or loss, except for those designated as effective hedges.

Derivatives are designated as hedging instruments when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high. When the derivatives are entered into for cash flow hedge purposes - e.g. as a hedge of the variability in cash flows of assets/liabilities as a result of exchange rate fluctuations -, any changes in the fair value

of the derivatives regarded as effective are initially recognised in the equity reserve related to the other components of the Statement of comprehensive income and subsequently taken to the Income statement in line with the economic effects produced by the hedged transaction. Any changes in the fair value of the derivatives that do not qualify for hedge accounting are recognised in profit or loss.

Fair value measurement

Fair value measurements and related disclosures are made or prepared by applying IFRS 13 "Fair Value Measurement". The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction entered into between market participants at the measurement date.

Fair value measurement assumes a transaction to sell an asset or transfer a liability taking place in the principal market, i.e. the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, the transaction is assumed to take place in the most advantageous market that can be accessed by the Company, that is to say the market that would likely maximise the amount that would be received to sell an asset or minimise the amount that would be paid to transfer a liability.

The fair value of an asset or liability is determined by considering the assumptions that will be used by the market participants to define the price of the asset or liability, assuming that they act according to their best economic interest. Market participants are buyers and sellers that are independent of each other, knowledgeable, are able and are willing to enter into a transaction for the asset or liability, but not forced or otherwise compelled to do so.

In fair value measurements the Company takes account of the features of the specific assets or liabilities; specifically, as regards non-financial assets, account is taken of the market participant's ability to generate economic benefits by exploiting the asset to its maximum and best use or selling it to another market participant capable of exploiting it to its maximum and best use. The fair value measurement of assets and liabilities is carried out using techniques adequate to the circumstances and for which sufficient data is available, maximising the use of observable inputs.

Revenues and costs

Revenues are recognised to the extent that it is probable that any economic benefits will flow to the Company and can be determined reliably; revenues from services are recognised once the provision of such services is completed, while revenues from sales are recognised when the risks and rewards of ownership of the sold assets are actually transferred.

As regards the most significant services for the Company, revenues are recognised for:

- license fees, with reference to the payment made by the subscribers to the Government for ordinary license fees or to Rai for special subscriptions, as regards the share accrued in the period (excluding any amounts paid in advance of the period of accrual); additionally, this item includes the payments made during the period in relation to license fees referred to previous years;
- advertising, with the distribution of advertisements.

Revenues allocated for the partial provision of services are recognised on the basis of the consideration accrued, provided that the stage of completion can be measured reliably and that there are no significant uncertainties as regards the amount and existence of the revenue and related costs; otherwise, they are only recognised to the extent that the costs incurred are regarded as recoverable.

Revenues are recognised in an amount equal to the fair value of the consideration received or to be received, net of returns, discounts, allowances and prizes, as well as of any directly related tax.

Costs are entered on an accruals basis when they are related to services and assets purchased or used during the year, or on a systematic allocation basis or when no future use of such assets or services can be identified.

Operating lease rentals are recognised in profit or loss over the term of the agreement.

Financial income and expenses are recognised in profit or loss during the year in which they accrued.

Exchange differences

Revenues and costs related to transactions carried out in a currency other than the functional currency are stated at the exchange rate prevailing on the date when the transaction is recognised.

Monetary assets and liabilities expressed in a currency other than the functional currency are converted into the functional currency by applying the exchange rate prevailing at the reporting date of the financial statements, charging the effect to the Income Statement. Non-monetary assets and liabilities carried at cost and expressed in a currency other than the functional currency are entered at the exchange rate applied upon initial recognition; non-monetary items carried at fair value or recoverable or realisable value are converted at the exchange rate prevailing at the date when such value was determined.

Dividends

Dividends are recognised on the date when the resolution that establishes the right to receive the payment is passed by the Shareholders' Meeting, except when it is reasonably certain that the shares will be transferred before the ex-date.

Dividends resolved by the Shareholders' Meeting are reported as a change in equity during the year when they are approved.

Income taxes

Current income taxes for the year, which are entered under Tax payables, net of advances paid, or under Tax receivables in case of a net credit balance, are determined based on the estimated taxable income and in compliance with the tax regulations in force. Specifically, these payables and receivables are determined by applying the tax rates set out in the laws enacted by the reporting date.

Current taxes are recognised in profit or loss, except for those related to items recognised outside of profit or loss, which are stated directly under equity.

Deferred tax assets and liabilities are calculated on the temporary differences between the balance sheet values stated in the accounts and the corresponding values recognised for tax purposes, by using the tax rate applicable at the date when the temporary difference is reversed, as determined based on the tax rates set out in the laws enacted by the reporting date. A deferred tax liability is recognised for all taxable temporary differences, except where such liability arises from the initial recognition of goodwill or with reference to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the Company is able to control the timing of the reversal of temporary differences and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets for all taxable temporary differences, unused tax losses or unused tax credits are recognised to the extent that it is probable that they will be recovered, that is to say when it is estimated that there will be sufficient future taxable income to recover the asset. The recoverability of deferred tax assets is reviewed at the end of each reporting period. Deferred tax assets that are not recognised in the accounts are reviewed on each reporting date of the financial statements and are entered insofar as it is likely that a future taxable income will make it possible to recover the deferred tax asset.

Deferred tax assets and liabilities are recognised in profit or loss, except for those related to items recognised outside of profit or loss, which are stated directly under equity.

Deferred tax assets and liabilities arising from the application of laws and regulations issued by the same tax authority, can only be offset when there is a legal right to offset current tax assets against current tax liabilities that will be generated upon their reversal.

Deferred tax assets and liabilities are classified under non-current assets and liabilities and are offset at the level of each tax jurisdiction, if they refer to taxes for which offsetting is permitted. If the amount that results after offsetting is a credit balance, it is recognised under "Deferred tax assets", while, in case of a debt balance, it is recognised under "Deferred tax liabilities".

Related parties

Related parties means the parties that have the same controlling entity as Rai, the companies that, either directly or indirectly, control Rai or are controlled, or jointly controlled, by the Parent Company and those in which the latter holds an equity interest that allows the exercise of significant influence. The definition of Related parties also includes the entities that manage post-employment benefit plans, exclusively for the employees of the Company (as detailed in note 17.4 "Related Parties"), as well as the key management personnel of Rai and its subsidiaries. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any Directors.

In compliance with IAS 24 "Related Party Disclosures", paragraph 26, Rai is exempted from the disclosure requirements referred to in paragraph 18 (according to which the Company shall disclose the nature of the related party relationship, as well as information about those transactions and outstanding balances, including commitments, necessary for users of the financial statements to understand the potential effect of the relationship on the separate financial statements) in case of relationships with another entity that is a related party, since the same governing entity has control over both the reporting entity and the other entity.

4) Use of estimates

The application of the IFRSs to the preparation of the Separate Financial Statements requires some accounting estimates, often based on complex and/or subjective evaluations, founded on past experience and assumptions regarded as reasonable and realistic with reference to the information available when they are made. The use of such estimates affects the book value of assets and liabilities and the disclosures relating to contingent assets and liabilities at the reporting date, as well as the amount of revenues and costs during the reporting period. Actual results may differ from those estimated, due to the uncertainty that characterises the assumptions and conditions on which the estimates are based. The estimates and assumptions are reviewed periodically, reporting the effects of any change in the Income Statement.

To better understand the Separate Financial Statements, the most significant estimates of the process for the preparation of the Separate Financial Statements are specified below, since they entail a large use of subjective opinions, assumptions and estimates related to issues that are, by their very nature, uncertain. Any changes in the conditions underlying the judgements and assumptions adopted may have a considerable impact on subsequent results.

Impairment of assets

Assets are impaired when events or circumstances that occurred after their initial recognition indicate that such value may not be recovered. The decision whether to proceed with an impairment and the amount thereof depend on measurements made based on reasonable and demonstrable assumptions that represent the best estimate of the future economic conditions occurring during the residual useful life of the asset, attaching importance to external indicators.

The impairment loss is determined by comparing the carrying amount and the recoverable value, which is represented by the higher of fair value, net of costs of disposal, and value in use. The latter is determined by the use of the asset, net of costs of disposal and quantified in light of the information available when the estimate was made, based on subjective opinions about the trend in future variables (such as, for instance, prices, costs, demand growth rates).

Recovery of deferred tax assets

The Separate Financial Statements for the year include deferred tax assets, mainly related to the recognition of tax losses that may be used in subsequent years and, to a lesser extent, to income components subject to deferred tax deductibility, in an amount the recovery of which in future years is regarded as highly probable. The recoverability of the aforementioned deferred tax assets is subject to the generation of sufficient future taxable income to absorb the aforesaid tax losses or up to the amount of deferred taxation related to other deferred tax assets. The calculation of the amount of deferred tax assets that can be recognised in the accounts requires significant judgements by the management, based on the timing and amount of future taxable income. If, in future, the Company is not able to recover all or some of the deferred tax assets recognised in the accounts, the relevant adjustment will be taken to the Income Statement.

Employee benefits

Part of the Company employees participates in post-employment benefit plans (such as the Staff Severance Pay (TFR), as well as supplementary pension funds specified in note 14.2 "Employee benefits"). The calculation of costs and liabilities associated with such schemes is based on estimates made by actuaries, which utilise a combination of statistical and actuarial factors, including statistical data related to past years and future cost forecasts. Additionally, mortality and withdrawal rates, assumptions related to the future trend in discount rates, salary increase rates, rates of inflation, as well as the analysis of the trend in healthcare costs, are all regarded as components of the estimate. Usually, at the time of the periodic remeasurement of the balance of the aforementioned liabilities, some differences occur, which also arise from changes in the actuarial assumptions used, from the difference between the actuarial assumptions previously adopted and those actually realised, and from the different return on the plan assets compared to that considered in the calculation of net interest. The impact of these remeasurements are recognised in the Statement of comprehensive income for defined benefit plans and in the Income statement for defined contribution plans.

Litigation

The Company is involved in several disputes concerning administrative, civil, tax and labour-related issues. The nature of such litigation makes it objectively impossible to predict the final outcome of the

disputes. Consequently, provisions have been set aside to cover all significant liabilities that could arise in those cases where the legal counsels (both those within and outside the Company) believe that there is the possibility of an unfavourable outcome and it is possible to make a reasonable estimate of the costs arising from such possibility.

Decommissioning and site restoration

The Company has recognised some liabilities related to the requirements of decommissioning of property, plant and equipment and of restoration of certain areas under operating leases at the end of the period of their use. The estimate of future decommissioning and restoration costs is a complex process that requires evaluation and judgement in assessing liabilities that will be incurred after many years, often not properly defined by laws, regulations or contract clauses. The criticality of the estimates of decommissioning and restoration costs results from (i) the recognition of such costs the current value of which is initially recognised as an increase in the cost of the asset to which they refer, with a corresponding entry in the provision for risks; and (ii) the complexity and subjectivity of the measurement process to be carried out upon initial recognition and to be updated at least annually in order to determine the discount rate to be used.

Fair value measurement of financial instruments

The fair value of listed financial instruments is determined by observing the prices that can be recorded directly on the market, whereas, for unlisted financial instruments, it is determined by adopting specific valuation techniques that use as many observable inputs as possible. In the event that this proves to be impossible, inputs are estimated by the management taking account of the characteristics of the instruments being measured. Any changes in the assumptions used in estimating input data could affect the fair value recognised in the accounts for such instruments.

5) Newly issued IFRSs

Accounting standards endorsed by the European Union but not yet applicable

- The European Commission's Regulation no. 2015/29 of 17 December 2014 endorsed an amendment to IAS 19 "Defined Benefit Plans: Employee Contributions". The amendment is effective for periods beginning on or after 1 February 2015 (the 2016 financial year for the Company).

In certain countries, pension plans require the employees or third parties to contribute to the pension scheme and these contributions reduce the cost incurred by the employer. The objective of the amendment is to simplify the accounting for contributions from employees (or third-parties) that are independent of the number of years of service, which may be recognised as a reduction of service costs in the period in which the related service is rendered, rather than being attributed to the entire "period of service". The accounting treatment of voluntary contributions is not changed from the current version of IAS 19 (they are recognised as a reduction of service costs when they are actually paid).

- The European Commission's Regulation no. 2015/28 of 17 December 2014 endorsed the document on the "Annual Improvements to IFRSs 2010-2012 Cycle", containing technical and editorial amendments to some international accounting standards. The amendments specified in the aforementioned document are effective for periods beginning on or after 1 February 2015 (the 2016 financial year for the Company). The amendments reported in the 2010-2012 cycle of improvements are outlined below:
 - IFRS 2 "Share-based Payments": the definition of "vesting conditions" has been clarified and the definitions of "service conditions" and "performance conditions" have been introduced;
 - IFRS 3 "Business Combinations": this standard has been amended so as to clarify that the obligation to pay a contingent consideration falls within the definition of financial instrument and it must be classified as either a financial liability or an equity instrument, on the basis of the definitions provided for in IAS 32. Moreover, it is clarified that the obligations to pay a contingent consideration, other than those falling within the definition of equity instrument, are measured at fair value on each reporting date, with changes being presented in profit or loss;
 - IFRS 8 "Operating Segments": the amendment requires the disclosure of the factors used to aggregate operating segments, describing the segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated segments share similar economic characteristics;
 - IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": both standards have been amended in order to clarify the accounting treatment of the historical cost and of accumulated depreciation or amortisation of a fixed asset when an entity applies the revalued cost model;
 - IAS 24 "Related Party Disclosures": the amendment establishes the information to be provided when a third-party entity supplies key management personnel services to the reporting entity.
- The European Commission's Regulation no. 2015/2173 of 24 November 2015 endorsed amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations", requiring an entity to adopt the principles provided for in IFRS 3 to recognise the accounting impact resulting from the acquisition of an interest in a joint operation that constitutes a business. The amendment to IFRS 11 applies to the acquisition of both an initial interest and additional interests. However, a previously held interest is not remeasured at fair value on the acquisition of an additional interest, while retaining joint control (i.e. the additional acquisition does not entail the control over the investee).

The amendment to IFRS 11 is effective for periods beginning on or after 1 January 2016.

- The European Commission's Regulation no. 2015/2231 of 2 December 2015 endorsed amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation". The amendment made to both standards establishes that a revenue-based method should not be used to calculate the charge for depreciation or amortisation of an asset. According to the IASB, the revenues generated by an asset generally reflect factors other than the consumption of the economic benefits embodied in the asset.

The amendments to IAS 16 and IAS 38 are effective for periods beginning on or after 1 January 2016.

- The European Commission's Regulation no. 2015/2343 of 15 December 2015 endorsed the document on "Annual Improvements to IFRSs 2012-2014 Cycle", containing technical and editorial amendments to the international accounting standards. The main amendments are outlined below:
 - IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations": the amendment clarifies that when a non-current asset (or disposal group) is reclassified from "held for sale" to "held for

distribution", or vice-versa, this reclassification is not considered as a change to a plan of sale or distribution. Moreover, it is clarified that the principles of IFRS 5 regarding the changes to a plan of sale apply to an asset (or disposal group) that ceases to be classified as held for distribution but that is not reclassified as "held for sale";

- IFRS 7, "Servicing contracts": if an entity transfers a financial asset to a third party and the conditions set out under IAS 39 for the derecognition of the asset are met, the amendment to IFRS 7 includes a description of the term "continuing involvement" and adds guidance to assist the company's management in determining whether the terms and conditions of a servicing contract involving the transferred asset constitute continuing involvement;
- IFRS 7, "Interim Financial Statements" clarifies that the information required by the previous amendment to IFRS 7 "Disclosure – Offsetting Financial Assets and Financial Liabilities" should not be provided in interim financial statements, except where expressly required by IAS 34;
- IAS 19 "Employee Benefits": this standard requires that the discount rate used to discount post-employment benefit obligations must be determined by reference to market yields on high quality corporate bonds and, in countries where there is no deep market in such bonds, the market yields on government bonds shall be used. The amendment introduced with the improvements cycle 2010-2014 establishes that the assessment of whether there is a "deep market" in high quality corporate bonds, the market should be considered at the currency level and not at a country level;
- IAS 34 "Interim Financial Reporting" lists the information that must be provided in the interim financial report, except when it is disclosed elsewhere in the interim financial report. The amendment clarifies the meaning of "disclosure of information elsewhere in the interim financial report" and explains that reference should be made to other documents that must be available to the users together with the interim financial report (such as for example the report on operations).

The amendments to the standards are effective for periods beginning on or after 1 January 2016.

- The European Commission's Regulation no. 2015/2406 of 18 December 2015 endorsed the amendments to IAS 1, contained in the document on "Disclosure Initiative" and essentially relating to certain clarifications on the method of presentation of relevant disclosures in the financial statements.

The amendment to IAS 1 are effective for periods beginning on or after 1 January 2016.

- The European Commission's Regulation no. 2015/2441 of 18 December 2015 endorsed the amendment to IAS 27 "Equity Method in Separate Financial Statements", which introduces the possibility of using the equity method to measure investments in subsidiaries, joint ventures and associates in the separate financial statements.

The amendment to IAS 27 must be applied retroactively for periods beginning on or after 1 January 2016, with early adoption permitted.

The Company decided to apply this amendment as early as from the reporting date of the Separate Financial Statements as at 31 December 2015 in relation to joint ventures and associates.

At present, the Company is analysing the standards specified above and assessing whether their adoption will have a significant impact on its financial statements.

Accounting standards not yet endorsed by the European Union

- On 14 January 2016 the IASB issued IFRS 16 "Leases". IFRS 16 defines the new method of accounting for leases. IFRS 16 is effective for periods beginning on or after 1 January 2019.
- On 19 January 2016 the IASB issued amendments to IAS 12 "Income Taxes". The amendment clarifies how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective from 1 January 2017.
- On 29 January 2016 the IASB issued amendments to IAS 7 "Statement of Cash Flows". The amendment requires the financial statements to provide disclosures concerning changes in financial liabilities for the purpose of responding to the investors' request for information that helps them better understand changes in an entity's debt. These amendments are effective from 1 January 2017.

- On 30 January 2014 the IASB issued IFRS 14 “Regulatory Deferral Accounts”. IFRS 14 permits an entity that is a first-time adopter of IFRSs to continue to account for “regulatory deferral account balances” in accordance with its previous GAAPs. IFRS 14 is effective for periods beginning on or after 1 January 2016.
- On 28 May 2014 the IASB issued IFRS 15 “Revenue from Contracts with Customers” (hereinafter IFRS 15), which regulates the recognition of revenues from contracts with customers. Specifically, under IFRS 15, an entity will recognise revenues according to a five-step model framework:
 1. identify the contract with a customer;
 2. identify the performance obligations (i.e. the contractual obligations to transfer assets and/or services to a customer);
 3. determine the transaction price;
 4. allocate the transaction price to the performance obligations identified based on the stand-alone sale price of each asset or service; and
 5. recognise revenues when the relevant performance obligation is satisfied.

Additionally, IFRS 15 identifies the financial statement disclosures to be provided with reference to the nature, amount, timing and uncertainty of revenue and cash flows.

The provisions of IFRS 15 are effective for periods beginning on or after 1 January 2018.

- On 24 July 2014 the IASB completed the project to revise the accounting standard on financial instruments by issuing the final version of IFRS 9 “Financial Instruments” (hereinafter IFRS 9). Specifically, the new provisions of IFRS 9: (i) change the method of classification and measurement of financial assets; (ii) introduce a new expected-loss impairment model for financial assets; and (iii) amend the provisions on hedge accounting.

The provisions of IFRS 9 are effective for periods beginning on or after 1 January 2018.

- On 11 September 2014 the IASB issued amendments to IFRS 10 and to IAS 28 “Sale or Contributions of Assets Between an Investor and its Associate or Joint Venture” (hereinafter referred to as amendments to IFRS 10 and IAS 28). The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. According to IFRS 10, in the case of loss of control over an investee, an investor must recognise the difference between the fair value of the consideration received and the book value of the derecognised assets and liabilities through profit or loss; whereas, in accordance with IAS 28, the effect of the transactions between an investor and its associate or joint venture, is recognised in the financial statements of the entity only to the extent of the non-controlling interests’ share held in the associate or joint venture. The amendment made to the two standards provides that, in case of sale or contribution of a business to an associate or joint venture, the investor should apply the principles set out under IFRS 10 and recognise the entire capital gain or loss arising from the loss of control in its financial statements. The amendment does not apply when the assets sold or contributed to an associate or joint venture do not constitute a business according to IFRS 3. In this latter case, the profit or loss will be recognised according to IAS 28.

The amendments to IFRS 10 and IAS 28 are effective for periods beginning on or after 1 January 2016.

At present, the Company is analysing the standards specified above and assessing whether their adoption will have a significant impact on its financial statements.

6) Operating segment reporting

Under IFRS 8 "Operating Segments", the "Operating Segment" is a component of an entity: (i) that engage in business activities from which it may earn revenues and incur expenses; (ii) whose operating results are reviewed regularly by the entity's chief operating decision maker, which coincides with the Board of Directors of the Company, to make decisions about resources to be allocated and assess its performance; and (iii) for which discrete financial information is available. The Company has identified only one operating segment and the management reports, which are prepared and made available periodically to the Board of Directors for the purposes referred to above, consider the business conducted as a whole; consequently, the Separate Financial Statements do not provide any disclosure by operating segment. The information concerning the services performed by the Company, the geographical area, which corresponds almost entirely to the territory of the Italian Republic and in which it carries out its activities, as well as the main recipients thereof, is provided in the relevant notes to these Separate Financial Statements, to which reference should be made.

7) Financial Risk Management

The financial risks to which the Company is exposed are managed according to the approach and procedures set out in a specific policy. These documents describe procedures, limits and tools for the monitoring and mitigation of financial risks, with a view to preserving the Company's value.

The main risks identified by the Company are:

- market risks arising from the exposure to fluctuations in interest and exchange rates associated with the financial assets and liabilities that are held/generated and assumed, respectively;
- credit risks arising from the possibility that one or more counterparties may be insolvent;
- liquidity risks arising from the Company's inability to obtain the financial resources required to meet short-term financial commitments.

7.1 Market risk

The market risk is the possibility that any changes in interest and exchange rates could adversely affect the value of assets, liabilities or of estimated cash flows.

Interest rate risk

The interest rate risk is generated by the possible increase in net financial costs due to unfavourable changes in market rates on the floating rate financial positions. In order to limit this risk, the Group's policy requires that medium/long-term variable rate loans should be converted into fixed rate loans for at least 50% through the use of derivative products, such as Interest Rate Swaps.

During the 2015 financial year, the Company proceeded, through a bond issue in a nominal amount of Euro 350,000 thousand, with the early repayment of a syndicated loan for an aggregate of Euro 295 million and also closed the related hedging transactions (Interest Rate Swaps for a nominal amount of Euro 137 million). As at 31 December 2015, the medium/long-term debt was entirely at fixed rate; therefore, the effects of the changes in interest rates only affect the short-term positions, with variable maturity and sign during the year.

Sensitivity analysis

The table below shows the sensitivity analysis conducted on unhedged financial positions as at 31 December 2015 and 31 December 2014, assuming a parallel shift of +50 bps and -10 bps in the interest rate curve (the asymmetry of the test is due to the minimum level already reached by interest rates). Specifically, it should be noted that as at 31 December 2015 an increase in the curve determined higher revenues on cash and cash equivalents, capable of offsetting the increased interest expense on the variable rate portion of debt.

(in thousands of Euros)	Change in interest rates	Change in economic results before tax effect
Financial year ended 31 December 2015	+50 bp.	206
	-10 bp.	(41)
Financial year ended 31 December 2014	+50 bp.	(185)
	-10 bp.	37

Exchange risk

The exchange risk to which the Company is exposed mainly concerns the exposure to US Dollars resulting from the acquisition of sports rights on the part of Rai. During 2015 such commitments generated payments of approximately USD 34 million (USD 33 million in 2014). Additional currencies of exposure, with split payments and in a modest aggregate amount, are the Swiss Franc and the British Pound, in an amount of about Euro 6 million.

Exchange risks are managed as from the date when the Group enters into the commercial transaction, which often has a multi-year term and is aimed at preserving the Euro countervalue of the commitments, as estimated at the time of the orders or of the budget. The policy regulates the risk management according to international best practices, with a view to minimising the risk, through the active monitoring of the exposure and the implementation of hedging strategies on the part of Rai, also on behalf of its subsidiaries (except for Ray Way, provided with independent policy and management). The powers related to the implementation of hedging activities are assigned on a hierarchical and gradual basis, with a minimum percentage of intervention of 50% of the currency contract amount.

The hedging strategies are implemented by means of derivative financial instruments - such as forward purchases and options - and are never intended for financial speculation purposes. For this purpose effectiveness tests are conducted, through specific systems, on an ex-ante and ex-post basis, which allow, as detailed in note 15.2 "Current financial liabilities", the identification of the effective and ineffective portions of the hedge.

The table below reports the breakdown of assets and liabilities expressed in a currency other than the Euro:

(in thousands of Euros)	Financial year ended 31 December 2015		Financial year ended 31 December 2014	
	USD	Other foreign currencies	USD	Other foreign currencies
Trade receivables	58	102	358	106
Trade payables (*)	(8,160)	(806)	(6,106)	(1,256)
Cash and cash equivalents	675	100	5,549	140
Financial assets (**)	-	-	-	-
Financial liabilities (**)	(4,093)	-	(6,437)	-
Other non-current assets	8	90	7	73
Other current receivables and assets	1	4	-	30
Other current payables and liabilities	(65)	(251)	(98)	(177)

(*) amount covered by derivative instruments with a nominal value:
 - equal to USD 5,750 thousand as at 31/12/2015
 - equal to USD 5,750 thousand as at 31/12/2014

(**) excluding derivative financial instruments

Sensitivity analysis

In light of the foregoing, the exposure to the exchange risk is significant only for the EUR/USD exchange rate. Therefore, a sensitivity analysis was conducted as at 31 December 2015 and 31 December 2014, on unhedged credit and debt positions, on derivatives used to hedge commitments against already executed contracts and on funds available in foreign currencies. A symmetric change of 10% in the exchange rate from the rate prevailing on the reporting date was simulated, all other conditions being equal. This assessment shows the impact on the Income Statement of cash and cash equivalents expressed in a foreign currency and of unhedged receivables/payables, as well as the effect of the derivative used to hedge the cash flows on future commitments, with confirmation of the prospective effectiveness, which is recognised entirely under the specific Equity reserve.

The effects are stated in the table below. Specifically, it shows that a depreciation of the Euro as at 31 December 2015 would determine negative economic effects on the amount of unhedged positions, on one hand, and, on the other, an increase in the Cash Flow Hedge Reserve as a consequence of the higher value of the hedges. On the contrary, an appreciation of the Euro would entail lower economic costs and a decrease in the Cash Flow Hedge Reserve as a result of the lower value of the hedges.

Notes to the separate financial statements

(in thousands of Euros)	Eur/Usd Exchange rate	Change in exchange rate Eur/Usd	Recalculated EUR/USD exchange rate	Change through P&L (before tax)	Change in the Cash Flow Hedge Reserve
Financial year ended					
31 December 2015	1.0887	-10%	0.9798	(699)	1,591
		+10%	1.1976	572	(1,552)
31 December 2014	1.2141	-10%	1.0927	(221)	3,054
		+10%	1.3355	181	(2,914)

7.2 Credit risk

The theoretical exposure to the credit risk for the Company mainly refers to the book value of financial assets and trade receivables recognised in the accounts.

As regards the counterparty risk, formal procedures are adopted for the assessment of business partners and for establishing appropriate credit limits, in order to manage trade receivables. This analysis is conducted periodically on the basis of the situation of overdue items and may lead to placing the insolvent parties in default. The lists of the overdue items being analysed are ordered by amount and customer, updated as at the date of the analysis and show the situations that require greater attention.

The Company's corporate function responsible for debt collection takes reminder actions, on an amicable basis, against the counterparties that owe amounts related to overdue items. If such activities do not lead to the collection of the amounts due, the function takes, after formally placing the debtors in default, and in consultation with the legal affairs department, any appropriate action aimed at collecting debts (notice of demand, injunctive order, etc.). Accruals to the provision for bad debts are made specifically as regards credit positions that present particular elements of risk. As regards credit positions that do not have these characteristics, assessments are carried out, by customer segment, in relation to any possible provision to be set aside based on the average uncollectibility estimated according to statistical indicators.

Below is the breakdown of receivables by maturity:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Invoices to be issued	146,584	158,787
Amounts falling due	180,832	149,250
0-90 days overdue	351	8,188
91-180 days overdue	570	4,064
more than 180 days overdue	21,025	23,815
Invoices issued	202,778	185,317
Total trade receivables	349,362	344,104

The credit risk on uses of liquidity is limited since the corporate policy provides, during periods of cash surpluses, for the use of low risk financial instruments with highly rated counterparties. Only time or demand deposits held with bank counterparties with an Investment Grade rating were used during the 2015 and 2014 financial years.

7.3 Liquidity risk

By virtue of specific contracts with subsidiaries, except for Rai Way only, Rai manages the Group's financial resources through a system that provides for the daily transfer of the affiliates' bank balances to the current accounts of Rai, which grants the intercompany credit facilities required to conduct the business of the companies. As from the date of its listing, Rai Way is provided with its own treasury and financial resources.

The Company's financial structure was further strengthened in May 2015 by launching a 5-year bond issue of Euro 350 million (for more details, reference should be made to note 14.1 "Non-current financial liabilities and current portions of non-current financial liabilities"), which allowed the early repayment of shorter term loans and the fulfilment of the requirements set out for the development of publishing products and investments.

The net financial position was characterised by significant volatility during the year, as a consequence of the payment by the Ministry of Economy and Finance of the users' license fees in four quarterly instalments. For the purpose of creating considerable cash margins, Rai has revolving bank facilities in place for an aggregate of Euro 170 million and uncommitted lines of approximately Euro 400 million.

The cash position is monitored on an ongoing basis through a financial forecasting model that makes it possible to identify, well in advance, any possible financial problem so that the appropriate measures can be taken.

The tables below report the breakdown of financial liabilities by maturity as at 31 December 2015 and as at 31 December 2014. The balances shown are the non-discounted contractual balances, except for exchange rate derivatives. As regards forward derivative contracts and currency options, the flows represented show their respective fair value, since it reflects the effect on the cash flows during the specific period. As regards IRS contracts outstanding as at 31 December 2014, the flows represent the interest spread during the various periods. Maturity ranges are determined based on the period between the reporting date and the maturity of obligations.

(in thousands of Euros)	Financial year ended 31 December 2015				Financial year ended 31 December 2014			
	< 1 year	2-5 years	>5 years	Total	< 1 year	2-5 years	>5 years	Total
Trade payables and other liabilities:								
Trade payables	542,415	-	-	542,415	544,201	-	-	544,201
Other payables and liabilities	335,264	5,734	552	341,550	318,510	10,638	1,279	330,427
Medium/long-term financial liabilities:								
Medium-long term loans	6,044	42,297	5,052	53,393	108,835	246,353	15,313	370,501
Bonds	5,250	371,000	-	376,250	-	-	-	-
Other financial liabilities	-	-	-	-	-	727	-	727
Short-term financial liabilities:								
Payables to Banks	966	-	-	966	10,968	-	-	10,968
Payables to subsidiaries (negative balances of c/a)	127,640	-	-	127,640	65,333	-	-	65,333
Payables to associates	91	-	-	91	352	-	-	352
Other financial liabilities	1,126	-	-	1,126	-	-	-	-
Derivative financial instruments:								
Exchange derivative instruments - Third parties	49	2	-	51	-	-	-	-
Exchange derivative instruments - intercompany	4,799	-	-	4,799	3,084	2,098	-	5,182
Interest rate derivative instruments	-	-	-	-	1,549	480	-	2,029

8) Capital risk management

The Company's capital management objectives are focused on the protection of the ability to continue to ensure an optimal financial soundness. The objective of the Company is to maintain an adequate level of capitalisation that would allow the achievement of an economic return and the access to external funding sources. The Company monitors the changes in the debt/equity ratio on an ongoing basis. Specifically, the ratio of net worth to total liabilities including equity is shown in the table below:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Equity	811,786	828,352
Total liabilities and equity	3,034,368	3,006,981
Ratio	26.8%	27.5%

In order to achieve the aforementioned objectives, the Company pursues the continuous improvement of its operational and financial efficiency. The Company's net financial position for the periods being analysed is reported in Note 20.2 "Net Financial Position".

9) Fair value measurement

The table below reports the amounts at fair value of the financial instruments classified based on a hierarchy of levels that reflects the significance of the inputs used in fair value measurement (IFRS 13 "Fair Value Measurement").

- **Level 1:** Quoted price (active market): inputs used in the measurement are quoted prices in active markets where assets or liabilities identical to those being measured are traded;
- **Level 2:** Inputs are inputs observable in the market (such as, for derivatives, the exchange rates quoted by the Bank of Italy, market rate curves, volatility provided by Reuters, credit spreads calculated based on credit default swaps, etc.) other than quoted prices included within level 1;
- **Level 3:** Inputs are unobservable inputs in the market (internal assumptions, for instance, cash flows, risk adjusted spreads, etc.).

Financial instruments at fair value accounted for in the financial statements are comprised of hedging financial derivatives, measured through a financial model that uses the most common and accepted market formulas (net present value for currency forwards and application of the Black&Scholes model for options), in addition to the following inputs provided by Reuters: ECB spot exchange rates, EURIBOR and IRS rate curves, volatility and credit spreads of the various banks and of the bonds issued by the Italian Government. The fair value of derivative instruments represents the net position between asset values and liability values. For more information on derivative assets and liabilities reference should be made to notes 1.2.3 "Current financial assets" and 1.5.2 "Current financial liabilities".

(in thousands of Euros)	Financial year ended 31 December 2015		
Description	Level 1	Level 2	Level 3
Exchange rate derivatives	-	3,642	-
Interest rate derivatives	-	-	-

(in thousands of Euros)	Financial year ended 31 December 2014		
Description	Level 1	Level 2	Level 3
Exchange rate derivatives	-	3,111	-
Interest rate derivatives	-	(2,013)	-

10) Reconciliation of classes of financial assets and liabilities and types of financial assets and liabilities

To complete the information on financial risks, the tables below provide a reconciliation of classes of financial assets and liabilities and types of financial assets and liabilities identified based on the requirements set out in IFRS 7.

Financial year ended 31 December 2015	Loans and receivables	Available-for- sale financial assets	Financial assets and liabilities at FVTPL (**)	Hedging financial instruments	Total financial assets and liabilities	Notes (*)
(in thousands of Euros)						
Assets						
Trade receivables						
Current financial assets	105,554	-	5,813	2,679	114,046	12.3
Cash and cash equivalents	67,111	-	-	-	67,111	12.6
Non-current financial assets	59	-	-	-	59	11.4
Total financial assets	514,138	-	5,813	2,679	522,630	
Liabilities						
Trade payables	(542,415)	-	-	-	(542,415)	15.1
Current financial liabilities	(129,822)	-	(4,844)	(4)	(134,670)	15.2
Current portion of medium/long-term loans	(5,000)	-	-	-	(5,000)	15.2
Non-current financial liabilities	(391,066)	-	-	(2)	(391,068)	14.1
Total financial liabilities	(1,068,303)	-	(4,844)	(6)	(1,073,153)	

(*) The numbers below indicate the paragraphs of the notes in which the above assets and liabilities are detailed.

(**) Includes the fair value of derivatives activated by Rai on behalf of Rai Cinema, the effects of which are reflected in Rai Cinema, with no effects in profit or loss in Rai.

Financial year ended 31 December 2014	Loans and receivables	Available-for- sale financial assets	Financial assets and liabilities at FVTPL (**)	Hedging financial instruments	Total financial assets and liabilities	Notes (*)
(in thousands of Euros)						
Assets						
Trade receivables	336,112	-	-	-	336,112	12.2
Current financial assets	82,209	-	3,404	1,263	86,876	12.3
Cash and cash equivalents	113,500	-	-	-	113,500	12.6
Non-current financial assets	2,483	-	2,098	1,528	6,109	11.4
Total financial assets	534,304	-	5,502	2,791	542,597	
Liabilities						
Trade payables	(544,201)	-	-	-	(544,201)	15.1
Current financial liabilities	(75,653)	-	(3,084)	(1,189)	(79,926)	15.2
Current portion of medium/long-term loans	(98,333)	-	-	-	(98,333)	15.2
Non-current financial liabilities	(247,393)	-	(2,098)	(824)	(250,315)	14.1
Total financial liabilities	(965,580)	-	(5,182)	(2,013)	(972,775)	

(*) The numbers below indicate the paragraphs of the notes in which the above assets and liabilities are detailed.

(**) Includes the fair value of derivatives activated by Rai on behalf of Rai Cinema, the effects of which are reflected in Rai Cinema, with no effects in profit or loss in Rai.

Notes to the separate financial statements

11) Non-current assets

11.1 Property, plant and equipment

Property, plant and equipment, equal to Euro 885,127 thousand (Euro 887,260 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Cost	370,155	542,044	1,938,959	97,836	101,868	45,000	3,095,862
Accumulated depreciation	-	(165,916)	(1,615,475)	(89,544)	(81,519)	-	(1,952,454)
Net opening balance as at 1 January 2014	370,155	376,128	323,484	8,292	20,349	45,000	1,143,408
Change during 2014							
Increases and capitalisation	-	4,039	41,335	778	4,280	16,116	66,548
Disposals [1]	-	(46,423)	(180,189)	(3,833)	(242)	(201)	(230,888)
Reclassifications	-	1,623	33,043	105	1,236	(36,007)	-
Corporate reorganisation transactions [2]	-	-	45	2	623	-	670
Depreciation	-	(14,467)	(70,568)	(2,134)	(5,309)	-	(92,478)
Net closing balance as at 31 December 2014	370,155	320,900	147,150	3,210	20,937	24,908	887,260
<i>broken down as follows:</i>							
Cost	370,155	446,226	1,337,512	66,420	107,018	24,908	2,352,239
Accumulated depreciation	-	(125,326)	(1,190,362)	(63,210)	(86,081)	-	(1,464,979)
Change during 2015	-	-	-	-	-	-	-
Increases and capitalisation	-	2,950	30,195	1,266	4,480	24,711	63,602
Disposals [3]	(9)	(14)	(39)	(2)	(12)	(56)	(132)
Reclassifications [4]	-	1,044	10,415	163	1,534	(13,166)	(10)
Depreciation	-	(11,466)	(47,698)	(1,283)	(5,146)	-	(65,593)
Net closing balance as at 31 December 2015	370,146	313,414	140,023	3,354	21,793	36,397	885,127
[1] of which:							
Assets under finance lease - Rai Way	-	(46,420)	(180,148)	(3,824)	(179)	-	(230,571)
Other disposals	-	(3)	(41)	(9)	(63)	(201)	(317)
	-	(46,423)	(180,189)	(3,833)	(242)	(201)	(230,888)
[2] Breakdown of corporate reorganisation transactions							
Rai World merger	-	-	-	-	9	-	9
Acquisition of the internet business unit	-	-	45	2	614	-	661
	-	-	45	2	623	-	670
of which:							
Cost	-	-	45	2	663	-	710
Accumulated depreciation	-	-	-	-	(40)	-	(40)
	-	-	45	2	623	-	670
[3] of which:							
Cost	(9)	(567)	(19,562)	(1,644)	(1,665)	(56)	(23,503)
Accumulated depreciation	-	553	19,523	1,642	1,653	-	23,371
	(9)	(14)	(39)	(2)	(12)	(56)	(132)
[4] reclassification to intangible assets							
	-	-	-	-	-	(10)	(10)

Investments for the year, equal to Euro 63,602 thousand (Euro 66,548 thousand in 2014), fell within the scope of the projects for the technological upgrading and development implemented by the Company.

The amount of the existing contractual commitments for the acquisition of property, plant and equipment is stated in note 17.2 "Commitments".

11.2 Intangible Assets

Intangible assets, equal to Euro 416,722 thousand (Euro 371,589 thousand as at 31 December 2014) are broken down as follows:

(in thousands of Euros)	Programmes	Software	Digital terrestrial	Trademarks	Other rights	Goodwill	Assets under development and payments on account	Total
Cost	418,594	9,174	40,537	170	500	-	192,778	661,753
Accumulated amortisation	(218,964)	(4,024)	(32,689)	(112)	(206)	-	-	(255,995)
Write-downs	(32,740)	-	-	-	-	-	-	(32,740)
Net opening balance as at 1 January 2014	166,890	5,150	7,848	58	294	-	192,778	373,018
Change during 2014								
Increases and capitalisation	83,300	3,526	-	-	-	-	86,819	173,645
Corporate reorganisation transactions [1]	(37)	677	-	(6)	-	13	(487)	160
Reclassifications	94,195	293	-	-	485	-	(94,973)	-
Disposals [2]	-	(311)	-	-	-	-	-	(311)
Write-downs	(21,090)	-	-	-	(20)	-	(6,584)	(27,694)
Use of provision for write-down	24,057	-	-	-	-	-	-	24,057
Amortisation	(163,092)	(4,448)	(3,364)	(13)	(356)	(13)	-	(171,286)
Net closing balance as at 31 December 2014	184,223	4,887	4,484	39	403	-	177,553	371,589
<i>broken down as follows:</i>								
Cost [3]	421,874	13,069	40,538	70	985	13	177,553	654,102
Accumulated amortisation [3]	(207,882)	(8,182)	(36,053)	(31)	(562)	(13)	-	(252,723)
Write-downs	(29,769)	-	-	-	(20)	-	-	(29,789)
Change during 2015								
Increases and capitalisation	126,815	2,313	-	-	-	-	97,175	226,303
Reclassifications [5]	76,263	1,501	-	-	-	-	(77,754)	10
Disposals [4]	-	-	-	-	-	-	-	-
Write-downs	(24,827)	(23)	-	-	(48)	-	(7,714)	(32,612)
Use of provision for write-down	21,103	-	-	-	-	-	-	21,103
Amortisation	(162,044)	(4,001)	(3,364)	(11)	(252)	-	-	(169,672)
Net closing balance as at 31 December 2015	221,533	4,677	1,121	28	103	-	189,260	416,722
<i>broken down as follows:</i>								
Cost [6]	430,924	13,762	40,538	70	965	-	189,260	675,519
Accumulated amortisation [6]	(176,199)	(9,062)	(39,417)	(42)	(814)	-	-	(225,534)
Write-downs	(33,192)	(23)	-	-	(48)	-	-	(33,263)
[1] Breakdown of corporate reorganisation transactions								
Rai World merger	-	-	-	11	-	-	-	11
Contribution of the "commercial activities" business unit	(37)	-	-	(17)	-	-	(521)	(575)
Acquisition of the internet business unit	-	677	-	-	-	13	34	724
	(37)	677	-	(6)	-	13	(487)	160
of which:								
Cost	(96)	677	-	(90)	-	13	(487)	17
Accumulated amortisation	55	-	-	84	-	-	-	139
Write-downs	4	-	-	-	-	-	-	4
	(37)	677	-	(6)	-	13	(487)	160
[2] of which:								
Finance lease - Rai Way	-	(226)	-	-	-	-	-	(226)
Other disposals	-	(85)	-	-	-	-	-	(85)
	-	(311)	-	-	-	-	-	(396)
[3] values, net of fully amortised assets as at 31.12.2014, equal to:	174,119	-	-	10	-	-	-	174,129
[4] of which:								
Cost	(592)	-	-	-	(20)	-	(1,088)	(1,700)
Accumulated amortisation	291	-	-	-	-	-	-	291
Use of provision for write-down	301	-	-	-	20	-	1,088	1,409
	-	-	-	-	-	-	-	-
[5] reclassification from property, plant and equipment	-	-	-	-	-	-	10	10
[6] values, net of fully amortised assets as at 31.12.2015, equal to:	193,436	3,121	-	10	-	-	-	196,567

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Investments, equal to Euro 226,303 thousand (Euro 173,645 thousand as at 31 December 2014) mainly related to television drama and comedy programmes for Euro 205,655 thousand and cartoons for Euro 14,636 thousand.

The amount of assets under development and payments on account related to programmes for Euro 179,757 thousand, software for Euro 4,802 thousand and other rights for Euro 4,701 thousand.

Write-downs recognised during the year amounted to Euro 32,612 thousand and were made in order to adjust the assets at their recoverable value.

The amount of the existing contractual commitments for the acquisition of intangible assets is stated in note 17.2 "Commitments".

11.3 Equity Investments

Investments amounted to Euro 926,509 thousand (Euro 925,157 thousand as at 31 December 2014) and are broken down as follows:

Equity investments in subsidiaries

(in thousands of Euros)	1 January 2014	Change during the period			Financial year ended 31 December 2014	Change during the period	Financial year ended 31 December 2015
	Book value (a)	Contribution of business unit	Disposals	Mergers	Book value (a)		Book value (a)
Rai Cinema SpA	267,848	-	-	-	267,848	-	267,848
Rai Com SpA	13,040	94,116	-	-	107,156	-	107,156
Rai Corporation in liquidation	2,891	-	-	-	2,891	-	2,891
Rai Pubblicità SpA	31,082	-	-	-	31,082	-	31,082
Rai Way SpA	779,210	-	(272,151)	-	507,059	-	507,059
Rai World SpA	7,609	-	-	(7,609)	-	-	-
Total equity investments in subsidiaries	1,101,680	94,116	(272,151)	(7,609)	916,036	-	916,036

(a) without impairment

- *Rai Cinema SpA* (100% Rai): the share capital, equal to Euro 200,000 thousand, is divided into 38,759,690 shares, with a par value of Euro 5.16 each. The investment is stated for a value of Euro 267,848 thousand. During 2015 a dividend of Euro 44,193 thousand was paid, which was accounted for under Financial income.
- *Rai Com SpA* (100% Rai): the share capital, equal to Euro 10,320 thousand, is divided into 2,000,000 shares, with a par value of Euro 5.16 each. The investment is stated for a value of Euro 107,156 thousand. During 2015 a dividend of Euro 6,507 thousand was paid, which was accounted for under Financial income.
- *Rai Corporation in liquidation* (100% Rai): the share capital, equal to USD 500,000, is divided into 50,000 shares, with a par value of USD 10 each. The investment is stated for a value of Euro 2,891 thousand.
- *Rai Pubblicità SpA* (100% Rai): the share capital, equal to Euro 10,000 thousand, is divided into 100,000 shares, with a par value of Euro 100 each. The investment is stated for a value of Euro 31,082 thousand. During 2015 a dividend of Euro 7,890 thousand was paid, which was accounted for under Financial income.
- *Rai Way SpA* (65.07353% Rai): the share capital, equal to Euro 70,176 thousand, is divided into 272,000,000 ordinary shares, with no par value. The investment is stated for a value of Euro 507,059 thousand, against a capitalisation value of Euro 835,440 thousand. During 2015 a dividend of Euro 33,565 thousand was paid out of the 2014 result. The amount attributable to Rai, equal to Euro 21,842 thousand, was accounted for under Financial income.

Equity investments in associates

(in thousands of Euros)	1 January 2014			Change during the period		Financial year ended 31 December 2014			Change during the period		Financial year ended 31 December 2015		
	Cost	Adjustment at Equity	Book value	Result	Decrease for dividends	Cost	Adjustment at Equity	Book value	Result	Decrease for dividends	Cost	Adjustment at Equity	Book value
Joint ventures:													
San Marino RTV SpA	258	1,956	2,214	(118)	-	258	1,838	2,096	3	-	258	1,841	2,099
Tivù Srl	483	1,996	2,479	715	(450)	483	2,261	2,744	867	(450)	483	2,678	3,161
Other associates:													
Audiradio Srl (in liquidation)	1,428	(1,428)	-	-	-	1,428	(1,428)	-	-	-	1,428	(1,428)	- (a)
Auditel Srl	10	503	513	158	-	10	661	671	(2)	-	10	659	669
Euronews	850	4,130	4,980	(2,115)	-	850	2,015	2,865	973	-	850	2,988	3,838
Total equity - accounted investments	3,029	7,157	10,186	(1,360)	(450)	3,029	5,347	8,376	1,841	(450)	3,029	6,738	9,767

(a) a sum equal to Rai's share of the capital deficit, amounting to Euro 53 thousand as at 31 December 2014 (last approved financial statements), has been recognized in a special provision for charge.

- *Audiradio Srl in liquidation* (27% Rai): the quota capital amounts to Euro 258 thousand, is divided into 258,000 quotas, with a nominal value of Euro 1 each. The gross value of the investment, equal to Euro 1,428 thousand, was written down in full based on the latest financial statements prepared as at 31 December 2014, which showed a negative equity of Euro 196 thousand. The portion of the equity deficit, equal to Euro 53 thousand, was allocated to a specific provision for charges.
- *Auditel Srl* (33% Rai): the quota capital, equal to Euro 300 thousand, is divided into 300,000 quotas, with a nominal value of Euro 1 each. In relation to the negative result of Euro 5 thousand posted by the company in 2015, the investment was written down for the portion of Euro 2 thousand attributable to Rai. The investment is stated for a value of Euro 669 thousand, corresponding to the Rai's share of the company's equity.
- *Euronews - Société Anonyme* (9.66% Rai): the share capital, equal to Euro 8,581 thousand, is divided into 572,034 shares, with a par value of Euro 15 each. In 2015, the company carried out a capital increase reserved for the new shareholder Media Globe Networks, which entailed a reduction in the stake held by Rai. As at 31 December 2015, the investment was revalued in an amount of Euro 973 thousand in order to align it with the share attributable to Rai in the new value of the company's equity.
- *San Marino Rtv SpA* (50% Rai): this company, which was incorporated in 1991, is 50-50 owned by Rai and E.R.A.S. ("Ente di Radiodiffusione Sammarinese"), according to Law 99 of 9 April 1990 that ratifies the cooperation treaty between the Italian Republic and the Republic of San Marino as regards radio and television broadcasting issues, and has a share capital of Euro 516 thousand, divided into 1,000 shares with a par value of Euro 516.46 each. In relation to the positive result of Euro 5 thousand posted by the company in 2015, a revaluation was recorded for the share attributable to Rai, equal to Euro 3 thousand. The investment is stated for a value of Euro 2,099 thousand, corresponding to the share attributable to Rai in the company's equity.
- *Tivù Srl* (48.16% Rai): the quota capital, equal to Euro 1,002 thousand, is subscribed by Rai and by R.T.I. - Reti Televisive Italiane SpA - with equal quotas of 48.16%, by TI Media - Telecom Italia Media SpA - with a quota of 3.5% and by two associations - FRT and Aeranti Corallo - with a quota of 0.09% each. During the first half of 2015, a resolution was passed for the distribution of a dividend of Euro 935 thousand out of the 2014 result. The amount pertaining to Rai, equal to Euro 450 thousand, was accounted for as a reduction in the book value of the equity investment. With reference to the positive result achieved by the company in 2015, equal to Euro 1,801 thousand, the equity investment was revalued for the share pertaining to Rai, equal to Euro 867 thousand. The equity investment was entered in an amount of Euro 3,161 thousand, which corresponds to the share of equity attributable to Rai.

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Equity investments in other companies

(in thousands of Euros)	1 January 2014			Change during the period			Financial year ended 31 December 2014			Change during the period	Financial year ended 31 December 2015		
	Cost	Write-downs	Book value	Contribution of business unit	Disposals	Write-downs	Cost	Write-downs	Book value	Write-downs	Cost	Write-downs	Book value
Almaviva SpA	324	-	324	-	-	-	324	-	324	-	324	-	324
Banca di Credito Cooperativo di Roma	1	-	1	-	-	-	1	-	1	-	1	-	1
CFI in liquidation	30	(30)	-	-	(a)	-	-	-	-	-	-	-	-
Consorzio Nettuno	21	(21)	-	-	(b)	-	-	-	-	-	-	-	-
Consorzio Valle D'Aosta Digitale (in liquidation)	7	(7)	-	-	(1) (c)	1	-	-	-	-	-	-	-
Int. Multimedia University Umbria Srl	52	(52)	-	-	-	-	52	(52)	-	-	52	(52)	-
Immobiliare Editori Giornali Srl	12	-	12	(12)	-	-	-	-	-	-	-	-	-
Ist. Enciclopedia Treccani SpA	513	(98)	415	-	-	5	513	(93)	420	(39)	513	(132)	381
Total other equity investments	960	(208)	752	(12)	(1)	6	890	(145)	745	(39)	890	(184)	706

(a) the value of equity investment has been set to zero through the use of the provision for write-down following the completion of the procedure for the winding-up of the Consortium.

(b) the value of equity investment has been set to zero through the use of the provision for write-down following the exercise of the right of withdrawal.

(c) the value of equity investment has been set to zero following the completion of the procedure for the winding-up of the Consortium and the allocation of balance sheet assets.

- *Almaviva – The Italian Innovation Company SpA* (0.83% Rai): the amount of the investment, equal to Euro 324 thousand, remained unchanged from the previous financial year. The share capital, equal to Euro 154,899 thousand, is divided into 107,567,301 ordinary shares and 47,331,761 special stocks, both with a par value of Euro 1 each.
- *Banca di Credito Cooperativo di Roma S.c.p.a.* (open-ended company; the share held by Rai is not significant): the investment has been entered for Euro 1 thousand, which corresponds to the amount paid on 16 January 2009 for the acquisition of 100 shares.
- *International Multimedia University Umbria Srl* (1.533% Rai): the value of the investment was written down in full, as it is no longer expected that the amounts paid will be recovered.
- *Istituto Enciclopedia Treccani SpA* (0.87% Rai): the investment, which was entered at a gross value of Euro 513 thousand, was written down for Euro 132 thousand, as a result of the losses reported by the company and arising from the latest financial statements approved. The share capital is divided into 41,245,128 shares, with a par value of Euro 1 each.

11.4 Non-current financial assets

Non-current financial assets, equal to Euro 59 thousand (Euro 6,109 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Financial receivables from personnel	59	148
Securities	-	2,335
Hedging derivative assets – exchange rates	-	1,528
Assets for derivatives activated on behalf of Rai Cinema	-	2,097
Receivables from Subsidiary Rai Cinema for derivative instruments	-	1
Total non-current financial assets	59	6,109

Non-current financial assets were stated net of a provision for write-down of Euro 179 thousand (Euro 399 thousand as at 31 December 2014).

Securities, equal to Euro 2,285 thousand as at 31 December 2014, were reclassified, as at 31 December 2015, under current financial assets, since their maturity was of less than 12 months (see note 12.3 - "Current financial assets"). Securities were pledged in full as security for the Service Contract and the Agreements with the Government.

Below is the breakdown of current and non-current financial assets by maturity:

(in thousands of Euros)	Financial year ended 31 December 2015			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Receivables from subsidiaries - current accounts	100,140	-	-	100,140
Receivables from Subsidiary Rai Cinema for derivative instruments	45	-	-	45
Hedging derivative assets – exchange rates	3,647	-	-	3,647
Assets for derivatives activated on behalf of Rai Cinema	4,799	-	-	4,799
Financial receivables from personnel	54	59	-	113
Time Current Accounts	3,051	-	-	3,051
Securities	2,285	-	-	2,285
Other non-current financial assets	25	-	-	25
Total financial assets	114,046	59	-	114,105

(in thousands of Euros)	Financial year ended 31 December 2014			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Receivables from subsidiaries - current accounts	81,887	-	-	81,887
Receivables from Subsidiary Rai Cinema for derivative instruments	-	1	-	1
Hedging derivative assets – exchange rates	1,582	1,528	-	3,110
Assets for derivatives activated on behalf of Rai Cinema	3,084	2,097	-	5,181
Financial receivables from personnel	3	148	-	151
Time Current Accounts	302	-	-	302
Securities	-	2,335	-	2,335
Other non-current financial assets	18	-	-	18
Total financial assets	86,876	6,109	-	92,985

The short-term portion of financial assets, equal to Euro 114,046 thousand, was entered under the current components of the balance sheet described in note 12.3 "Current financial assets".

The information on hedged risks and hedging policies is reported in note 7.1 "Market risk".

11.5 Deferred tax assets

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Deferred tax assets	146,891	153,672
Deferred tax liabilities that can be offset	(168,319)	(190,750)
Deferred tax liabilities that cannot be offset	(21,428)	(37,078)

As at 31 December 2015, and as at 31 December 2014, the net balance of deferred tax assets and liabilities showed a negative amount and was then recognised under liabilities in the statement of financial position. Therefore, reference should be made to note 14.4 "Deferred tax liabilities" for the related breakdown.

Income taxes are described in note 16.9 "Income taxes".

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11.6 Other non-current assets

Other non-current assets, equal to Euro 14,548 thousand (Euro 50,087 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Advances on commercial activities	10,430	11,369
Advances on sports events	7,388	38,952
Collateral securities	1,748	1,691
Non-current portion of trade receivables	1,207	2,019
Receivables from personnel	501	782
Provision for other bad debts and non-current assets	(6,726)	(4,726)
Total other non-current assets	14,548	50,087

The items reported above substantially related to non-current portions of assets described in note 12.5 "Other current receivables and assets", to which reference should be made.

The provision for the write-down of other non-current assets, equal to Euro 6,726 thousand (Euro 4,726 thousand as at 31 December 2014), is broken down as follows:

(in thousands of Euros)	Balances as at 31 December 2014	Provisions	Uses	Balances as at 31 December 2015
Provision for write-down of advances on sports events	(4,386)	(1,760)	100	(6,046)
Provision for write-down of advances on commercial activities	(340)	(680)	340	(680)
Total provision for write-down of other non-current assets	(4,726)	(2,440)	440	(6,726)

(in thousands of Euros)	Balances as at 1 January 2014	Provisions	Uses	Balances as at 31 December 2014
Provision for write-down of advances on sports events	(2,570)	(1,816)	-	(4,386)
Provision for write-down of advances on commercial activities	-	(340)	-	(340)
Total provision for write-down of other non-current assets	(2,570)	(2,156)	-	(4,726)

12) Current assets

12.1 Inventories

Inventories, net of the related provision for write-down, equal to Euro 247 thousand (Euro 361 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Inventories	12,583	12,851
Provision for write-down of inventories	(12,336)	(12,490)
Total inventories	247	361

Inventories of technical materials related to supplies and spare parts for the maintenance and operation of equipment, considered as consumables since their useful life generally ends over a period of no more than 12 months.

12.2 Trade receivables

Trade receivables, equal to Euro 341,414 thousand (Euro 336,112 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
From customers:		
- From the Government and other public entities for public broadcasting services	22,490	21,706
- Other receivables	14,765	49,768
- Provisions for write-down of receivables from customers	(7,940)	(7,863)
From subsidiaries:		
- Receivables	311,889	272,333
- Provisions for write-down of receivables from subsidiaries	(8)	(129)
From associates	218	297
Total trade receivables	341,414	336,112

Receivables from subsidiaries and associates related to:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
From subsidiaries:		
. Rai Corporation	2	-
. Rai Pubblicità SpA	227,137	203,308
. Rai Way SpA	4,839	5,558
. Rai Com SpA	75,281	57,374
. Rai Cinema SpA	4,622	5,964
Receivables from subsidiaries	311,881	272,204

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
From associates:		
. San Marino RTV	50	65
. Tivù Srl	168	232
Receivables from associates	218	297

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The breakdown of trade receivables by geographical area shows the predominance of the domestic market.

Receivables from the Government and other public entities for public broadcasting services amounted to Euro 22,490 thousand, showing an increase of Euro 784 thousand compared to 31 December 2014 and fully related to the receivable from the Ministry of Economy and Finance for the management of the ordinary licence fees, of which Euro 12,143 thousand relating to 2014 and Euro 10,347 thousand relating to 2015.

Other receivables were stated for a nominal value of Euro 14,765 thousand, showing a decrease of Euro 35,003 thousand compared to 31 December 2014 and were made up of receivables for the transfer of rights and for sundry services.

Receivables from related parties are described in note 17.4 "Related Parties".

Trade receivables are stated net of a provision for bad debts of Euro 7,948 thousand (Euro 7,992 thousand as at 31 December 2014), which is broken down as follows:

(in thousands of Euros)	Balances as at 31 December 2014	Provisions	Uses and other capital transfers	Reversal in profit or loss	Balances as at 31 December 2015
Total provision for write-down of trade receivables	(7,992)	(2,768)	2,683	129	(7,948)

(in thousands of Euros)	Balances as at 1 January 2014	Provisions	Uses and other capital transfers	Corporate reorganisation transactions	Balances as at 31 December 2014
Total provision for write-down of trade receivables	(24,764)	(308)	1,154	15,926	(7,992)

Receivables expressed in a currency other than Euro amounted to Euro 160 thousand (Euro 464 thousand as at 31 December 2014) as specified in note 7.1 "Market risk".

12.3 Current financial assets

Current financial assets, equal to Euro 114,046 thousand (Euro 86,876 thousand as at 31 December 2014), showed an increase of Euro 27,170 thousand. The breakdown of this item and the comparison with the previous year are detailed below:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Receivables from subsidiaries - current accounts - Rai Cinema	100,140	81,887
Receivables from Subsidiary Rai Cinema for derivative instruments	45	-
Hedging derivative assets	3,647	1,582
Assets for derivatives activated on behalf of Rai Cinema	4,799	3,084
Time Current Accounts	3,051	302
Other securities	2,285	-
Financial receivables from personnel	54	3
Other non-current financial assets	25	18
Total current financial assets	114,046	86,876

Securities with a maturity within 12 months, equal to Euro 2,285 thousand, were fully comprised of collateral securities for the Service Contract and the Agreements with the Government. As at 31 December 2014, they were classified under "Non-current financial assets", as specified in note 11.4 "Non-current financial assets".

Time bank deposits, equal to Euro 3,051 thousand (Euro 302 thousand as at 31 December 2014), related to amounts confiscated on current accounts due to some pending disputes.

Derivative financial instruments, entered at fair value, are broken down below as regards their asset component, including current and non-current portions:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Hedging derivative assets – exchange rates	3,647	1,582
Assets for derivatives activated on behalf of Rai Cinema	4,799	3,084
Receivables from Subsidiary Rai Cinema for derivative instruments	45	-
Total derivative financial instruments – Current portion	8,491	4,666
Hedging derivative assets – exchange rates	-	1,528
Assets for derivatives activated on behalf of Rai Cinema	-	2,097
Receivables from Subsidiary Rai Cinema for derivative instruments	-	1
Total derivative financial instruments – Non-current portion	-	3,626
Total derivative financial instruments	8,491	8,292

The fair value of derivative financial instruments was determined on the basis of valuation models used in the financial sector and market benchmarks as at the reporting date of the separate financial statements, as detailed in note 9 "Fair value measurement". Cash flow hedge transactions related to exchange risk hedging on agreements for the acquisition of rights to the broadcasting of sports events denominated in USD and, as at 31 December 2014 only, the Interest Rate Swap transactions on medium/long-term loans. Furthermore, exchange risk hedging activities were started on behalf of subsidiary Rai Cinema in relation to the acquisition of TV rights relating to serials and films denominated in USD, as described in note 17.4 "Related Parties".

The recognition of the effects through profit or loss and the realisation of cash flows from highly probable future transactions being hedged are planned over a period ending in the first quarter of 2017.

During 2015 no events occurred in which, in consideration of transactions previously qualified as hedging, the realisation of the hedged item was no longer regarded as highly probable.

The fair value on derivative assets as at 31 December 2015 amounted to Euro 8,491 thousand (Euro 8,292 thousand as at 31 December 2014). More specifically:

- the current portion of exchange rate hedging derivatives entered into for commitments of Rai, equal to Euro 3,647 thousand (Euro 1,582 thousand as at 31 December 2014), was deferred to equity under the Cash-flow Hedge reserve for Euro 2,682 thousand, as a reduction in advances for sports events for Euro 968 thousand and allocated as an increase in financial expenses for Euro 3 thousand. Non-current portions were not recognised (Euro 1,528 thousand as at 31 December 2014);
- the current portion of derivatives entered into under the mandate granted by Rai Cinema, equal to Euro 4,799 thousand (Euro 3,084 thousand as at 31 December 2014), was reflected in the financial payable to the subsidiary. Non-current portions were not recognised (Euro 2,097 thousand as at 31 December 2014);
- the current portion of receivables from subsidiary Rai Cinema, equal to Euro 45 thousand, related to the current portion of the financial liability. Non-current portions were not recognised (Euro 1 thousand as at 31 December 2014).

The information on hedged risks and hedging policies is reported in note 7.1 "Market risk".

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12.4 Tax receivables

Tax receivables, equal to Euro 106,688 thousand (Euro 94,221 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Group VAT	62,195	53,807
Requests for VAT refund	22,418	13,400
Requests for IRES tax refund for deductibility of IRAP tax relating to personnel costs and similar costs	16,905	21,791
IRAP tax credit	3,161	3,299
Requests for other tax refunds	1,939	1,889
Other tax receivables	70	35
Total tax receivables	106,688	94,221

IRAP (Regional Production Activity) tax credit, equal to Euro 3,161 thousand (Euro 3,229 thousand as at 31 December 2014) related to the IRAP tax advances paid to the Tax Office in previous years.

Taxes are described in note 16.9 "Income taxes".

12.5 Other current receivables and assets

Other current receivables and assets, equal to Euro 161,898 thousand (Euro 135,708 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Advance for sports events	53,572	10,534
Receivables from subsidiaries	39,944	35,694
Payments on account to suppliers, collaborators, agents	13,766	27,363
Receivables from personnel	12,208	9,984
Advances on frequency usage fees	10,519	-
Receivables from welfare and social security institutions	9,223	20,182
Receivables from entities, companies, bodies and others	7,453	8,587
Receivables from subsidies and grants from the Government, the EU and other public entities	814	960
Advances on commercial activities	100	-
Other receivables (current accrued income and prepaid expenses)	17,863	28,057
- Provision for other bad debts and current assets	(3,564)	(5,653)
Total other current receivables and assets	161,898	135,708

Below is the breakdown of receivables from subsidiaries:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
. Rai Pubblicità SpA	2,815	3,067
. Rai Way SpA	18,172	11,215
. Rai Com SpA	232	480
. Rai Cinema SpA	18,725	20,932
Receivables from subsidiaries	39,944	35,694

Moreover:

- receivables from welfare and social security institutions related to advances paid against contributions due for artistic and other activities;
- receivables from subsidiaries were mainly made up of the companies' contribution to the Tax Consolidation (see note 17.4 "Related Parties");
- advances on frequency usage fees related to the amount of the advance on the fee for the use of frequencies in terrestrial television bands for the year 2014, paid in compliance with the decree issued by the Ministry of Economic Development on 29 December 2014;
- receivables from personnel related to various cases, which are reported in the breakdown below and included, under "Others", the receivable arising from the application of Law 89/2014:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Employment disputes	3,607	3,085
Travel expenses	3,362	2,726
Advances for production expenses	2,438	2,118
Other	2,801	2,055
Receivables from personnel	12,208	9,984

The provision for other bad debts and current assets, equal to Euro 3,564 thousand (Euro 5,653 thousand as at 31 December 2014), is broken down as follows:

(in thousands of Euros)	Balances as at 31 December 2014	Provisions	Uses and other capital transfers	Reversal in profit or loss	Corporate reorganisation transactions	Balances as at 31 December 2015
Provision for other bad debts and current assets	(5,653)	(248)	2,337	-	-	(3,564)

(in thousands of Euros)	Balances as at 1 January 2014	Provisions	Uses and other capital transfers	Reversal in profit or loss	Corporate reorganisation transactions	Balances as at 31 December 2015
Provision for other bad debts and current assets	(2,447)	(3,341)	-	-	135	(5,653)

Considering the short period of time elapsing between the date when the receivable arises and its maturity, it is believed that there are no significant differences between the book value of trade receivables, other receivables and current financial assets and their respective fair values.

12.6 Cash and cash equivalents

Cash and cash equivalents, equal to Euro 67,111 thousand (Euro 113,500 thousand as at 31 December 2014), are broken down into the following items:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Bank and postal deposits	66,780	113,187
Cheques	9	-
Cash and cash equivalents on hand	322	313
Total cash and cash equivalents	67,111	113,500

Bank and postal deposits amounted to Euro 66,780 thousand (Euro 113,187 thousand as at 31 December 2014) and included available balances at sight or in the short term, on deposits or current accounts held with banks, financial institutions and the Post Office.

Cash, cheques and other cash on hand amounted to Euro 331 thousand (Euro 313 thousand as at 31 December 2014) and included liquid funds in the form of cash and equivalent instruments (revenue stamps, cashier's cheques or bank-guaranteed cheques, etc.) held as at 31 December 2015.

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The table below reports the breakdown of the Company's cash and cash equivalents by currency as at 31 December 2015 and as at 31 December 2014:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Cash and cash equivalents - Euro	66,336	107,811
Cash and cash equivalents - USD	675	5,549
Cash and cash equivalents - Other currencies	100	140
Total cash and cash equivalents	67,111	113,500

13) Equity

Below is the breakdown of equity:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Share Capital	242,518	242,518
Legal reserve	11,553	9,160
Non-distributable IFRS FTA reserve	543,390	540,198
Distributable IFRS FTA reserve	232,099	235,291
Cash flow hedge reserve	1,812	568
Merger surplus	5,315	5,315
Distributable reserve from valuation of investments	49,298	4,101
Other reserves	37,645	37,371
Total other reserves	869,559	822,844
Actuarial reserves for employee benefits	(14,543)	(42,717)
Profits (losses) carried forward	(251,318)	-
Profit (losses) for the year	(45,983)	(203,454)
Total profits (losses) carried forward	(311,844)	(246,171)
Total Equity	811,786	828,351

Equity – Possible uses

(in thousands of Euros)	Amount	Possible uses (*)	Available share	Summary of uses made in the three previous years (**)	
				for loss coverage	for other reasons
Share Capital	242,518				
Legal reserve	11,553	2	11,553		
Non-distributable IFRS FTA reserve	543,390	1 - 4	543,390		
Distributable IFRS FTA reserve	232,099	1 - 2 - 3	232,099		
Cash flow hedge reserve	1,812		-		
Merger surplus	5,315	1 - 2 - 3	5,315	133,400	-
Non-distributable reserve from valuation of investments	-		-	111,712	-
Distributable reserve from valuation of investments	49,298	1 - 2 - 3	49,298	551	-
Other	37,645	1 - 2 - 3	37,645		
Total other reserves	869,559				
Actuarial reserves for employee benefits	(14,543)		(14,543)		
Loss carried forward for IFRS adjustments	(251,318)		(251,318)		
Total Losses carried forward	(265,861)				
Loss for the year	(45,983)		(45,983)		
Total Equity	811,786		567,456	245,663	-
Non-distributable share: Legal reserve			(11,553)		
Non-distributable IFRS FTA reserve			(543,390)		
Total distributable share			12,513		

(*) Key:

1 for capital increase – 2 for loss coverage – 3 for distribution to shareholders

4 for loss coverage – in this case, no profits may be distributed until replenishment, except for a corresponding reduction to be approved by a resolution of the extraordinary Shareholders' Meeting – Legislative Decree 38 of 28/2/2005, art. 7, paragraph 6

(**) Loss - FY 2012

245,663

Share capital

As at 31 December 2015, the share capital was divided into 242,518,100 ordinary shares with a par value of Euro 1 each. The fully paid-up and subscribed share capital is held by:

- the Ministry of Economy and Finance (MEF) for 241,447,000 shares, equal to 99.55835% of the share capital; and
- Società Italiana Autori Editori (S.I.A.E.) for 1,071,100 shares, equal to 0.4417% of the share capital.

Legal reserve

The legal reserve amounted to Euro 11,553 thousand.

Other reserves and profits (losses) carried forward

Other reserves, equal to Euro 869,559 thousand (Euro 822,844 thousand as at 31 December 2014) and losses carried forward, equal to Euro 311,844 thousand (Euro 246,171 thousand as at 31 December 2014), including the loss for the year, are broken down as follows:

- the IFRS FTA reserve was recognised as an increase in equity for Euro 775,489 thousand and was determined according to the criteria set out in note 18 "Criteria for the transition from Italian GAAPs to IFRSs". This reserve is further divided, in relation to the portions released after it was set aside, into:
 - non-distributable IFRS FTA reserve, for a value of Euro 543,390 thousand;
 - distributable IFRS FTA reserve, for a value of Euro 232,099 thousand; this value is made up of an amount of Euro 224,303 thousand for the portion of revaluation of the investment in Rai Way, which was disposed of in 2014, an amount of Euro 17,106 thousand for higher depreciation carried out during the 2014 and 2015 financial years, in relation to the revaluations of property, plant and equipment, an amount of Euro 280 thousand for other minor components and the effect, of an opposite sign, for Euro 9,590 thousand, determined on deferred taxation relating to the abovementioned items as a result of a change in the IRES tax rate as from 2017;
- the cash flow hedge reserve, which was stated net of the tax effect for a value of Euro 1,812 thousand, included the fair value measurement of the cash flow hedge derivatives, whose change had positive effects on the Statement of Comprehensive Income for Euro 1,244 thousand, arising from the early settlement of IRS financial instruments (Euro 1,241 thousand) and from a change in the fair value of exchange rate derivatives (Euro 3 thousand);
- other reserves amounted to Euro 92,258 thousand and related to:
 - merger surplus: Euro 5,315 thousand;
 - distributable reserve from revaluation of equity investments: Euro 49,298 thousand;
 - others: Euro 37,645 thousand;
- actuarial reserves for employee benefits were stated as a reduction in equity for Euro 14,543 thousand;
- losses carried forward from previous years for IFRS adjustments amounted to Euro 251,318 thousand;
- the loss for the year amounted to Euro 45,983 thousand.

14) Non-current liabilities

14.1 Non-current financial liabilities and current portions of non-current financial liabilities

Non-current financial liabilities, including current portions, were equal to Euro 396,068 thousand (Euro 348,648 thousand as at 31 December 2014), and are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015			Financial year ended 31 December 2014		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	346,066	-	346,066	-	-	-
Medium/long-term payables to banks	45,000	5,000	50,000	246,667	98,333	345,000
Hedging derivative liabilities – exchange rates	2	-	2	823	-	823
Liabilities for derivatives activated on behalf of Rai Cinema	-	-	-	1	-	1
Payables to Subsidiary Rai Cinema for derivative instruments	-	-	-	2,097	-	2,097
Other financial liabilities	-	-	-	727	-	727
Total	391,068	5,000	396,068	250,315	98,333	348,648

Non-current financial liabilities, including current portions, increased by Euro 47,420 thousand from 31 December 2014 and showed a consolidation in the sources of medium/long-term financing obtained through the following transactions:

- a bond issue launched by Rai in May 2015 in a nominal amount of Euro 350,000 thousand (see note 7.3 "Liquidity risk");
- the repayment, following the bond issue, of a syndicated loan for Euro 295,000 thousand.

As at 31 December 2015, the medium/long-term payables to banks were made up of the amortising loan of Euro 50 million, due 2021, granted to Rai by the European Investment Bank (EIB) for the development of the digital terrestrial infrastructure.

The EIB loan provides for compliance with the following parameters/financial ratios in relation to the consolidated financial statements, prepared according to the Italian GAAPs:

- Net Financial Debt (adjusted), net of receivables from the Government for license fees)/Equity \leq 1.5
- Net Financial Debt (adjusted), net of receivables from the Government for license fees)/EBITDA \leq 1.0

These ratios, which have been fully complied with in the previous measurements, are currently being renegotiated since, under the loan agreement, they must be redefined in the case of the adoption of different accounting principles.

The bond loan issued by Rai at the end of May 2015 is listed on the Irish Stock Exchange. This bond, which was fully subscribed by international institutional investors, pays a nominal interest rate of 1.5%, due May 2020; it is fully unsecured and contains the usual covenants for issues with a similar rating. These covenants include:

- Negative Pledge, i.e. the prohibition on providing guarantees on other bond issues launched by the Issuer or of its "relevant subsidiaries", unless the same guarantee is provided to the existing bondholders;
- Cross-default, i.e. the possibility for the bondholders to ask for the default to be declared on the bond in the case of default on the debt of the Issuer or its "relevant subsidiaries" in an amount exceeding Euro 50 million;
- Change of Control, i.e. the possibility for the bondholders to exercise a "Put" option at par if the Ministry of Economy and Finance ceases to hold the majority of the votes at the ordinary and extraordinary Shareholders' meetings of Rai.

In this regard, it should be noted that, during the first half of 2015, Rai obtained, for the purposes of the bond issue, the "Long-Term Issuer" rating of Baa3 (Investment Grade) from Moody's, which considers the solvency of Rai substantially equal to that of the Italian Government.

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Below is the breakdown of financial liabilities (current and non-current) by maturity:

(in thousands of Euros)	Financial year ended 31 December 2015			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	-	346,066	-	346,066
Payables to subsidiaries - Current Accounts	127,640	-	-	127,640
Payables to Subsidiary Rai Cinema for derivative instruments	4,799	-	-	4,799
Medium/long-term payables to banks	5,000	40,000	5,000	50,000
Short-term payables to banks	965	-	-	965
Payables to associates - Current Accounts	91	-	-	91
Liabilities for derivatives activated on behalf of Rai Cinema	45	-	-	45
Hedging derivative liabilities - exchange rates	4	2	-	6
Other financial liabilities	1,126	-	-	1,126
Total	139,670	386,068	5,000	530,738

(in thousands of Euros)	Financial year ended 31 December 2014			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	-	-	-	-
Payables to subsidiaries - Current Accounts	64,333	-	-	64,333
Payables to Subsidiary Rai Cinema for derivative instruments	3,084	2,097	-	5,181
Medium/long-term payables to banks	98,333	231,667	15,000	345,000
Short-term payables to banks	10,968	-	-	10,968
Payables to associates - Current Accounts	352	-	-	352
Liabilities for derivatives activated on behalf of Rai Cinema	-	1	-	1
Hedging derivative liabilities - interest rates	1,189	823	-	2,012
Hedging derivative liabilities - exchange rates	-	-	-	-
Other financial liabilities	-	727	-	727
Total	178,259	235,315	15,000	428,574

The medium/long-term debt is entirely at a fixed rate. It is worth noting that, at the end of May 2015, the bond issue replaced the previous more expensive medium/long-term loans, thus determining a further reduction in the average borrowing rate as from the second half of 2015.

Rai has revolving bank facilities in place for an aggregate of Euro 170 million (expiring in the third quarter of 2016) and uncommitted facilities of approximately Euro 400 million.

The fair value of non-current financial liabilities (other than derivative financial instruments), is stated below and has been measured according to the following criteria:

- the bond issued by the Company in May 2015 shows a fair value that corresponds to a market price of 100.08, including accrued interest;
- the fair value of the medium/long-term syndicated loan and of the EIB loan (including their short-term portion) has been calculated by discounting the capital and interest flows at the implied rates of the Euro curve as at the reporting date and the credit spread of Rai, obtained based on the bonds issued by the Italian Government.

(in thousands of Euros)	Financial year ended 31 December 2015		Financial year ended 31 December 2014	
	Book value	Fair value	Book value	Fair value
Rai - Bond Issue	346,066	350,267	-	-
Rai - Syndicated loan	-	-	295,000	311,925
Rai - EIB loan	50,000	51,665	50,000	50,791

The fair value of non-current derivative liabilities, equal to Euro 823 thousand as at 31 December 2014, related to the Interest Rate Swap transactions that were closed in advance during the first half of 2015 following the repayment of the related underlying loan. The details of the fair value measurement of the derivative instruments are stated in note 9, "Fair value measurement"; the quantification of the changes in market value recognised in profit or loss and in the equity reserve is stated in note 15.2 "Current financial liabilities".

14.2 Employee benefits

Employee benefits, equal to Euro 538,356 thousand (Euro 585,051 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Provision for staff severance pay	262,186	281,199
Supplementary pension fund (*)	146,854	170,572
Provision for compensation in lieu of notice for journalists	113,666	117,483
Healthcare fund for Rai executives (FASDIR)	14,930	15,053
Other	720	744
Total employee benefits	538,356	585,051

(*) Net of FIPDRAI assets

The provision for staff severance pay (TFR), which is regulated by Article 2120 of the Italian Civil Code, included the estimate of the obligation, determined based on actuarial techniques, related to the amount to be paid to the employees upon termination of their employment relationship. The retirement allowance is calculated based on the remuneration paid for the services rendered, as revalued until the termination of the relationship. As a result of the legislative amendments introduced as from 1 January 2007, the staff severance pay is now transferred, depending on the choice made by each employee, to pensions funds or to the treasury fund held with INPS (National Social Security Institute). This entails that the staff severance pay liability accrued prior to 1 January 2007 continues to represent a defined benefit plan to be measured according to actuarial techniques, whereas a portion of the accruing staff severance pay is classified as a defined contribution plan since the company's obligation is discharged at the same time as the payment of the contributions to the pension fund or to INPS.

The supplementary pension fund included the estimated costs to be borne by the Company for the delivery of supplementary pension benefits acknowledged for some employees who opted for supplementary pension funds upon termination of their employment relationship, as provided for in the previous trade union agreements. Specifically, former middle managers, office and manual workers, and their relatives, are entitled to supplementary benefits additional to the pensions paid under the Compulsory General Insurance scheme of ENPALS (formerly the National Welfare and Social Security Institution for show business workers), whereas the former executives and their relatives are entitled to supplementary benefits additional to the pensions paid under the Compulsory General Insurance scheme of INPS. These supplementary pension benefits are, in turn, paid directly by closed-end pension funds, which are responsible for the management of supplementary pension schemes of the Rai staff since 1989: C.RAI.P.I (Cassa di Previdenza Integrativa dei dipendenti Rai, hereinafter "Craipi") for former middle managers, office and manual workers, and F.I.P.D.RAI (Fondo Integrativo Previdenza dei Dirigenti Rai, hereinafter "Fipdrai") for former executives. In short, the main features that characterise these supplementary pension funds are the following: (i) supplementary pension benefits may be paid to the survivors according to the rates set out for the beneficiaries in the provisions of law currently in force as regards compulsory insurance; (ii) supplementary pension benefits will be subject to such variations as may be required, as a result of changes in the family situation of the pensioner, to be made to the amount of pension benefits paid to the same under the Compulsory General Insurance scheme; (iii) the amounts paid for the purposes of supplementary pension funds shall not be subject to curtailments as a result of increases in the amount of pension benefits paid under the Compulsory General Insurance scheme; (iv) the amount payable to the beneficiaries will be subject to revaluation agreed with the Trade Unions. During the process of quantification of the pension fund, account was also taken of the assets of F.I.P.D.RAI, arising from the fund's investment in the amounts disbursed to it by the Company upon termination of the employment relationship of their employees, amounting to Euro 4,798 thousand (Euro 5,921 thousand as at 31 December 2014).

The provision for compensation in lieu of notice for journalists included the estimated amount that shall be paid to the journalists employed by the Company as provided for in the CNLG agreement (Labour Agreement

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for Journalists). According to said agreement, the journalists are entitled to the allocation in their name of an amount paid on the occasion of: (i) dismissal for justified reasons; (ii) dismissal upon reaching the retirement age; (iii) death of the journalist. On the contrary, no termination benefits are payable in the case of resignation or dismissal for cause. The aforementioned provision, which includes any related social security contributions, is equal to seven monthly salaries based on the salary of the month prior to the termination of employment, also for the journalists resident abroad, increased by one monthly salary for journalists holding the position of head of service or senior editor, by two monthly salaries for those holding the position of deputy editor, by three monthly salaries for those holding the position of editor in chief, correspondent from Rome or head of Rome Correspondence Office, and by six monthly salaries for those who hold the position of director, co-director and deputy director. The compensation payable is increased by one monthly salary for all journalists who, at the moment of the termination of their employment, have a minimum length of service of twenty years.

The Healthcare Fund for Rai executives (hereinafter "FASDIR") was set up in 1980 and ensures supplementary healthcare benefits to all the Executives in service, retired executives and survivors of executives, beneficiaries and members of the FASDIR (hereinafter the "Members"), as well as to their relatives. The FASDIR is funded through the payment of the annual membership fees of the Members and the payment of the shares of contributions pertaining to the company (annual contribution per capita for each Serving Executive and annual lump-sum supplementary contribution for retired Executives). Historically, through the annual lump-sum supplementary contribution paid by Rai to the FASDIR for retired executives, the fund managed to cover the deficit arising in each year. In a situation where Rai has no legal obligation, but only a constructive obligation to cover any possible future deficit of the funds and the Company has no access to all information, known to the fund, required to assess through actuarial techniques the liability that represents the potential commitment to FASDIR, it was deemed appropriate to make an estimate based on the amount of average annual contributions paid by the Company during the last 5 years, multiplied by the average residual life of the retired executives as at the valuation date, which was equal to 12 years as at 31 December 2015.

Provisions for employee benefits measured by applying actuarial techniques are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015					Financial year ended 31 December 2014				
	Provision for staff severance pay	Pension funds	Compensation in lieu of notice for journalists	FASDIR	Other benefits	Provision for staff severance pay	Pension funds	Compensation in lieu of notice for journalists	FASDIR	Other benefits
Present value of the obligation at the beginning of the year	281,199	176,493	117,483	15,053	744	267,425	164,351	81,839	15,053	819
Current cost of defined-benefit plans	-		7,199		6	-		7,403		-
Current cost of defined-contribution plans	39,696			980		39,133				
Interest expense	2,111	1,580	1,151	134		5,841	3,725	1,935	134	
+ Actuarial gains/losses from changes in demographic assumptions	2,654	861	(351)			-	-	-		
+ Actuarial gains/losses from changes in financial assumptions	(9,082)	(8,768)	(5,959)			23,667	24,686	8,981		
+ Effect of the past experience	(1,085)	(5,990)	(420)			(6,203)	(3,424)	(4,463)		
Past service cost and gains/losses from settlement			(2,135)	(1,237)				27,441	(134)	
Benefits paid	(10,841)	(12,524)	(3,302)		(31)	(11,060)	(12,845)	(5,653)		(75)
Transfers to external funds for defined-contribution plans	(39,757)					(39,278)				
Other changes	(2,709)				1	1,674				
Present value of the obligation at the end of the year (a)	262,186	151,652	113,666	14,930	720	281,199	176,493	117,483	15,053	744
Plan assets at the beginning of the year		(5,921)					(7,089)			
Interest income		(49)					(66)			
Returns on plan assets		(33)					(528)			
Benefits paid		1,205					1,762			
Plan assets at the end of the year (b)	-	(4,798)	-	-	-	-	(5,921)	-	-	-
Total net liabilities (a+b)	262,186	146,854	113,666	14,930	720	281,199	170,572	117,483	15,053	744

Costs of employee benefits, determined by using actuarial assumptions, recognised in profit or loss are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015					Financial year ended 31 December 2014				
	Provision for staff severance pay	Pension funds	Compensation in lieu of notice for journalists	FASDIR	Other benefits	Provision for staff severance pay	Pension funds	Compensation in lieu of notice for journalists	FASDIR	Other benefits
Current cost of defined-benefit plans	-	-	(7,199)	-	(6)	-	-	(7,403)	-	-
Current cost of defined-contribution plans	(39,696)	-	-	(980)	-	(39,133)	-	-	-	-
Past service cost and Gains/losses from settlement	-	-	2,135	1,237	-	-	-	(27,441)	134	-
Net interest expense (income):										
- interest expense on the obligation	(2,111)	(1,580)	(1,151)	(134)	-	(5,841)	(3,725)	(1,935)	(134)	-
- interest income on plan assets	-	49	-	-	-	-	66	-	-	-
Total net interest expense (income)	(2,111)	(1,531)	(1,151)	(134)	-	(5,841)	(3,659)	(1,935)	(134)	-
Total	(41,807)	(1,531)	(6,215)	123	(6)	(44,974)	(3,659)	(36,779)	-	-
of which recognised under personnel costs	(39,696)	-	(5,064)	257	(6)	(39,133)	-	(34,844)	134	-
of which recognised under financial income (expenses)	(2,111)	(1,531)	(1,151)	(134)	-	(5,841)	(3,659)	(1,935)	(134)	-

Costs of defined-benefit plans recognised under Other Comprehensive Income are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015					Financial year ended 31 December 2014				
	Provision for staff severance pay	Pension funds	Compensation in lieu of notice for journalists	FASDIR	Other benefits	Provision for staff severance pay	Pension funds	Compensation in lieu of notice for journalists	FASDIR	Other benefits
Revaluations:										
- actuarial gains/losses from changes in demographic assumptions	(2,654)	(861)	351	-	-	-	-	-	-	-
- actuarial gains/losses from changes in financial assumptions	9,082	8,768	5,959	-	-	(23,667)	(24,686)	(8,981)	-	-
- effect of past experience	1,085	5,990	420	-	-	6,203	3,424	4,463	-	-
- returns on plan assets	-	33	-	-	-	-	528	-	-	-
Total	7,513	13,930	6,730	-	-	(17,464)	(20,734)	(4,518)	-	-

The assets serving the Fipdrai pension fund are broken down as follows:

(in thousands di Euros)	Financial year ended 31 December 2015		Financial year ended 31 December 2014	
	With prices quoted in active markets	With prices not quoted in active markets	With prices quoted in active markets	With prices not quoted in active markets
Cash and cash equivalents	-	1,286	-	766
Debt instruments	-	(251)	-	(310)
Securities issued by the Government or international organisations	3,663	-	4,962	-
Other listed securities	100	-	503	-
Total plan assets	3,763	1,035	5,465	456

The main actuarial assumptions adopted are outlined below:

	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Financial assumptions		
Discount rates:		
. Provision for staff severance pay	1.21%	0.77%
. Pension funds	1.44%	0.93%
. Provision for compensation in lieu of notice - journalists	1.63%	0.99%
. Provision for staff severance pay	1.50%	1.50%
. Pension funds	-	-
. Provision for compensation in lieu of notice - journalists	1,50%	1,50%
Expected rate of pay increase (*):		
. Provision for staff severance pay	N.A.	N.A.
. Pension funds	1.21%	1.21%
. Provision for compensation in lieu of notice - journalists	3.00%	3.00%
Demographic assumptions		
Maximum retirement age:		
. Provision for staff severance pay	According to law	According to law
. Pension funds	-	-
. Provision for compensation in lieu of notice - journalists	65 years	According to INPGI regulations
Life tables	SI 2013 Amended	SI 2010 Amended
Average annual percentage of staff exits:		
. Provision for staff severance pay	7.02%	6.93%
. Pension funds	-	-
. Provision for compensation in lieu of notice - journalists	7.16%	7.29%
Annual probability of requests for early retirement:		
. Provision for staff severance pay	1.50%	1.50%
. Pension funds	-	-
. Provision for compensation in lieu of notice and Others	-	-

*Inflation included

The discount rate adopted was determined taking account of the returns on high quality corporate bonds, specifying the class of rating, or other references (such as government bonds in the absence of high quality corporate bonds). The demographic tables adopted are SI 2013, broken down by gender and appropriately amended according to a specific study on the mortality concerning the Company community. The annual percentage of shift to the higher category (by age and seniority) was set to zero.

For the purposes of the definition of actuarial assumptions and, specifically, of the discount rate, taking account of the definition of Investment grade securities, only securities of corporate issuers with a rating of "AA" were considered.

The effects resulting from a reasonably possible change in the discount rate at the end of the financial years ended 31 December 2015 and 31 December 2014 are outlined below:

Provision for Staff Severance Pay - Sensitivity analysis

(in thousands of Euros)	Sensitivity	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Discount rates	+0.50%	252,846	271,013
	-0.50%	272,115	292,028

Pension funds - Sensitivity analysis

(in thousands of Euros)	Sensitivity	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Discount rates	+0.50%	145,245	167,915
	-0.50%	158,566	185,967

Provision for compensation in lieu of notice for journalists - Sensitivity analysis

(in thousands of Euros)	Sensitivity	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Discount rates	+0.50%	109,769	113,318
	-0.50%	117,804	121,912

The profile of maturity of the obligations for employee benefit plans is outlined below:

(in thousands of Euros)	RAI		CRAIPI		FIPDRAI
Expected payments	Compensation in lieu of notice - journalists	Provision for staff severance pay	Pension funds	Pension funds	Pension funds
Expected payments as at 31.12.2016	6,970	20,110	10,321	730	1,195
Expected payments as at 31.12.2017	9,038	20,697	9,953	722	1,174
Expected payments as at 31.12.2018	8,943	23,531	9,568	713	1,150
Expected payments as at 31.12.2019	9,235	22,146	9,167	702	1,123
Expected payments as at 31.12.2020	9,202	24,481	8,754	690	1,093
Expected payments from 1.01.2021 to 31.12.2025	41,899	88,656	37,296	3,183	4,916

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14.3 Non-current provisions for risks and charges

Non-current provisions for risks and charges, equal to Euro 174,323 thousand (Euro 186,161 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Balances as at 31 December 2014	Provisions	Uses	Reversal	Other movements	Balances as at 31 December 2015
Provision for legal disputes	94,000	14,280	(26,700)	(12,580)	-	69,000
Provision for 2014 - 2015 concession fee	25,333	10,467	-	-	-	35,800
Provision for reclamation and renovation of properties	16,306	-	(1,208)	-	-	15,098
Provision for decommissioning and restoration	2,335	86	-	-	-	2,421
Provision for costs of accrued commissions	5,045	5,917	-	-	-	10,962
Provision for litigation with social security institutions	12,000	-	(457)	(1,543)	-	10,000
Provision for risks from recourse on losses of concessionaires Rai Pubblicità and Rai Com	11,500	95	(1,242)	-	-	10,353
Provision for ISC ICM Agents	1,407	124	-	(228)	-	1,303
Other provisions	18,235	5,735	(2,165)	(1,898)	(521)	19,386
Total provision for risks and charges	186,161	36,704	(31,772)	(16,249)	(521)	174,323

(in thousands of Euros)	Balances as at 1 January 2014	Provisions	Uses	Reversal	Mergers	Other movements	Balances as at 31 December 2014
Provision for legal disputes	100,500	13,168	(18,354)	(2,514)	1,200	-	94,000
Provision for 2014 - 2015 concession fee	-	25,333	-	-	-	-	25,333
Provision for reclamation and renovation of properties	17,219	-	(913)	-	-	-	16,306
Provision for decommissioning and restoration	10,683	-	-	-	-	(8,348)	2,335
Provision for costs of accrued commissions	3,098	5,045	(879)	(2,219)	-	-	5,045
Provision for litigation with social security institutions	12,000	-	-	-	-	-	12,000
Provision for risks from recourse on losses of concessionaires Rai Pubblicità and Rai Com	14,500	1,601	(4,607)	-	6	-	11,500
Provision for ISC ICM Agents	1,482	124	(67)	(128)	(4)	-	1,407
Other provisions	24,877	4,567	(2,657)	(4,162)	22	(4,412)	18,235
Total provision for risks and charges	184,359	49,838	(27,477)	(9,023)	1,224	(12,760)	186,161

The provision for legal disputes, equal to Euro 69,000 thousand, included the prudential and prognostic estimate of the charges arising from pending legal proceedings, in which the Company is involved for various reasons. More specifically, they related (amounts including legal fees) to civil, administrative and criminal proceedings for Euro 33,500 thousand and to labour-related disputes for Euro 35,500 thousand.

The provision for contribution for the usage of frequencies (formerly concession fee), equal to Euro 35,800 thousand, included the amount of the costs that, pending a regulation that specifies the amount thereof, it is expected will be incurred.

The provision for reclamation and renovation of properties, equal to Euro 15,098 thousand, included the estimated costs that the Company expects to incur mainly with reference to the removal of facilities containing asbestos from within two of the properties owned. The constructive obligation to carry out the reclamation and subsequent renovation of the aforementioned properties results from the Company's intention expressed on more than one occasion to the company's bargaining units.

The provision for decommissioning and restoration, equal to Euro 2,421 thousand, included the estimated costs for decommissioning, removal of installations and changes made, and the restoration of the premises operated by the Company under operating leases, which provide place an obligation on the lessee to restore the leased premises at the end of the lease term (i.e. when the premises are handed over absent any renewal of the lease).

The provision for costs of accrued commissions, equal to Euro 10,962 thousand, mainly related to the charges allocated for the renewal of employment contracts expired.

The provision for litigation with social security institutions, equal to Euro 10,000 thousand, included the estimated costs resulting from jurisdictional proceedings pending with a number of social security institutions.

The provision for risks of recourse for losses on receivables of the concessionaires Rai Pubblicità and Rai Com, equal to Euro 10,353 thousand, included the costs arising from the risks of retrocession of shares of income, which had already been paid to the Company in financial terms, following the failure to collect receivables on the part of the same.

The provision for agent's supplementary clientele indemnity (*Indennità suppletiva di clientela* or ISC) and the provision for agent's merit clientele indemnity (*Indennità di clientela meritocratica* or ICM), equal to Euro 1,303 thousand, included the amounts to be paid to the agents upon termination of their agency contracts due to a cause not ascribable to the agent, determined also based on estimates that take account of the Company's historical data, and with reference to the growth of the customer portfolio or the increase in business volumes with the customers already included in such portfolio.

14.4 Deferred tax liabilities

Deferred tax liabilities, equal to Euro 21,428 thousand, are stated net of deferred tax assets that can be offset, equal to Euro 146,891 thousand. The net balance as at 31 December 2014 showed deferred tax liabilities of Euro 37,078 thousand.

The nature of the temporary differences that determined deferred tax liabilities and offset deferred tax assets is as follows:

(in thousands of Euros)	Balances as at 1 January 2014	Changes			Balances as at 31 December 2014	Changes			Balances as at 31 December 2015
		Income Statement	Other Comprehensive Income (expense)	Balance Sheet		Income Statement	Other Comprehensive Income (expense)	Balance Sheet	
Statutory-tax differences on property, plant and equipment	(183,386)	1,295	-	-	(182,091)	21,393	-	-	(160,698)
Dismantling	(183)	183	-	-	-	-	-	-	-
Exchange rate derivatives	-	-	(866)	-	(866)	-	(2)	-	(868)
Statutory-tax differences on equity investments	(11,179)	3,461	-	-	(7,718)	965	-	-	(6,753)
Other	-	(75)	-	-	(75)	75	-	-	-
Deferred tax liabilities	(194,748)	4,864	(866)	-	(190,750)	22,433	(2)	-	(168,319)
Negative taxable income - IFRS	101,917	62,520	-	(22,098)	142,339	32,452	-	(32,593)	142,198
Write-down of programmes	8,246	2,073	-	(2,455)	7,864	-	-	(4,195)	3,669
Statutory-tax difference on programmes	4,464	1,404	-	(2,399)	3,469	-	-	(2,445)	1,024
Finance lease - Rai Way	308	(308)	-	-	-	-	-	-	-
Other temporary differences	1,782	(1,782)	-	-	-	-	-	-	-
Deferred tax assets that can be offset	116,717	63,907	-	(26,952)	153,672	32,452	-	(39,233)	146,891
Net deferred tax liabilities	(78,031)	68,771	(866)	(26,952)	(37,078)	54,885	(2)	(39,233)	(21,428)

The calculation of deferred tax assets took account of the reasonable certainty of their future recovery.

The changes related to other comprehensive income (expense) essentially concerned deferred tax assets and liabilities recognised in equity and mainly related to the tax effect on the restatement of defined-benefit plans and of cash flow hedge instruments recognised based on hedge accounting.

Deferred tax assets on tax losses carried forward amounted to Euro 142,198 thousand, and are likely to be used with reference to the possibility of them being offset with the amounts contributed by the Group companies that participate in the Tax Consolidation and with the reversal of deferred tax liabilities to profit or loss.

14.5 Other non-current payables and liabilities

Other non-current payables and liabilities, which entirely reflect items expressed in Euros, were equal to Euro 6,286 thousand (Euro 11,917 thousand as at 31 December 2014) and related, for Euro 6,236 thousand (Euro 11,798 thousand as at 31 December 2014) to deferred income for the non-current portion of the grants disbursed by the Ministry for Communications in support of the initiatives for the switchover to digital terrestrial broadcasting. For additional information on such grants, reference should be made to note 15.1 "Trade payables and other current payables and liabilities".

Payables to related parties are described in note 17.4 "Related Parties".

15) Current liabilities

15.1 Trade payables and Other current payables and liabilities

Trade payables and Other current payables and liabilities, equal to Euro 877,678 thousand (Euro 862,711 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Payables to suppliers	454,690	441,528
Trade payables to subsidiaries	87,276	102,113
Trade payables to associates	449	560
Total trade payables	542,415	544,201
Payables to personnel	175,494	178,235
Payables to social security institutions	71,033	74,197
Payables to subsidiaries	11,065	9,724
Payables due to assessment items for the period	8,443	7,631
Other payables	5,367	5,283
Advances:		
- Television license fees	52,454	33,326
- Other advances	1,708	1,805
Accrued commissions and interest expense	3,137	305
Deferred income:		
- Grant for switchover to Digital Terrestrial broadcasting	5,559	6,013
- Other deferrals	1,003	1,991
Total other current payables and liabilities	335,263	318,510
Total trade payables and other current payables and liabilities	877,678	862,711

The table below reports the breakdown of Trade payables and Other payables to subsidiaries and associates:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Subsidiaries		
Rai Pubblicità SpA	115	1,168
Rai Way SpA	59,914	56,478
Rai Com SpA	7,125	33,030
Rai Cinema SpA	20,122	11,437
Trade payables to subsidiaries	87,276	102,113

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Associates		
Tivù Srl	449	559
San Marino RTV	-	1
Trade payables to associates	449	560

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Subsidiaries		
Rai Pubblicità SpA	5,086	6,334
Rai Way SpA	2,456	2,718
Rai Cinema SpA	3,523	672
Other payables to subsidiaries	11,065	9,724

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Trade payables, equal to Euro 542,415 thousand, showed a decrease of Euro 1,786 thousand compared to 31 December 2014.

The increase in Other current payables and liabilities, equal to Euro 16,753 thousand, was due to the higher advances collected for ordinary licence fees.

Payables to personnel, equal to Euro 175,494 thousand (Euro 178,235 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Untaken holidays	78,680	85,859
Untaken days off	51,760	53,231
Assessed remuneration	40,035	35,857
Others	5,019	3,288
Payables to personnel	175,494	178,235

The item "Deferred income/Grant for switchover to Digital Terrestrial broadcasting" included the current portion of Euro 5,559 thousand of the grants disbursed by the former Ministry for Communications from 2007 to 2011 in support of activities performed to accelerate the switchover to Digital Terrestrial broadcasting. Such activities included operations on plant and systems and adaptation of site infrastructures to extend the areas covered by digital signal and improve reception and the quality of service provided to users. The task of making this type of investments is entrusted to subsidiary Rai Way, which is also responsible for the design, installation, construction, maintenance, implementation, development and operation of the telecommunications networks. The grant is recognised in profit or loss in each year in relation to the depreciation allowance that would have been recognised had the investment been made by Rai, taking account of the ratio of the amount of grants received to investments made for the implementation of the related projects.

Payables to social security institutions, equal to Euro 71,033 thousand (Euro 74,197 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Payables to Supplementary Pension Funds - personnel	22,193	22,089
Payables to ENPALS	17,960	18,010
Payables to INPGI	15,230	18,189
Payables to INPS	6,472	6,857
Payables to INAIL	42	-
Payables to CASAGIT	1,437	1,495
Contributions on assessed remuneration	7,329	7,189
Other payables	370	368
Payables to social security institutions	71,033	74,197

The amount of payables expressed in currencies other than the Euro is shown in note 7.1 "Market risk". Payables to related parties are described in note 17.4 "Related Parties".

15.2 Current financial liabilities

Current financial liabilities, equal to Euro 139,670 thousand (Euro 178,259 thousand as at 31 December 2014) are stated in the table below:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Payables to subsidiaries - current accounts	127,640	64,333
Payables to Subsidiary Rai Cinema for derivative instruments	4,799	3,084
Medium/long-term payables to banks (current portion)	5,000	98,333
Short-term payables to banks	965	10,968
Hedging derivative liabilities - exchange rates	4	-
Liabilities for derivatives activated on behalf of Rai Cinema	45	-
Hedging derivative liabilities - interest rates	-	1,189
Payables to associates - current accounts - San Marino RTV	91	352
Other payables	1,126	-
Total current financial liabilities	139,670	178,259

The amount of payables to subsidiaries – current account relationships, showed an increase of Euro 63,307 thousand, which was mostly due to an increase in the exposure to subsidiary Rai Com SpA. Below is the related breakdown by company:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Rai Corporation	3,754	3,457
Rai Pubblicità SpA	33,351	9,209
Rai Way SpA	228	365
Rai Com SpA	89,968	48,322
Rai Cinema SpA	339	2,980
Payables to subsidiaries - current accounts	127,640	64,333

The decrease of Euro 38,589 thousand in Current financial liabilities arose from a reduction in medium/long-term payables to banks, essentially due to the early repayment of the syndicated loan mentioned in note 14.1 "Non-current financial liabilities".

Current portions of non-current financial liabilities are already reported and commented in note 14.1 "Non-current financial liabilities".

Short-term payables to banks, equal to Euro 965 thousand (Euro 10,968 thousand as at 31 December 2014), were due to the negative balance of the current account held with some credit institutions.

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The fair value of derivative liabilities, both current and non-current, is specified below:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Hedging derivative liabilities - exchange rates	4	-
Liabilities for derivatives activated on behalf of Rai Cinema	45	-
Payables to Subsidiary Rai Cinema for derivative instruments	4,799	3,084
Hedging derivative liabilities - interest rates	-	1,189
Total derivative financial instruments - Current portion	4,848	4,273
Hedging derivative liabilities - exchange rates	2	-
Liabilities for derivatives activated on behalf of Rai Cinema	-	1
Payables to Subsidiary Rai Cinema for derivative instruments	-	2,097
Hedging derivative liabilities - interest rates	-	823
Total derivative financial instruments - Non-current portion	2	2,921
Total derivative financial instruments	4,850	7,194

Cash flow hedge transactions related to the activities to hedge exchange rate risks on contracts for the acquisition of rights to the broadcasting of sports events denominated in USD and, as at 31 December 2014 only, for the Interest Rate Swap transactions on medium/long-term loans. Furthermore, exchange risk hedging activities were started on behalf of subsidiary Rai Cinema in relation to the acquisition of TV rights relating to series and films denominated in USD, as described in note 17.4 "Related Parties"

The fair value of derivative liabilities as at 31 December 2015 amounted to Euro 4,850 thousand (Euro 7,194 thousand as at 31 December 2014). Specifically:

- the current and non-current portion of exchange rate hedging derivatives for commitments of Rai, equal to Euro 6 thousand (zero as at 31 December 2014), was deferred in equity under the Cash Flow Hedge reserve for Euro 2 thousand and allocated as an increase in financial expenses for Euro 4 thousand;
- the current portion of derivatives entered into by virtue of the mandate granted by Rai Cinema, equal to Euro 45 thousand (zero as at 31 December 2014), was reflected in the financial receivable from the subsidiary. Non-current portions were not recognised (Euro 1 thousand as at 31 December 2014);
- the current portion of payables to subsidiary Rai Cinema, equal to Euro 4,799 thousand (Euro 3,084 thousand as at 31 December 2014), related to the current portion of the financial asset. Non-current portions were not recognised (Euro 2,097 thousand as at 31 December 2014).

The information related to hedged risks and hedging policies is reported in note 7.1 "Market risk".

15.3 Tax payables

Tax payables, equal to Euro 73,774 thousand (Euro 67,137 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
IRES tax payables from national tax consolidation	38,020	32,479
Total payables for direct taxes	38,020	32,479
Payables - VAT subject to relief	1,771	2,314
Total payables - VAT subject to relief	1,771	2,314
Withholding taxes on income from subordinate and self-employment	33,703	32,071
Other withholdings and substitute taxes	247	162
Total payables for withholdings applied as withholding agent	33,950	32,233
Other tax payables	33	111
Total tax payables	73,774	67,137

As regards IRES tax payables to the Tax Office, equal to Euro 38,020 thousand (Euro 32,479 thousand as at 31 December 2014), the Company opted for Group taxation, retaining responsibility, as the consolidating entity, for fulfilling any formalities related to the settlement and payment of IRES tax for the companies included in the tax consolidation. The procedure for consolidating the Group's taxable income is regulated by a specific agreement between the Parent Company and its subsidiaries.

Income taxes are analysed in note 16.9 "Income Taxes".

16) Income Statement

The 2014 financial year was characterised by events that, in some cases appropriately reported in the comment, reduce the comparability with the results posted in the current year.

Specifically, reference is made to the accounting recognition of the 2000-2014 Service Contract entered into with subsidiary Rai Way, in force until 30 June 2014, which, in the application of IAS 17, includes an embedded lease of transmission equipment used by the subsidiary and to the corporate restructuring transactions, such as the acquisition of the "internet" business unit from RaiNet and the contribution of the "commercial" business unit to Rai Com, which became effective on 30 June 2014.

16.1 Revenues from sales and services

The main items that make up the "Revenues from sales and services" are broken down as follows.

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Licence fees	1,637,548	1,588,116
Advertising	585,511	596,194
Other revenues	74,138	112,515
Total revenues from sales and services	2,297,197	2,296,825

The breakdown of revenues by geographical area shows the predominance of the domestic market.

Licence fees revenues

Licence fees revenues, equal to Euro 1,637,548 thousand in 2015 (Euro 1,588,116 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Fees for the period - ordinary subscribers	1,537,358	1,492,517
Fees for the period - special subscribers	75,623	76,080
Fees recovered through enforcement procedures	25,975	21,989
Reimbursement of fees	(1,408)	(2,470)
Total licence fees	1,637,548	1,588,116

As regards licence fees revenues (for the definition of which reference should be made to note 3 "Accounting principles"), it should be noted that the "separate accounting" mechanism, which is used, as required by the consolidated broadcasting law, to determine the annual per-unit licence fee and thereby ensure alignment between licence fee revenues and the independently audited costs sustained by Rai in carrying out its Public Service remit, has shown an under provision of licence fee revenues amounting to over Euro 2.6 billion for the period from 2005 to 2014.

Law 89 of 23 June 2014 (Article 21, paragraph 4) provided, for year 2014, for a reduction of Euro 150 million in the sums to be paid to the Public radio and television Service broadcaster to cover for the cost of supplying the service. Subsequently, Law 190 of 23 December 2014 (Article 1, paragraph 293) provided that, for the year 2015, the amount of the license fee could not exceed that set for the year 2014. The same rule also established that, starting from year 2015, the amounts to be paid to Rai to cover for the cost of supplying the Public Service shall be reduced by 5%.

Advertising revenues

Advertising revenues, equal to Euro 585,511 thousand in 2015 (Euro 596,194 thousand in 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
TV advertising on general interest channels:		
- commercials	389,427	410,572
- promotions, sponsorships and special events	102,615	96,288
- product placement	3,560	3,468
On specialist channels	61,172	60,107
Radio advertising	24,935	23,959
Web advertising	4,997	2,531
Other advertising	467	728
Minority interests	(1,191)	(1,362)
Contingent assets	(471)	(97)
Total revenues from advertising	585,511	596,194

Advertising revenues for the year showed a decrease of Euro 10,683 thousand compared to 2014, when they had benefited from the broadcasting of the Football World Cup matches.

Revenues from sales and services - Other revenues

Other revenues from sales and services, equal to Euro 74,138 thousand in 2015 (Euro 112,515 thousand in 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Special services under agreement	44,222	47,994
Transfer of rights to use archive materials to football clubs	-	26,980
Sale of rights and musical publications	15,623	23,536
Sundry services, mainly for public entities	7,384	7,431
Digital terrestrial broadcasting services	2,925	3,412
Agreements with telephone companies	1,534	2,149
Production services	481	527
Teletext services	57	96
Other	1,408	1,959
Non-controlling interests	(519)	(2,784)
Contingent assets	1,023	1,215
Total revenues from sales and services - other revenues	74,138	112,515

In relation to the comparability of the data, it should be pointed out that the item was affected by the effects arising from the contribution of the "commercial" business unit to Rai Com, which took place during the 2014 financial year. The outsourcing of the commercial activities entailed that a portion of the proceeds achieved by Rai Com was retained by the latter as a remuneration for the mandate carried out: as a result, the Parent Company's revenue was decreased by this component as from 30 June 2014, the effective date of the contribution. This also determined a reduction in costs arising from the outsourcing of the commercial structure.

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16.2 Other earnings and proceeds

Other earnings and proceeds, equal to Euro 38,055 thousand in 2015 (Euro 52,918 thousand in 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Recoveries and reimbursement of expenses	969	1,430
Operating grants	6,192	8,461
Income from investment property	233	228
Compensation for damages	1,067	1,751
Capital gain from IPO Rai Way	-	8,099
Other income from subsidiaries	25,937	28,503
Contingent assets	(343)	-
Other	4,000	4,446
Total other earnings and proceeds	38,055	52,918

As regards "Other income from subsidiaries", the table below reports the related breakdown by counterparty. These proceeds, as specified in note 17.4 "Related Parties", related to agreements for the provision of services on the part of Rai.

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Rai Pubblicità SpA	2,452	2,519
Rai Way SpA	12,962	14,726
Rai Com SpA	5,735	4,721
Rai Cinema SpA	4,788	6,537
Other income from subsidiaries	25,937	28,503

16.3 Costs for purchases of consumables, for services and other costs

Costs for purchases of consumables, for services and other costs, equal to Euro 1,363,365 thousand in aggregate (Euro 1,415,177 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Purchases of consumables	14,250	16,270
Costs for services	1,307,031	1,356,366
Other costs	42,084	42,541
Total costs for purchases of consumables, for services and other costs	1,363,365	1,415,177

The purchases of consumables, equal to Euro 14,250 thousand (Euro 16,270 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Purchase of fuels	3,480	4,121
Non-production-related miscellaneous materials	3,636	4,315
Production-related miscellaneous materials	3,615	3,518
Technical materials for inventory	1,250	1,885
Change in inventories of finished products	-	40
Change in inventories	114	186
Other materials	2,251	2,303
Discounts, allowances, gifts and premiums on purchases	(1)	(3)
Contingent liabilities	(95)	(95)
Purchases of consumables	14,250	16,270

Costs for services, the breakdown of which is stated in the table below, totalled Euro 1,307,031 thousand (Euro 1,356,366 thousand as at 31 December 2014), net of discounts and allowances obtained. They also included fees, position allowances and reimbursements of expenses paid to the Directors for Euro 802 thousand and to the Statutory Auditors for Euro 180 thousand.

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Self-employment services	128,760	121,847
Services for production of programmes	172,910	180,037
Daily allowances, travel expenses and transfer of personnel	34,162	34,795
Signal broadcasting and transport - Rai Way	196,975	152,562
Internet service from RaiNet	-	3,558
Maintenance, repairs, transport and similar costs	35,630	35,378
Documentation and information services	42,900	41,724
Other external services	92,905	97,456
Acquisition of viewing rights	324,168	318,538
Leases and rentals	49,476	48,121
Filming rights	143,717	217,452
Rights of use	103,414	101,941
Charges from IPO Rai Way	399	8,498
Recoveries of expenses	(5,055)	(4,221)
Contingent liabilities	(13,330)	(1,320)
Costs for services	1,307,031	1,356,366

The costs for "Rai Way signal broadcasting and transport" incurred in 2014 included the effects determined by the abovementioned recognition of the finance lease on the Rai Way equipment, which entailed a lower amount of costs for services.

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Pursuant to Article 2427, no. 16-bis, of the Italian Civil Code, the fees accrued in the financial year ended 31 December 2015 for the services rendered by the independent auditors for the statutory audit of annual accounts, the audit of the half-year report, for services other than auditing services amounted to Euro 154 thousand, Euro 24 thousand and Euro 18 thousand, respectively.

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Prizes and winnings	11,278	12,526
Contribution to Supervisory Authorities	5,242	3,801
IMU (Single Municipal) tax/TASI (indivisible services) tax	8,732	8,558
Other indirect taxes, duties and other levies	9,199	9,182
Newspapers, magazines, books and publications	1,656	1,731
Membership quotas and fees	3,369	2,880
Capital losses on disposals	165	357
Other	2,227	3,662
Contingent liabilities	216	(156)
Other costs	42,084	42,541

Other costs, equal to Euro 42,084 thousand (Euro 42,541 thousand as at 31 December 2014), mainly related to prizes and winnings on radio and television contests, indirect taxes and other duties, contributions for the Supervisory Authorities.

16.4 Personnel costs

Personnel costs, equal to Euro 888,250 thousand (Euro 913,812 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Wages and salaries	651,399	651,131
Social security contributions	185,810	213,462
Provision for Staff Severance Pay	39,696	39,133
Pension and similar costs	12,308	12,102
Other	18,180	14,861
Personnel costs	907,393	930,689
Costs of early retirement incentives	6,301	5,113
Recovery of expenses	(4,829)	(6,027)
Capitalised personnel costs	(17,561)	(12,459)
Other personnel costs	(16,089)	(13,373)
Contingent liabilities and release of provisions	(3,054)	(3,504)
Total personnel costs	888,250	913,812

The charges for employee benefits included charges for defined-contribution plans for Euro 40,676 thousand and charges for defined-benefits plans for Euro 3,833 thousand, net of past service.

Charges for defined-benefit plans are analysed in note 14.2 "Employee benefits".

The Company applies four Collective Labour Agreements, i.e. the Collective Labour agreement for middle managers, office and manual workers, the National Labour Agreement for Journalists and the related Supplementary Agreement between Rai and Usigrai for journalists, the Collective Labour Agreement for Orchestra Members of Rai, the National Collective Labour Agreement for Executives of Companies that produce goods and services and the related Supplementary Agreement between Rai and ADRAI (Association of Rai Executives). All company agreements and the supplementary agreements expired on

31 December 2013; the National Labour Agreement for Journalists was renewed for the period from 1 April 2013 to 31 March 2016, with an extension of 6 months; the National Agreement for Executives was renewed for the period from 1 January 2015 to 31 December 2018 and the supplementary agreement Rai - ADRAL was renewed on 23 December 2015 and will expire on 31 December 2016.

Below is the breakdown of the average number of the Company's employees by category:

	Financial year ended 31 December 2015			Financial year ended 31 December 2014		
	Personnel under permanent contracts (average number of units) ⁽¹⁾	Personnel under fixed-term contracts (average number of units)	Total	Personnel under permanent contracts (average number of units) ⁽¹⁾	Personnel under fixed-term contracts (average number of units)	Total
- Executives	257	-	257	263	-	263
- Officers and Middle managers	1,097	2	1,099	1,070	1	1,071
- Journalists	1,620	222	1,842	1,588	294	1,882
- Office workers, production employees, camera staff, film director's staff, technicians	6,835	561	7,396	6,629	648	7,277
- Manual workers	914	106	1,020	899	112	1,011
- Orchestra members and other staff	120	4	124	114	6	120
- Medical staff	9	-	9	11	-	11
Total	10,852	895	11,747	10,574	1,061	11,635

(1) of which apprenticeship contracts

166

52

The average number of employees is calculated as the arithmetic mean of the daily number of employees in the period under consideration. The average number of employees includes employees under permanent, fixed term, placement and apprenticeship contracts.

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16.5 Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs, equal to Euro 252,119 thousand (Euro 271,030 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Property, plant and equipment:		
Buildings	11,466	14,467
Plant and machinery	47,698	70,568
Industrial and commercial equipment	1,283	2,134
Other assets	5,146	5,309
Total depreciation of property, plant and equipment	65,593	92,478
Intangible assets:		
Programmes	140,941	139,035
Software	4,001	4,449
Digital Terrestrial frequencies	3,364	3,364
Trademarks	11	13
Goodwill	-	12
Other rights	252	356
Total amortisation of intangible assets	148,569	147,229
Total amortisation and depreciation	214,162	239,707
Programmes under amortisation	24,827	21,090
Programmes under development	6,414	6,584
Other non-current receivables and assets	3,830	2,170
Receivables from customers	2,760	164
Receivables from subsidiaries	(121)	150
Other current receivables and assets	247	1,165
Total write-downs	37,957	31,323
Total amortisation, depreciation and write-downs	252,119	271,030
Of which depreciation of Rai Way equipment under finance lease:		
Property, plant and equipment:		
Buildings	-	2,251
Plant and machinery	-	27,029
Industrial and commercial equipment	-	764
Other assets	-	35
Total	-	30,079
Intangible assets:		
Software	-	92
Total	-	30,171

16.6 Provisions

Net provisions, equal to Euro 2,088 thousand (Euro 27,092 thousand as at 31 December 2014), reflected accruals of Euro 16,392 thousand, which were offset by uses of Euro 14,304 thousand and mainly related to provisions for risks and charges from legal disputes and 2014-2015 licence fees.

16.7 Financial income and expenses

Net financial expenses, equal to Euro 67,340 thousand (Euro 26,237 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Financial income:		
Dividends	80,432	55,353
Interest income from subsidiaries	3,345	4,629
Interest income from associates	3	2
Income from derivatives - exchange rates	7	1,302
Income from derivatives - interest rates	771	-
Interest receivable from banks	335	260
Foreign exchange gains realised	369	1,605
Estimated foreign exchange gains	241	172
Other	1,775	1,860
Total financial income	87,278	65,183
Financial expenses:		
Interest payable to banks	(5,733)	(13,561)
Interest on obligations for employee benefits	(4,928)	(11,568)
Interest payable on bond issues	(3,644)	-
Interest payable on Rai Way finance lease	-	(4,059)
Expenses from derivatives - exchange rates	(125)	(20)
Expenses from derivatives - interest rates	(2,128)	(3,526)
Foreign exchange losses realised	(609)	(2,473)
Estimated foreign exchange losses	(317)	(209)
Interest payable to subsidiaries	(85)	(399)
Interest payable to associates	-	(1)
Other	(2,369)	(3,130)
Total financial expenses	(19,938)	(38,946)
Net financial income (expenses)	67,340	26,237

Breakdown of dividends

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Rai Pubblicità SpA	7,890	8,000
Rai Way SpA	21,842	11,152
Rai Com SpA	6,507	930
Rai Cinema SpA	44,193	35,271
Total dividends	80,432	55,353

16.8 Income from equity-accounted investments

Income from equity-accounted investments, which was positive for Euro 1,844 thousand (negative for Euro 1,381 thousand as at 31 December 2014), is broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Income (expenses) from equity investments		
- Euronews	972	(2,114)
- San Marino RTV	3	(118)
- Auditel	(2)	157
- Audiradio	3	(22)
- Tivù	868	716
Total effect of the equity accounting method	1,844	(1,381)

The breakdown of changes in equity investments is stated in note 11.3 "Equity investments".

16.9 Income taxes

Income taxes, equal to Euro 55,404 thousand (Euro 49,059 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
IRAP tax	-	(19,800)
Total current taxes	-	(19,800)
Deferred tax liabilities	22,433	4,864
Deferred tax assets	32,452	63,907
Total deferred tax assets/liabilities	54,885	68,771
Direct taxes - previous years	519	88
Total taxes for the year	55,404	49,059

Due to the effect of deferred tax liabilities, income taxes for the financial year ended 31 December 2015 showed a positive effect equal to Euro 54,885 thousand (Euro 68,771 thousand as at 31 December in 2014).

Deferred tax liabilities showed a positive balance increasing by Euro 17,569 thousand compared to 2014, arising from the restatement of taxes allocated in previous years at the tax rate of 24% with effect from the 2017 financial year.

Below is the breakdown of the difference between theoretical and effective taxation:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Loss before tax	(101,387)	(252,513)
IRES tax rate	27.50%	27.50%
Theoretical tax income	27,881	69,441
Taxes relating to previous years	519	88
Tax differences	27,004	(670)
IRAP tax	-	(19,800)
Total income taxes	55,404	49,059

"Tax differences" represent the economic effect on the theoretical taxes for the year, arising from the application of the Italian tax rules which regulate the calculation of the IRES (Corporate Income tax) and IRAP (Regional Production Activity tax) taxable base.

As regards 2015 these differences entailed a reduction in the tax burden as a result of the movements of the changes in the IRES taxable income, as well as of a change in deferred tax assets and liabilities as a result of a reduction in the IRES tax rate (from 27.5% to 24%) with effect from the 2017 financial year.

17) Other Information

Guarantees

Guarantees given, equal to Euro 41,823 thousand (Euro 41,811 thousand as at 31 December 2014), are broken down as follows:

(in thousands of Euros)	Financial year ended 31 December 2015		
	Unsecured guarantees Sureties	Collaterals	Total
Subsidiaries	36,970		Totale
Joint ventures and associates	2,582	-	2,582
Other	-	2,271	2,271
Total	39,552	2,271	41,823

(in thousands of Euros)	Financial year ended 31 December 2014		
	Unsecured guarantees Sureties	Collaterals	Total
Subsidiaries	36,958		Totale
Joint ventures and associates	2,582	-	2,582
Other	-	2,271	2,271
Total	39,540	2,271	41,811

Guarantees given included the surety in favour of the Tax Authorities, as security for the early repayment of VAT surplus of Euro 35,065 thousand as at 31 December 2015 in favour of subsidiaries.

The Company also reported guarantees provided by third parties against the Company's obligations in financial and commercial terms, equal to Euro 297,398 thousand (Euro 258,597 thousand as at 31 December 2014), which mainly related to:

- i) guarantees received from
 - banks and other insurance entities as security for the acquisition of goods and services;
 - banks and other insurance entities as security for proper performance of agreements for the realisation of radio and television productions;
- ii) third-party guarantees provided for the Company's obligations:
 - against payables - for surety as security for the medium/long-term EIB loan;
 - against other obligations - for sureties issued by the Tax Authorities as security for prize contests, for a surety issued to UEFA for the qualifying tournament of the 2016 European Football Championship, for a surety issued to Sky for the 2016 Olympic Games.

17.2 Commitments

The main commitments, including multi-year commitments, linked to the product or to initiatives for technological upgrading and development, which had already been subscribed as at the reporting date, are listed below:

(in millions of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Future commitments for:		
Rights to sports events	263.6	165.2
Investments in TV drama and comedy and cartoons	80.9	68.7
Rights and services for the realisation of other programs	38.0	50.3
Technical investments	9.4	8.1
Total commitments	391.9	292.3

17.3 Potential liabilities

The Company is involved in civil, administrative, labour-related and social security proceedings connected to the ordinary course of its business.

The disputes concerning civil law and administrative issues in which the Company is involved mainly relate to activities for the production and broadcasting of radio and television programmes. Almost all of the civil disputes concern claims for damages, mostly connected to defamation and infringement of personality rights, whereas within the context of the administrative proceedings concerning public contracts, the claim for compensation by way of equivalent measures is considered as an alternative only, given that the main claim regards the cancellation of the tender documents and, in some cases, the taking over of the contract.

Upon occurrence, based on the analyses conducted on these types of disputes, of the following conditions:

- the availability, at the moment of the preparation of the separate financial statements, of information that would indicate that a liability is likely to be incurred;
- the possibility of reasonably estimating the amount of the charge, taking account of the requests submitted by the plaintiffs,

the related charge is allocated through accruals to the Provisions for legal disputes.

In this regard, account must be taken of the proceedings pending before the Milan Court of Appeal, in relation to which the risk of being the losing party is regarded as possible, which was initiated against Rai for the reversal of a previous judgment issued by the Court of Milan, concerning the delivery of Rai contents on DVB-H platforms.

As regards labour-related and social security issues, the Company is involved in a considerable number of disputes mainly concerning requests for reinstatement, demands for establishing a fictitious interposition of third-party labour (*interposizione fittizia di manodopera*), demands for higher positions or levels, claims for damages due to asserted downgrading and the inferred non-compliance with social security requirements laid down in collective contracts or agreements. In order to determine the amount, if any, to be allocated to provisions, considering the number of pending disputes and the subsequent difficulty in carrying out a correct assessment for each one of them, three sub-categories have been identified with reference to the status of the proceedings and the possible interim outcome of the dispute (lawsuits not yet settled in first instance, adverse and positive outcome in the appeal), for each one of which the percentage of risk is estimated by identifying an average value expressed in percentage terms, in order to quantify the accrual to the Provision for legal disputes.

Note 14.3 "Non-current provisions for risks and charges" provides details of the provisions set aside against these cases.

On the basis of the information that is currently available, and taking account of the existing provisions for risks, the Company considers that the amounts allocated to the existing provisions for risks are fair and adequate.

17.4 Related Parties

The details of the relations maintained by the Company with Related Parties, identified based on the criteria set out under IAS 24 "Related Party Disclosures", are provided below for the financial years ended 31 December 2015 and 31 December 2014. The Company mainly maintains relations of a commercial and financial nature with the following related parties:

- Rai Cinema;
- Rai Com;
- Rai Corporation;
- Rai Pubblicità;
- Rai Way;
- Key management personnel ("Top Management");
- other associates and joint ventures in which the Company holds an interest as specified in note 11.3 "Equity investments"; companies under the control or joint control of the Top Management and entities that manage post-employment benefit plans, reserved for the employees of the Rai Group ("Other related parties").

Although the transactions with Related Parties are carried out at arm's length, there is no guarantee that, had they been concluded between or with third parties, the latter would have negotiated and entered into the relevant agreements or carried out such transactions, at the same conditions and with the same procedures.

"Top Management" means the key management personnel who have authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, and the term also includes the members of the Board of Directors of the Company. As regards the fees due to the Statutory Auditors, reference should be made to the provisions of note 16.3 "Costs for purchases of consumables, for services and other costs".

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The table below reports the breakdown of the balance sheet balances as at 31 December 2015 and 31 December 2014 and the economic effects of the transactions concluded between the Company and the related parties during the financial years ended 31 December 2015 and on 31 December 2014:

(in thousands of Euros)	Subsidiaries	Top management	Other related parties	Total
Non-current financial assets				
As at 31 December 2015	-	-	-	-
As at 31 December 2014	1	-	-	1
Current financial assets				
As at 31 December 2015	100,185	-	-	100,185
As at 31 December 2014	81,887	-	-	81,887
Current trade receivables				
As at 31 December 2015	311,880	-	219	312,099
As at 31 December 2014	272,204	-	296	272,500
Other current receivables and assets				
As at 31 December 2015	39,944	407	-	40,351
As at 31 December 2014	35,695	1	-	35,696
Employee benefits				
As at 31 December 2015	-	(6,243)	(14,930)	(21,173)
As at 31 December 2014	-	(7,292)	(15,053)	(22,345)
Current financial liabilities				
As at 31 December 2015	(132,439)	-	(91)	(132,530)
As at 31 December 2014	(67,417)	-	(352)	(67,769)
Trade payables				
As at 31 December 2015	(87,275)	-	(449)	(87,724)
As at 31 December 2014	(102,114)	-	(560)	(102,674)
Other current payables and liabilities				
As at 31 December 2015	(11,118)	(6,442)	(13,354)	(30,914)
As at 31 December 2014	(9,725)	(8,870)	(13,019)	(31,614)
Current financial liabilities				
As at 31 December 2015	-	-	-	-
As at 31 December 2014	(2,097)	-	-	(2,097)

(in thousands of Euros)	Subsidiaries	Top management	Other related parties	Total
Revenues from sales and services				
As at 31 December 2015	645,302	-	487	645,789
As at 31 December 2014	649,414	-	543	649,957
Other earnings and proceeds				
As at 31 December 2015	27,725	-	107	27,832
As at 31 December 2014	30,133	-	56	30,189
Costs for services				
As at 31 December 2015	(522,451)	(932)	(8,014)	(531,397)
As at 31 December 2014	(483,985)	(1,349)	(7,749)	(493,083)
Other costs				
As at 31 December 2015	(402)	-	-	(402)
As at 31 December 2014	(183)	-	-	(183)
Personnel costs				
As at 31 December 2015	3,929	(17,825)	(12,049)	(25,945)
As at 31 December 2014	5,305	(18,708)	(11,992)	(25,395)
Amortisations, depreciation and write-downs				
As at 31 December 2015	(8)	-	-	(8)
As at 31 December 2014	(21)	-	-	(21)
Provisions				
As at 31 December 2015	129	-	-	129
As at 31 December 2014	(129)	-	-	(129)
Financial income				
As at 31 December 2015	83,776	-	3	83,779
As at 31 December 2014	59,983	-	2	59,985
Financial expenses				
As at 31 December 2015	(182)	-	-	(182)
As at 31 December 2014	(4,539)	-	(1)	(4,540)

A description of the main agreements existing between Rai and its subsidiaries, associates and joint ventures identified above is provided below.

Agreements for the provision of services to Rai

Rai Pubblicità

Rai has entered into an agreement for advertising services according to which Rai Pubblicità manages, on an exclusive basis, the advertisement on general interest radio and television, on specialist digital and satellite unencrypted channels, on televideo, on Rai domain and on other minor broadcasting means.

Rai Com

In June 2014 Rai entered into an undisclosed agency agreement (*mandato senza rappresentanza*) with Rai Com, mainly related to:

- (a) the sale of television, radio and/or cinema exploitation rights, exploitation rights to audiovisual works (meaning the rights of exploitation through home and commercial video etc.), multimedia exploitation rights, whether interactive or not, and resulting rights;
- (b) the management of negotiations of framework agreements and/or arrangements with central and local, national and international, public and private entities and institutions;
- (c) the acquisition and/or realisation of musical and/or theatrical performances: serious music and plays, musical editions;

- (d) the management of ticketing services, as well as the realisation and/or management of telephone interaction initiatives and/or interactive activities;
- (e) the design, development, definition, execution and/or management of projects focused on the participation of Rai in Italian and European calls for tenders concerning unsecured or subsidised loans receivable;
- (f) the negotiation, definition, formalisation and/or management of sports library agreements, including the realisation and/or management of any and all commercial initiatives provided for therein;
- (g) the negotiation, definition, formalisation and/or management of other cooperation arrangements with third parties, provided they have commercial nature and purposes; and
- (h) marketing activities for selling abroad channels controlled by Rai.

Rai Cinema

A specific agreement exists with Rai Cinema through which the company undertakes to make available to Rai, on an exclusive basis, a catalogue of free TV viewing related to audiovisual works acquired by Rai Cinema for any reason whatsoever, and Rai undertakes to purchase from Rai Cinema, on an exclusive basis, the exploitation rights for free TV viewing of audiovisual works.

Rai Way

With effect from 1 July 2014, for the purpose of replacing the Service Contract for the period from 2000 to 2014, Rai Way and Rai executed a new Service Contract, whereby Rai appointed Rai Way to provide, on an exclusive basis, a set of services that would allow:

- (i) the regular transmission and broadcasting, in Italy and abroad, of the MUXs assigned based on the applicable laws and regulations; and
- (ii) the regular compliance with the Public Service requirements.

The new Service Contract provides for, and also regulates, the possibility that, should new needs arise for Rai in the future, the parties may negotiate the provision of additional services or of services aimed at developing new electronic communication and telecommunication networks or, moreover, new technologies and broadcasting standards.

Financial agreements

A centralised treasury management arrangement, though bank cash-pooling, exists between Rai and its subsidiaries – except for Rai Way that, following the listing process, has now full autonomy in financial terms–, which intends to ensure that all financial requirements are met and that cash flows are optimised.

In order to hedge exchange risks affecting subsidiary Rai Cinema, the latter has granted a specific mandate to Rai for negotiating currency and financial instruments on its own account, acting according to the operational procedures set out in the Group's policies.

With reference to Rai Way, the following agreements are also in force:

- an intercompany current account agreement, used to provide Rai with the funds necessary to settle the mutual credit and debit positions arising from certain residual payment services provided for in the service contract between Rai and Rai Way;
- an agency agreement in favour of Rai for the performance of payment and collection activities for payables and receivables, respectively, arising from the settlement of certain intergroup items, mainly within the context of offsetting activities, through Rai, concerning credit and debit positions between Group companies (netting activities), it being understood that this activity does not include the payments resulting from the Service Contract and that this mandate will not be used to authorise hedging transactions.

Agreements for the provision of services by Rai

Rai provides a set of services to some of its subsidiaries, regulated by specific service contracts, which concern, in particular, administrative services, real estate services, IT services, testing services and voice-over services.

Tax consolidation

Based on the regulations provided for in the TUIR (Consolidation Act on Income Taxes, Presidential Decree 917/1986, Articles 117 and ff.) and by operation of the provisions laid down in Article 11, paragraph 4, of Ministerial Decree dated 9 June 2004, concerning "Provisions for the application of the national consolidation tax regime, referred to in Articles 117 to 128 of the Consolidation Act on Income Taxes", Rai applies the Group taxation regime for the National Tax Consolidation.

This option, valid for a three-year period, for the adoption of the National Tax Consolidation regime, was renewed as between Rai and Rai Way, Rai Cinema and Rai Com until the tax period ending on 31 December 2015, whereas as regards Rai Pubblicità such renewal is valid until the tax period that will end on 31 December 2016.

The statutory and financial relationships between the participating companies are regulated by a specific agreement executed between the parties, updated with reference to the regulatory changes that might occur during the period when such agreement remains in force.

As a result of the National Tax Consolidation Rai recognised a receivable from the participating companies, which amounted to Euro 38,104 thousand as at 31 December 2015.

Group VAT Regime

The Company avails itself of the Group VAT netting procedure provided for in Ministerial Decree dated 13 December 1979, which contains the regulations implementing the provisions laid down in Article 73, last paragraph, of Presidential Decree 633 of 26 October 1972.

The option for carrying out the Group VAT procedure on an annual basis was exercised as regards Rai and all other national subsidiaries until 31 December 2015. The statutory and financial relationships are regulated by a specific agreement signed between the parties.

Other related parties

The Company maintains, with Other Related Parties, commercial and financial relations, the most significant of which are described below.

San Marino RTV

An agreement has been entered into with this company, which concerns an intercompany current account to which any payables and receivables arising from economic and financial transactions between the parties are transferred. Additionally, the agreement provides for Rai to grant a credit facility of Euro 1,000 thousand, which the company may use against overdraft positions arising from ordinary operations. This facility is endorsed, to the extent of 50%, by ERAS ("Ente per la Radiodiffusione Sammarinese").

Additionally, the cooperation agreement on radio and television issues between the Government of the Republic of San Marino and the Government of the Italian Republic - Prime Minister's Office, provides for the reversal to San Marino RTV of an annual lump-sum contribution through Rai Com.

Tivù

Agreements are in force that provide for the provision:

- by Rai of EPG (Electronic Program Guide) processing and management services, publishing and advisory services, as well as the supply of satellite transmission capacity for the purposes of the delivery of EPG services;
- by Tivù of the EPG service for the Digital Terrestrial and satellite platform and the encryption service.

Auditel

This company provides services for measuring audience data of the television channels.

18) Criteria for the transition from Italian GAAPs to IFRSs

The procedure followed for the transition from the Italian Accounting Standards to the IFRSs for the purposes of the preparation of the Separate Financial Statements (the "Transition Process") is described below.

18.1 General principles

The Company applied the IFRSs retrospectively to all periods ended prior to 1 January 2014 (the "Transition Date"), except for mandatory exemptions and for certain voluntary exemptions adopted in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards", as described in the paragraph below. Specifically, the accounting standards to which reference was made are those described in note 3 above, "Accounting Principles".

The statement of financial position as at 1 January 2014 reflects the following key differences in accounting treatment with respect to the Company's Financial Statements as at 31 December 2013, prepared in accordance with the Italian GAAPs:

- all assets and liabilities were reported and measured, the recognition of which is required by the IFRSs, including those not provided for in the application of the Italian GAAPs;
- all assets and liabilities the recognition of which is required by the Italian GAAPs, but not allowed by IFRSs, were derecognised;
- some items of the financial statements were reclassified according to the IFRSs.

As at the Transition Date, the impact of the adjustment to the opening balances of assets and liabilities in order to bring them into line with the new criteria was recognised under "IFRS FTA Reserve" in the equity, taking account of the related tax effects (see the information provided in note 3, "Accounting principles" for the procedures to recognise deferred tax assets).

18.2 Methods for the presentation of financial statements

As regards the methods for the presentation of financial statements, reference should be made to note 2 "Basis of preparation".

18.3 Mandatory exemptions from the application of IFRSs

The mandatory exemptions from the retrospective application of IFRSs, in compliance with IFRS 1, were applied during the Transition Process.

The estimates made as at the Transition Date to IFRSs were consistent with the estimates made as at the same date according to the Italian GAAPs (after the adjustments required to reflect any differences in the accounting standards).

No other mandatory exemption prescribed by IFRS 1 was applied, since they refer to cases that are not applicable to the Company.

18.4 Voluntary exemptions from the application of IFRSs

The voluntary exemptions from the retrospective application of IFRSs that, in compliance with IFRS 1, were adopted during the Transition Process, are described below.

- The fair value as deemed cost: the cost at which certain land and buildings owned by the Company were recognised as at the Transition Date corresponds to the fair value estimated, with reference to such date, by expert appraisers appointed for this purpose.
- Equity investments in subsidiaries: with reference to the Transition Date, the equity investments in subsidiaries were recognised by using, as deemed cost, the book value of these investments, as determined in accordance with the Italian GAAPs as at the same date.
- Employee benefits: all cumulative actuarial gains and losses outstanding as at the Transition Date were recognised under "IFRS FTA Reserve".

No other voluntary exemption prescribed by IFRS 1 were used, since they refer to cases in which: i) the Italian GAAPs were already in line with IFRSs, ii) the Company opted for retrospective application, or iii) they were not applicable to the Company.

18.5 Accounting treatments selected from among the options provided for in IFRSs

The accounting treatments adopted by the Company within the scope of the options provided for in IFRSs as regards the recognition of some items included in the Separate Financial Statements are described below.

- Inventories: according to IAS 2 "Inventories", the cost of inventories must be determined by adopting the FIFO method or the weighted average cost method. It was decided to use the weighted average cost method, which is also used in the financial statements prepared according to the Italian GAAPs.
- Measurement of property, plant and equipment and intangible assets: following the initial recognition at cost, IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" provide that such assets may be valued at cost, or by determining their market value periodically and adjusting the accounting balance at such value as at the reference date of the market value measurement. It was decided to adopt the cost method.

18.6 Description of the significant effects of the Transition

The tables below show the effects of the transition to IFRSs, in terms of both reclassifications and adjustments:

- on the Company's statement of financial position as at the Transition Date and as at 31 December 2014;
- on the Company's statement of comprehensive income relating to the financial year ended 31 December 2014;
- on the Company's cash flow statement relating to the financial year ended 31 December 2014;
- on the Company's equity as at the Transition Date and as at 31 December 2014; and
- on the Company's total comprehensive income (expense) for the financial year ended 31 December 2014.

Notes to the separate financial statements

Effects of the transition on the statement of financial position as at the transition date

Financial year ended 1 January 2014 (in thousands of Euros)	Italian GAAPs	Note	Adjustments	Reclassifications	IFRSs
Property, plant and equipment	365,797	a - b - h	770,652	6,961	1,143,410
Intangible assets	397,090	b - g - h	(4,908)	(19,163)	373,019
Equity investments	470,405	d	642,214	-	1,112,619
Non-current financial assets	2,717	e	7	-	2,724
Deferred tax assets	36,492	b - f - h	80,226	(116,718)	-
Other non-current assets	38,409	h	-	(2,570)	35,839
Total non-current assets	1,310,910		1,488,191	(131,490)	2,667,611
Inventories	1,388		-	-	1,388
Trade receivables	524,533		-	-	524,533
Current financial assets	139,667	e - h	467	646	140,780
Tax receivables	59,540		-	-	59,540
Other current receivables and assets	155,379	c - g	400	-	155,779
Cash and cash equivalents	6,890	h	-	(646)	6,244
Total current assets	887,397		867	-	888,264
Total assets	2,198,307		1,489,058	(131,490)	3,555,875
Share capital	242,518		-	-	242,518
Other reserves	51,630	a - b - c - e - f - g	771,223	-	822,853
Profits (losses) carried forward	4,317		-	-	4,317
Total equity	298,465		771,223	-	1,069,688
Non-current financial liabilities	197,500	e	4,466	-	201,966
Employee benefits	400,409	c	121,991	-	522,400
Non-current provisions for risks and charges	195,705	a - b - c - f - h	3,129	(14,475)	184,359
Deferred tax liabilities	2,109	a - c - d - g - h	192,937	(117,015)	78,031
Other non-current payables and liabilities	18,029		-	-	18,029
Total non-current liabilities	813,752		322,523	(131,490)	1,004,785
Trade payables	554,779	e	(332)	-	554,447
Current financial liabilities	323,646	b - e	251,411	-	575,057
Tax payables	62,187		-	-	62,187
Other current payables and liabilities	145,478	b - c	144,233	-	289,711
Total current liabilities	1,086,090		395,312	-	1,481,402
Total liabilities	1,899,842		717,835	(131,490)	2,486,187
Total equity and liabilities	2,198,307		1,489,058	(131,490)	3,555,875

Effects of the transition on the statement of financial position as at 31 December 2014

Financial year ended 31 December 2014 (in thousands of Euros)	Italian GAAPs	Note	Adjustments	Reclassifications	IFRSs
Property, plant and equipment	373,741	a - h	507,247	6,272	887,260
Intangible assets	399,157	g - h	(5,812)	(21,756)	371,589
Equity investments	537,749	d	387,408	-	925,157
Non-current financial assets	2,483	e	3,626	-	6,109
Deferred tax assets	43,967	f - h	109,705	(153,672)	-
Other non-current assets	54,813	h	-	(4,726)	50,087
Total non-current assets	1,411,910		1,002,174	(173,882)	2,240,202
Inventories	361		-	-	361
Trade receivables	336,112		-	-	336,112
Current financial assets	81,909	e - h	4,666	301	86,876
Tax receivables	94,221		-	-	94,221
Other current receivables and assets	135,176	c - f - g	532	-	135,708
Cash and cash equivalents	113,801	h	-	(301)	113,500
Total current assets	761,580		5,198	-	766,778
Total assets	2,173,490		1,007,372	(173,882)	3,006,980
Share capital	242,518		-	-	242,518
Other reserves	55,947	a - c - d - e - f - g	776,057	-	832,004
Profits (losses) carried forward	47,864		(294,035)	-	(246,171)
Total equity	346,329		482,022	-	828,351
Non-current financial liabilities	246,667	e - g	3,648	-	250,315
Employee benefits	390,250	c	194,801	-	585,051
Non-current provisions for risks and charges	214,851	a - c - f - h	(9,001)	(19,689)	186,161
Deferred tax liabilities	2,115	a - d - e - g - h	189,156	(154,193)	37,078
Other non-current payables and liabilities	11,917		-	-	11,917
Total non-current liabilities	865,800		378,604	(173,882)	1,070,522
Trade payables	543,890	e	311	-	544,201
Current provisions for risks and charges	300	g	(300)	-	-
Current financial liabilities	173,986	e	4,273	-	178,259
Tax payables	67,137		-	-	67,137
Other current payables and liabilities	176,048	c - g	142,462	-	318,510
Total current liabilities	961,361		146,746	-	1,108,107
Total liabilities	1,827,161		525,350	(173,882)	2,178,629
Total equity and liabilities	2,173,490		1,007,372	(173,882)	3,006,980

Notes to the separate financial statements

Effects of the transition on the statement of comprehensive income for the financial year ended 31 December 2014

Financial year ended 31 December 2014 (in thousands of Euros)	Italian GAAPs	Note	Adjustments	Reclassifications	IFRSs
Revenues from sales and services	2,280,335	h	-	16,490	2,296,825
Other earnings and proceeds	352,020	c - h	(228,198)	(70,904)	52,918
Total revenues	2,632,355		(228,198)	(54,414)	2,349,743
Costs for purchases of consumables	(16,180)	g - h	(147)	57	(16,270)
Costs for services	(1,380,256)	b - g - h	22,075	1,815	(1,356,366)
Other costs	(73,786)	g - h	(375)	31,620	(42,541)
Personnel costs	(904,963)	c - g - h	(17,808)	8,959	(913,812)
Amortisation, depreciation and write-downs	(250,594)	a - b - g - h	(15,004)	(5,432)	(271,030)
Provisions	(40,679)	a - i	(3,502)	17,089	(27,092)
Total costs	(2,666,458)		(14,761)	54,108	(2,627,111)
Operating result	(34,103)		(242,959)	(306)	(277,368)
Financial income	8,851	d - e	56,331	-	65,182
Financial expenses	(22,091)	b - c - d	(16,855)	-	(38,946)
Income from equity-accounted investments	80,586	d - h	(81,961)	(6)	(1,381)
Result before tax	33,243		(285,444)	(312)	(252,513)
Income taxes	14,621	a - b - c - d - f - g - h	34,126	312	49,059
Result for the year	47,864		(251,318)	-	(203,454)
Profit/(loss) on cash flow hedge		e	4,834	-	4,834
Restatement of defined-benefit plans		c	(42,717)	-	(42,717)
Total comprehensive income (expense) for the year	47,864		(289,201)	-	(241,337)

Effects of the transition on the cash flow statement for the financial year ended 31 December 2014

Financial year ended 31 December 2014 (in thousands of Euros)	Italian GAAPs	Reclassifications	IFRSs
Net cash flow from operating activities	100,616	(50,025)	50,591
Net cash flow (used in)/generated from investing activities	94,567	(217,110)	(122,543)
Net cash flow used in financing activities	(88,272)	267,480	179,208
Change in cash and cash equivalents	106,911	345	107,256
Cash and cash equivalents at the beginning of the year (*)	6,890	(646)	6,244
Cash and cash equivalents at the end of the year (*)	113,801	(301)	113,500

(*) the balance of the reclassifications of "Cash and cash equivalents" reflects restricted cash that, in compliance with the IFRSs, was reclassified to "Current financial assets".

The table below shows the reconciliation of the Company's equity determined according to the Italian GAAPs and the relevant equity determined according to the IFRSs, as at the Transition Date and as at 31 December 2014:

(in thousands of Euros)	Financial year ended	
	1 January 2014	31 December 2014
Equity according to the Italian GAAPs	298,465	346,329
a. Restatement of property, plant and equipment	329,527	328,526
b. Finance lease	(252)	-
c. Employee benefits	(258,984)	(329,876)
d. Participating investments	631,035	379,691
e. Hedging derivative instruments	(5,109)	(399)
f. Recognition of deferred tax assets calculated on losses that can be carried forward indefinitely	79,917	109,705
g. Other effects	(4,911)	(5,625)
Equity according to the IFRSs	1,069,688	828,351

The table below shows the reconciliation of the Company's result for the financial year ended 31 December 2014 determined according to the Italian GAAPs and the relevant result determined according to the IFRSs:

(in thousands of Euros)	Financial year ended	
	31 December 2014	
Profit for the year according to the Italian GAAPs	47,864	
a. Restatement of property, plant and equipment	(1,001)	
b. Finance lease	252	
c. Employee benefits	(28,175)	
d. Participating investments	(251,344)	
e. Hedging derivative instruments	(124)	
f. Recognition of deferred tax assets calculated on losses that can be carried forward indefinitely	29,788	
g. Other effects	(714)	
Result for the year according to the IFRSs	(203,454)	
Profit/(loss) on cash flow hedge	4,834	
Restatement of defined-benefit plans	(42,717)	
Total comprehensive income (expense) for the year	(241,337)	

18.7 Explanatory notes relating to the effects of the transition to IFRSs

a) Restatement of property, plant and equipment

- Upon first-time adoption of the IFRSs, the Company opted to recognise certain property, plant and equipment, namely some owned land and buildings, at their related fair value as at the Transition Date. As regards the measurement of such fair value, the Company availed itself of the services of external experts appointed for this purpose, who prepared specific expert evaluations for the selected real estate properties. The appointed experts, in addition to estimating the fair value of the real estate properties identified by the Company, also prepared an estimate of the economic and technical life of the buildings being assessed. Therefore, as at the Transition Date, the Company recognised some land and buildings at the value resulting from the expert's reports and started, for all buildings involved in the assessment, a process of systematic depreciation based on the technical and economic useful lives estimated by external specialists.

This adjustment entailed:

- as at the Transition Date, (i) an increase in "Property, Plant and Equipment" for Euro 521,048 thousand (comprised of an increase in land and buildings for Euro 333,662 thousand and Euro 194,859 thousand, respectively, a reduction in "Plant and machinery" and "Other assets" for Euro 1,165 thousand and Euro 6,308 thousand, respectively, (ii) the recognition of "Deferred tax liabilities" for Euro 181,678 thousand (see the note on the recognition of deferred taxation, under note 3 "Accounting principles"), (iii) an increase in "Equity" for Euro 339,370 thousand; and
- as at 31 December 2014, (i) an increase in "Property, plant and equipment" for Euro 520,141 thousand (comprised of an increase in the categories of "Land" and "Buildings" for Euro 323,302 thousand and Euro 203,952 thousand, respectively, a reduction in "Plant and machinery" and "Other assets" for Euro 805 thousand and Euro 6,308 thousand, respectively, (ii) the recognition of "Deferred tax liabilities" for Euro 180,711 thousand (as regards the recognition of deferred taxation, reference should be made to note 3 "Accounting Principles"), (iii) an increase in "Equity" for Euro 339,430 thousand, net of related deferred taxation.

As a result of this adjustment, the result for the financial year ended 31 December 2014 increased by Euro 60 thousand, reflected in a reduction in "Amortisation, depreciation and write-downs" for Euro 2,924 thousand, an increase in Provisions" for Euro 3,831 thousand and lower "Income taxes" for Euro 967 thousand.

- At the same time as the first-time adoption of the IFRSs in the preparation of its Separate Financial Statements, the Company considered it appropriate to review the start date of the depreciation process for property, plant and equipment under construction. This amendment, therefore, does not change the criterion for recognising property, plant and equipment, which remains the cost, including any directly-attributable additional charges and financial charges (if any) that can be capitalised net of accumulated depreciation, as adjusted, in case, for impairment losses, but it entails a review of the identification criterion of the start date of the systematic depreciation process. Specifically, whilst:
 - for the preparation of its financial statements according to the Italian GAAPs, the Company used the time when the property, plant and equipment under construction enter into service as the start date of their depreciation process;
 - for the preparation of the first Separate Financial Statements prepared according to the IFRSs, the Company, for the purpose of obtaining a more precise time distribution of the cost associated with the aforementioned property, plant and equipment, identified the time of their effective use as the date from which the depreciation should commence or, otherwise, the twenty-fifth month after the acquisition (two years).

In accordance with IFRS 1, the procedural change adopted by the Company was already applied with reference to the balance of property, plant and equipment under construction as at the Transition Date and, thus, it was reflected in the balances presented for comparative purposes.

Specifically, the change described above determined:

- as at the Transition Date, (i) a decrease in "Property, plant and equipment" for Euro 11,504 thousand, (ii) a decrease in "Non-current provisions for risks and charges" for Euro 1,661 thousand and (iii) a decrease in "Equity" for Euro 9,843 thousand; and
- as at 31 December 2014, (i) a decrease in "Property, plant and equipment" for Euro 12,894 thousand, (ii) a decrease in "Non-current provisions for risks and charges" for Euro 1,990 thousand and (iii) a decrease in "Equity" for Euro 10,904 thousand.

As a result of this adjustment, the result for the financial year ended 31 December 2014 was reduced by Euro 1,061 thousand, following higher depreciation for Euro 1,390 thousand and lower provisions for Euro 329 thousand.

b) Finance lease

The adjustment in question concerns the recognition of the effects arising from accounting for the 2000-2014 Service Contract that was entered into with subsidiary Rai Way on 5 June 2000 and that remained in force until 30 June 2014. In accordance with IFRIC 4 "Determining Whether an Arrangement Contains a Lease", this contract included an embedded lease concerning the transmission equipment used by subsidiary Rai Way to provide "transmission and broadcasting" services to the Company. In the application of IAS 17 "Leases", this embedded lease was qualified as a finance lease.

With effect from 1 July 2014, to replace the 2000-2014 Service Contract, Rai and Rai Way entered into a new service contract, whereby the method to account for the related effects changed. The lease embedded in the new contract, in fact, qualified as an operating lease.

The adjustment for the recognition of the finance lease entailed:

- as at the Transition Date, (i) an increase in "Property, plant and equipment" for Euro 261,108 thousand, in "Intangible assets" for Euro 226 thousand, in "Non-current provisions for risks and charges" for Euro 11,544 thousand and in "Other current payables and liabilities" for Euro 205 thousand, (ii) the recognition of "Current financial liabilities" for Euro 249,962 thousand, (iii) the recognition of "Deferred tax assets" for Euro 309 thousand, (iv) an increase in "Deferred tax liabilities" for Euro 184 thousand and (v) a decrease in "Equity" for Euro 252 thousand.

As a result of this adjustment, the result for the financial year ended 31 December 2014 increased by Euro 252 thousand, following higher depreciation for Euro 30,627 thousand, lower costs for services for Euro 35,191 thousand, higher financial expenses for Euro 4,187 thousand and higher "Income taxes" for Euro 125 thousand.

c) Employee Benefits

The adjustment in question related to:

- the recognition of costs relating to short- and long-term employee benefits not entered in the financial statements prepared according to the Italian GAAPs, which, however, meet the requirements set out in IAS 19 "Employee Benefits" for their recognition;
- the effects of the measurement of existing liabilities against the staff severance pay (TFR) payable to the employees upon termination of their employment relationship and additional supplementary welfare and social security funds of which some Company employees are members.

According to the Italian GAAPs, post-employment benefits are recognised on an accruals basis during the period when the employees are in active employment, in compliance with the applicable legislation and labour agreements. According to IAS 19, "Employee Benefits", post-employment benefits (such as pensions, life insurance, medical care, etc.) are divided into "defined contribution" and "defined benefit" plans. Defined-contribution plans are post-employment benefit schemes with reference to which the employer fulfils its obligations by paying pre-set contributions to a separate fund, without any further legal or constructive obligation to pay additional contributions should the fund have no sufficient assets available to pay all benefits for the employees related to the services rendered by the latter until the reporting date. The employer's obligation, in case of defined-benefit plans, on the contrary, is satisfied only when the benefits granted to the employees as per contract are actually delivered.

According to the Italian GAAPs, the liability for the staff severance pay (TFR) is determined in accordance with the legislation in force, and, specifically, with Article 2120 of the Italian Civil Code and the labour agreements. The Staff Severance Pay accrued until 31 December 2006, according to IAS 19, can be treated as a defined-benefit plan, to be measured based on statistical and demographic assumptions, as well as according to actuarial calculation methods. Following the amendment introduced by the legislator in 2006, the Staff Severance Pay accrued as from 1 January 2007 can be treated as a defined-contribution plan.

Specifically, the application of IAS 19 determined:

- as at the Transition Date, (i) an increase in "Employee Benefits" for Euro 121,991 thousand, (ii) an increase in "Other receivables and current assets" for Euro 281 thousand, (iii) a decrease in "Non-current provisions for risks and charges" for Euro 6,754 thousand, (iv) an increase in "Other current payables and liabilities" for Euro 144,028 thousand and (v) a decrease in "Equity" for Euro 258,984 thousand;
- as at 31 December 2014, (i) an increase in "Employee Benefits" for Euro 194,801 thousand, (ii) an increase in "Other receivables and current assets" for Euro 244 thousand, (iii) a decrease in

"Non-current provisions for risks and charges" for Euro 7,011 thousand, (iv) an increase in "Other current payables and liabilities" for Euro 142,330 thousand and (v) a decrease in "Equity" for Euro 329,876 thousand.

As a result of this adjustment, the result for the financial year ended 31 December 2014 decreased by Euro 28,175 thousand, due to higher "Personnel costs" for Euro 16,608 thousand and higher "Financial expenses" for Euro 11,567 thousand. The other comprehensive income (expense) for the financial year recorded a decrease of Euro 42,717 thousand, net of tax effect.

d) Equity investments

Upon first-time adoption of the IFRSs, the Company opted to use, as deemed cost of the equity investments in subsidiaries, except for the investment held in Rai Way, the book value as at 31 December 2013, determined according to the equity method in accordance with the Italian GAAPs. For the investment held in Rai Way, the Company used, as deemed cost, the fair value of the investment as at 31 December 2013. The method used to estimate the fair value of the investment in Rai Way was the Discounted Cash Flow method, which is based on the financial return expected from the investment, i.e. on the cash flows that it will be able to generate in the future, from the present time to its full disposal.

This adjustment entailed:

- as at the Transition Date, (i) an increase in "Equity Investments" for Euro 642,214 thousand, (ii) the recognition of "Deferred tax liabilities" for Euro 11,179 thousand (see the note on the recognition of deferred taxation, under note 3 "Accounting Principles"), (iii) an increase in "Equity" for Euro 631,035 thousand;
- as at 31 December 2014, (i) an increase in "Equity Investments" for Euro 387,408 thousand, (ii) the recognition of "Deferred tax liabilities" for Euro 7,717 thousand (see the note on the recognition of deferred taxation, under note 3 "Accounting Principles"), (iii) an increase in "Equity" for Euro 379,691 thousand.

As a result of this adjustment, the result for the financial year ended 31 December 2014 decreased by Euro 251,344 thousand, due to lower "Other revenues" for Euro 228,198 thousand, higher "Financial expenses" for Euro 55,354 thousand, lower proceeds from "Income from equity-accounted investments" for Euro 81,961 thousand, lower "Taxes" for Euro 3,461 thousand.

e) Hedging derivative instruments

Under IAS 39 "Financial Instruments: Recognition and Measurement", any change in the fair value of derivative financial instruments must be accounted for in profit or loss, and, where certain conditions are met, it is permitted to recognise such changes in a specific equity reserve, including them in other comprehensive income (expense). Specifically, this treatment is allowed if the conditions are fulfilled which would qualify derivative financial instruments as cash flow hedge instruments. Specifically, the Company enters into derivative contracts such as Interest Rate Swaps (IRSs) for the purpose of hedging interest rate risks with reference to the loan granted by a pool of banks, and forward purchases and options in order to hedge any risk of fluctuations in the Euro/USD exchange rate mainly related to the purchase of sports rights or television and cinema rights of subsidiary Rai Cinema SpA (see note 7.1 "Market risk"). These contracts meet all requirements set out under IAS 39 to be accounted for according to the hedge accounting method, and the Company has the documentation that proves their effectiveness in terms of ability to hedge the aforementioned cash flow risks: therefore, in accordance with IAS 39, these instruments were stated in the Separate Financial Statements at their fair value, while their changes were recognised in a specific equity reserve, under "Other comprehensive income (expense)".

Since, according to the Italian GAAPs, both the Interest Rate Swaps and the contracts on exchange rate derivatives were designated as hedging instruments, as at the Transition Date the Company recognised their fair value directly in a specific equity reserve.

The application of IAS 39 to the existing derivative contracts determined:

- as at the Transition Date, (i) an increase in "Non-current financial liabilities" for Euro 4,466 thousand, (ii) an increase in "Non-current financial assets" for Euro 7 thousand, (iii) an increase in "Current financial assets" for Euro 467 thousand, (iv) a decrease in "Trade payables" for Euro 332 thousand, (v) an increase in "Current financial liabilities" for Euro 1,449 thousand, (vi) a decrease in "Equity" for Euro 5,109 thousand, through the recognition of a specific reserve named "Cash flow hedge reserve"; and
- as at 31 December 2014, (i) an increase in "Non-current financial assets" for Euro 3,626 thousand, (ii) a decrease in "Other receivables and current assets" for Euro 320 thousand, (iii) an increase in "Current

financial assets" for Euro 4,666 thousand, (iv) an increase in "Non-current financial liabilities" for Euro 2,921 thousand, (v) an increase in "Deferred tax liabilities" for Euro 866 thousand, (vi) an increase in "Trade payables" for Euro 311 thousand, (vii) an increase in "Current financial liabilities" for Euro 4,273 thousand and (viii) a decrease in "Equity" for Euro 399 thousand.

As a result of this adjustment, the result for the financial year ended 31 December 2014 reduced by Euro 124 thousand due to higher "Financial expenses" for Euro 1,101 thousand and higher "Financial income" for Euro 977 thousand. Other comprehensive income (expense) for the financial year recognised, on the contrary, an increase of Euro 4,834 thousand, net of tax effect.

f) Recognition of deferred tax assets calculated on losses that can be carried forward indefinitely

Under IAS 12 "Income Taxes", a deferred tax asset calculated on tax losses that can be carried forward indefinitely must be recognised if it is probable that a taxable income will be available against which such losses may be used. In case of taxable temporary differences the realisation of which will allow the use of tax losses, the aforementioned condition is regarded as satisfied. Specifically, given that, as indicated in notes (a) and (d) above, an equal increase for the corresponding tax value was not recognised against the higher book value mainly recognised for land and buildings and equity investments, the Company reported, as at the Transition Date, deferred tax liabilities of Euro 194,748 thousand. To the extent of such amount, the preconditions exist for the recognition of deferred tax assets calculated on losses that can be carried forward indefinitely. For this purpose, it should be noted that, given that they can be brought forward without any time restriction, except in the case of currently unforeseeable changes in laws and regulations that could cancel such feature, the Company's tax losses may be used to offset the effects arising from the realisation of taxable temporary differences generated following the revaluation described in notes (a) and (d), even if this realisation can be currently regarded as a remote contingency. Should, in the future, such feature no longer exist, and if the requirements for their recognition are not satisfied otherwise, deferred tax assets calculated on the Company's tax losses will be appropriately written down with a subsequent recognition of a negative effect in profit or loss.

The application of this accounting treatment determined:

- as at the Transition Date, an increase in "Deferred tax assets" for Euro 79,917 thousand and in "Equity" in the same amount; and
- as at 31 December 2014, an increase in "Deferred tax assets" for Euro 109,705 thousand and in "Equity" in the same amount.

As a result of this adjustment, the result for the financial year ended 31 December 2014 reported an increase of Euro 29,788 thousand, referred to the recognition of deferred tax assets.

g) Other effects

In addition to the foregoing, the Transition to IFRSs led to some minor adjustments, including: (i) the different accounting treatment of costs related to "documentaries" or "serious music and plays" programmes; (ii) the different method to account for certain options for the renewal of user licenses concerning the images of Italian football teams; (iii) the measurement of financial liabilities according to the amortised cost method; (iv) the recognition, within the context of the IPO for 34.93% of the investment in Rai Way, which took place on 19 November 2014, of the bonus shares due to the grantees of the shares.

Overall, these adjustments entailed:

- as at the Transition Date (i) a reduction in "Intangible assets" for Euro 5,134 thousand, (ii) an increase in "Other receivables and current assets" for Euro 119 thousand, (iii) a decrease in "Deferred tax liabilities" for Euro 104 thousand, (iv) a decrease in "Equity" for Euro 4,911 thousand; and
- as at 31 December 2014 (i) a reduction in "Intangible assets" for Euro 5,812 thousand, (ii) an increase in "Other receivables and current assets" for Euro 608 thousand, (iii) an increase in "Non-current financial liabilities" for Euro 727 thousand, (iv) a decrease in "Current provisions for risks and charges" for Euro 300 thousand, (v) an increase in "Other current payables and liabilities" for Euro 132 thousand (vi) a decrease in "Deferred tax liabilities" for Euro 138 thousand and (vii) a decrease in "Equity" for Euro 5,625 thousand.

As a result of this adjustment, the result for the financial year ended 31 December 2014 decreased by Euro 714 thousand, reflecting higher "Costs for purchases of raw materials" for Euro 147 thousand,

higher "Costs for services" for Euro 13,116 thousand, higher "Other costs" for Euro 375 thousand, higher "Personnel costs" for Euro 1,200 thousand, lower "Amortisation, depreciation and write-downs" for Euro 14,089 thousand and lower income taxes for Euro 35 thousand.

h) Reclassifications

The adoption of the IFRSs also entailed some reclassifications that did not affect the result for the period nor the equity. The main reclassifications made to the statements of financial position as at the Transition Date and as at 31 December 2014, and to the statement of comprehensive income for the financial year ended 31 December 2014, are summarised below.

Statement of financial position

- 1) The Italian GAAPs provide for leasehold improvements to be classified under intangible assets, whereas, according to the IFRSs, such improvements must be classified under property, plant and equipment; accordingly, amounts of Euro 6,961 thousand and Euro 6,272 thousand, respectively, were reclassified, as at the Transition Date and as at 31 December 2014, from intangible assets to property, plant and equipment.
- 2) Deferred tax assets and liabilities, in accordance with IAS 12, are stated as a net balance under long-term assets/liabilities when they can be legally offset and related to the same counterparty. The reclassification entailed a decrease in "Deferred tax liabilities" and a decrease in "Deferred tax assets" for Euro 116,718 thousand as at the Transition Date and for Euro 153,672 thousand as at 31 December 2014.
- 3) In accordance with IAS 1, some "Provisions for risks and charges" were reclassified as a reduction in the related asset items, thus entailing:
 - as at the Transition Date, a reduction in "Non-current intangible assets" for Euro 12,202 thousand, a decrease in "Other current receivables and assets" for Euro 2,570 thousand, a decrease in "Provisions for risks and charges" for Euro 14,475 thousand, a decrease in "Deferred tax liabilities" for Euro 297 thousand; and
 - as at 31 December 2014, a reduction in "Intangible assets" for Euro 15,484 thousand, a decrease in "Other receivables and current assets" for Euro 4,726 thousand, a decrease in "Provisions for risks and charges" for Euro 19,689 thousand and a decrease in "Deferred tax liabilities" for Euro 521 thousand.
- 4) As at the Transition Date, other minor reclassifications led to an increase in "Current financial assets" for Euro 646 thousand and a decrease in "Cash and cash equivalents" in the same amount.

As at 31 December 2014, other minor reclassifications entailed an increase in "Current financial assets" for Euro 301 thousand and a decrease in "Cash and cash equivalents" in the same amount.

Statement of comprehensive income

The reclassification resulting from the allocation of income and expenses from recurring and non-recurring contingent items entailed, in the financial year ended 31 December 2014, an increase in "Revenues from sales and services" for Euro 21,757 thousand, a decrease in "Other earnings and proceeds" for Euro 34,296 thousand, lower "Costs for purchases of consumables" for Euro 96 thousand, higher "Costs for services" for Euro 6,683 thousand, lower "Other costs" for Euro 22,658 thousand, higher "Personnel costs" for Euro 3,844 thousand and lower "Income taxes" for Euro 312 thousand.

The reclassification resulting from the different classification of accruals to and releases of "Provisions for risks and charges" entailed, in the financial year ended 31 December 2014, lower "Revenues from sales and services" for Euro 1,120 thousand, lower "Other earnings and proceeds" for Euro 12,871 thousand, lower "Costs for services" for Euro 128 thousand, lower "Other costs for services" for Euro 8,962 thousand, lower "Personnel costs" for Euro 6,750 thousand, higher "Amortisation, depreciation and write-downs" for Euro 5,432 thousand and lower "Provisions" for Euro 17,089 thousand.

As required by IAS 18, revenues include only the flows of economic benefits received and receivable by the Company, in its own name and for its own account. The considerations collected on behalf of third parties are not economic benefits that flow to the entity and do not determine any increase in equity. This is why they were excluded from revenues. The application of this principle entailed, in the financial year ended 31 December 2014, a decrease in the item "Revenues from sales and services" for Euro 4,147 thousand and in "Costs for services" in the same amount. Likewise, the amounts of expenses charged to the principals are excluded from costs. The application of this principle entailed a decrease in "Other earnings and proceeds" for Euro 10,250 thousand, a

decrease in "Costs for services" for Euro 4,223 thousand and a decrease in "Personnel costs" for Euro 6,027 thousand.

Other reclassifications related to the capitalisations for internally-developed intangible assets and a change in inventories of finished products entailed, in the financial year ended 31 December 2014, lower "Other earnings and proceeds" for Euro 13,487 thousand, lower "Costs for purchases of consumables" for Euro 39 thousand and lower "Personnel costs" for Euro 13,526 thousand.

19) Significant events after the reporting date

Extension of the Concession Term

On 19 April 2016, the new Code of Public Contracts (Legislative Decree 50 of 18 April 2016) entered into force. This decree, under Article 216, paragraph 24, provides that "in order to achieve the highest possible participation in the public consultation referred to in Article 5, paragraph 5, of Law 220 of 18 December 2015 (Rai Reform Act), and pending the updating of the regulations governing the assignment of the Public radio, television and multimedia Service", the term of the concession must be extended from 6 May 2016 to 31 October 2016, thus providing reasons for a reasonable expectation of renewal.

Amendments to the Articles of Associations

In compliance with the aforementioned developments regarding the governance, as provided for in the Rai Reform Act 220 of 28 December 2015 (as well as with the provisions regulating the transition phase), it was decided to prepare two separate sets of articles of associations, which were firstly approved by the management board on 26 January 2015 and then by the Extraordinary Shareholders' Meeting on 3 February 2015: the first set (Articles of Association "A"), which adopted the amendments introduced by the Reform Act that could be applied immediately, was intended to remain effective until the first renewal of the Board of Directors following the date of entry into force of the Act; the second set (Articles of Association "B"), which adopted the new governance structure in its entirety as regards the composition and appointment of the board and the position of Chief Executive Officer, was intended to become effective at a deferred date as from the first renewal of the board following the date of entry into force of the aforementioned Reform Act.

At the Board of Directors' Meeting of Rai held on 3 February 2016, with reference to the new regulatory and articles of association framework following the reform, the new governance structure of the company was acknowledged (duties of the Board of Directors, General Manager); by a resolution dated 16 March 2016, the Board (taking account of the resolution passed by the Shareholders' Meeting held on 10 March) delegated to the Chairman the responsibility for supervision of internal control audits.

Appointment of Independent Auditors for the financial years from 2015 to 2023

On 10 March 2016 the Ordinary Shareholders' Meeting of Rai approved the reasoned proposal put forward by the Board of Statutory Auditors as regards the appointment of PricewaterhouseCoopers SpA as independent auditors for the statutory audit of accounts for the financial years from 2015 to 2023, in consideration of the acquisition by Rai of the status of Public Interest Entity during 2015.

Licence Fee

Under Article 1, paragraphs 152 and ff., the 2016 Stability Law (Law 208 of 28 December 2015) provides, as from 1 January 2016, for a new procedure for collecting the TV licence fees for private use through a charge - under a separate item - on the electricity bills.

Additionally, in order to combat license fee avoidance, a mechanism was introduced according to which the possession of a TV set is assumed whenever a contract exists for the supply of electricity in the place where a person has his/her registered residence.

The assumed possession of a TV set may be ignored only with a self-certification issued pursuant to the consolidated act referred to in Presidential Decree 445 dated 28 December 2000, which, in case of false declarations, may also entail criminal penalties.

By an order dated 24 March 2016, the Director of the Revenue Agency approved the self-certification form to be used only by the holders of a contract for the supply of electricity for domestic residential use, setting out the procedures and time limits for filing such self-certification.

Notes to the separate financial statements

Under paragraph 154 of Law 208 of 2015, provisions are made for the issue of a decree by the Ministry of Economic Development, in agreement with the Ministry of Economy and Finance, having heard the Electricity, Gas and Water Network Authority, aimed at implementing the new regulations and the procedure of which is currently being carried out.

Incorporation of Tavolo Editori Radio Srl

On 1 April 2016 Tavolo Editori Radio Srl was incorporated, with a quota capital of Euro 110 thousand, divided between national Publishers (70%) and local Publishers (30%), in which Rai holds a share of 15.8%. The other quotaholders are: Elemedia Group, RB1 (Finelco), Il Sole 24 Ore, RadioKissKiss, Rtl 102.5, Radio Italia, RTI (Mediaset), Radio Dimensione Suono, and the associations Aeranti Corallo and FRT.

The priority purpose of the company is to design and implement a proprietary research system aimed at measuring the audience of the radio and of the radio broadcasting companies on all transmission platforms, in compliance with the guidelines issued by AGCOM, the Italian Communication Regulatory Authority, on this issue and in cooperation with the representatives of the advertising investors, in view of a new Joint Industry Committee of the Italian Radio Broadcasting.

20) Appendix

20.1 Rai's equity investments in subsidiaries and associates

The table below reports the details of the equity investments held by Rai in joint-stock companies, including foreign companies.

Values as at 31 December 2015	Registered Office	Number of shares/quotas owned	Par Value (in Euros)	Share Capital (thousands of Euros)	Equity (thousands of Euros)	Profit (loss) (thousands of Euros)	Ownership %	Book value (thousands of Euros)
Subsidiaries								
Rai Cinema SpA	Rome	38,759,690	5.16	200,000	284,030	46,639	100.00%	267,848
Rai Com SpA	Rome	2,000,000	5.16	10,320	112,909	7,150	100.00%	107,156
Rai Corporation in liquidation	New York (USA)	50,000	10.00 (1)	500,000 (2)	3,799 (3)	35 (4)	100.00%	2,891
Rai Pubblicità SpA	Turin	100,000	100.00	10,000	37,890	8,037	100.00%	31,082
Rai Way SpA	Rome	177,000,000	- (5)	70,176	159,262	38,942	65.07353%	507,059
								916,036
Associates								
Audiradio Srl in liquidation	Milan	69,660	1.00	258	(196) (6)	- (6)	27.00%	- (7)
Auditel Srl	Milan	99,000	1.00	300	2,028	(5)	33.00%	669
Euronews	Ecully (F)	55,271	15.00	8,581	39,728	(7,747)	9.66%	3,838
San Marino RTV SpA	S. Marino (RSM)	500	516.46	516	4,198	5	50.00%	2,099
Tivù Srl	Rome	1	482,500.00	1,002	6,564	1,801	48.16%	3,161
								9,767

(1) Value in USD

(2) Value in USD/th.

(3) USD 4,135,966 at the 31.12.2015 exchange rate of Euro/USD 1.08860

(4) USD 37,779 at the 31.12.2015 exchange rate of Euro/USD 1.08860

(5) Ordinary shares with no par value

(6) As per financial statements as at 31 December 2014

(7) A sum equal to the share of the capital deficit, amounting to Euro 53 thousand, has been recognised in a provision for charges

20.2 Net financial position

The net financial position, determined in accordance with paragraph 127 of the recommendations reported in the document no. 319 prepared by ESMA (European Securities and Markets Authority) in 2013, which implement Regulation (EC) no. 809/2004, is as follows:

(in thousands of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
A. Cash	322	313
B. Other cash and cash equivalents	66,789	113,187
C. Securities held for trading	-	-
D. Liquidity (A+B+C)	67,111	113,500
E. Current financial receivables	114,046	86,877
F. Current bank debt	(966)	(10,968)
G. Current portion of non-current debt	(5,000)	(98,333)
H. Other current financial debt	(133,704)	(68,958)
I. Current financial debt (F+G+H)	(139,670)	(178,259)
J. Current net financial position (I+E+D)	41,487	22,118
K. Non-current bank debt	(45,000)	(246,667)
L. Obligations issued	(346,066)	-
M. Other non-current financial debt	(2)	(3,648)
N. Non-current financial debt (K+L+M)	(391,068)	(250,315)
O. Net financial position (J+N)	(349,581)	(228,197)

Statement pursuant to art. 154-*bis* of Legislative Decree 58/98

The undersigned Antonio Campo Dall'Orto as General Manager and Massimo Cappelli as the Officer in charge of Financial Reporting for RAI Radiotelevisione italiana Spa, certify, in accordance with Article 154-*bis*, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:

- the appropriateness of the financial statements with regard to the nature of the business and
 - the effective application
- of administrative and accounting procedures in preparing the separate financial statements during financial year 2015.

The administrative and accounting procedures and the well-established operating practices in place with the Company have supported, on the whole, the administrative and accounting system of internal control in an adequate manner so as to ensure the compliance with the objectives provided for by Law 262/05, also in consideration of the applicable regulatory framework.

It is also certified that:

- The separate financial statements at 31 December 2015 of RAI Radiotelevisione Italiana Spa:
 - a) were prepared in accordance with International Financial Reporting Standards endorsed by the European Union pursuant to EC regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) correspond to the entries in the books and accounting records;
 - c) provide a true and fair view of the financial position and results of operations of the issuer.
- The Report on Operations includes a reliable analysis of the performance and the operating result, as well as the position of the issuer, together with a description of the main risks and uncertainties it is exposed to.

Rome, 4 May 2016

Antonio Campo Dall'Orto
General Manager

Massimo Cappelli
Officer in charge of Financial Reporting

Report of the Board of Statutory Auditors

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE SEPARATE FINANCIAL STATEMENTS OF RAI S.p.A. AS AT 31 DECEMBER 2015, PREPARED IN ACCORDANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS - IFRSs

Dear Shareholders

The Board of Directors made available and approved the following documents relating to the financial year ended 31 December 2015 at the meeting held on 4 May 2016:

- Report on Operations;
- Statement of financial position;
- Income Statement;
- Statement of Comprehensive income;
- Cash flow statement;
- Statement of changes in equity;
- Notes to the financial statements.

This report was prepared in accordance with the provisions of law and the “Rules” no. 7.1 of the “Rules of Conduct of the Board of Statutory Auditors – Standards of Conduct of the Boards of Statutory Auditors of unlisted companies”, which are issued by the CNDCEC (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*, Italian Accounting Profession) and are in force from 30 September 2015.

The report was prepared in due time to be filed in the 15 days before the date of the Shareholders’ Meeting to be held, on first call, on 14 June 2016 for the approval of the financial statements.

Preamble

First-time adoption of IFRSs

The Notes to the Financial Statements specify that, for the first time, with effect from the financial year ended 31 December 2015, the Company applies, pursuant to Legislative Decree 38 of 28 February 2005, the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and adopted by the European Commission according to the procedure referred to in Article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002. IFRSs also include all international accounting standards (“IAS”) and all the interpretations issued by the International Financial Reporting Standards Interpretations Committee (“IFRS Interpretations Committee”).

While preparing the present Separate Financial Statements, the Company provided full information and consistently applied the IFRSs to the previous financial year as well. Since these were the first Financial Statements prepared in accordance with IFRSs, it was necessary to enter a process of conversion of each individual item in the Financial Statements from Italian GAAPs to IFRSs, in compliance with IFRS 1 “First-time Adoption of International Financial Reporting Standards”; for this purpose, the “Transition Date” to IFRSs was set at 1 January 2014; in this manner, it was possible to make a consistent comparison of the two financial years.

The accounting effects arising from the transition to IFRSs are detailed in a specific paragraph of the Notes to the Financial Statements; furthermore, separate schedules report the comparison between the values already calculated according to the Italian GAAPs and the corresponding values obtained by applying the IFRSs, showing adjustments and reclassifications.

The structure of the Financial Statements provides as follows:

- the items of the Statement of Financial Position must be segregated into current and non-current;
- the items of the Income Statement must be classified by nature;
- the Statement of Comprehensive Income must be presented separately from the Income Statement and must state the results of operations, together with income and expenses that are recognised directly in Equity, as expressly required by the IFRSs;
- the Cash flow statement must be prepared according to the “indirect method”, by adjusting the result (profit/loss before tax) for the year for any non-cash items; and;
- the Statement of changes in Equity must show the aggregate income (expenses) for the year and any other changes in Equity.

The Board acknowledges that the Company is not required to comply with the obligation to publish the Financial Statements according to the XBRL standards as it already applies the international accounting standards.

Information on the Company

The Board of Statutory Auditors points out that:

- the core business conducted by the Company did not change during the year under consideration and the operations performed were consistent with the corporate purpose;
- the organisational structure was improved and streamlined in some Areas/Departments.

Therefore, this report summarises the work conducted on the disclosures required by Article 2429, paragraph 2, of the Italian Civil Code; more specifically:

- the work conducted in performing the relevant duties required by the rules;
- the receipt of complaints (if any) pursuant to Article 2408 of the Italian Civil Code;
- the results for the year;
- the observations and proposals as to the Financial Statements as at 31 December 2015.

Our activities

During the year the Board:

- held the meetings provided for in Article 2404 of the Italian Civil Code, the related minutes of which were always recorded (no. 53), duly signed and unanimously approved; meetings were also held with the Statutory Auditors of the subsidiaries. The meetings were also attended by the Magistrate of the Court of Auditors appointed to control the Company;
- supervised compliance with the Law and the Articles of Association, the observance of the principles of proper management, also as regards the composition of the Board of Directors (appointed on 5 August 2015) and of the gender representation referred to in law 120/2011.

The supervisory activity was also carried out through:

- the participation in the Shareholders’ Meetings (8);
- the participation in the Board of Directors’ meetings (26);

- periodical meetings with the (collective) Supervisory Board, which prepared the statutory reports on the work conducted in 2015, as well as on the updating of the Organisational, Management and Control Model under Legislative Decree 231/2001, as in the past;
- meetings with the independent auditors PricewaterhouseCoopers (PWC);
- meetings with the Financial Reporting Officer;
- the analysis of the corporate documentation;
- specific meetings with the executives responsible for the main corporate Departments in order to gather the information required to assess the adequacy and operation of the organisational structure, of the administrative and accounting system and of its reliability in representing the management events: particular attention was paid to the assessment of the adequacy and effectiveness of the Internal Audit and Risk Management System (SCIGR, *Sistema di Controllo Interno e Gestione Rischi*).

In this regard, considerable efforts were devoted to examining the Internal Audit activity, acknowledging the significant impetus given to this function by the introduction of more efficient professional techniques. This activity also saw the formalisation of a “corrective action monitoring model”, concerning those measures adopted during the audits and aimed at gradually improving the abovementioned System. In this framework, the Board also acknowledges that some measures are being implemented, which are required to define a new Corporate Regulatory Model aimed at a consistent development of an organised body of rules and procedures which the Group must abide by in order to standardise the organisation, the management of corporate process and the allocation of the related responsibilities.

During the year the Model under Legislative Decree 231/2001 was also updated in consideration of the regulatory amendments issued.

On the basis of its assessments, the Board believes that the organisational structure is adequate to support the Company’s development, although it requires to be supervised on an ongoing basis, in line with the new objectives of the Company, in order to make the Internal Audit System increasingly efficient and effective.

No observations are made as to both the adequacy of the administrative and accounting system, and its reliability in giving a fair representation of the management events.

The Board, insofar as it was able to note during the work conducted throughout the year, states as follows:

- the relevant resolutions were adopted by the Board of Directors in compliance with the Law and the Articles of Association and were not clearly imprudent or such as to compromise the integrity of the corporate assets;
- information was gathered on the general performance of operations and their foreseeable outlook, as well as on the most significant transactions, by size or features, carried out by the Company;
- the transactions were also carried out in compliance with the Law and the Articles of Association, without any potential conflict with the resolutions passed by the Shareholders’ Meeting or were not such as to compromise the integrity of the corporate assets;
- as regards transactions with related parties, which are described in the Report on Operations and in the Notes to the Financial Statements, no observations are made, since they were carried out in the interests of the Company and at arm’s length and were not unusual, nor atypical;

- no additional significant events were noted during the supervisory activity, as described above, which were such as to require a mention in this report;
- no action was required to be taken as a result of omissions made by the Board of Directors pursuant to Article 2406 of the Italian Civil Code;
- no complaints were received pursuant to Article 2408 of the Italian Civil Code;
- no reports were made pursuant to Article 2409, paragraph 7, of the Italian Civil Code;
- during the year the Board issued its opinions as prescribed by law.

The Board also points out that the Board of Directors adopted, during 2015 and in early 2016, the following measures:

- approval of the Corruption Prevention and Transparency Plan, as updated, on 29 January 2015; Rai also gradually took steps to comply with its transparency obligations (the Corruption Prevention Manager and Transparency Manager pursuant to the current regulations had been appointed on 18 December 2014);
- approval of the launch of a bond issue of Euro 350 million at the meeting held on 19 March 2015, which was then submitted for decision of the Shareholders' Meeting held on 25 March 2015; the bond issue was listed on the Dublin Stock Exchange (in this manner Rai acquired the Status of Public Interest Entity [PIE]) on 28 May 2015;
- first-time adoption of the IFRSs (International Financial Reporting Standards), for the report of the Financial Statements, at the meeting held on 19 March 2015;
- appointment, subject to the opinion of the Board of Statutory Auditors, of the Financial Reporting Officer, under Article 154-*bis* of Legislative Decree 58/98, on 7 May 2015; the appointment of this officer under the Articles of Association had been resolved by the Shareholders' Meeting on 19 February 2015;
- amendments to the Articles of Association, which were proposed during the meeting held on 26 January 2016, as a result of the enactment of Law 220 of 28 December 2015, "Reform of Rai and of the Radio and Television System", and which were subsequently approved by the Shareholders' Meeting held on 3 February 2016;
- calling the Shareholders' Meeting on 3 February 2016, which subsequently approved – at the reasoned proposal of the Board of Statutory Auditors (pursuant to Article 13 of Legislative Decree 39/2010) – the extension of the term of office of PwC from 2015 to 2023 (from 3 to 9 years) as a result of the acquisition by Rai of the EIP status, on 10 March 2016;
- acknowledgment, at the meeting held on 3 February 2016, of the provisions laid down in the new Articles of Association as regards the present structure of the corporate powers granted to the Board of Directors and to the General Manager; furthermore, following the new rules mentioned above, it also granted, by a resolution dated 16 March and taking account of the resolutions passed by the Shareholders' meeting held on 10 March, delegated powers to the Chairman in relation to internal control activities.

The Board of Statutory Auditors points out that:

- the relevant Service Contract, according to Article 30, is still the contract that expired on 31 December 2012, as the contract for the three-year period from 2013 to 2015 has not yet been formalised;
- the Agreement with the Ministry of Economic Development, which expired on 6 May 2016, has been extended until 31 October 2016, pursuant to Article 216, paragraph 24, of Legislative Decree 60 of 18 April 2016;

- under Article 1, paragraph 152, the 2016 Stability Law (208/2015) provides that, with effect from 1 January 2016, the TV licence fees for private use will be collected by instalments charged in a separate line of electricity bills.

Observations and proposals on the financial statements and their approval

The draft Financial Statements for the financial year ended 31 December 2015 were approved by the Board of Directors and are made up of the documents mentioned above. In this regard it should be pointed out that:

- these documents were delivered to the Board of Statutory Auditors within the time limits set out in Article 2429, paragraph 1, of the Italian Civil Code and, therefore, in due time to be filed with the Company's registered office, accompanied by this report;
- with reference to the 2015 Separate Financial Statements, the General Manager and the Financial Reporting Officer have certified that:
 - the administrative and accounting procedures for the preparation of the Separate Financial Statements were adequate and actually applied during 2015;
 - the Separate Financial Statements comply with the IFRSs;
 - the Financial Statements are consistent with the information reported in the accounting books and records and give a true and fair view of the Company's financial position, results of operations and cash flows;
 - the Report on Operations includes a reliable analysis of the Company's performance and situation, including the main risks to which it is exposed.

The Directors point out that the Financial Statements under consideration were prepared on a going-concern basis and according to the conventional historical cost method, except for assets and liabilities which were required to be measured at fair value as prescribed by law.

PricewaterhouseCoopers, which is the company appointed to carry out the statutory audit of accounts and to act as independent auditors for the entire RAI group, has prepared its Report pursuant to Articles 14 and 16 of Legislative Decree 39 of 27 January 2010. In the opinion of PwC, the Separate Financial Statements as at 31 December 2015 give a true and fair view of Rai's financial position, results of operations and cash flows for the financial year ended on the same date, in accordance with the IFRSs adopted by the European Union, as well as with the measures adopted in the implementation of Article 9 of Legislative Decree 38/2005.

Furthermore, in the opinion of PwC, the Report on Operations and the information provided in the report on corporate governance and ownership structure are consistent with the Separate Financial Statements of Rai as at 31 December 2015.

Therefore, the Board, on the basis of the examination of the draft financial statements, provides the following additional information:

- attention has been paid to the approach adopted in preparing the draft financial statements, their general compliance with the rules applied in relation to their preparation and layout and, in this regard, no observations are made, which require to be mentioned in this report;
- the Board of Directors has also prepared the Report on Operations referred to in Article 2428 of the Italian Civil Code, which has been checked for compliance with the provisions of law, and, in this regard, no observations are made, which require to be mentioned in this report;

- it has been established that the Financial Statements are consistent with the facts and information which the Board of Statutory Auditors became aware of during the performance of its statutory duties and no additional observations are made in this regard;
- it has been established that a correct layout has been adopted for the Notes to the Financial Statements, which report the accounting principles and standards applied; it has also been established that the explanatory notes concerning the individual items in the Statement of Financial Position and in the Income Statement are complete and exhaustive;
- specific information has been provided in relation to derivatives, which are all non-speculative financial instruments;
- licence fees revenues, pursuant to the Stability Law 190/2014, have been reduced by 5%.

Result for the year

The **net result** established by the Board of Directors for the financial year ended 31 December 2015, as resulting from the Separate Financial Statements, showed a loss of Euro 46.0 million (Euro - 203.5 million as at 31 December 2014); Equity amounted to Euro 811.8 million (Euro 828.4 million at the end of 2014).

The Board proposes to cover the losses of Euro 46 million reported for the 2015 financial year through the use of the “Distributable reserve from valuation of equity investments” in the same amount.

Furthermore, the Board proposes to cover the loss carried forward for IFRS adjustments, equal to Euro 251.3 million, through the use of the following reserves:

- Distributable reserve from valuation of equity investments for Euro 3.3 million;
- Merger surplus reserve for Euro 5.3 million;
- IFRS FTA reserve for Euro 205.0 million;
- Other reserves for Euro 37.7 million.

Conclusions

On the basis of the information reported above and of that provided to the Board of Statutory Auditors, as well as of the results obtained during the periodical audits carried out, it is unanimously believed that there are no impediments to your approval of the draft Separate Financial Statements for the financial year ended 31 December 2015, as prepared and submitted by the Board of Directors.

As to the proposed coverage of the loss for the year and the loss carried forward, submitted for your approval, the Board has no observations to make.

Rome, 26 M a y 2016

THE STANDING AUDITORS

Carlo GATTO

Maria Giovanna BASILE

Domenico MASTROIANNI

Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No 39 OF 27 JANUARY 2010

To the shareholders of
RAI – Radiotelevisione italiana SpA

Report on the separate financial statements

We have audited the accompanying separate financial statements of RAI – Radiotelevisione italiana SpA, which comprise the statement of financial position as of 31 December 2015, the income statement, statement of comprehensive income, cash flow statement and statement of changes in shareholders' equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the separate financial statements

The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of separate financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no 38/2005.

Auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree no 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of separate financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the separate financial statements.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements give a true and fair view of the financial position of RAI – Radiotelevisione italiana SpA as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no 38/2005.

Report on compliance with other laws and regulations

Opinion on the consistency with the separate financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) no 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree no 58/98, which are the responsibility of the directors of RAI – Radiotelevisione italiana SpA, with the separate financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2015. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the separate financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2016.

Rome, 26 May 2016

PricewaterhouseCoopers SpA

Signed by

Pier Luigi Vitelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

Shareholders' Meeting Resolutions

The Shareholders' Meeting of Rai held on 21 June 2016 resolved:

- to approve the Separate Financial Statements of RAI Radiotelevisione italiana SpA as at 31 December 2015, prepared in accordance with the International Accounting Standards and made up of the Statement of Financial Position, the Statement of Comprehensive Income, the Cash Flow Statement, the Statement of changes in equity, the Notes to the Financial Statements and the Report on Operations. The Financial Statements show a loss of Euro 45,982,723.19 (*forty-five million nine hundred and eighty-two thousand seven hundred and twenty-three/nineteen*), which has been rounded down to the unit, i.e. to Euro 45,982,723 (*forty-five million nine hundred and eighty-two thousand seven hundred and twenty-three*);
- to fully cover the loss for the year, equal to Euro 45,982,723.19 (*forty-five million nine hundred and eighty-two thousand seven hundred and twenty-three/nineteen*) through the use of the "Distributable reserve from valuation of equity investments" in the same amount;
- to cover the loss carried forward for IFRS adjustments, equal to Euro 251,318,033.62 (*two hundred and fifty-one million three hundred and eighteen thousand thirty-three/sixty-two*) through the use of:
 - "Distributable reserve from valuation of equity investments" for Euro 3,315,658.46 (*three million three hundred and fifteen thousand six hundred and fifty-eight/forty-six*);
 - "Reserve from merger surplus" for Euro 5,314,605.80 (*five million three hundred and fourteen thousand six hundred and five/eighty*);
 - "Distributable IFRS FTA reserve" for Euro 205,042,681.80 (*two hundred and five million, forty-two thousand six hundred and eighty-one/eighty*);
 - "Other reserves" for Euro 37,645,087.56 (*thirty-seven million six hundred and forty-five thousand eighty-seven/fifty-six*);
- to acknowledge the Group's 2015 Consolidated Financial Statements, prepared in accordance with the International Accounting Standards and made up of the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of changes in equity, the Notes to the Consolidated Financial Statements and the Report on Operations. The Consolidated Financial Statements show a net loss for the year equal to Euro 25.6 (*twenty-five/six*) million.

Consolidated Financial Statements as at 31 December 2015

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Report on Operations of the Board of Directors

For more information on the business conducted by the Rai Group, the Human Resources, Research & Development, the Significant events that occurred during and after the period and the Outlook, reference should be made to the Board of Directors' Report on Operations included in the Financial Statements of the Parent Company, which are presented together with these Consolidated Financial Statements as a single document.

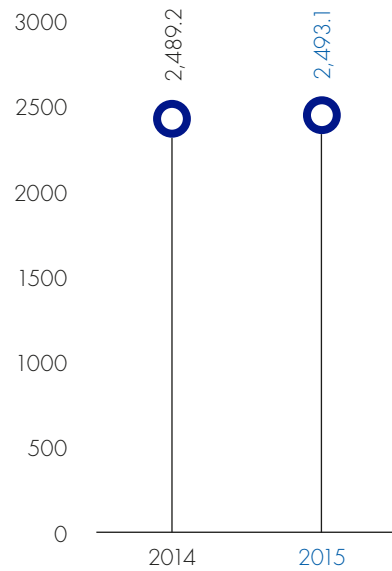
Review of results and financial position of the Rai Group

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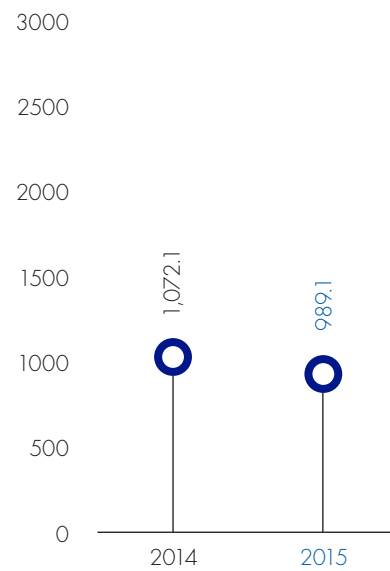
Highlights

(in millions of Euros)

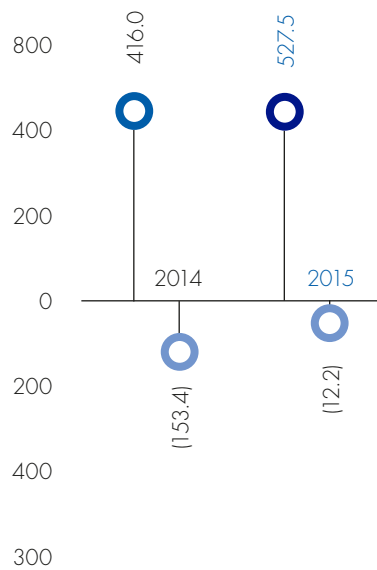
External revenues



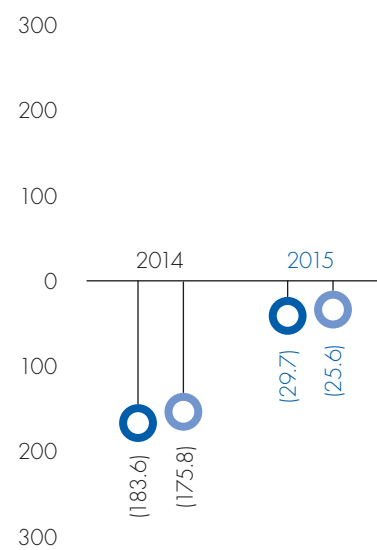
External costs



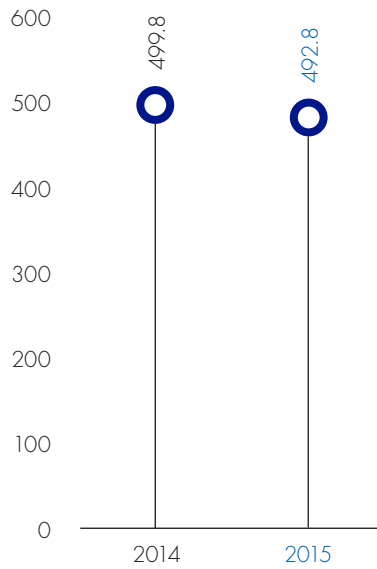
EBITDA - Operating result



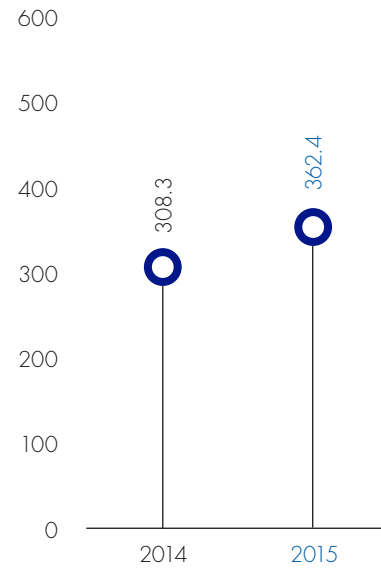
Result before tax Loss for the year



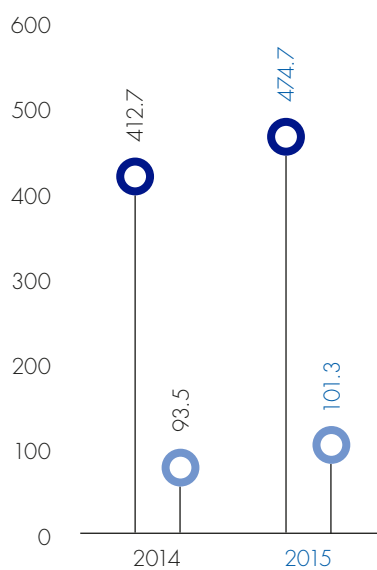
Equity



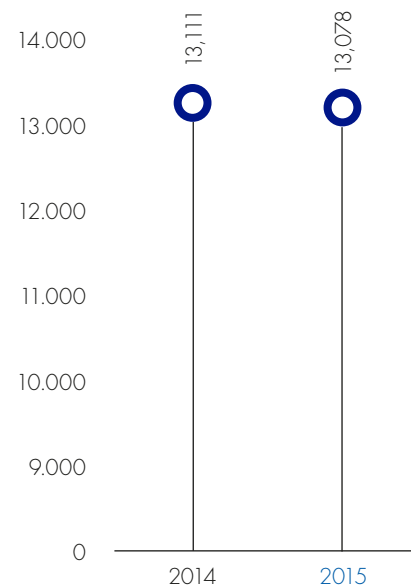
Net financial debt



Programme and Technical Investments



Personnel as at 31 December (in units)*



* Includes personnel under fixed-term contracts for 1,182 units in 2014 and 810 units in 2015

Reclassified financial statements

Consolidated Income Statement

(in millions of Euros)	FY 2015	FY 2014	Change
External revenues	2,493.1	2,489.2	3.9
External costs of goods and services	(989.1)	(977.5)	(11.6)
Big sports events	0.0	(94.6)	94.6
Total external costs	(989.1)	(1,072.1)	83.0
Personnel costs	(976.5)	(1,001.1)	24.6
EBITDA	527.5	416.0	111.5
Amortisation, depreciation and write-downs	(537.5)	(549.3)	11.8
Provisions	(2.2)	(20.1)	17.9
Operating result	(12.2)	(153.4)	141.2
Net financial income (expense)	(19.4)	(28.8)	9.4
Income from equity-accounted investments	1.9	(1.4)	3.3
Result before tax	(29.7)	(183.6)	153.9
Income taxes	4.1	7.8	(3.7)
Result for the Year	(25.6)	(175.8)	150.2
of which pertaining to non-controlling interests	13.7	2.3	11.4
Other comprehensive income (expense)	30.3	(36.4)	66.7
Total comprehensive income for the Year	4.7	(212.2)	216.9
of which pertaining to non-controlling interests	13.7	2.2	11.5

Consolidated Balance Sheet

(in millions of Euros)	31.12.2015	31.12.2014	Change
Non-current assets	2,031.9	1,992.6	39.3
Current assets – net	(412.4)	(360.4)	(52.0)
Provisions for risks and charges	(195.5)	(207.1)	11.6
Employee benefits	(568.8)	(617.0)	48.2
Net invested capital	855.2	808.1	47.1
Equity	492.8	499.8	(7.0)
Net financial debt (liquidity)	362.4	308.3	54.1
	855.2	808.1	47.1

Consolidated results

Income Statement

The consolidated financial statements for the year ended 31 December 2015, which were the first financial statements prepared by the Group in accordance with the IFRSs, showed a **net loss for the year of Euro 25.6 million**, showing an improvement compared a net loss of Euro 175.8 million in 2014.

The following section provides an overview of the main items in the income statement, together with the reasons for the most significant changes compared to the same period in the previous year.

External revenues

These are made up of license fees, advertising revenues and other commercial income. They amounted to Euro 2,493.1 million, showing an increase of Euro 3.9 million (+0.2%) compared to 2014.

The breakdown of external revenues by company, net of intra-group transactions, is reported in the table below. Rai Com showed an increasing

weight due to the fact that 2015 was the first financial year of full operation after the contribution of the "commercial" business unit, which took place on 30 June 2014.

Licence fees (Euro 1,637.5 million). These include fees accrued for the period, as well as fees relating to previous years, which have been collected through standard enforcement procedures, net of the sums being reimbursed.

The result reflects the provisions of Law 190 of 23 December 2014 (Stability Law), which provides for a reduction of 5% in the licence fees to be paid to Rai as concession holder. The result for the previous year also reflects the effects of the reduction in the licence fees to be paid to Rai as set out by Law 89 of 23 June 2014.

The licence fees for the period, as well as fees relating to previous years, which have been collected through standard enforcement procedures, showed an increase of Euro 49.4 million (+3.1%), as shown in the table at the bottom of the page.

External revenues

(in millions of Euros)	FY 2015	FY 2014	Change
Licence fees	1,637.5	1,588.1	49.4
Advertising	658.8	673.4	(14.6)
Other revenues	196.8	227.7	(30.9)
Total	2,493.1	2,489.2	3.9

Revenues - By company

(in millions of Euros)	FY 2015	%	FY 2014	%
Rai	1,662.0	66.7	1,670.2	67.1
Rai Cinema	27.1	1.1	36.7	1.5
Rai Com	104.4	4.2	68.0	2.7
Rai Pubblicità	664.5	26.6	678.4	27.3
Rai Way	35.1	1.4	35.9	1.4
Total	2,493.1	100.0	2,489.2	100.0

Licence fees

(in millions of Euros)	FY 2015	FY 2014	Change
Fees for the year - ordinary subscribers	1,537.4	1,492.5	44.9
Fees for the year - special subscribers	75.6	76.1	(0.5)
Fees recovered through enforcement procedures	25.9	22.0	3.9
Reimbursements of licence fees	(1.4)	(2.5)	1.1
Total	1,637.5	1,588.1	49.4

This increase reflects the different impact of the regulations mentioned above, which, both in the current and previous year, determined a reduction in the share of income from license fees payable to Rai, in an amount equal to Euro 81.6 million in 2015 and Euro 144.2 million in 2014.

Net of this effect, there was a reduction in income of about Euro 13 million, which was determined, in a context characterised by a unit licence fee that remained unchanged at

Euro 113.50 in the last two-year period, by a reduction in the number of paying subscribers, due to both a reduction in the number of new subscribers and an increased delinquency rate, as shown in the relevant table.

The licence fee in force in Italy continued to be one of the lowest in Europe in 2015 too. The table below reports, as an example, the annual amount of the licence fees in force in some European countries.

Licence fees in Europe

(in Euros)	
Switzerland	416.33
Denmark	327.42
France	136.00
Austria	193.92
Sweden	238.35
Germany	215.76
United Kingdom	198.24
Italy	113.50

Advertising. In 2015 the market substantially confirmed the level achieved during, with a total loss of 0.5% in advertising revenues (Nielsen data). 2015 confirmed that the very unfavourable trend which led to a substantial drop in the value of the advertising market from 2008 onwards has come to an end.

In 2015 Television advertising recorded a slight increase (+0.7%), Radio advertising increased at a higher percentage (+8.8%), Internet remained substantially stable (-0.7%), while advertising revenues from daily newspapers, periodicals and cinemas continued to fall.

Licence fees – changes in users

	FY 2015	FY 2014	% Change
New subscribers	197,800	253,543	-22.0
Renewals	15,331,782	15,469,260	-0.9
Paying subscribers	15,529,582	15,722,803	-1.2
Late/non-paying subscribers	1,322,408	1,287,191	2.7
Registered subscribers	16,851,990	17,009,994	-0.9
Delinquency rate %	7.93%	7.67%	
Cancellations	355,804	326,174	9.1
Cancellations + Delinquency	1,678,212	1,613,365	4.0

Advertising

(in millions of Euros)	FY 2015	FY 2014	Change
TV advertising on general interest channels:			
- commercials	432.1	456.1	(24.0)
- promotions, sponsorships and special events	113.4	106.6	6.8
- product placement	4.5	4.3	0.2
	550.0	567.0	(17.0)
TV advertising on specialist channels	68.2	66.8	1.4
Radio advertising	27.8	26.6	1.2
Web advertising	5.6	5.6	0.0
Cinema advertising	7.1	8.1	(1.0)
Other advertising	1.8	0.8	1.0
Shares attributable to third parties	(1.2)	(1.4)	0.2
Contingent assets	(0.5)	(0.1)	(0.4)
Total	658.8	673.4	(14.6)

Advertising revenues of the Rai Group (Euro 658.8 million) decreased by Euro 14.6 million (-2.2%), as shown in the related table.

Actually the homogenous comparison, i.e. net of the increasing value arising from the Football World Cup 2014, showed significantly different trends, with the TV medium showing a higher trend compared to the market performance.

Other revenues showed a decrease of Euro 30.9 million (-13.6%), as detailed in the table below.

The reduction reported compared to 2014, on the basis of the considerations reported

above was mostly related to the failure to report proceeds arising from the transfer to football clubs of the rights of use of the archive materials, as no agreements of this type were entered into during 2015; the rights acquired against these contracts were used by the Parent Company within the framework of the programming and commercial exploitation on the part of Rai Com according to the mandate agreement in place.

Revenues from the sale of rights and musical publications recorded an increase of Euro 17 million (+30.5%) compared to 2014.

Other revenues

(in millions of Euros)	FY 2015	FY 2014	Change
Special services under agreements	50.3	51.0	(0.7)
Transfer of rights to use archive materials to football clubs	0.0	28.4	(28.4)
Sale of rights and musical publications	72.8	55.8	17.0
Film and home video distribution	37.1	41.2	(4.1)
Systems and equipment hosting fees	32.7	32.9	(0.2)
Sundry services, mainly rendered to public entities	7.7	7.3	0.4
Signal broadcasting, circuit hire, radio link and connections	5.7	6.0	(0.3)
Agreements with telephone operators	2.7	2.6	0.1
Capital gains	0.5	0.0	0.5
Proceeds from Rai Way IPO	0.0	8.1	(8.1)
Operating grants	8.0	12.4	(4.4)
Others	17.0	16.2	0.8
Shares of sales attributable to third parties	(41.6)	(36.8)	(4.8)
Contingent assets	3.9	2.6	1.3
Total	196.8	227.7	(30.9)

Other revenues - by company

(in millions of Euros)	FY 2015	%	FY 2014	%
Rai	25.7	13.1	83.2	36.5
Rai Cinema	27.1	13.8	36.6	16.1
Rai Com	104.1	52.9	67.7	29.7
Rai Pubblicità	4.8	2.4	4.3	1.9
Rai Way	35.1	17.8	35.9	15.8
Total	196.8	100.0	227.7	100.0

% of revenues

	FY 2015	FY 2014
Licence fees	65.7	63.8
Advertising revenues	26.4	27.1
Other revenues	7.9	9.1
Total	100.0	100.0

The breakdown of Other revenues by company, net of intra-group transactions, is reported in the table on the previous page. As already reported Rai Com showed significant growth as 2015 was the first year of full operation.

The trends reported above entailed a slight increase in the weight of the licence fee over the other types of revenues, as shown in the related table on the previous page.

Operating costs

This item includes both external and internal (personnel) costs, incurred in the ordinary course of business of the Group.

They totalled Euro 1,965.6 million, showing a decrease of Euro 107.6 million, equal to 5.2%,

compared to 2014, the reasons for which are outlined below.

Total external costs (Euro 989.1 million) – This item included purchases of goods and provision of services required to implement one-time-use programmes (purchase of consumables, external services, artistic collaborations, etc.), filming rights to sports events, copyrights, running costs (rentals and hires, telephone costs and postal charges, cleaning, maintenance, etc.) and other operating costs (indirect taxes and duties, contribution to Supervisory Authorities, etc.).

This item showed a reduction of Euro 83.0 million (-7.7%) compared to 2014, due to the presence of costs relating to big Sports Events (such as the Football World Championship and Winter Olympics) in 2014, which had accounted for Euro 94.6 million (of which Euro 90.0 million for the acquisition of filming rights only).

External costs for goods and services

(in millions of Euros)	FY 2015	FY 2014	Change
Purchases of materials	16.4	18.9	(2.5)
Costs for services			
Freelance services	132.1	124.1	8.0
Services for acquisition and production of programmes	195.6	190.6	5.0
Daily allowances, travel expenses and additional personnel costs	38.6	39.1	(0.5)
Maintenance, repairs, transport and similar costs	44.7	46.3	(1.6)
Documentation and assistance for IT systems services	46.5	45.7	0.8
Other external services (telephone systems, supply services, cleaning, post, insurance, etc.)	157.7	160.4	(2.7)
Leases and rentals	88.6	87.7	0.9
Filming rights (Rights to sports events, Sanremo Music Festival, serious music and plays)	146.2	218.9	(72.7)
Rights of use	106.5	103.1	3.4
Rai Way IPO costs	0.0	7.7	(7.7)
Recovery of expenses	(17.8)	(15.8)	(2.0)
Contingent liabilities	(14.5)	(2.4)	(12.1)
	924.2	1,005.4	(81.2)
Other costs			
Frequency usage fees	0.1	0.0	0.1
Prizes and winnings	11.4	12.6	(1.2)
Contribution to the Supervisory Authorities	5.8	4.2	1.6
TASI (indivisible services)/IMU (Single Municipal) tax	10.6	10.4	0.2
Other indirect taxes, duties and other levies	11.0	11.2	(0.2)
Daily newspapers, periodicals, books, publications	1.7	1.8	(0.1)
Membership quotas and fees	3.7	3.2	0.5
Capital losses on disposals	0.6	0.4	0.2
Other	3.3	4.4	(1.1)
Contingent liabilities	0.3	(0.4)	0.7
	48.5	47.8	0.7
Total	989.1	1,072.1	(83.0)

Net of this component, there was an increase of about Euro 11.6 million in external costs compared to 2014, which was mainly due to costs for rights to the National football team friendlies and European Championship qualification matches in 2016, to the increase in freelance services costs (Euro +8.0 million), to be mainly attributable to a higher use in the Parent Company of artistic resources in the implementation of one-time-use programmes. An increase was also recorded in net contingent assets for services (Euro 12.1 million compared to 2014), to be mainly attributable to the failure to recognise assessments reported in previous years concerning Copyrights and for payment services.

The breakdown of this item is reported in the related statement.

Personnel costs – These amounted to Euro 976.5 million, down by Euro 24.6 million (-2.5%) compared to 2014, according to the breakdown reported in the table below.

Wages and salaries remained practically unchanged since the greater costs arising from the increase in the number of staff and automatic contractual increments were mostly set off by the positive effect in profit or loss of the reduction in liabilities for untaken leave and pay in lieu of time off.

The reduction in Social Security Contributions was due to the recognition of charges arising from the restatement of the provision for compensation in lieu of notice for journalists in an amount of Euro 27.4 million in 2014.

The **employees** as at 31 December 2015 included 12,268 people under permanent and apprenticeship contracts and 810 people under fixed-term contracts. The increase of 339 units in staff members compared to 31 December 2014 was due to the exit of 191 resources, of which 34 under early retirement incentive plan and to 530 new hires, of which 435 as a result of the transformation of fixed-term contracts into permanent contracts, 40 for apprenticeship contracts, 23 for reinstatement arising from disputes.

The **average number of employees**, including staff members under fixed-term contracts, amounted to 12,995 people, showing an increase of 138 resources compared to the number of staff members in the previous year. Specifically, there was an increase of 313 resources in the staff members under permanent contracts and a decrease of 175 resources in the staff members under fixed-term contracts.

The breakdown of personnel costs by company is reported in the table at the bottom of the page.

Personnel costs

(in millions of Euros)	FY 2015	FY 2014	Change
Wages and salaries	715.5	714.1	1.4
Social security contributions	204.5	231.6	(27.1)
Provision for Staff Severance Pay	43.9	43.3	0.6
Pension and similar costs	14.0	13.7	0.3
Other	19.0	15.7	3.3
	996.9	1,018.4	(21.5)
Early retirement incentives	8.1	5.3	2.8
Recovery of expenses	(0.8)	(0.8)	0.0
Capitalised personnel costs	(22.0)	(18.1)	(3.9)
Contingent liabilities	(5.7)	(3.7)	(2.0)
	(20.4)	(17.3)	(3.1)
Total	976.5	1,001.1	(24.6)

Personnel costs – by company

(in millions of Euros)	FY 2015	%	FY 2014	%
Rai	890.2	91.2	915.3	91.5
Rai Cinema	9.6	1.0	9.8	1.0
Rai Com	7.6	0.8	5.4	0.5
Rai Pubblicità	22.0	2.2	25.2	2.5
Rai Way	47.1	4.8	45.4	4.5
Total	976.5	100.0	1,001.1	100.0

EBITDA

As a result of the performances reported above, EBITDA a positive balance of Euro 527.5 million, up compared to 2014 (Euro 416.0 million).

Amortisation, depreciation and write-downs

This item showed a balance of Euro 537.5 million, down by Euro 11.8 million compared to 2014 (-2.1%) and related to amortisation, depreciation and write-downs of current and non-current assets, as shown in the table below.

Investments for the year amounted to Euro 576.0 million, showing an increase of Euro 69.8 million (+13.8%), attributable to repeated-use

programmes, and specifically to the TV drama and comedy genre, as shown in the table below.

The breakdown of investments in programmes and technical investments by company is reported in the tables on the following page.

Provisions

This item recognises accruals to provisions for risks and charges and related reversals that cannot be classified to specific income statement items, showed a negative balance of Euro 2.2 million (Euro 20.1 million in 2014) and was made up of accruals of Euro 17.7 million (Euro 34.0 million in 2014) and reversals of Euro 15.5 million (Euro 13.9 million in 2014).

Amortisation, depreciation and write-downs

(in millions of Euros)	FY 2015	FY 2014	Change
Depreciation			
Of property, plant and equipment			
Buildings	17.6	17.9	(0.3)
Plant and machinery	87.6	91.8	(4.2)
Industrial and commercial equipment	2.7	2.9	(0.2)
Other assets	5.6	6.0	(0.4)
	113.5	118.6	(5.1)
Depreciation of investment property	0.3	0.4	(0.1)
Amortisation of intangible assets			
Programmes	371.5	382.9	(11.4)
Software	5.7	6.4	(0.7)
Digital Terrestrial	3.4	3.4	0.0
Other rights	0.3	0.3	0.0
	380.9	393.0	(12.1)
Write-downs (write-backs)			
Of intangible assets	36.3	30.5	5.8
Of other non-current assets	2.4	2.1	0.3
Of trade receivables and other current assets	4.1	4.7	(0.6)
Total	537.5	549.3	(11.8)

Investments

(in millions of Euros)	FY 2015	FY 2014	Change
TV drama and comedy	333.8	269.6	64.2
Films	118.2	105.3	12.9
Other programmes	22.7	37.8	(15.1)
Total investments in programmes	474.7	412.7	62.0
Property, plant and equipment	92.3	83.9	8.4
Other intangible assets	9.0	9.6	(0.6)
Total technical investments	101.3	93.5	7.8
Total investments	576.0	506.2	69.8

Operating result

Operating costs and revenues entailed an improvement of Euro 141.2 million in the Operating Result, which passed from Euro –153.4 million in 2014 to the current Euro –12.2 million.

Net financial income (expenses)

Net financial income (expenses) showed a negative result of Euro 19.4 million (Euro 28.8 million in 2014), up by Euro 9.4 million compared to 2014.

This item, which is broken down in the table below, showed the economic effects arising from the recognition of actuarial interest for employee benefits, as well as the effects of financial operations, such as interest income/expense

from banks and interest expense payable to bondholders.

The following changes were recorded compared to 2014:

- lower charges from actuarial valuation of employee benefit obligations as a result of a reduction in the discount rates used, Euro 7.1 million;
- lower interest payable to banks, mainly arising from the early repayment of the medium/long-term amortising loan in June 2015, Euro 7.2 million;
- interest expense on bond issues in relation to the issue of a bond in May 2015, Euro 3.6 million;
- lower charges for Interest Rate Swap closed against the abovementioned early repayment of the amortising loan, Euro 2.2 million.

Investments in programmes – by company

(in millions of Euros)	FY 2015	%	FY 2014	%
Rai	220.3	46.4	167.0	40.5
Rai Cinema	253.9	53.5	245.7	59.5
Rai Com	0.5	0.1	0.0	0.0
Total	474.7	100.0	412.7	100.0

Technical investments – by company

(in millions of Euros)	FY 2015	%	FY 2014	%
Rai	69.6	68.7	73.0	78.1
Rai Cinema	0.1	0.1	0.2	0.2
Rai Com	0.0	0.0	0.5	0.5
Rai Pubblicità	1.5	1.5	1.8	1.9
Rai Way	30.1	29.7	18.0	19.3
Total	101.3	100.0	93.5	100.0

Financial income and expenses

(in millions of Euros)	FY 2015	FY 2014	Change
Net interest income (expense) from banks	(7.5)	(14.7)	7.2
Interest expense on bond issues	(3.6)	0.0	(3.6)
Interest on defined-benefit obligations	(5.2)	(12.3)	7.1
Net foreign exchange gains (losses)	(0.5)	2.2	(2.7)
Income (expenses) on Interest Rate Swap	(1.3)	(3.5)	2.2
Net financial contingent assets (liabilities)	0.6	0.0	0.6
Others	(1.9)	(0.5)	(1.4)
Total	(19.4)	(28.8)	9.4

The average cost of borrowing, made up of uncommitted credit lines, stand-by loans, medium/long-term loans and the bond issue, decreased from 3.2% in 2014 to 2.0%, in relation to the lower interest rate paid to bondholders compared to the pre-existing amortising loan and to the full use of the amortising facility of Rai Way, with rates of around 1%.

Income from equity-accounted investments

This item showed a positive balance of Euro 1.9 million (against a negative balance of Euro 1.4 million in 2014), arising from the measurement of associates and joint ventures according to the equity method, as detailed in the related table.

Income taxes

This item showed a positive value of Euro 4.1 million (Euro 7.8 million in 2014), arising from the balance between current and deferred tax, as detailed in the table at the bottom of the page.

IRES tax, equal to Euro 38.3 million, showed an increase by Euro 5.6 million compared to 2014 in relation to the better economic results of Rai Way.

IRAP (Regional Production Activity) tax was equal to Euro 7.7 million, showing a decrease of Euro 20.5 million compared to 2014, as a result of the deductibility of personnel costs from taxable base introduced with effect from 2015.

Deferred tax liabilities, which were positive for Euro 21.9 million (Euro 3.0 million in 2014) were determined by the recognition of IRES and IRAP tax mainly arising from:

- reimbursement of deferred tax liabilities allocated in previous years by the Parent Company, with a positive effect in profit or loss of Euro 2.2 million;
- remeasurement of the tax rate at 24% with effect from 2017 on differences allocated in previous years by the Parent Company, with a positive effect in profit or loss of Euro 20.2 million.

Deferred tax assets, which were positive for Euro 27.5 million (Euro 65.4 million in 2014) were determined by the recognition of IRES and IRAP tax credits mainly arising from:

- recognition with the Parent Company of the negative taxable income that may be offset against the income of subsidiaries contributed within tax consolidation for the 2015 tax period, with a positive effect in profit or loss of Euro 38.3 million;
- recognition with the Parent Company of the negative taxable income that may be offset against the deductible share of the Group's taxable expected in 2016, with a positive effect in profit or loss of Euro 1.5 million;
- recognition with the Parent Company of the of negative taxable income that may be offset against deferred tax liabilities, with a positive effect in profit or loss of Euro 6.7 million;
- reimbursement of deferred tax assets recognised by Rai Com (mainly for tax loss used to offset the 2015 income) with a negative effect in profit or loss of Euro 3.7 million;

Income from equity-accounted investments

(in millions of Euros)	FY 2015	FY 2014	Change
Revaluations (Write-downs)			
Auditel	0.0	0.1	(0.1)
Euronews	1.0	(2.1)	3.1
San Marino	0.0	(0.1)	0.1
Tivù	0.9	0.7	0.2
Total	1.9	(1.4)	3.3

Income taxes

(in millions of Euros)	FY 2015	FY 2014	Change
IRES tax	(38.3)	(32.7)	(5.6)
IRAP tax	(7.7)	(28.2)	20.5
Deferred tax liabilities	21.9	3.0	18.9
Deferred tax assets	27.5	65.4	(37.9)
Direct taxes – previous years	0.7	0.3	0.4
Total	4.1	7.8	(3.7)

- remeasurement of the tax rate at 24% on deferred tax liabilities allocated in previous years, the reimbursement of which is expected starting from 2017, with a negative effect in profit or loss of Euro 14 million in the Parent Company and of Euro 0.5 million in Rai Way.

Investments in programmes were mostly made up of TV drama and comedy genres (Euro 493.2 million) and Films (Euro 267.2 million) to which most of the total investments for the year related. The breakdown of the item is reported in the related table.

Balance Sheet

Property, plant and equipment are broken down in the table below.

Non-current financial assets, which were made up of participating investments and other financial assets with a maturity beyond twelve months, showed a decrease of Euro 4.8 million, as shown in the related table.

Non-current assets

(in millions of Euros)	31.12.2015	31.12.2014	Change
Property, plant and equipment	1,120.7	1,142.6	(21.9)
Investments in programmes	881.7	813.8	67.9
Non-current financial assets	10.7	15.5	(4.8)
Other	18.8	20.7	(1.9)
Total	2,031.9	1,992.6	39.3

Property, plant and equipment

(in millions of Euros)	31.12.2015	31.12.2014	Change
Land	381.8	381.9	(0.1)
Buildings	355.6	366.4	(10.8)
Plant and machinery	304.1	324.2	(20.1)
Industrial and commercial equipment	8.4	7.2	1.2
Other assets	22.6	22.1	0.5
Assets under construction and payments on account	48.2	40.8	7.4
Total	1,120.7	1,142.6	(21.9)

Investments in programmes

(in millions of Euros)	31.12.2015	31.12.2014	Change
TV drama and comedy	493.2	427.8	65.4
Films	267.2	255.5	11.7
Cartoons	39.1	37.6	1.5
Rights of use to the library	77.1	87.7	(10.6)
Other	5.1	5.2	(0.1)
Total	881.7	813.8	67.9

Non-current financial assets

(in millions of Euros)	31.12.2015	31.12.2014	Change
Equity investments in associates			
Auditel Srl	0.7	0.7	0.0
Euronews	3.8	2.9	0.9
Tivù Srl	3.2	2.7	0.5
San Marino RTV SpA	2.1	2.1	0.0
	9.8	8.4	1.4
Other equity investments	0.7	0.8	(0.1)
Fixed-income securities	0.0	2.3	(2.3)
Derivative financial instruments	0.0	3.6	(3.6)
Other	0.2	0.4	(0.2)
Total	10.7	15.5	(4.8)

Other non-current assets are broken down as shown in the related table.

Net working capital

Net current assets are broken down in the following table, showing the various components of the item and the changes that occurred in the two financial years.

Provisions for risks and charges

This item amounted to Euro 195.5 million and showed a decrease of Euro 11.6 million compared to 31 December 2014. The breakdown of accruals and related changes compared to 2014 are shown in the table at the bottom of the page.

Other non-current assets

(in millions of Euros)	31.12.2015	31.12.2014	Change
Software	12.9	9.8	3.1
Commercial rights with football clubs	4.8	6.4	(1.6)
Digital terrestrial frequencies	1.1	4.5	(3.4)
Total	18.8	20.7	(1.9)

Net current assets

(in millions of Euros)	31.12.2015	31.12.2014	Change
Inventories	2.7	2.6	0.1
Trade receivables	438.7	475.2	(36.5)
Other receivables	257.2	253.7	3.5
Trade payables	(666.4)	(654.7)	(11.7)
Other payables	(432.5)	(415.2)	(17.3)
Deferred tax assets (Liabilities)	(12.1)	(22.0)	9.9
Total	(412.4)	(360.4)	(52.0)

Provisions for risks and charges

(in millions of Euros)	31.12.2015	31.12.2014	Change
Legal disputes	(77.6)	(104.6)	27.0
2014-2015 concession fee	(35.8)	(25.3)	(10.5)
Reclamation and renovation of properties	(15.1)	(16.3)	1.2
Costs of accrued commissions	(12.3)	(6.5)	(5.8)
Decommissioning and restoration	(12.1)	(10.9)	(1.2)
Litigation with social security institutions	(10.0)	(12.0)	2.0
Tax litigation	(2.6)	(3.1)	0.5
ISC/ICM agents	(2.5)	(2.5)	0.0
Other	(27.5)	(25.9)	(1.6)
Total	(195.5)	(207.1)	11.6

Employee benefits

This item amounted to Euro 568.8 million, down by Euro 48.2 million compared to 31 December 2014. The breakdown of accruals and related changes for the year are shown in the table below.

Net financial position

The net financial position at the end of the year, determined according to the ESMA schedule, was negative for Euro 362.4 million, showing a

deterioration compared to 2014 (Euro -308.3 million) and made up as specified in the related table.

Specifically, there was a consolidation in medium/long-term borrowing, determined by the bond issue of Euro 350 million launched in May 2015, which allowed the early repayment of the outstanding syndicated loan of Euro 295 million with a lower term. The year also saw the completion of the disbursement to Rai Way of the remaining portion of the amortising loan, due 2019, amounting to Euro 120 million.

Employee benefits

(in millions of Euros)	31.12.2015	31.12.2014	Change
Staff severance pay	(289.7)	(310.1)	20.4
Supplementary company pension fund	(147.5)	(171.4)	23.9
Compensation in lieu of notice – journalists	(113.7)	(117.5)	3.8
FASDIR welfare fund for retired executives	(15.0)	(15.1)	0.1
Seniority bonuses	(2.1)	(2.1)	0.0
Seniority benefits	(0.7)	(0.7)	0.0
Retirement fund	(0.1)	(0.1)	0.0
Total	(568.8)	(617.0)	48.2

Net Financial Position

(in millions of Euros)	31.12.2015	31.12.2014	Change
Liquidity	146.1	128.3	17.8
Current financial receivables			
- current financial assets on derivatives	8.4	4.7	3.7
- non-current securities – current portion	2.3	0.0	2.3
- time deposits	3.1	0.3	2.8
- other	0.2	0.3	(0.1)
	14.0	5.3	8.7
Current financial debt			
- to banks	(35.9)	(109.5)	73.6
- to other lenders	(4.4)	(2.7)	(1.7)
- current financial liabilities on derivatives	0.0	(1.2)	1.2
- to associates	(0.1)	(0.3)	0.2
- other	(0.4)	(0.1)	(0.3)
	(40.8)	(113.8)	73.0
Non-current financial debt			
- to banks	(135.2)	(326.8)	191.6
- bonds issue	(346.1)	0.0	(346.1)
- to other lenders – non-current	(0.4)	(0.5)	0.1
- non-current financial liabilities on derivatives	0.0	(0.8)	0.8
	(481.7)	(328.1)	(153.6)
Net Liquidity (financial debt)	(362.4)	(308.3)	(54.1)

The cash flow for the year, which was negative for Euro 54.1 million, benefitted from the collection of previous tax receivables and of the assignment without recourse of the VAT credit for a total of Euro 25 million and, in the same way as in 2014, showed inflows not sufficient to cover investment requirements.

During 2015 Rai was assigned, for the purposes of the bond issue, a Long-Term Issuer Baa3 (investment grade) rating by Moody's, which considers the solvency of Rai substantially equal to that of the Italian Government.

The average financial position was negative for Euro 260 million (Euro -401 million in 2014), showing an improvement of about Euro 140 million, as a result of a lower debt at the beginning of the year.

The analysis of **financial and debt structure ratios** shows:

- a **net invested capital coverage ratio**, defined as the ratio of net invested capital to equity, equal to 1.74 (1.65 in 2014);
- a **debt/equity ratio**, defined as the ratio of net financial debt to equity, equal to 0.74 (0.62 in 2014);
- a **current ratio**, defined as the ratio of current assets (inventories, current assets, cash and cash equivalents and financial receivables) to current liabilities (current liabilities and financial payables), equal to 0.75 (0.73 in 2014);
- a **non-current asset coverage ratio**, defined as the ratio of equity to non-current assets, equal to 0.24 (0.25 in 2014).

The Parent Company's loan raised with the European Investment Bank (Euro 50 million) requires compliance with the following financial ratios, which are to be calculated with respect to the consolidated financial statements and according to the Italian GAAPs:

- Net Financial Debt (adjusted), net of receivables from the Government for license fees/Shareholders' Equity, ≤ 1.5
- Net Financial Debt (adjusted), net of receivables from the Government for license fees/EBITDA ≤ 1.0

These ratios, which were fully complied with in the previous observations, are being renegotiated since, under the loan agreement, they must be remeasured in the case of the adoption of different accounting standards.

The committed loan facility agreements entered into by Rai Way also require compliance with certain financial ratios to be calculated with respect to the Company's financial statements; these ratios too were complied with in full.

The Group monitors the **financial risks** to which it is exposed using dedicated IT and statistical tools. The Group's financial management policy is in line with best practice and is aimed at achieving capital preservation through a risk-averse approach, combined with active monitoring of exposure and the implementation of appropriate hedging strategies, implemented by the Parent Company centrally; this policy is also managed on behalf of the Group companies. The latter include Rai Way which, as from the date of the listing (November 2014), is provided with its own financial resources, although based on substantially similar guidelines.

The information on financial risks is reported in the specific section of the notes to the consolidated financial statements, to which reference should be made.

Consolidated Financial Statements of the Rai Group

Consolidated Financial Statements of the Rai Group

Consolidated statement of financial position

(in millions of Euros)	Note	Financial year ended		Balance as at 1 January 2014
		31 December 2015	31 December 2014	
Property, plant and equipment	12.1	1,115.5	1,137.1	1,172.6
Investment property	12.2	5.2	5.5	5.9
Intangible assets	12.3	900.5	834.5	837.1
Equity investments	12.4	10.5	9.2	11.0
Non-current financial assets	12.5	0.2	6.3	2.7
Other non-current assets	12.7	20.2	55.1	40.3
Total non-current assets		2,052.1	2,047.7	2,069.6
Inventories	13.1	2.7	2.6	2.9
Trade receivables	13.2	436.7	472.7	523.8
Current financial assets	13.3	14.0	5.3	0.7
Tax receivables	13.4	108.2	95.2	60.2
Other current receivables and assets	13.5	130.8	105.9	136.4
Cash and cash equivalents	13.6	146.1	128.3	6.5
Total current assets		838.5	810.0	730.5
Total assets		2,890.6	2,857.7	2,800.1
Share capital		242.5	242.5	242.5
Reserves		500.6	425.8	197.2
Profits (losses) carried forward		(306.6)	(222.8)	-
Total Group equity		436.5	445.5	439.7
Non-controlling interests' capital and reserves		42.7	52.1	-
Profits (losses) carried forward attributable to non-controlling interests		13.6	2.2	-
Total equity attributable to non-controlling interests		56.3	54.3	-
Total equity	14	492.8	499.8	439.7
Non-current financial liabilities	15.1	481.7	328.1	203.2
Employee benefits	15.2	568.8	617.0	551.7
Non-current provisions for risks and charges	15.3	194.9	206.5	196.0
Deferred tax liabilities	15.4	12.1	22.0	62.1
Other non-current payables and liabilities	15.5	6.3	11.9	18.0
Total non-current liabilities		1,263.8	1,185.5	1,031.0
Trade payables	16.1	666.4	654.7	657.3
Current provisions for risks and charges		0.6	0.6	0.7
Current financial liabilities	16.2	40.8	113.8	289.6
Tax payables	16.3	78.5	72.9	69.1
Other current payables and liabilities	16.1	347.7	330.4	312.7
Total current liabilities		1,134.0	1,172.4	1,329.4
Total liabilities		2,397.8	2,357.9	2,360.4
Total equity and liabilities		2,890.6	2,857.7	2,800.1

Consolidated income statement

(in millions of Euros)	Note	Financial year ended	
		31 December 2015	31 December 2014
Revenues from sales and services	17.1	2,474.8	2,456.6
Other earnings and proceeds	17.2	18.3	32.6
Total revenues		2,493.1	2,489.2
Costs for purchases of consumables	17.3	(16.4)	(18.9)
Costs for services	17.3	(924.2)	(1,005.4)
Other costs	17.3	(48.5)	(47.8)
Personnel costs	17.4	(976.5)	(1,001.1)
Amortisation, depreciation and write-downs	17.5	(537.5)	(549.3)
Provisions	17.6	(2.2)	(20.1)
Total costs		(2,505.3)	(2,642.6)
Operating result		(12.2)	(153.4)
Financial income	17.7	5.0	7.8
Financial expenses	17.7	(24.4)	(36.6)
Income from equity-accounted investments	17.8	1.9	(1.4)
Result before tax		(29.7)	(183.6)
Income taxes	17.9	4.1	7.8
Net result from operating activities		(25.6)	(175.8)
Result for the year - Profit (loss)		(25.6)	(175.8)
of which pertaining to:			
- the Group		(39.3)	(178.1)
- Non-controlling interests		13.7	2.3

Consolidated Financial Statements of the Rai Group

Consolidated statement of comprehensive income

(in millions of Euros)

	Financial year ended	
	31 December 2015	31 December 2014
Result for the year	(25.6)	(175.8)
Items that can be reclassified through profit or loss:		
Profit/(loss) on cash flow hedge instruments	1.2	10.5
Translation of financial statements with a functional currency other than the Euro	0.4	0.4
Tax effect	-	(2.4)
Total	1.6	8.5
Items that cannot be reclassified through profit or loss:		
Restatement of defined-benefit plans	28.9	(45.4)
Tax effect	(0.2)	0.5
Total	28.7	(44.9)
Total comprehensive income (expense) for the year	4.7	(212.2)
of which pertaining to:		
- the Group	(9.0)	(214.4)
- Non-controlling interests	13.7	2.2

Consolidated cash flow statement

(in millions of Euros)	Note	Financial year ended	
		31 December 2015	31 December 2014
Profit (loss) before tax		(29.7)	(183.6)
Adjustments for:			
Amortisation, depreciation and write-downs	17.5	537.5	549.3
Accruals to and (releases of) provisions related to personnel and other provisions	17.6	70.6	114.8
Net financial expenses (income)	17.7	19.4	28.8
Income from equity-accounted investments	12.4	(1.9)	1.4
Other non-cash items		0.1	(7.4)
Cash flows from operating activities before changes in net working capital		596.0	503.3
Change in inventories	13.1	(0.1)	0.3
Change in trade receivables	13.2	32.2	47.7
Change in trade payables	16.1	11.7	(2.6)
Change in other assets/liabilities		1.9	(54.2)
Use of provisions for risks	15.3	(33.2)	(24.5)
Payment of employee benefits	15.2	(70.3)	(72.3)
Income taxes paid		(6.9)	(28.1)
Net cash flow from operating activities		531.3	369.6
Investments in property, plant and equipment and investment property	12.1 - 12.2	(92.3)	(83.9)
Disposals of property, plant and equipment and investment property	12.1 - 12.2	0.4	0.8
Investments in intangible assets	12.3	(483.7)	(422.3)
Disposals of intangible assets	12.3	0.4	0.4
Dividends collected		0.5	0.4
Interest collected		-	0.1
Change in financial assets	12.5 - 13.3	(2.8)	0.4
Net cash flow from investing activities		(577.5)	(504.1)
Disposal of equity investments (*)		-	280.3
Long-term loans	15.1	389.8	227.5
Long-term loan repayments	15.1	(295.1)	(98.5)
(Decrease)/increase in short-term loans and other loans	16.2	(8.9)	(136.1)
Interest paid		(10.1)	(16.9)
Dividends distributed		(11.7)	-
Cash flow from financing activities		64.0	256.3
Change in cash and cash equivalents		17.8	121.8
Cash and cash equivalents at the beginning of the period	13.6	128.3	6.5
Cash and cash equivalents at the end of the period	13.6	146.1	128.3

(*) This item includes the portion relating to the sale of equity investments without loss of control

Consolidated Financial Statements of the Rai Group

Consolidated statement of changes in equity

(in millions of Euros)	Share Capital	Legal reserve	Other reserves	Profits (losses) carried forward	Group equity	Equity attributable to non-controlling interests	Total equity
Balances as at 1 January 2014	242.5	9.0	188.2	-	439.7	-	439.7
Allocation of the result	-	0.2	(0.2)	-	-	-	-
Change in quotas of subsidiaries	-	-	220.1	0.1	220.2	52.1	272.3
Transactions with shareholders	-	-	220.1	0.1	220.2	52.1	272.3
Result for the year	-	-	-	(178.1)	(178.1)	2.3	(175.8)
Other comprehensive income (expense)	-	-	8.5	(44.8)	(36.3)	(0.1)	(36.4)
Total comprehensive income (expense) for the year	-	-	8.5	(222.9)	(214.4)	2.2	(212.2)
Balances as at 31 December 2014	242.5	9.2	416.6	(222.8)	445.5	54.3	499.8
Allocation of the result	-	2.4	70.8	(73.2)	-	-	-
Distribution of dividends	-	-	-	-	-	(11.7)	(11.7)
Transactions with shareholders	-	-	-	-	-	(11.7)	(11.7)
Result for the year	-	-	-	(39.3)	(39.3)	13.7	(25.6)
Other comprehensive income	-	-	1.6	28.7	30.3	-	30.3
Total comprehensive income (expense) for the year	-	-	1.6	(10.6)	(9.0)	13.7	4.7
Balances as at 31 December 2015	242.5	11.6	489.0	(306.6)	436.5	56.3	492.8

Notes to the consolidated financial statements as at 31 December 2015

1) General information

Rai Radiotelevisione italiana SpA (hereinafter referred to as "Rai", the "Company" or the "Parent Company") is a joint-stock company incorporated under the laws of, and domiciled in, Italy, with registered office in Rome, at Viale Mazzini no. 14 and organised according to the legal system of the Italian Republic.

The consolidated financial statements as at 31 December 2015 (hereinafter referred to as the "Consolidated Financial Statements"), as described below, are the first to be prepared in accordance with the International Financial Reporting Standards ("IFRSs").

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are active in Italy in the role as a general Public Radio and Television Service operator. The Parent Company is required by special national and Community regulations to fulfil specific obligations regarding the quality and quantity of its broadcasting schedule, which are further detailed in the Service Contract entered into with the Ministry of Economic Development (hereinafter also referred to as the "Contract").

The current Service Contract is that referred to the three-year period from 2010 to 2012, which is still in force by virtue of the provisions of Section 36 thereof.

The Contract provides for certain service levels and restrictions that Rai is required to meet in the performance of its publishing activities, which are increasing over time. It also establishes a clear connection between Rai, individuals and the community, meeting needs that are relevant to the growth of the individual and the creation of public awareness. Editorial issues that are worthy of mention are the focus on education and employment, information and insights, social and cultural issues, children and teenagers, the role of women, sports and entertainment, minority languages and the promotion of the image of Italy abroad, to the benefit of both foreigners and the many communities of Italians living there.

Under Law 89/2014 Rai must ensure public information at a national and regional level, through the presence of newsrooms and facilities suitable for specific productions in each region and autonomous province. The new paragraph 3-bis of Article 17 of Law 112/2004 also provides for the offices located in Bolzano, Trento, the Aosta Valley and Friuli-Venezia Giulia to retain their autonomy in financial and accounting terms, to serve as decentralised production centres for the promotion of local culture and language, and for any other regional and provincial office to retain such autonomy until the definition of a new local structure on the part of Rai.

In accordance with Law 220 of 28 December 2015 governing the "Reform of Rai and of the Public Radio and Television Service", the national service contract between the Ministry of Economic Development and Rai is to be renewed for a term of five years rather than the previous three years, within the scope of the concession that assigns Rai the role of operator of the Public radio, television and multi-media Service. The award of the aforementioned concession requires the Ministry of Economic Development to launch a public consultation on the duties of the Public radio and television Service, to be also funded by the higher income arising from the granting of the rights of use of frequencies in 3.6-3.8Ghz band (Article 1, paragraph 165, of the 2016 Stability Law).

The Company's share capital is owned respectively by:

- Ministry of Economy and Finance (99.5583%);
- SIAE Società Italiana Autori Editori (0.4417%).

2) Basis of preparation

The Company prepared its Consolidated Financial Statements for the previous financial year in accordance with the provisions of Articles 2423 and ff. of the Italian Civil Code and of Legislative Decree 127 of 9 April 1991, which regulate the basis of preparation. With effect from the financial year ended 31 December 2015, the Company applies, in relation to the provisions under Legislative Decree 38 of 28 February 2005 and in the preparation of its consolidated financial statements, the International Financial Reporting Standards (hereinafter referred to as "IFRSs" or "international accounting standards") issued by the International Accounting Standards Board (hereinafter referred to as IASB) and adopted by the European Commission according to the procedure referred to in Article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002. The IFRSs also include all international accounting standards ("IAS") and all the interpretations issued by the International Financial Reporting Standards Interpretations Committee ("IFRS Interpretations Committee"), previously known as "Standard Interpretations Committee" (SIC). While preparing these Consolidated Financial Statements, the Group provided full information and applied the IFRSs consistently to all periods covered by these Consolidated Financial Statements.

Since these were the first Consolidated Financial Statements prepared by the Group in accordance with IFRSs, it was necessary to enter a process of transition from Italian GAAPs to IFRSs, in compliance with IFRS 1 "First-time Adoption of International Financial Reporting Standards"; for this purpose, the date of transition to IFRSs was set at 1 January 2014 (hereinafter the "Transition Date"). As regards the disclosures required under IFRS 1 in relation to the accounting impact of the transition from Italian GAAPs to IFRSs (hereinafter the "Transition to IFRSs"), reference should be made to the detailed information provided in note 19 below, "Criteria for the transition from Italian GAAPs to IFRSs".

The structure of the Consolidated Financial Statements adopted by the Group provides as follows:

- the items of the Consolidated Statement of Financial Position must be segregated into current and non-current;
- the items of the Consolidated Income Statement must be classified by nature;
- the Consolidated Statement of Comprehensive Income must be presented separately from the Income Statement and must state the results of operations, together with income and expenses that are recognised directly in equity, as expressly required by the IFRSs;
- the Consolidated Cash Flow Statement must be prepared according to the "indirect method", by adjusting the result (profit/loss before tax) for the year for any non-cash items;
- the Consolidated statement of changes in equity must show the aggregate income (expenses) for the year, as well as transactions with shareholders and any other changes in Equity.

This approach best reflects the elements that determined the result of operations of the Group, as well as its financial and capital structure.

The Consolidated Financial Statements were prepared by applying the historical cost method, taking into account value adjustments, where appropriate, except for those items of the financial statements that, under IFRSs, must be recognised at fair value, as stated in the accounting principles and except in the cases in which the IFRSs provide for a different accounting principle.

These Consolidated Financial Statements have been prepared on a going-concern basis, since it is believed that no financial, management or other indicators exist that could raise doubts about the Group's ability to meet its obligations in the foreseeable future and, specifically, in the next twelve months.

The procedures through which the Group manages financial risks are described in note 8 below, "Financial Risk Management".

The Consolidated Financial Statements have been audited by PricewaterhouseCoopers SpA (hereinafter the "Independent Auditors").

The values of the items of the financial statements and the related explanatory notes, in consideration of their relevance, are expressed in millions of Euros, except as otherwise stated.

3) Principles of consolidation

The Consolidated Financial Statements were prepared using the separate financial statements of the Company and of its subsidiaries drawn up according to the IFRSs. The Group companies' financial year ends on 31 December.

The details of the companies included in the consolidation area as at 31 December 2015, 31 December 2014 and 1 January 2014 are set forth in note 22 "Appendix", which forms an integral part of the Consolidated Financial Statements.

Subsidiaries

An investor controls a subsidiary when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its decision-making power over the relevant activities of the subsidiary. The assessment of whether such control exists is reevaluated if facts and circumstances indicate that there are changes to one or more elements that make up the definition of control.

The assets, liabilities, income and expenses of the subsidiaries are consolidated on a line-by-line basis in the consolidated financial statements starting from the date on which the Parent Company takes over direct or indirect (i.e. through one or more of its subsidiaries) control and until the date when such control ceases to exist. The book value of the equity investments is derecognised against the corresponding portion of equity. The shares of equity and of the total comprehensive income (expense) pertaining to non-controlling interests are entered under specific items of equity and of the statement of comprehensive income.

In the event of shares of equity being acquired after control was obtained (acquisition of non-controlling interests), any positive difference between purchase cost and the corresponding portion of equity acquired is recognised under equity pertaining to the Group; likewise, the effects arising from the disposal of non-controlling interests without loss of control are also recognised under equity.

On the contrary, any disposal of investments that would result in a loss of control entails the recognition of the following items in profit or loss:

- any capital gain/losses calculated as the difference between the consideration received and the corresponding portion of consolidated equity being disposed of;
- the effect of the remeasurement of any residual equity investment to fair value;
- any amounts recognised under other comprehensive income (expense) relating to the former subsidiary, which will be reversed to profit or loss, or, should the reversal to profit or loss not be required, to profits (losses) carried forward.

The remeasurement of any residual holding to fair value as at the date of the loss of control represents a new carrying amount of the equity investment, which is also the reference value for the subsequent measurement according to the applicable accounting principles.

The consolidated companies are specified in note 22 "Appendix", which forms an integral part of these explanatory notes. This annex also reports any change in the consolidation area that occurred during the period.

Business Combinations

Business combinations are recognised in accordance with IFRS 3, "Business Combinations", by applying the so-called acquisition method. The consideration for the business combination is determined as at the date when the control is acquired and is equal to the fair value of the assets transferred, the liabilities assumed, as well as of any equity instruments issued by the acquirer. Contingent consideration is recognised at fair value at the acquisition date. Any subsequent changes in the fair value of the contingent consideration, the amount and the payment of which depend on future events, classified as financial instrument under IAS 39 "Financial Instruments: recognition and measurement", are recognised in either profit or loss or equity under other comprehensive income (expense). If the contingent consideration is not within the scope of IAS 39, it is accounted for according to the specific IFRS/IAS of reference. If the contingent consideration is classified as an equity instrument, it is not re-measured, and, when subsequently settled, it is accounted for in equity. Costs directly attributable to the transaction are recognised in consolidated profit or loss, when they are incurred.

At the date on which control is obtained, the investees' equity must be determined by measuring all of the identifiable assets and liabilities (including contingent liabilities) at their acquisition-date fair value, except as otherwise required by IFRS 3. If positive, any remaining difference from the acquisition cost is

recognised under "Intangible Assets" as goodwill; if negative, it is recognised in profit or loss as a gain for the period.

If full control is not acquired, the share of equity attributable to non-controlling interests is determined based on their share of the current values attributed to assets and liabilities at the date of acquisition of control, excluding any goodwill attributable to them (partial goodwill method). Alternatively, the full amount of the goodwill generated by the acquisition is recognised, also taking into account the portion attributable to non-controlling interests (full goodwill method); in this case, non-controlling interests are expressed at fair value. The decision to measure goodwill by using either the partial goodwill or the full goodwill method will be made based on each individual business combination transaction.

When control is achieved in stages, the acquisition cost is determined by adding the fair value of the interest previously held in the acquiree to the amount paid for the additional portion. The difference between the fair value of the previously held interest and the related book value is recognised in profit or loss. When control is acquired, any amount previously recognised in other comprehensive income is recognised in profit or loss or under another item of equity, if no provisions are made for the reclassification to profit or loss.

When the values of the assets and liabilities of the acquiree can be determined only provisionally, such determination must be completed no later than twelve months following the acquisition date, taking into account the information obtained about facts and circumstances that were in existence at the acquisition date. In the reporting period when such determination is completed, provisional amounts are adjusted retroactively.

Interests in joint arrangements

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements can be classified as:

- joint ventures, i.e. joint arrangements whereby the parties that have joint control have rights to the net assets of the arrangement; and
- joint operations, i.e. joint arrangements whereby the parties have rights to the assets and obligations for the liabilities relating to the arrangement.

Interests in joint ventures are valued according to the equity method, as described in note 4 "Accounting principles", whereas joint operations are accounted for by recognising their share of assets, liabilities, revenues and costs on a line by line basis in the consolidated financial statements, based on the rights and obligations of the parties to the agreements.

Investments in associates

An associate is an entity over which the Group exercises significant influence, this being the power to participate in the financial and operating policy decisions of the investee, but not control or joint control. Investments in associates are valued according to the equity method, as stated in note 4 "Accounting principles".

Intragroup transactions

Profits arising from transactions between consolidated companies are eliminated, in the same way as receivables, payables, income and expenses, guarantees, commitments and risks between consolidated companies. Unrealised gains with companies valued according to the equity method are eliminated for the share pertaining to the Group. In both cases, intragroup losses are not eliminated, since they actually represent a lower value of the transferred asset.

Translation of financial statements expressed in a currency other than the Euro

The financial statements of companies operating in areas other than the Eurozone, which is the reporting currency of the Group, as well as the functional currency of the Parent Company and its subsidiaries, except for Rai Corporation in liquidation (hereinafter "Rai Corporation") are translated into Euro by applying the exchange rates prevailing at the reporting date to asset and liability items, historical exchange rates to equity items and the average exchange rates for the reporting period to the income statement items.

Exchange differences that arise from the translation of the financial statements of the companies operating in areas other than the Eurozone and that are generated by the application of different exchange rates for

assets and liabilities, equity and the income statement, are recognised in equity under "Other reserves", as reserve for exchange differences for the portion pertaining to the Group and, if required, under "Equity attributable to non-controlling interests" for the portion pertaining to non-controlling interests. The reserve for exchange differences is recognised in profit or loss when the investee ceases to qualify as a controlled entity. In this case, the reserve is recognised in profit or loss under "Financial income" or "Financial expenses". In case of partial disposal, without loss of control, the amount of exchange differences relating to the share of the investment disposed of is recognised in equity attributable to non-controlling interests. If the control over the investee ceases to exist and the latter qualifies as a joint venture or an associate, the translation reserve is incorporated in the valuation according to the equity method.

The financial statements used for the translation of the accounts of Rai Corporation are those expressed in the reporting currency that is the US Dollar (USD).

4) Accounting principles

The most significant accounting standards and principles used in the preparation of the Consolidated Financial Statements are summarised below.

Current assets

Inventories. Inventories of technical materials are valued at purchase cost, which is determined according to the weighted average cost method and depreciated based on market performance and the presumed non-use linked to obsolescence and slow moving. Inventories of goods for resale (periodicals, books and home videos) are valued at purchase cost, which is determined according to the weighted average cost method, or, if lower, at the presumed realisable value that can be inferred from market performance.

Contract work in progress, which typically refers to the upgrading of the transmission and broadcasting network, is valued based on the costs incurred with reference to the progress of the works, determined using the cost to cost method.

Trade receivables - Other current receivables and assets - Current financial assets. Trade receivables, other current receivables and assets and current financial assets are initially recognised at fair value adjusted for directly attributable transaction costs; subsequently they should be measured at amortised cost according to the effective interest rate method (i.e. the interest rate that equals, upon initial recognition, the present value of estimated cash flows and the book value), as appropriately adjusted to take account of write-downs, through the recognition of a provision for bad debts. Receivables from customers and other financial assets are entered under current assets, except for those that have a maturity of more than twelve months from the reporting date, which are classified under non-current assets.

Impairment of financial assets. All financial assets, other than those measured at fair value with a corresponding entry in profit or loss, are tested at each reporting date, in order to assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised only if there is evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss events have an impact on the estimated future cash flows of the asset.

Objective evidence of impairment may include observable indicators, such as for example:

- the issuer or the debtor is experiencing significant financial difficulty;
- default or delinquency in interest or principal payments;
- the probability that the debtor will enter bankruptcy or other financial reorganisation;
- a significant decrease in the estimated future cash flows.

Losses that are expected to arise from future events are not recognised.

For financial assets accounted for at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. This value is recognised in consolidated profit or loss.

If the amount of a previously recognised impairment loss decreases and such decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Derecognition of financial assets and liabilities. Financial assets qualify for derecognition when one of the following conditions is fulfilled:

- the contractual right to the cash flows from the financial asset expires;
- the Group has transferred substantially all the risks and rewards of ownership of the asset, transferring its rights to receive the cash flows from that asset or assuming a contractual obligation to pay those cash flows to one or more recipients (if any) under an agreement that meets the requirements provided for in IAS 39 (the so-called "pass-through test");
- the Group has neither transferred nor retained substantially all of the risks and rewards of ownership of the financial asset and has not retained control.

In case of factoring transactions that do not substantially provide for the transfer to the factor of the risks and rewards attached to the assigned receivables (therefore, the Group is still exposed to the risk of insolvency and/or delayed payment - the so-called assignments "with recourse"), the transaction is treated as raising a loan backed by the receivable being assigned. In this circumstance, the assigned receivable is still recognised in the Group's consolidated statement of financial position until it is collected by the factor and a financial payable is entered against any possible advance obtained by the factor. The financial cost of factoring transactions is represented by interest on the advance amounts taken

to profit or loss on an accruals basis, which are classified as financial expenses. Fees accruing on assignments are entered under financial expenses.

Financial liabilities qualify for derecognition when they are extinguished, that is, when the contractual obligation is either discharged or cancelled or expires.

Offsetting financial assets and liabilities. The Group is entitled to offset financial assets and liabilities when, and only when:

- there is a legally enforceable right of set-off the recognised amounts; and
- there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Cash and cash equivalents. Cash and cash equivalents include cash, demand deposits and financial assets with an original maturity equal to or less than three months, which are readily convertible into cash and are subject to an insignificant risk of changes in value. The components of cash and cash equivalents are measured at fair value.

Collection transactions are recorded according to the date of the banking transaction, while the date of instructions is also taken into account for payment transactions.

Non-current assets

Property, plant and equipment. Property, plant and equipment are recognised at cost and stated at acquisition or production cost, including additional costs that are directly attributable to making the assets available for use. If there are current obligations to dismantle and remove the assets and to restore the sites, the book value includes estimated (discounted) costs to be incurred to abandon the site, which are recognised with a corresponding entry in a specific provision (the accounting treatment of the estimate adjustments to such costs, of the passing of time and of the discount rate is stated in note 15.3 "Non-current provisions for risks and charges"). No revaluation of property, plant and equipment is allowed, not even in compliance with specific laws.

Costs for improvements, modernisation and transformation, aimed at increasing the value of property, plant and equipment, are recognised under balance sheet assets when it is likely that they would increase the future economic benefits expected from the use or sale of the asset.

Property, plant and equipment are systematically depreciated on a straight-line basis over their economic-technical useful life, which is the estimated period in which the asset will be used by the entity. This period commences in the month in which the asset is, or would have been, used for the first time. When the item of property, plant and equipment is comprised of several significant components with different useful lives, depreciation is carried out for each component. The value to be depreciated is represented by the book value reduced by the presumed net transfer value at the end of its useful life. Land, even if purchased together with a building, works of art and property, plant and equipment held for sale are not subject to depreciation. Any changes in the depreciation charges, arising from a review of the useful life of the item of property, plant and equipment, concerning the residual value or in the procedures to obtain economic benefits from the asset, are recognised prospectively.

Below is the estimated useful life of the main property, plant and equipment:

	Useful life in years	
	Minimum	Maximum
Buildings	10	50
Plant and machinery	2	12
Industrial and commercial equipment	5.3	7
Other assets	4	8.3

Routine maintenance and repair costs are recognised in consolidated profit or loss in the period when they are incurred.

Intangible assets. Intangible assets refer to identifiable assets without physical substance, which are controlled by the Group and from which future economic benefits are expected, as well as goodwill when acquired against payment. An intangible asset is identifiable when it can be clearly distinguished from goodwill. This requirement usually is met when:

- the intangible asset arises from a legal or contractual right; or
- the asset is separable, that is, it is capable of being sold, transferred, rented or exchanged, either individually or as an integral part of other assets.

The Group's control consists of the power to obtain future economic benefits from the asset and of the possibility to restrict the access of others to those benefits.

Intangible assets are stated at acquisition or production cost, including additional costs that are directly attributable to making the assets available for use. No revaluation of is allowed, not even in compliance with specific laws.

Intangible assets with a finite useful life are systematically amortised over their useful life, which is the estimated period in which the assets will be used by the Group and are structured as follows:

a) Programmes – Audiovisual works:

Acquisition and production costs for television programmes, audiovisual, cinema and multi-media works, which comprise the external costs that can be allocated directly to each production and the costs of the internal resources used for their creation, are accounted for as follows:

- 1) costs for repeated-use productions and with rights of use for a contract term of more than 12 months are capitalised under intangible assets. If such productions are ready for use, the costs are amortised on a straight-line basis from the month when they are realised or the right is available, over the period of their estimated useful life. If such repeated-use productions are not yet usable at period-end, or the related rights will be available in the future, the costs are reported as intangible assets under development and payments on account.

The table below reports the useful life of repeated-use programmes and audiovisual works, estimated in view of objective difficulties encountered in identifying elements capable of establishing an appropriate correlation between advertising revenues, licence fees and the amortisation of rights, to which must be added the impossibility of determining the multiple ways of exploitation:

	Useful life in years
Rai TV drama and comedy productions and cartoons	3
Rights other than free TV rights relating to films and serials acquired by Rai Cinema	3
Football library exploitation rights	4
Free TV rights relating to films and serials acquired by Rai Cinema	5
"Full rights", i.e. products for which Rai Cinema has acquired the whole range of rights (film, television, home video etc.)	7

Costs for concession rights with a shorter duration are amortised over the period they are available. In the event that the viewing rights available as per contract are exhausted, the residual value is expensed in full.

- 2) Costs for one-time-use television programmes are charged in the income statement in a single year, which is normally that in which they are used or the concession term commences. More specifically:
 - *News, light entertainment, documentaries, serious music and plays and all radio programming.* Costs are charged in the year in which they are incurred, which is normally the year in which the programmes are broadcast.
 - *Sports events.* Costs are charged in the year in which the event takes place.

b) Software licences are amortised over three years from the year they are available for use, which is normally the year in which they enter service.

- c) Costs incurred for the construction of the digital terrestrial network are stated net of amortisation and amortised on a straight-line basis over the estimated period of use from the date the service is activated.
- d) Trademarks are amortised over ten years from the year they are available for use, which is normally the year in which they enter service.

Goodwill and the other intangible assets with an indefinite useful life are not amortised; the possibility of recovering their book value is verified at least once a year and whenever events occur that might be considered evidence of impairment.

Impairment of non-financial assets. Non-financial assets are tested at each reporting date, in order to assess whether there is any evidence that they may be impaired. When events occur that indicate an impairment of non-financial assets, the recoverable value shall be estimated by comparing the book value with the higher of fair value, net of costs of disposal, and the value in use. The value in use is determined based on reasonable and demonstrable assumptions that represent the best estimate of the future economic conditions that will occur during the residual useful life of the asset, attaching importance to external indicators. When the reasons for the write-downs cease to exist, the value of the assets is reinstated and the adjustment is recognised in profit or loss as a revaluation (reinstatement of value). The value is reinstated at the lower of recoverable value and book value, including any write-downs previously carried out and reduced by the amortisation allowances that would have been allocated had no write-down been made.

Investment property. Investment property is comprised of the properties held by the Group to earn rentals and/or for capital appreciation, and is accounted for by applying the same rules as those specified in the paragraph on "Property, plant and equipment".

An investment property is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The profit or loss (if any), determined as the difference between the net disposal proceeds and the carrying amount of the derecognised assets is recognised in the consolidated statement of comprehensive income.

When events occur that indicate an impairment of investment properties, the recoverable value shall be estimated by comparing the book value with the higher of fair value, net of costs of disposal, and the value in use.

The useful life is determined to be equal to 33 years.

Government grants. Government grants, including non-monetary grants measured at fair value, are recognised when there is reasonable assurance that they will be received and that the Group will comply with any conditions attached to the grant.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is initially recognised at fair value and the government grant is measured as the difference between the initial book value and the funding received. The loan is subsequently valued in accordance with the provisions set out for financial liabilities.

Operating grants are recognised as a positive component in consolidated profit or loss, under Other earnings and proceeds, on a systematic basis, in the years in which the Group recognises the costs for which they are intended to compensate.

Government grants received for the purchase, construction or acquisition of fixed assets (property, plant and equipment or intangible assets) are recognised as a direct reduction in the related acquisition or production cost, or stated as an income with reference to the related useful life.

Financial assets (current and non-current). Investments in joint ventures and associates are recognised according to the equity method.

Under the equity method, equity investments are initially recognised at acquisition cost, by allocating any possible difference between the cost incurred and the share of investment in the fair value of the identifiable net assets of the investee in the same way as that provided for in IFRS 3 "Business Combinations". Subsequently, the book value is adjusted in order to take account of:

- the investor's share of the profit or loss of the investee after the date of acquisition; and
- the share of other comprehensive income (expense) of the investee.

Any changes in the investee's equity, other than those described above, are recognised in consolidated profit or loss when they substantially represent the effects of a transfer of a share of the investment held in the investee. The dividends distributed by the investee are recognised as a deduction in the book value of the investment. For the purposes of the application of the equity method, account is taken of the adjustments required for the consolidation process (see note 3 "Principles of consolidation").

Should there be any objective evidence of impairment, the recoverability shall be estimated by comparing the book value with the related recoverable value determined by adopting the criteria set out in the section on "Impairment of non-financial assets". When the reasons for the write-downs cease to exist, the value of the investments is reinstated within the limits of the write-downs made, taking the impact to the consolidated income statement.

The transfer of shares of investment that entails the loss of joint control or of the significant influence over the investee determines the recognition of the following items in consolidated profit or loss:

- any capital gain/losses calculated as the difference between the consideration received and the corresponding portion of the carrying amount of the investment being disposed of;
- the effect of the remeasurement of any residual investment to fair value;
- any amounts recognised under other comprehensive income (expense) relating to the investee, which will be reversed to consolidated profit or loss.

The value of any retained investment, adjusted at the related fair value at the date of the loss of the joint control or of the significant influence, represents the new book value and, thus, the reference value for any subsequent measurement according to the applicable accounting principles.

Once an equity-accounted investment, or a share thereof, is classified as held for sale, since it meets the requirements set out for such classification, the investment, or a share thereof, will no longer be measured according to the equity method. Any shares of such investment not classified as held for sale are measured according to the equity method until the completion of the disposal of the share of investment classified as held for sale. After the disposal, any remaining share retained is measured based on the applicable accounting principles.

Other equity investments entered under non-current assets are measured at fair value, recognising the effects in the equity reserve pertaining to the consolidated other comprehensive income (expense); any fair value changes recognised in consolidated equity are taken to the consolidated income statement upon their write-down or realisation. When the investments are not listed in a regulated market and the fair value cannot be determined reliably, they are measured at cost adjusted for impairment losses, which are not subject to reinstatement.

The **investor's share of possible losses of the investee**, in excess of the carrying amount of the investment, is recognised in a specific provision to the extent that the investor is committed to fulfil legal or constructive obligations placed on the investee or, in any case, to cover its losses.

Receivables and financial assets held to maturity are stated at cost, represented by the fair value of the initial consideration, as increased by transaction costs (if any). The initial book value is subsequently adjusted so as to take account of capital repayments, write-downs and the amortisation of the difference between the repayment value and the initial carrying amount; the amortisation is carried out based on the effective interest rate (amortised cost method).

Should there be any objective evidence of impairment losses, the write-down is determined by comparing the related book value with the current value of the estimated cash flows discounted at the effective interest rate that is defined upon initial recognition. Receivables and financial assets to be held to maturity are stated net of any related provision for bad debts.

Current and non-current liabilities

Financial liabilities - Trade payables - Other payables and liabilities. Loans and trade payables are recognised when the Group becomes a party to the relevant contract clauses and are initially measured at fair value adjusted by any directly attributable transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

Provisions for risks and charges. Provisions for risks and charges refer to costs and charges determinable in nature, the existence of which is certain or likely, whose amount and/or timing could not be determined at the reporting date. Accruals to the provisions are recognised when:

- a present obligation, whether legal or constructive, has arisen as a result of a past event;
- a settlement is expected to result in an outflow of resources;
- the amount of the obligation can be estimated reliably.

Accruals to provisions are stated at the value representing the best estimate of the amount that the company would reasonably pay to settle the obligation or to transfer it to a third party on the reporting date. When the financial effect of the passing of time is significant, and the payment dates of the obligations can be estimated reliably, the accrual is determined by discounting the estimated cash flows that are determined based on the risks associated with the obligation; the increase in the provision arising from the passing of time is recognised in consolidated profit or loss under "Financial income" or "Financial expenses".

The costs that the company expects to incur in the implementation of reorganisation plans are recognised in the year in which the plan is formally defined and the parties involved may expect that the reorganisation will actually take place.

The provisions are periodically remeasured in order to reflect any changes in estimated costs, timing and discount rate; the reviews of the estimates are charged to the same income statement item as that under which the provision was initially set aside. Provisions for risks and charges are discounted if it is possible to reasonably estimate the moment when the monetary payments will actually occur. When the liability is related to property, plant and equipment (e.g. decommissioning and site restoration), any changes in the estimates of the provision are recognised against the asset to which they refer, within the limits of the book values; any excess is recognised in profit or loss.

If some or all of the expenditure required to discharge an obligation is expected to be reimbursed by a third party, the reimbursement, when it is virtually certain that it will be received, is recognised as a separate asset.

As regards contracts, whose non-discretionary costs required to fulfil the obligations assumed, exceed the economic benefits that are expected to be obtained from the contract (contracts for valuable consideration), the Group recognises a provision equal to the lower of the cost required to fulfil the obligation and any compensation or sanction resulting from a breach of the contract.

The existence of **contingent liabilities**, which are represented by possible, but not probable, obligations resulting from past events, depending on whether some uncertain future events occur, which are not fully under the control of the company, or the amount of which cannot be estimated reliably, does not result in the recognition of liabilities in the accounts, but must be described in a specific note in the Consolidated Financial Statements.

Employee benefits. Post-employment benefits, taking into account their features, are classified in "defined contribution" and "defined benefit" plans. Under defined contribution plans, the company's obligation, limited to the payment of the contributions to the Government or to a fund or a legally separate entity, is determined based on the contributions that are due and payable. The costs related to such plans are recognised in profit or loss based on the contributions paid during the period. Under defined benefit plans, the company's obligation is determined separately for each scheme, based on actuarial assumptions and by estimating (in accordance with the projected unit credit method) the amount of the future benefits that the employees earned at the reference date. More specifically, the present value of the defined benefit plans is calculated using a rate determined based on market yields, at the reporting date, of high quality corporate bonds or, absent any active market where such bonds are traded, of Government bonds. The liability is recognised on an accruals basis during the vesting period of the right and is measured by independent actuaries. If the plan assets exceed the current value of the relevant liability, any excess is recognised as an asset.

Net interest includes any return on the plan assets and any interest cost to be recognised in profit or loss. Net interest is determined by applying the discount rate defined for liabilities to the liabilities, net of any plan assets; net interest of defined benefit plans is recognised in consolidated profit or loss under "Financial income" or "Financial expenses".

Actuarial gains and losses arising from the actuarial measurement of the defined benefit plans and the return on the plan assets (net of any related interest income) are recognised under other components of the Consolidate statement of comprehensive income. As regards other long-term benefits, actuarial gains and losses are recognised in consolidated profit or loss. Should a defined benefit plan be amended or a new scheme be introduced, any social security cost related to services performed in the past is recognised in consolidated profit or loss.

Derivative financial instruments. A derivative is a financial instrument or another contract:

- the value of which changes depending on the changes in a parameter known as "underlying", such as an interest rate, a stock price or the price of commodities, a foreign exchange rate, a price or rate index, a credit rating or any other variable;
- that requires an initial net investment equal to zero, or lower than the investment that would be required for contracts with a similar response to the changes in market conditions;
- settled on a future date.

Derivative instruments are classified as financial assets or liabilities depending on whether the fair value is positive or negative, and are classified as "held for trading" and measured at fair value through consolidated profit or loss, except for those designated as effective hedges.

Derivatives are designated as hedging instruments when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high. When the derivatives are entered into for cash flow hedge purposes (e.g. as a hedge of the variability in cash flows of assets/liabilities as a result of exchange rate fluctuations), any changes in the fair value of the derivatives regarded as effective are initially recognised in the equity reserve related to the other components of the consolidated statement of comprehensive income and subsequently taken to the consolidated income statement in line with the economic effects produced by the hedged transaction. Any changes in the fair value of the derivatives that do not qualify for hedge accounting are recognised in consolidated profit or loss.

Fair value measurement

Fair value measurements and related disclosures are made or prepared by applying IFRS 13 "Fair Value measurement". The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction entered into between market participants at the measurement date.

Fair value measurement assumes a transaction to sell an asset or transfer a liability taking place in the principal market, i.e. the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, the transaction is assumed to take place in the most advantageous market that can be accessed by the Group, that is to say the market that would likely maximise the amount that would be received to sell an asset or minimise the amount that would be paid to transfer a liability.

The fair value of an asset or liability is determined by considering the assumptions that will be used by the market participants to define the price of the asset or liability, assuming that they act according to their best economic interest. Market participants are buyers and sellers that are independent of each other, knowledgeable, are able and are willing to enter into a transaction for the asset or liability, but not forced or otherwise compelled to do so.

In fair value measurements the Group takes account of the features of the specific assets or liabilities; specifically, as regards non-financial assets, account is taken of the market participant's ability to generate economic benefits by exploiting the asset to its maximum and best use or selling it to another market participant capable of exploiting it to its maximum and best use. The fair value measurement of assets and liabilities is carried out using techniques adequate to the circumstances and for which sufficient data is available, maximising the use of observable inputs.

Revenues and costs

Revenues are recognised to the extent that it is probable that any economic benefits will flow to the Group and can be determined reliably; revenues from services are recognised once the provision of such services is completed, while revenues from sales are recognised when the risks and rewards of ownership of the sold assets are actually transferred.

As regards the most significant services for the Group, revenues are recognised for:

- licence fees, with reference to the payment made by the subscribers to the Government for ordinary licence fees or to Rai for special subscriptions, as regards the share accrued in the period (excluding any amounts paid in advance of the period of accrual); additionally, this item includes the payments made during the period in relation to licence fees referred to previous years;
- advertising, with the distribution of advertisements.

Revenues allocated for the partial provision of services are recognised on the basis of the consideration accrued, provided that the stage of completion can be measured reliably and that there are no significant uncertainties as regards the amount and existence of the revenue and related costs; otherwise, they are only recognised to the extent that the costs incurred are regarded as recoverable.

Revenues are recognised in an amount equal to the fair value of the consideration received or to be received, net of returns, discounts, allowances and prizes, as well as of any directly related tax.

Costs are entered on an accruals basis when they are related to services and assets purchased or used during the year, or on a systematic allocation basis or when no future use of such assets or services can be identified.

Operating lease rentals are recognised in consolidated profit or loss over the term of the agreement.

Financial income and expenses are recognised in consolidated profit or loss during the year in which they accrued.

Exchange differences

Revenues and costs related to transactions carried out in a currency other than the functional currency are stated at the exchange rate prevailing on the date when the transaction is recognised.

Monetary assets and liabilities expressed in a currency other than the functional currency are converted into the functional currency by applying the exchange rate prevailing at the reporting date of the consolidated financial statements, charging the effect to the consolidated income statement. Non-monetary assets and liabilities carried at cost and expressed in a currency other than the functional currency are entered at the exchange rate applied upon initial recognition; non-monetary items carried at fair value or recoverable or realisable value are converted at the exchange rate prevailing at the date when such value was determined.

Dividends

Dividends are recognised on the date when the resolution that establishes the right to receive the payment is passed by the Shareholders' Meeting, except when it is reasonably certain that the shares will be transferred before the ex-date.

Dividends resolved by the Shareholders' Meeting are reported as a change in consolidated equity during the year when they are approved.

Income taxes

Current income taxes for the year, which are entered under Tax payables, net of advances paid, or under Tax receivables in case of a net credit balance, are determined based on the estimated taxable income and in compliance with the tax regulations in force. Specifically, these payables and receivables are determined by applying the tax rates set out in the laws enacted by the reporting date.

Current taxes are recognised in consolidated profit or loss, except for those related to items recognised outside of consolidated profit or loss, which are stated directly under consolidated equity.

Deferred tax assets and liabilities are calculated on the temporary differences between the balance sheet values stated in the accounts and the corresponding values recognised for tax purposes, by using the tax rate applicable at the date when the temporary difference is reversed, as determined based on the tax

rates set out in the laws enacted by the reporting date. A deferred tax liability is recognised for all taxable temporary differences, except where such liability arises from the initial recognition of goodwill or with reference to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the Group is able to control the timing of the reversal of temporary differences and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets for all taxable temporary differences, unused tax losses or unused tax credits are recognised to the extent that it is probable that they will be recovered, that is to say when it is estimated that there will be sufficient future taxable income to recover the asset. The recoverability of deferred tax assets is reviewed at the end of each reporting period. Deferred tax assets that are not recognised in the accounts are reviewed on each reporting date of the financial statements and are entered insofar as it is likely that a future taxable income will make it possible to recover the deferred tax asset.

Deferred tax assets and liabilities are recognised in consolidated profit or loss, except for those related to items recognised outside of consolidated profit or loss, which are stated directly under consolidated equity.

Deferred tax assets and liabilities arising from the application of laws and regulations issued by the same tax authority, can only be offset when there is a legal right to offset current tax assets against current tax liabilities that will be generated upon their reversal.

Deferred tax assets and liabilities are classified under non-current assets and liabilities and are offset at the level of each tax jurisdiction, if they refer to taxes for which offsetting is permitted. If the amount that results after offsetting is a credit balance, it is recognised under "Deferred tax assets", while, in case of a debt balance, it is recognised under "Deferred tax liabilities".

Related parties

Related parties means the parties that have the same controlling entity as Rai, the companies that, either directly or indirectly, control Rai or are controlled, or jointly controlled, by the Parent Company and those in which the latter holds an equity interest that allows the exercise of significant influence. The definition of related parties also includes the entities that manage post-employment benefit plans, exclusively for the employees of the Company or of the Group (as detailed in note 18.4 "Related Parties"), as well as the key management personnel of Rai and its subsidiaries. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any Directors.

In compliance with IAS 24 "Related Party Disclosures", paragraph 26, Rai is exempted from the disclosure requirements referred to in paragraph 18 (according to which the Company shall disclose the nature of the related party relationship, as well as information about those transactions and outstanding balances, including commitments, necessary for users of the financial statements to understand the potential effect of the relationship on the consolidated financial statements) in case of relationships with another entity that is a related party, since the same governing entity has control over both the reporting entity and the other entity.

5) Use of estimates

The application of the IFRSs to the preparation of the Consolidated Financial Statements requires some accounting estimates, often based on complex and/or subjective evaluations, founded on past experience and assumptions regarded as reasonable and realistic with reference to the information available when they are made. The use of such estimates affects the book value of assets and liabilities and the disclosures relating to contingent assets and liabilities at the reporting date, as well as the amount of revenues and costs during the reporting period. Actual results may differ from those estimated, due to the uncertainty that characterises the assumptions and conditions on which the estimates are based. The estimates and assumptions are reviewed periodically, reporting the effects of any change in the Consolidated Income Statement.

To better understand the Consolidated Financial Statements, the most significant estimates of the process for the preparation of the Consolidated Financial Statements are specified below, since they entail a large use of subjective opinions, assumptions and estimates related to issues that are, by their very nature, uncertain. Any changes in the conditions underlying the judgements and assumptions adopted may have a considerable impact on subsequent results.

Impairment of assets

Assets are impaired when events or circumstances that occurred after their initial recognition indicate that such value may not be recovered. The decision whether to proceed with an impairment and the amount thereof depend on measurements made based on reasonable and demonstrable assumptions that represent the best estimate of the future economic conditions occurring during the residual useful life of the asset, attaching importance to external indicators.

The impairment loss is determined by comparing the carrying amount and the recoverable value, which is represented by the higher of fair value, net of costs of disposal, and value in use. The latter is determined by the use of the asset, net of costs of disposal and quantified in light of the information available when the estimate was made, based on subjective opinions about the trend in future variables (such as, for instance, prices, costs, demand growth rates).

Recovery of deferred tax assets

The Consolidated Financial Statements include deferred tax assets, mainly related to the recognition of tax losses that may be used in subsequent years and, to a lesser extent, to income components subject to deferred tax deductibility, in an amount the recovery of which in future years is regarded as highly probable. The recoverability of the aforementioned deferred tax assets is subject to the generation of sufficient future taxable income to absorb the aforesaid tax losses or up to the amount of deferred taxation related to other deferred tax assets. The calculation of the amount of deferred tax assets that can be recognised in the accounts requires significant judgements by the management, based on the timing and amount of future taxable income. If, in future, the Group is not able to recover all or some of the deferred tax assets recognised in the accounts, the relevant adjustment will be taken to the Consolidated Income Statement.

Employee benefits

Part of the Group employees participates in post-employment benefit plans (such as the Staff Severance Pay (TFR), as well as supplementary pension funds specified in paragraph 15.2 "Employee benefits"). The calculation of costs and liabilities associated with such schemes is based on estimates made by actuaries, which utilise a combination of statistical and actuarial factors, including statistical data related to past years and future cost forecasts. Additionally, mortality and withdrawal rates, assumptions related to the future trend in discount rates, salary increase rates, rates of inflation, as well as the analysis of the trend in healthcare costs, are all regarded as components of the estimate. Usually, at the time of the periodic remeasurement of the balance of the aforementioned liabilities, some differences occur, which also arise from changes in the actuarial assumptions used, from the difference between the actuarial assumptions previously adopted and those actually realised, and from the different return on the plan assets compared to that considered in the calculation of net interest. The impacts of these remeasurements are recognised in the consolidated statement of comprehensive income for defined benefit plans and in the consolidated income statement for defined contribution plans.

Litigation

The Group is involved in several disputes concerning administrative, civil, tax and labour-related issues. The nature of such litigation makes it objectively impossible to predict the final outcome of the disputes. Consequently, provisions have been set aside to cover all significant liabilities that could arise in those

cases where the legal counsels (both those within and outside the Group) believe that there is the possibility of an unfavourable outcome and it is possible to make a reasonable estimate of the costs arising from such possibility.

Decommissioning and site restoration

The Group has recognised some liabilities related to the requirements of decommissioning of property, plant and equipment and of restoration of certain areas under operating leases at the end of the period of their use. The estimate of future decommissioning and restoration costs is a complex process that requires evaluation and judgement in assessing liabilities that will be incurred after many years, often not properly defined by laws, regulations or contract clauses. The criticality of the estimates of decommissioning and restoration costs results from (i) the recognition of such costs the current value of which is initially recognised as an increase in the cost of the asset to which they refer, with a corresponding entry in the provision for risks; and (ii) the complexity and subjectivity of the measurement process to be carried out upon initial recognition and to be updated at least annually in order to determine the discount rate to be used.

Fair value measurement of financial instruments

The fair value of listed financial instruments is determined by observing the prices that can be recorded directly on the market, whereas, for unlisted financial instruments, it is determined by adopting specific valuation techniques that use as many observable inputs as possible. In the event that this proves to be impossible, inputs are estimated by the management taking account of the characteristics of the instruments being measured. Any changes in the assumptions used in estimating input data could affect the fair value recognised in the accounts for such instruments.

6) Newly issued IFRSs **Accounting standards endorsed by the European Union but not yet applicable**

- The European Commission's Regulation no. 2015/29 of 17 December 2014 endorsed an amendment to IAS 19 "Defined Benefit Plans: Employee Contributions". The amendment is effective for periods beginning on or after 1 February 2015 (the 2016 financial year for the Rai Group).

In certain countries, pension plans require the employees or third parties to contribute to the pension scheme and these contributions reduce the cost incurred by the employer. The objective of the amendment is to simplify the accounting for contributions from employees (or third-parties) that are independent of the number of years of service, which may be recognised as a reduction of service costs in the period in which the related service is rendered, rather than being attributed to the entire "period of service". The accounting treatment of voluntary contributions is not changed from the current version of IAS 19 (they are recognised as a reduction of service costs when they are actually paid).

- The European Commission's Regulation no. 2015/28 of 17 December 2014 endorsed the document on the "Annual Improvements to IFRSs 2010-2012 Cycle", containing technical and editorial amendments to some international accounting standards. The amendments specified in the aforementioned document are effective for periods beginning on or after 1 February 2015 (the 2016 financial year for the Rai Group). The amendments reported in the 2010-2012 cycle of improvements are outlined below:
 - IFRS 2 "Share-based Payments": the definition of "vesting conditions" has been clarified and the definitions of "service conditions" and "performance conditions" have been introduced;
 - IFRS 3 "Business Combinations": this standard has been amended so as to clarify that the obligation to pay a contingent consideration falls within the definition of financial instrument and it must be classified as either a financial liability or an equity instrument, on the basis of the definitions provided for in IAS 32. Moreover, it is clarified that the obligations to pay a contingent consideration, other than those falling within the definition of equity instrument, are measured at fair value on each reporting date, with changes being presented in profit or loss;
 - IFRS 8 "Operating Segments": the amendment requires the disclosure of the factors used to aggregate operating segments, describing the segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated segments share similar economic characteristics;
 - IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": both standards have been amended in order to clarify the accounting treatment of the historical cost and of accumulated depreciation or amortisation of a fixed asset when an entity applies the revalued cost model;
 - IAS 24 "Related Party Disclosures": the amendment establishes the information to be provided when a third-party entity supplies key management personnel services to the reporting entity.
- The European Commission's Regulation no. 2015/2173 of 24 November 2015 endorsed amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations", requiring an entity to adopt the principles provided for in IFRS 3 to recognise the accounting impact resulting from the acquisition of an interest in a joint operation that constitutes a business. The amendment to IFRS 11 applies to the acquisition of both an initial interest and additional interests. However, a previously held interest is not remeasured at fair value on the acquisition of an additional interest, while retaining joint control (i.e. the additional acquisition does not entail the control over the investee).

The amendment to IFRS 11 is effective for periods beginning on or after 1 January 2016.

- The European Commission's Regulation no. 2015/2231 of 2 December 2015 endorsed amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation". The amendment made to both standards establishes that a revenue-based method should not be used to calculate the charge for depreciation or amortisation of an asset. According to the IASB, the revenues generated by an asset generally reflect factors other than the consumption of the economic benefits embodied in the asset.

The amendments to IAS 16 and IAS 38 are effective for periods beginning on or after 1 January 2016.

- The European Commission's Regulation no. 2015/2343 of 15 December 2015 endorsed the document on "Annual Improvements to IFRSs 2012-2014 Cycle", containing technical and editorial amendments to the international accounting standards. The main amendments are outlined below:
 - IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations": the amendment clarifies that when a non-current asset (or disposal group) is reclassified from "held for sale" to "held for distribution", or vice-versa, this reclassification is not considered as a change to a plan of sale or

distribution. Moreover, it is clarified that the principles of IFRS 5 regarding the changes to a plan of sale apply to an asset (or disposal group) that ceases to be classified as held for distribution but that is not reclassified as "held for sale";

- IFRS 7, "Servicing contracts": if an entity transfers a financial asset to a third party and the conditions set out under IAS 39 for the derecognition of the asset are met, the amendment to IFRS 7 includes a description of the term "continuing involvement" and adds guidance to assist the company's management in determining whether the terms and conditions of a servicing contract involving the transferred asset constitute continuing involvement;
- IFRS 7, "Interim Financial Statements" clarifies that the information required by the previous amendment to IFRS 7 "Disclosure – Offsetting Financial Assets and Financial Liabilities" should not be provided in interim financial statements, except where expressly required by IAS 34;
- IAS 19 "Employee Benefits": this standard requires that the discount rate used to discount post-employment benefit obligations must be determined by reference to market yields on high quality corporate bonds and, in countries where there is no deep market in such bonds, the market yields on government bonds shall be used. The amendment introduced with the improvements cycle 2010-2014 establishes that the assessment of whether there is a "deep market" in high quality corporate bonds, the market should be considered at the currency level and not at a country level;
- IAS 34 "Interim Financial Reporting" lists the information that must be provided in the interim financial report, except when it is disclosed elsewhere in the interim financial report. The amendment clarifies the meaning of "disclosure of information elsewhere in the interim financial report" and explains that reference should be made to other documents that must be available to the users together with the interim financial report (such as for example the report on operations).

The amendments to the standards are effective for periods beginning on or after 1 January 2016.

- The European Commission's Regulation no. 2015/2406 of 18 December 2015 endorsed the amendments to IAS 1, contained in the document on "Disclosure Initiative" and essentially relating to certain clarifications on the method of presentation of relevant disclosures in the financial statements. The amendment to IAS 1 are effective for periods beginning on or after 1 January 2016.
- The European Commission's Regulation no. 2015/2441 of 18 December 2015 endorsed the amendment to IAS 27 "Equity Method in Separate Financial Statements", which introduces the possibility of using the equity method to measure investments in subsidiaries, joint ventures and associates in the separate financial statements.

The amendment to IAS 27 must be applied retroactively for periods beginning on or after 1 January 2016, with early adoption permitted.

At present, the Group is analysing the standards specified above and assessing whether their adoption will have a significant impact on its consolidated financial statements.

Accounting standards not yet endorsed by the European Union

- On 14 January 2016 the IASB issued IFRS 16 "Leases". IFRS 16 defines the new method of accounting for leases.

IFRS 16 is effective for periods beginning on or after 1 January 2019.

- On 19 January 2016 the IASB issued amendments to IAS 12 "Income Taxes". The amendment clarifies how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective from 1 January 2017.
- On 29 January 2016 the IASB issued amendments to IAS 7 "Statement of Cash Flows". The amendment requires the financial statements to provide disclosures concerning changes in financial liabilities for the purpose of responding to the investors' request for information that helps them better understand changes in an entity's debt. These amendments are effective from 1 January 2017.
- On 30 January 2014 the IASB issued IFRS 14 "Regulatory Deferral Accounts". IFRS 14 permits an entity that is a first-time adopter of IFRSs to continue to account for "regulatory deferral account balances" in accordance with its previous GAAPs.

IFRS 14 is effective for periods beginning on or after 1 January 2016.

- On 28 May 2014 the IASB issued IFRS 15 “Revenue from Contracts with Customers” (hereinafter IFRS 15), which regulates the recognition of revenues from contracts with customers. Specifically, under IFRS 15, an entity will recognise revenues according to a five-step model framework:
 1. identify the contract with a customer;
 2. identify the performance obligations (i.e. the contractual obligations to transfer assets and/or services to a customer);
 3. determine the transaction price;
 4. allocate the transaction price to the performance obligations identified based on the stand-alone sale price of each asset or service; and
 5. recognise revenues when the relevant performance obligation is satisfied.

Additionally, IFRS 15 identifies the financial statement disclosures to be provided with reference to the nature, amount, timing and uncertainty of revenue and cash flows.

The provisions of IFRS 15 are effective for periods beginning on or after 1 January 2018.

- On 24 July 2014 the IASB completed the project to revise the accounting standard on financial instruments by issuing the final version of IFRS 9 “Financial Instruments” (hereinafter IFRS 9). Specifically, the new provisions of IFRS 9: (i) change the method of classification and measurement of financial assets; (ii) introduce a new expected-loss impairment model for financial assets; and (iii) amend the provisions on hedge accounting.

The provisions of IFRS 9 are effective for periods beginning on or after 1 January 2018.

- On 11 September 2014 the IASB issued amendments to IFRS 10 and to IAS 28 “Sale or Contributions of Assets Between an Investor and its Associate or Joint Venture” (hereinafter referred to as amendments to IFRS 10 and IAS 28). The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. According to IFRS 10, in the case of loss of control over an investee, an investor must recognise the difference between the fair value of the consideration received and the book value of the derecognised assets and liabilities through profit or loss; whereas, in accordance with IAS 28, the effect of the transactions between an investor and its associate or joint venture, is recognised in the financial statements of the entity only to the extent of the non-controlling interests’ share held in the associate or joint venture. The amendment made to the two standards provides that, in case of sale or contribution of a business to an associate or joint venture, the investor should apply the principles set out under IFRS 10 and recognise the entire capital gain or loss arising from the loss of control in its financial statements. The amendment does not apply when the assets sold or contributed to an associate or joint venture do not constitute a business according to IFRS 3. In this latter case, the profit or loss will be recognised according to IAS 28.

The amendments to IFRS 10 and IFRS 28 are effective for periods beginning on or after 1 January 2016.

At present, the Group is analysing the standards specified above and assessing whether their adoption will have a significant impact on its consolidated financial statements.

7) Operating segment reporting

Under IFRS 8 "Operating Segments", the "Operating Segment" is a component of an entity: (i) that engage in business activities from which it may earn revenues and incur expenses; (ii) whose operating results are reviewed regularly by the entity's chief operating decision maker, which for the Group coincides with the Board of Directors of the Parent Company, to make decisions about resources to be allocated and assess its performance; and (iii) for which discrete financial information is available. The Group has identified only one operating segment and the management reports, which are prepared and made available periodically to the Board of Directors of the Parent Company for the purposes referred to above, consider the business conducted by the Group as a whole; consequently, the Consolidated Financial Statements do not provide any disclosure by operating segment. The information concerning the services performed by the Group, the geographical area, which for the Group corresponds almost entirely to the territory of the Italian Republic and in which it carries out its activities, as well as the main recipients thereof, is provided in the relevant notes to these Consolidated Financial Statements, to which reference should be made.

8) Financial Risk Management

The financial risks to which the Group is exposed are managed according to the approach and procedures set out in a specific policy that is issued by the Parent Company and that is also applied to its subsidiaries, except for Rai Way SpA (hereinafter "Rai Way"), which, following its listing, adopted a specific policy that is however similar to that of Rai. These documents describe procedures, limits and tools for the monitoring and mitigation of financial risks, with a view to preserving the value of the Group and, thus, of the entities that form part of the same.

The main risks identified by the Group are:

- market risks arising from the exposure to fluctuations in interest and exchange rates associated with the financial assets and liabilities that are held/generated and assumed, respectively;
- credit risks arising from the possibility that one or more counterparties may be insolvent;
- liquidity risks arising from the Group's inability to obtain the financial resources required to meet short-term financial commitments.

8.1 Market risk

The market risk is the possibility that any changes in interest and exchange rates could adversely affect the value of assets, liabilities or of estimated cash flows.

Interest rate risk

The interest rate risk is generated by the possible increase in net financial costs due to unfavourable changes in market rates on the floating rate financial positions. In order to limit this risk, the Group's policy requires that medium/long-term variable rate loans should be converted into fixed rate loans for at least 50% through the use of derivative products, such as Interest Rate Swaps.

During the 2015 financial year, Rai proceeded, through a bond issue, with the early repayment of a syndicated loan for an aggregate of Euro 295 million and also closed the related hedging transactions (Interest Rate Swaps for a nominal amount of Euro 137 million). As at 31 December 2015, the medium/long-term debt of the Parent Company was entirely at fixed rate; therefore, the effects of the changes in interest rates only affect the short-term positions, with variable maturity and sign during the year. The amortising loan of Rai Way for Euro 120 million is still exposed to interest rate risks.

Sensitivity analysis

The table below shows the sensitivity analysis conducted on unhedged financial positions as at 31 December 2015 and 31 December 2014, assuming a parallel shift of +50 bps and -10 bps in the interest rate curve (the asymmetry of the test is due to the minimum level already reached by interest rates). Specifically, it should be noted that as at 31 December 2015 an increase in the curve determined higher revenues on cash and cash equivalents, capable of offsetting the increased interest expense on the variable rate portion of debt.

(in millions of Euros)	Change in interest rates	Change in economic result before tax effect
31 December 2015	+50 bp.	0.1
	-10 bp.	0.0
31 December 2014	+50 bp.	(0.6)
	-10 bp.	0.1

Exchange risk

The exchange risk to which the Group is exposed mainly concerns the exposure to US Dollars resulting from the acquisition of sports rights on the part of Rai and of film and television rights on the part of Rai Cinema SpA (hereinafter "Rai Cinema"). During 2015 such commitments generated payments of approximately USD 182 million (USD 162 million in 2014). Additional currencies of exposure, with split payments and in a modest aggregate amount, are the Swiss Franc and the British Pound, in an overall amount of Euro 6 million.

Exchange risks are managed as from the date when the Group enters into the commercial transaction, which often has a multi-year term and is aimed at preserving the Euro countervalue of the commitments, as estimated at the time of the orders or of the budget. The policy regulates the risk management according to international best practices, with a view to minimising the risk, through the active monitoring of the exposure and the implementation of hedging strategies on the part of Rai, also on behalf of its subsidiaries (except for Ray VWay, provided with independent policy and management). The powers related to the implementation of hedging activities are assigned on a hierarchical and gradual basis, with a minimum percentage of intervention of 50% of the currency contract amount.

The hedging strategies are implemented by means of derivative financial instruments - such as forward purchases and options - and are never intended for financial speculation purposes. For this purpose effectiveness tests are conducted, through specific systems, on an ex-ante and ex-post basis, which allow, as detailed in note 16.2 "Current financial liabilities", the identification of the effective and ineffective portions of the hedge.

The table below reports the breakdown of assets and liabilities expressed in a currency other than the Euro:

(in millions of Euros)	31 December 2015		31 December 2014	
	USD	Other foreign currencies	USD	Other foreign currencies
Trade receivables	2.3	0.6	3.0	0.5
Trade payables	(34.1)	(1.3)	(28.0)	(1.7)
Cash and cash equivalents	0.7	0.1	5.6	0.1
Other non-current assets	-	0.1	-	0.1
Other current payables and liabilities	(0.1)	(0.3)	(0.1)	(0.2)

Sensitivity analysis

In light of the foregoing, the exposure to the exchange risk is significant only for the EUR/USD exchange rate. Therefore, a sensitivity analysis was conducted as at 31 December 2015 and 31 December 2014, on unhedged credit and debt positions, on derivatives used to hedge commitments against already executed contracts and on funds available in foreign currencies. A symmetric change of 10% in the exchange rate from the rate prevailing on the reporting date was simulated, all other conditions being equal. This assessment shows the impact on the Income Statement of cash and cash equivalents expressed in a foreign currency and of un-hedged receivables/payables, as well as the effect of the derivative used to hedge the cash flows on future commitments, with confirmation of the prospective effectiveness, which is recognised entirely under the specific Consolidated Equity reserve.

The effects are stated in the table below. Specifically, it shows that a depreciation of the Euro as at 31 December 2015 would determine negative economic effects on the amount of unhedged positions, on one hand, and, on the other, an increase in the Cash Flow Hedge Reserve as a consequence of the higher value of the hedges. On the contrary, an appreciation of the Euro would entail lower economic costs and a decrease in the Cash Flow Hedge Reserve as a result of the lower value of the hedges.

(in millions of Euros)	EUR/USD exchange rate	Change in exchange rate	Recalculated EUR/USD exchange rate	Change through P&L (before tax)	Change in the Cash Flow Hedge Reserve
31 December 2015	1.0887	-10%	0.9798	(0.4)	3.8
		+10%	1.1976	0.4	(3.7)
31 December 2014	1.2141	-10%	1.0927	0.0	7.7
		+10%	1.3355	0.0	(7.4)

8.2 Credit risk

The theoretical exposure to the credit risk for the Group mainly refers to the book value of financial assets and trade receivables recognised in the accounts.

As regards the counterparty risk, formal procedures are adopted for the assessment of business partners and for establishing appropriate credit limits, in order to manage trade receivables. This analysis is conducted periodically on the basis of the situation of overdue items and may lead to placing the insolvent parties in default. The lists of the overdue items being analysed are ordered by amount and customer, updated as at the date of the analysis and show the situations that require greater attention.

The individual companies' corporate functions responsible for debt collection take reminder actions, on an amicable basis, against the counterparties that owe amounts related to overdue items. If such activities do not lead to the collection of the amounts due, the functions take, after formally placing the debtors in default and in consultation with the respective legal affairs departments, any appropriate action aimed at collecting debts (notice of demand, injunctive order, etc.). Accruals to the provision for bad debts are made specifically as regards credit positions that present particular elements of risk. As regards credit positions that do not have these characteristics, assessments are carried out, by customer segment, in relation to any possible provision to be set aside based on the average uncollectability estimated according to statistical indicators.

Below is the breakdown of receivables by maturity:

(in millions of Euros)	31 December 2015	31 December 2014
Invoices to be issued	115.1	167.3
amounts falling due	213.3	209.7
0-90 days overdue	68.3	65.6
91-180 days overdue	5.7	12.8
more than 180 days overdue	84.0	69.0
Invoices issued	371.3	357.1
Total trade receivables	486.4	524.4

The credit risk on uses of liquidity is limited since the corporate policy provides, during periods of cash surpluses, for the use of low risk financial instruments with highly rated counterparties. Only time or demand deposits held with bank counterparties with an Investment Grade rating were used during the 2015 and 2014 financial years.

8.3 Liquidity risk

Under a cash pooling agreement, the financial management of the Group, except for Rai Way only, is entrusted to Rai through a system that provides for the daily transfer of the affiliates' bank balances to the current accounts of the Parent Company, which grants the intercompany credit facilities required to conduct the business of the companies. As from the date of its listing, Rai Way is provided with its own treasury and financial resources, made up of an amortising loan of Euro 120 million and a stand-by facility of Euro 50 million, which had not yet been used as at 31 December 2015, both expiring in 2019.

The Group's financial structure was further strengthened in May 2015 by launching a 5-year bond issue of Euro 350 million (for more details, reference should be made to note 15.1 "Non-current financial liabilities and current portions of non-current financial liabilities"), which allowed the early repayment of shorter term loans and the fulfilment of the requirements set out for the development of publishing products and investments.

The net financial position was characterised by significant volatility during the year, as a consequence of the payment by the Ministry of Economy and Finance of the users' licence fees in four quarterly instalments. For the purpose of creating considerable cash margins, Rai has revolving bank facilities in place for an aggregate of Euro 170 million and uncommitted lines of approximately Euro 400 million, plus a with-recourse factoring facility out of advertising receivables held by Rai Pubblicità for about Euro 50 million.

The cash position is monitored on an ongoing basis through a financial forecasting model that makes it possible to identify, well in advance, any possible financial problem so that the appropriate measures can be taken.

The tables below report the breakdown of financial liabilities by maturity as at 31 December 2015 and as at 31 December 2014. The balances shown are the non-discounted contractual balances, except for exchange rate derivatives. As regards forward derivative contracts and currency options, the flows represented show their respective fair value, since it reflects the effect on the cash flows during the specific period. As regards IRS contracts outstanding as at 31 December 2014, the flows represent the interest spread during the various periods. Maturity ranges are determined based on the period between the reporting date and the maturity of obligations.

(in millions of Euros)	31 December 2015				31 December 2014			
	< 1year	1 - 5 years	> 5 years	Total	< 1year	1 - 5 years	> 5 years	Total
Trade payables and other liabilities:								
Trade payables	666.4	-	-	666.4	654.7	-	-	654.7
Other payables and liabilities	347.7	6.3	-	354.0	330.4	11.9	-	342.3
Medium/long-term financial liabilities:								
Medium-long term loans	37.5	134.7	5.3	177.5	109.8	329.3	15.7	454.8
Bonds	5.3	371.0	-	376.3	-	-	-	-
Short-term financial liabilities:								
Payables to Banks	1.0	-	-	1.0	11.0	-	-	11.0
Factors and other lenders	4.4	-	-	4.4	2.7	-	-	2.7
Payables to associated companies	0.1	-	-	0.1	0.3	-	-	0.3
Derivative financial instruments:								
Exchange derivatives	(8.4)	-	-	(8.4)	(4.7)	(3.6)	-	(8.3)
Interest rate derivatives	-	-	-	-	1.5	0.5	-	2.0

9) Capital risk management

The Group's capital management objectives are focused on the protection of the ability to continue to ensure an optimal financial soundness. The objective of the Group is to maintain an adequate level of capitalisation that would allow the achievement of an economic return and the access to external funding sources. The Group monitors the changes in the debt/equity ratio on an ongoing basis. Specifically, the ratio of net worth to total liabilities including equity is shown in the table below:

(in millions of Euros)	31 December 2015	31 December 2014
Equity	492.8	499.8
Total liabilities and equity	2,890.6	2,857.7
Ratio	17.0%	17.5%

In order to achieve the aforementioned objectives, the Group pursues the continuous improvement of its operational and financial efficiency. The Group's net financial position for the periods being analysed is reported in Note 22.2 "Consolidated Net Financial Position".

10) Fair value measurement

The table below reports the amounts at fair value of the financial instruments classified based on a hierarchy of levels that reflects the significance of the inputs used in fair value measurement (IFRS 13 "Fair Value Measurement").

- Level 1: Quoted price (active market): inputs used in the measurement are quoted prices in active markets where assets or liabilities identical to those being measured are traded;
- Level 2: Inputs are inputs observable in the market (such as, for derivatives, the exchange rates quoted by the Bank of Italy, market rate curves, volatility provided by Reuters, credit spreads calculated based on credit default swaps, etc.) other than quoted prices included within level 1;
- Level 3: Inputs are unobservable inputs in the market (internal assumptions, for instance, cash flows, risk adjusted spreads, etc.).

Financial instruments at fair value accounted for in the Consolidated Financial Statements are comprised of hedging financial derivatives, measured through a financial model that uses the most common and accepted market formulas (net present value for currency forwards and application of the Black&Scholes model for options), in addition to the following inputs provided by Reuters: ECB spot exchange rates, EURIBOR and IRS rate curves, volatility and credit spreads of the various banks and, for Rai, of the bonds issued by the Italian Government. The fair value of derivative instruments represents the net position between asset values and liability values. For more information on derivative assets and liabilities reference should be made to notes 13.3 "Current financial assets" and 16.2 "Current financial liabilities".

(in millions of Euros)	31 December 2015		
	Level 1	Level 2	Level 3
Exchange rate derivatives	-	8.4	-

(in millions of Euros)	31 December 2014		
	Level 1	Level 2	Level 3
Exchange rate derivatives	-	8.3	-
Interest rate derivatives	-	(2.0)	-

Notes to the consolidated financial statements

11) Reconciliation of classes of financial assets and liabilities and types of financial assets and liabilities

To complete the information on financial risks, the tables below provide a reconciliation of classes of financial assets and liabilities and types of financial assets and liabilities identified based on the requirements set out in IFRS 7.

31 December 2015 (in millions of Euros)	Loans and receivables	Available- for-sale financial assets	Financial assets and liabilities at FVTPL	Hedging financial instruments	Total financial assets and liabilities	Notes (*)
Assets						
Trade receivables	436.7	-	-	-	436.7	13.2
Current financial assets	5.5	-	5.8	2.7	14.0	13.3
Cash and cash equivalents	146.1	-	-	-	146.1	13.6
Non-current financial assets	0.2	-	-	-	0.2	12.5
Total financial assets	588.5	-	5.8	2.7	597.0	
Liabilities						
Trade payables	666.4	-	-	-	666.4	16.1
Current financial liabilities	40.8	-	-	-	40.8	16.2
Non-current financial liabilities	481.7	-	-	-	481.7	15.1
Total financial liabilities	1,188.9	-	-	-	1,188.9	

(*) The numbers below indicate the paragraphs of the notes in which the above assets and liabilities are detailed.

31 December 2014 (in millions of Euros)	Loans and receivables	Available- for-sale financial assets	Financial assets and liabilities at FVTPL	Hedging financial instruments	Total financial assets and liabilities	Notes (*)
Assets						
Trade receivables	472.7	-	-	-	472.7	13.2
Current financial assets	0.6	-	3.4	1.3	5.3	13.3
Cash and cash equivalents	128.3	-	-	-	128.3	13.6
Non-current financial assets	2.7	-	2.1	1.5	6.3	12.5
Total financial assets	604.3	-	5.5	2.8	612.6	
Liabilities						
Trade payables	654.7	-	-	-	654.7	16.1
Current financial liabilities	112.6	-	-	1.2	113.8	16.2
Non-current financial liabilities	327.3	-	-	0.8	328.1	15.1
Total financial liabilities	1,094.6	-	-	2.0	1,096.6	

(*) The numbers below indicate the paragraphs of the notes in which the above assets and liabilities are detailed.

12) Non-current assets

12.1 Property, plant and equipment

Property, plant and equipment, equal to Euro 1,115.5 million (Euro 1,137.1 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Cost	943.3	1,944.4	97.9	116.7	65.2	3,167.5
Accumulated depreciation	(190.8)	(1,620.3)	(89.6)	(94.2)	-	(1,994.9)
Balance as at 1 January 2014	752.5	324.1	8.3	22.5	65.2	1,172.6
Increases and capitalisation	5.5	49.8	1.6	4.5	22.5	83.9
Disposals	-	(0.5)	-	(0.1)	(0.2)	(0.8)
Reclassifications	2.7	42.6	0.2	1.2	(46.7)	-
Depreciation	(17.9)	(91.8)	(2.9)	(6.0)	-	(118.6)
Balance as at 31 December 2014	742.8	324.2	7.2	22.1	40.8	1,137.1
Cost	966.5	2,012.9	90.0	118.2	40.8	3,228.4
Write-downs	-	(2.1)	-	-	-	(2.1)
Accumulated depreciation	(223.7)	(1,686.6)	(82.8)	(96.1)	-	(2,089.2)
Balance as at 1 January 2015	742.8	324.2	7.2	22.1	40.8	1,137.1
Increases and capitalisation	4.0	48.0	2.8	4.6	32.9	92.3
Disposals	(0.1)	(0.2)	-	-	(0.1)	(0.4)
Reclassifications	3.1	19.7	1.1	1.5	(25.4)	-
Depreciation	(17.6)	(87.6)	(2.7)	(5.6)	-	(113.5)
Balance as at 31 December 2015	732.2	304.1	8.4	22.6	48.2	1,115.5
Cost	957.0	2,056.9	92.2	119.1	48.2	3,273.4
Write-downs	-	(1.3)	-	-	-	(1.3)
Accumulated depreciation	(224.8)	(1,751.5)	(83.8)	(96.5)	-	(2,156.6)

Investments, equal to Euro 92.3 million, fell within the scope of the projects for the technological upgrading and development implemented by the Group.

Write-downs related to plant and machinery and were aimed at adjusting the value of the asset in case of technological obsolescence.

The amount of the existing contractual commitments for the acquisition of property, plant and equipment is stated in note 18.2 "Commitments".

Notes to the consolidated financial statements

12.2 Investment property

Investment property amounted to Euro 5.2 million (Euro 5.5 million as at 31 December 2014) and related to certain properties, owned by Rai Pubblicità and leased to third parties, for which a periodic rental fee was received, totalling Euro 1.9 million in the year ended 31 December 2015 and Euro 2.0 million for the year ended 31 December 2014. Investment property are broken down as follows:

(in millions of Euros)	Investment property
Cost	12.9
Accumulated depreciation	(7.0)
Balance as at 1 January 2014	5.9
Depreciation	(0.4)
Balance as at 31 December 2014	5.5
Cost	12.9
Accumulated depreciation	(7.4)
Balance as at 1 January 2015	5.5
Depreciation	(0.3)
Balance as at 31 December 2015	5.2
Cost	12.9
Accumulated depreciation	(7.7)

No investments and disposals were made during 2015; the change for the period only reflects depreciation allowances.

Based on the latest estimate, the market value of Investment Property as at 31 December 2015 amounted to Euro 46.1 million.

12.3 Intangible assets

Intangible assets, equal to Euro 900.5 million (Euro 834.5 million as at 31 December 2014) are broken down as follows:

(in millions of Euros)	Programmes	Software	Digital terrestrial	Trademarks	Accessory charges on loans	Other rights	Assets under development and payments on account	Total
Cost	1,186.5	12.5	40.5	0.2	-	0.5	293.5	1,533.7
Write-downs	(34.0)	-	-	-	-	-	(13.9)	(47.9)
Amortisation	(610.0)	(5.7)	(32.7)	(0.1)	-	(0.2)	-	(648.7)
Balance as at 1 January 2014	542.5	6.8	7.8	0.1	-	0.3	279.6	837.1
Increases and capitalisation	280.6	6.3	-	-	0.3	-	135.1	422.3
Disposals	-	(0.2)	-	-	-	-	(0.8)	(1.0)
Reclassifications	147.3	0.4	-	-	(0.3)	0.4	(148.2)	(0.4)
Write-downs	(22.8)	-	-	-	-	-	(7.7)	(30.5)
Amortisation	(382.9)	(6.4)	(3.3)	(0.1)	-	(0.3)	-	(393.0)
Balance as at 31 December 2014	564.7	6.9	4.5	-	-	0.4	258.0	834.5
Cost	1,200.3	14.1	40.5	0.1	-	1.0	276.5	1,532.5
Write-downs	(31.5)	-	-	-	-	-	(18.5)	(50.0)
Amortisation	(604.1)	(7.2)	(36.0)	(0.1)	-	(0.6)	-	(648.0)
Balance as at 1 January 2015	564.7	6.9	4.5	-	-	0.4	258.0	834.5
Increases and capitalisation	324.7	4.3	-	-	-	-	154.7	483.7
Disposals	-	(0.1)	-	-	-	-	(0.4)	(0.5)
Reclassifications	123.8	1.6	-	-	-	-	(125.4)	-
Write-downs	(25.3)	-	-	-	-	-	(11.0)	(36.3)
Amortisation	(371.5)	(5.7)	(3.4)	-	-	(0.3)	-	(380.9)
Balance as at 31 December 2015	616.4	7.0	1.1	-	-	0.1	275.9	900.5
Cost	1,665.0	20.1	40.5	0.1	-	1.0	299.7	2,026.4
Write-downs	(33.6)	-	-	-	-	-	(23.8)	(57.4)
Amortisation	(1,015.0)	(13.1)	(39.4)	(0.1)	-	(0.9)	-	(1,068.5)

Investments, equal to Euro 483.7 million, mainly related to television drama and comedy programmes for Euro 333.8 million and films for Euro 118.2 million.

The amount of assets under development and payments on account related to programmes for Euro 265.3 million, software for Euro 5.9 million and other rights for Euro 4.7 million.

Write-downs recognised during the year amounted to Euro 36.3 million and were made in order to adjust the assets at their recoverable value.

The amount of the existing contractual commitments for the acquisition of intangible assets is stated in note 18.2 "Commitments".

12.4 Equity Investments

Investments measured according to the equity method and other interests, equal to Euro 9.8 million (Euro 8.4 million as at 31 December 2014) and Euro 0.7 million (Euro 0.8 million as at 31 December 2014), respectively, are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Joint ventures	5.3	4.8
Associates	4.5	3.6
Total equity-accounted investments	9.8	8.4
Other equity investments	0.7	0.8
Total equity investments	10.5	9.2

Below is the breakdown of changes in equity-accounted investments:

(in millions of Euros)	31 December 2014	Adjustment from valuation at equity	Decrease for dividends	31 December 2015
Joint ventures:				
San Marino RTV	2.1	-	-	2.1
Tivù	2.7	0.9	(0.5)	3.1
Associates:				
Auditel	0.7	-	-	0.7
Euronews	2.9	1.0	-	3.9
Total equity-accounted investments	8.4	1.9	(0.5)	9.8

(in millions of Euros)	1 January 2014	Adjustment from valuation at equity	Decrease for dividends	31 December 2014
Joint venture:				
San Marino RTV	2.2	(0.1)	-	2.1
Tivù	2.5	0.6	(0.4)	2.7
Associates:				
Auditel	0.5	0.2	-	0.7
Euronews	5.0	(2.1)	-	2.9
Total equity-accounted investments	10.2	(1.4)	(0.4)	8.4

Equity investments in joint ventures relate to:

- *San Marino Rtv SpA* (50% Rai): this company, which was incorporated in 1991, is 50-50 owned by Rai and E.R.A.S. ("Ente di Radiodiffusione Sammarinese"), according to Law 99 of 9 April 1990 that ratifies the cooperation treaty between the Italian Republic and the Republic of San Marino as regards radio and television broadcasting issues, and has a share capital of Euro 0.5 million, divided into 1,000 shares with a par value of Euro 516.46 each. In 2015 the company posted a positive result of Euro 5 thousand.
- *Tivù Srl* (48.16% Rai): the quota capital, equal to Euro 1 million, is subscribed by Rai and by R.T.I. – Reti Televisive Italiane SpA – with equal quotas of 48.16%, by TI Media – Telecom Italia Media SpA – with a quota of 3.5% and by two associations – FRT and Aeranti Corallo – with a quota of 0.09% each. During the first half of 2015, a resolution was passed for the distribution of a dividend of Euro 0.9 million out of the 2014 result. The amount pertaining to Rai, equal to Euro 0.5 million, was accounted for as a reduction in the book value of the equity investment. With reference to the positive result achieved by the company in 2015, equal to Euro 1.8 million, the equity investment was adjusted for the share pertaining to Rai, equal to Euro 0.9 million. The equity investment was entered in an amount of Euro 3.1 million, which corresponds to the share of equity attributable to Rai.

Equity investments in associates relate to:

- *Audiradio Srl in liquidation* (27% Rai): the quota capital amounts to Euro 0.3 million, is divided into 258,000 quotas, with a nominal value of Euro 1 each. The gross value of the investment, equal to Euro 1.4 million, was written down in full based on the latest financial statements prepared as at 31 December 2014, which showed a negative equity of Euro 0.2 million. The portion of the equity deficit, equal to Euro 0.1 million, was allocated to a specific provision for risks and charges.
- *Auditel Srl* (33% Rai): the quota capital, equal to Euro 0.3 million, is divided into 300,000 quotas, with a nominal value of Euro 1 each. In 2015 the company posted a negative result of Euro 5 thousand.
- *Euronews - Société Anonyme* (9.66% Rai): the share capital, equal to Euro 8.6 million, is divided into 572,034 shares, with a par value of Euro 15 each. In 2015, the company carried out a capital increase subscribed by a new shareholder, with a consequent reduction in the stake held by Rai. As at 31 December 2015, the investment was adjusted for Euro 1 million in order to align it with the share of equity attributable to Rai.

Below is the breakdown of changes in other equity investments:

(in millions of Euros)	31 December 2015	31 December 2014
Almaviva	0.3	0.3
Istituto Enciclopedia Treccani	0.5	0.5
Others [1]	0.1	0.1
Gross value	0.9	0.9
Impairment provision - other equity investments	(0.2)	(0.1)
Total equity investments	0.7	0.8

[1] Banca di Credito Cooperativo di Roma S.c.p.a and International Multimedia University Umbria Srl

Equity investments in other companies relate to:

- *Almaviva – The Italian Innovation Company SpA* (0.83% Rai): the amount of the investment, equal to Euro 0.3 million, remained unchanged from the previous financial year. The share capital, equal to Euro 154.9 million, is divided into 107,567,301 ordinary shares and 47,331,761 special stocks, both with a par value of Euro 1 each.
- *Istituto Enciclopedia Treccani SpA* (0.87% Rai): the investment, which was entered at a gross value of Euro 0.5 million, was written down for Euro 0.1 million, as a result of the losses reported by the company and arising from the latest financial statements approved. The share capital is divided into 41,245,128 shares, with a par value of Euro 1 each.

- *Banca di Credito Cooperativo di Roma S.c.p.a.* (open-ended company; the share held by Rai is not significant): the investment has been entered for Euro 1 thousand, which corresponds to the amount paid on 16 January 2009 for the acquisition of 100 shares.
- *International Multimedia University Umbria Srl* (1.533% Rai): the gross value of the investment, equal to Euro 0.1 million, was written down in full in order to adjust it at the related recoverable value (at present it is not expected that the amounts paid will be recovered).

12.5 Non-current financial assets

Non-current financial assets, equal to Euro 0.2 million (Euro 6.3 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Securities	-	2.3
Financial receivables due from others	-	0.2
Derivative financial instruments	-	3.6
Other non-current financial assets	0.2	0.2
Total non-current financial assets	0.2	6.3

Non-current financial assets were stated net of a provision for write-down of Euro 0.2 million (Euro 0.4 million as at 31 December 2014).

Securities, equal to Euro 2.3 million as at 31 December 2014, were reclassified, as at 31 December 2015, under current financial assets, since their maturity was of less than 12 months (see note 13.3 - "Current financial assets"). Securities were pledged in full as security for the Service Contract and the Agreements with the Government.

Derivative assets (for the non-current portion), which were entered at fair value, amounted to zero (Euro 3.6 million as at 31 December 2014). The details of the fair value measurement of such instruments are provided in note 10 "Fair value measurement".

Below is the breakdown of current and non-current financial assets by maturity:

(in millions of Euros)	Financial year ended 31 December 2015			
	Within the following year	From 2 to 5 following years	After 5 years	Total
Financial receivables from personnel	0.1	0.2	-	0.3
Securities	2.3	-	-	2.3
Derivative instruments	8.4	-	-	8.4
Time bank deposits	3.1	-	-	3.1
Other financial assets	0.1	-	-	0.1
Total	14.0	0.2	-	14.2

(in millions of Euros)	Financial year ended 31 December 2014			
	Within the following year	From 2 to 5 following years	After 5 years	Total
Financial receivables from personnel	-	0.2	-	0.2
Securities	-	2.3	-	2.3
Derivative instruments	4.7	3.6	-	8.3
Time bank deposits	0.3	-	-	0.3
Other financial assets	0.3	0.2	-	0.5
Total	5.3	6.3	-	11.6

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The short-term portion of financial assets, equal to Euro 14.0 million, was entered under the current components of the balance sheet described in note 13.3 "Current financial assets".

The information on hedged risks and hedging policies is reported in note 8.1 "Market risk".

12.6 Deferred tax assets

(in millions of Euros)	31 December 2015	31 December 2014
Deferred tax assets	154.6	166.6
Deferred tax liabilities that can be offset	(166.7)	(188.6)
Net deferred tax assets	-	-
Deferred tax liabilities that cannot be offset	(12.1)	(22.0)

The net balance of deferred tax assets and liabilities showed a negative amount and was then recognised under liabilities in the statement of financial position. Therefore, reference should be made to note 15.4 "Deferred tax liabilities" for the related breakdown.

Income taxes are described in note 17.9 "Income taxes".

12.7 Other non-current assets

Other non-current assets, equal to Euro 20.2 million (Euro 55.1 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Advances on sports events	7.4	39.0
Advances on commercial activities	21.7	22.4
Non-current portion of trade receivables	2.0	2.6
Receivables from personnel	0.5	0.8
Collateral securities	2.6	2.3
Other non-current receivables	3.5	3.5
- Provision for other bad debts and non-current assets	(17.5)	(15.5)
Total other non-current assets	20.2	55.1

The items reported above substantially related to non-current portions of assets described in note 13.5 "Other current receivables and assets", to which reference should be made.

The provision for other bad debts and non-current assets, equal to Euro 17.5 million (Euro 15.5 million as at 31 December 2014), is broken down as follows:

(in millions of Euros)	31 December 2014	Provisions	Uses	31 December 2015
Provision for write-down of advances on commercial activities	(11.1)	(0.7)	0.3	(11.5)
Provision for write-down of advances on sports events	(4.4)	(1.7)	0.1	(6.0)
Total provision for other bad debts and non-current assets	(15.5)	(2.4)	0.4	(17.5)

(in millions of Euros)	1 January 2014	Provisions	Uses	31 December 2014
Provision for write-down of advances on commercial activities	(10.7)	(0.3)	-	(11.1)
Provision for write-down of advances on sports events	(2.6)	(1.8)	-	(4.4)
Total provision for other bad debts and non-current assets	(13.3)	(2.1)	-	(15.5)

13) Current assets

13.1 Inventories

Inventories, net of the related provision for write-down, equal to Euro 2.7 million (Euro 2.6 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Technical materials	1.0	1.0
Contract work in progress	0.2	0.2
Inventories of goods for resale	1.5	1.4
Total inventories	2.7	2.6

Inventories of technical materials, equal to Euro 1 million (unchanged from 31 December 2014) related to supplies and spare parts for the maintenance and operation of equipment, considered as consumables since their useful life generally ends over a period of no more than 12 months.

Contract work in progress, equal to Euro 0.2 million (unchanged from 31 December 2014), related to costs incurred for the development of the Isoradio network, recognised in the financial statements of subsidiary Rai Way.

Inventories of goods for resale, equal to Euro 1.5 million (Euro 1.4 million as at 31 December 2014), mainly related to inventories concerning the books and periodicals business and home video distribution.

Inventories were stated net of a provision for write-down of Euro 12.3 million (Euro 12.6 million as at 31 December 2014).

13.2 Trade receivables

Trade receivables, equal to Euro 436.7 million (Euro 472.7 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
From customers:		
from the Government and other public entities for public broadcasting services	92.4	93.2
Other receivables	393.7	430.9
Provisions for write-down of receivables from customers	(49.6)	(51.7)
From associated companies:		
San Marino RTV	0.1	0.1
Tivù	0.1	0.2
Total trade receivables	436.7	472.7

The breakdown of trade receivables by geographical area shows the predominance of the domestic market.

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Receivables from the Government and other public entities for public broadcasting services, equal to Euro 92.4 million (Euro 93.2 million as at 31 December 2014), related to:

(in millions of Euros)	31 December 2015	31 December 2014
Prime Minister's Office:		
Operating grant to be transferred to San Marino RTV	3.3	3.1
Television, radio and multimedia offering for the foreign market	6.7	6.7
Broadcasting from Trieste in Slovenian	11.4	11.4
Radio and television broadcasts in French for the Autonomous Region of Valle d'Aosta	2.1	2.1
Ministries:		
Economy and Finance: management of TV licence fees	22.5	21.7
Regions and Provinces:		
Autonomous Province of Bolzano: radio and television broadcasts in German and Ladin in the Autonomous Province of Bolzano	37.8	39.2
Autonomous Region of Valle d'Aosta: management of equipment for receiving programmes from the French-speaking area	8.6	9.0
Total	92.4	93.2

Receivables assigned for factoring transactions on a with-recourse basis, equal to Euro 51.4 million (Euro 47.6 million as at 31 December 2014), entered under "Receivables from customers – Other receivables", related to amounts receivable from the customers of Rai Pubblicità for advertising services.

Receivables from related parties are described in note 18.4 "Related Parties".

Trade receivables are stated net of a provision for bad debts of Euro 49.6 million (Euro 51.7 million as at 31 December 2014):

(in millions of Euros)	31 December 2014	Provisions	Uses	Reversals	31 December 2015
Provision for write-down of receivables from customers	(51.7)	(5.7)	5.9	1.9	(49.6)
Provision for write-down of trade receivables	(51.7)	(5.7)	5.9	1.9	(49.6)

(in millions of Euros)	1 January 2014	Provisions	Uses	Reversals	31 December 2014
Provision for write-down of receivables from customers	(56.0)	(3.4)	7.7	-	(51.7)
Provision for write-down of trade receivables	(56.0)	(3.4)	7.7	-	(51.7)

Receivables expressed in a currency other than Euro amounted to Euro 2.9 million (Euro 3.5 million as at 31 December 2014) as specified in note 8.1 "Market risk".

13.3 Current financial assets

Current financial assets, equal to Euro 14.0 million (Euro 5.3 million as at 31 December 2014), showed an increase of Euro 8.7 million. The breakdown of this item and the comparison with the previous year are detailed below:

(in millions of Euros)	31 December 2015	31 December 2014
Due from personnel	0.1	-
Advance payments of commissions on loan	-	0.2
Securities	2.3	-
Hedging derivative instruments	8.4	4.7
Time bank deposits	3.1	0.3
Other current financial assets	0.1	0.1
Total current financial assets	14.0	5.3

Securities with a maturity within 12 months, equal to Euro 2.3 million, were fully comprised of collateral securities for the Service Contract and the Agreements with the Government. As at 31 December 2014, they were classified under "Non-current financial assets", as specified in note 12.5.

Time bank deposits, equal to Euro 3.1 million (Euro 0.3 million as at 31 December 2014), related to amounts confiscated on current accounts due to some pending disputes.

Derivative financial instruments, entered at fair value, are broken down below as regards their asset component, including current and non-current portions:

(in millions of Euros)	31 December 2015	31 December 2014
Currency contracts	8.4	4.7
Total derivative financial instruments - Current portion	8.4	4.7
Currency contracts	-	3.6
Total derivative financial instruments - Non-current portion	-	3.6
Total derivative financial instruments	8.4	8.3

The fair value of derivative financial instruments was determined on the basis of valuation models used in the financial sector and market benchmarks as at the reporting date of the financial statements, as detailed in note 10 "Fair value measurement". Cash flow hedge transactions related to exchange risk hedging on agreements for the acquisition of rights to the broadcasting of sports events and television programmes denominated in USD and, as at 31 December 2014 only, the Interest Rate Swap transactions on medium/long-term loans. The recognition of the effects through profit or loss and the realisation of cash flows from highly probable future transactions being hedged are planned over a period ending in the first quarter of 2017.

During 2015 no events occurred in which, in consideration of transactions previously qualified as hedging, the realisation of the hedged item was no longer regarded as highly probable.

The fair value on derivative assets as at 31 December 2015 amounted to Euro 8.4 million (Euro 8.3 million as at 31 December 2014):

- the current portion was equal to Euro 8.4 million (Euro 4.7 million as at 31 December 2014);
- the non-current portion, recognised under "Non-current financial assets", was equal to zero (Euro 3.6 million as at 31 December 2014).

The information on hedged risks and hedging policies is reported in note 8.1 "Market risk".

13.4 Tax receivables

Tax receivables, equal to Euro 108.2 million (Euro 95.2 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Requests for VAT refund	24.3	15.3
Group VAT	62.2	53.8
Requests for IRES tax refund for deductibility of IRAP tax relating to personnel costs and similar costs	16.9	21.8
IRAP tax credit	3.7	3.5
Requests for other tax refunds	0.6	0.6
Other tax receivables	0.5	0.2
Total tax receivables	108.2	95.2

IRAP (Regional Production Activity) tax credit, equal to Euro 3.7 million (Euro 3.5 million as at 31 December 2014) related to the IRAP tax advances paid to the Tax Office.

Taxes are described in note 17.9, "Income taxes".

13.5 Other current receivables and assets

Other current receivables and assets, equal to Euro 130.8 million (Euro 105.9 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Advance for sports events	53.6	10.5
Payments on account to suppliers, collaborators, agents	17.1	29.9
Receivables from personnel	12.6	10.4
Advances on frequency usage fees	10.5	-
Receivables from entities, companies, bodies and others	10.5	10.6
Receivables from welfare and social security institutions	9.3	20.3
Receivables from subsidies and grants from the Government, the EU and other public entities	0.8	1.0
Advances on commercial activities	0.1	-
Other receivables	20.6	29.8
- Provision for other bad debts and current assets	(4.3)	(6.6)
Total other current receivables and assets	130.8	105.9

Moreover:

- Receivables from welfare and social security institutions related to advances paid against contributions due for artistic and other activities;
- Receivables from personnel mostly related to amounts receivable in relation to labour disputes, travel advances and advances for production expenses. This item included receivables resulting from the application of Law 89/2014;
- Advances on frequency usage fees related to the amount of the advance on the fee for the use of frequencies in terrestrial television bands for the year 2014, paid in compliance with the decree issued by the Ministry of Economic Development on 29 December 2014, which was challenged by Rai in 2015 in order to obtain its cancellation.

The provision for other bad debts and current assets, equal to Euro 4.3 million (Euro 6.6 million as at 31 December 2014), is broken down as follows:

(in millions of Euros)	31 December 2014	Provisions	Uses	31 December 2015
Provision for other bad debts	(6.6)	(0.3)	2.6	(4.3)
Total provision for other bad debts and current assets	(6.6)	(0.3)	2.6	(4.3)

(in millions of Euros)	1 January 2014	Provisions	Uses	31 December 2014
Provision for other bad debts	(3.8)	(3.3)	0.5	(6.6)
Total provision for other bad debts and current assets	(3.8)	(3.3)	0.5	(6.6)

Considering the short period of time elapsing between the date when the receivable arises and its maturity, it is believed that there are no significant differences between the book value of trade receivables, other receivables and current financial assets and their respective fair values.

13.6 Cash and cash equivalents

Cash and cash equivalents, equal to Euro 146.1 million (Euro 128.3 million as at 31 December 2014), are broken down into the following items:

(in millions of Euros)	31 December 2015	31 December 2014
Bank and postal deposits	145.8	128.0
Cash and cash equivalents on hand	0.3	0.3
Total cash and cash equivalents	146.1	128.3

Bank and postal deposits amounted to Euro 145.8 million (Euro 128.0 million as at 31 December 2014) and included available balances at sight or in the short term, on deposits or current accounts held with banks, financial institutions and the Post Office.

Cash and cash equivalents on hand amounted to Euro 0.3 million (unchanged from 31 December 2014) and included liquid funds in the form of cash and equivalent instruments (revenue stamps, cashier's cheques or bank-guaranteed cheques, etc.) held as at 31 December.

The table below reports the breakdown of cash and cash equivalents by currency as at 31 December 2015 and as at 31 December 2014:

(in millions of Euros)	31 December 2015	31 December 2014
Cash and cash equivalents - Euro	145.3	122.6
Cash and cash equivalents - US Dollar	0.7	5.6
Other currencies	0.1	0.1
Total cash and cash equivalents	146.1	128.3

14) Equity

Below is the breakdown of equity into the share attributable to the Group and non-controlling interests:

(in millions of Euros)	31 December 2015	31 December 2014
Share Capital	242.5	242.5
Legal reserve	11.6	9.2
IFRS FTA reserve	146.3	146.3
Reserve for translation differences	0.8	0.4
Cash flow hedge reserve	4.9	3.7
Other reserves	337.0	266.2
Total other reserves	489.0	416.6
Actuarial reserves for employee benefits	(16.1)	(44.8)
Share-based payments reserve	0.1	0.1
Profits (losses) carried forward	(251.3)	-
Profit (losses) for the year	(39.3)	(178.1)
Total profits (losses) carried forward	(306.6)	(222.8)
Total Group equity	436.5	445.5
Minority interests' capital and reserves	42.7	52.1
Minority interests' profits (losses) carried forward	13.6	2.2
Total equity of minority interests	56.3	54.3
Total equity	492.8	499.8

Non-controlling interests

The result for the year and the equity pertaining to non-controlling interests related to subsidiary Rai Way.

In November 2014, following the IPO intended for retail and institutional investors, 34.93% of the share capital of Rai Way was placed on the stock market. The stake held by Rai, as at the reporting date of the Consolidated Financial Statements, was equal to 65.07%. The partial listing of Rai Way led to an increase in the Group equity (item "Other Reserves") in an amount of Euro 220.2 million.

Share capital

As at 31 December 2015, the share capital of the Parent Company was divided into 242,518,100 ordinary shares with a par value of Euro 1 each. The fully paid-up and subscribed share capital is held by:

- the Ministry of Economy and Finance (MEF) for 241,447,000 shares, equal to 99.55835% of the share capital; and
- Società Italiana Autori Editori (S.I.A.E.) for 1,071,100 shares, equal to 0.4417% of the share capital.

Legal reserve

The legal reserve amounted to Euro 11.6 million.

Other reserves and profits (losses) carried forward

Other reserves, equal to Euro 489.0 million (Euro 416.6 million as at 31 December 2014) and losses carried forward, equal to Euro 306.6 million (Euro 222.8 million as at 31 December 2014) are broken down as in the table reported above.

15) Non-current liabilities

15.1 Non-current financial liabilities and current portions of non-current financial liabilities

Non-current financial liabilities, including current portions, were equal to Euro 516.7 million (Euro 426.6 million as at 31 December 2014), and are broken down as follows:

(in millions of Euros)	31 December 2015			31 December 2014		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	346.1	-	346.1	-	-	-
Medium/long-term payables to banks	135.2	34.9	170.1	326.8	98.4	425.2
Hedging derivative instruments	-	-	-	0.8	-	0.8
Medium/long-term payables to other lenders	0.4	0.1	0.5	0.5	0.1	0.6
Total	481.7	35.0	516.7	328.1	98.5	426.6

Financial liabilities were measured at amortised cost, using the effective interest rate method, as stated in note 4 "Accounting principles".

Non-current financial liabilities, including current portions, increased by Euro 90.1 million from 31 December 2014 and showed a consolidation in the sources of medium/long-term financing obtained through the following transactions:

- a bond issue launched by Rai in May 2015 in a nominal amount of Euro 350 million (see note 8.3 "Liquidity risk");
- the disbursement, in May 2015, of a tranche of a nominal amount of Euro 40 million to Rai Way, against the amortising loan granted by a pool of banks in October 2014;
- the repayment, following the bond issue, of a syndicated loan for Euro 295 million.

As at 31 December 2015, the main medium/long-term payables to banks were made up of:

- an amortising loan of Euro 50 million, due 2021, granted to Rai by the European Investment Bank for the development of the Digital Terrestrial infrastructure;
- an amortising loan to Rai Way in a nominal amount of Euro 120 million, finally due 2019;
- medium/long-term credit facilities granted to Rai Way by Mediocredito Centrale and Cassa Depositi e Prestiti in an aggregate amount of approximately Euro 1 million.

The EIB loan provides for compliance with the following parameters/financial ratios in relation to the annual and half-year consolidated financial statements prepared according to the Italian GAAP "OIC", issued by the Italian Accounting Board:

- Net Financial Debt (adjusted, net of receivables from the Government for licence fees)/Equity ≤ 1.5
- Net Financial Debt (adjusted, net of receivables from the Government for licence fees)/EBITDA ≤ 1.0

These ratios, which have been fully complied with in the previous measurements, are currently being renegotiated since, under the loan agreement, they must be redefined in the case of the adoption of different accounting principles.

The amortising loan held by Rai Way provides for the following parameters/financial ratios to be complied with in the company's financial statements as at 31 December and as at 30 June of each year:

- Net Financial Debt/Equity ≤ 2.75
- Net Financial Debt/EBITDA ≤ 2.75

These ratios have been complied with in full.

The bond loan issued by Rai at the end of May 2015 is listed on the Irish Stock Exchange. This bond, which was fully subscribed by international institutional investors, pays a nominal interest rate of 1.5%, due May 2020; it is fully unsecured and contains the usual covenants for issues with a similar rating. These covenants include:

- Negative Pledge, i.e. the prohibition on providing guarantees on other bond issues launched by the Issuer or of its "relevant subsidiaries", unless the same guarantee is provided to the existing bondholders;
- Cross-default, i.e. the possibility for the bondholders to ask for the default to be declared on the bond in the case of default on the debt of the Issuer or its "relevant subsidiaries" in an amount exceeding Euro 50 million;

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- Change of Control, i.e. the possibility for the bondholders to exercise a "Put" option at par if the Ministry of Economy and Finance ceases to hold the majority of the votes at the ordinary and extraordinary Shareholders' meetings of Rai.

In this regard, it should be noted that, during the first half of 2015, Rai obtained, for the purposes of the bond issue, the "Long-Term Issuer" rating of Baa3 (Investment Grade) from Moody's, which considers the solvency of Rai substantially equal to that of the Italian Government.

Below is the breakdown of financial liabilities (current and non-current) by maturity:

(in millions of Euros)		31 December 2015			
	Within the following year	From 2 to 5 following years	After 5 years	Total	
Bonds	-	(346.1)	-	(346.1)	
Short-term payables to banks	(1.0)	-	-	(1.0)	
Medium/long-term payables to banks	(34.9)	(130.1)	(5.1)	(170.1)	
Hedging derivative instruments	-	-	-	-	
Short-term payables to other lenders	(4.4)	-	-	(4.4)	
Medium/long-term payables to other lenders	(0.1)	(0.3)	(0.1)	(0.5)	
Payables to associated companies	(0.1)	-	-	(0.1)	
Other payables	(0.3)	-	-	(0.3)	
Total	(40.8)	(476.5)	(5.2)	(522.5)	

(in millions of Euros)		31 December 2014			
	Within the following year	From 2 to 5 following years	After 5 years	Total	
Bonds	-	-	-	-	
Short-term payables to banks	(11.0)	-	-	(11.0)	
Medium/long-term payables to banks	(98.4)	(311.5)	(15.3)	(425.2)	
Hedging derivative instruments	(1.2)	(0.8)	-	(2.0)	
Short-term payables to other lenders	(2.7)	-	-	(2.7)	
Medium/long-term payables to other lenders	(0.1)	(0.3)	(0.2)	(0.6)	
Payables to associated companies	(0.3)	-	-	(0.3)	
Other payables	(0.1)	-	-	(0.1)	
Total	(113.8)	(312.6)	(15.5)	(441.9)	

In light of the foregoing, the medium/long-term debt of the Parent Company is entirely at a fixed rate, whereas that of Rai Way is at a floating rate; the weighted average interest rate, including additional charges, is equal to 2.0% (3.2% in the year ended 31 December 2014). It is worth noting that, at the end of May 2015, the bond issue replaced the previous more expensive medium/long-term loans, thus determining a further reduction in the average borrowing rate as from the second half of 2015.

Additionally, Rai has revolving bank facilities available for an aggregate of Euro 170 million (expiring in the third quarter of 2016) and uncommitted facilities of approximately Euro 400 million. Moreover, Rai Way has a stand-by facility available for Euro 50 million, expiring in September 2019, as well as a factoring facility of Euro 50 million out of the advertising receivables held by Rai Pubblicità.

The fair value of non-current financial liabilities (other than derivative financial instruments), is stated below and has been measured according to the following criteria:

- the bond issued by Rai in May 2015 shows a fair value that corresponds to a market price of 100.08, including accrued interest;

- the fair value of the medium/long-term syndicated loan and of the EIB loan (including their short-term portion) has been calculated by discounting the capital and interest flows at the implied rates of the Euro curve as at the reporting date and the credit spread of Rai, obtained based on the bonds issued by the Italian Government.

(in millions of Euros)	Financial year ended 31 December 2015		Financial year ended 31 December 2014	
	Book value	Fair value	Book value	Fair value
Rai - Bond Issue	345.6	350.3	-	-
Rai - Syndicated loan	-	-	295.0	311.9
Rai - EIB loan	50.0	51.7	50.0	50.8

As regards the Rai VWay facilities, it is estimated that their book value approximates their fair value.

The fair value of non-current derivative liabilities, equal to Euro 0.8 million as at 31 December 2014, related to the Interest Rate Swap transactions that were closed in advance during the first half of 2015 following the repayment of the related underlying loan. The details of the fair value measurement of the derivative instruments are stated in note 10 "Fair value measurement"; the quantification of the changes in market value recognised in consolidated profit or loss and in the consolidated equity reserve is stated in note 16.2 "Current financial liabilities".

15.2 Employee benefits

Employee benefits, equal to Euro 568.8 million (Euro 617.0 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Provision for staff severance pay	289.7	310.1
Supplementary pension fund	147.5	171.4
Provision for indemnity in lieu of notice for journalists	113.7	117.5
Healthcare fund for Rai executives (FASDIR)	15.0	15.1
Seniority bonuses	2.1	2.1
Other employee benefits	0.8	0.8
Total	568.8	617.0

The provision for staff severance pay (TFR), which is regulated by Article 2120 of the Italian Civil Code, included the estimate of the obligation, determined based on actuarial techniques, related to the amount to be paid to the employees upon termination of their employment relationship. The retirement allowance is calculated based on the remuneration paid for the services rendered, as revalued until the termination of the relationship. As a result of the legislative amendments introduced as from 1 January 2007, the staff severance pay is now transferred, depending on the choice made by each employee, to pensions funds or to the treasury fund held with INPS (National Social Security Institute). This entails that the staff severance pay liability accrued prior to 1 January 2007 continues to represent a defined benefit plan to be measured according to actuarial techniques, whereas a portion of the accruing staff severance pay is classified as a defined contribution plan since the company's obligation is discharged at the same time as the payment of the contributions to the pension fund or to INPS.

The supplementary pension fund included the estimated costs to be borne by the Group for the delivery of supplementary pension benefits acknowledged for some employees who opted for supplementary pension funds upon termination of their employment relationship, as provided for in the previous trade union agreements. Specifically, former middle managers, office and manual workers, and their relatives, are entitled to supplementary benefits additional to the pensions paid under the Compulsory General Insurance scheme of ENPALS (formerly the National Welfare and Social Security Institution for show business workers), whereas the former executives and their relatives are entitled to supplementary benefits additional to the pensions paid under the Compulsory General Insurance scheme of INPS. These supplementary pension benefits are, in turn, paid directly by closed-end pension funds, which are

responsible for the management of supplementary pension schemes of the Rai staff since 1989: C.RAI.P.I (*Cassa di Previdenza Integrativa dei dipendenti Rai*, hereinafter "Craipi") for former middle managers, office and manual workers, and F.I.P.D.RAI (*Fondo Integrativo Previdenza dei Dirigenti Rai*, hereinafter "Fipdrai") for former executives. In short, the main features that characterise these supplementary pension funds are the following: (i) supplementary pension benefits may be paid to the survivors according to the rates set out for the beneficiaries in the provisions of law currently in force as regards compulsory insurance; (ii) supplementary pension benefits will be subject to such variations as may be required, as a result of changes in the family situation of the pensioner, to be made to the amount of pension benefits paid to the same under the Compulsory General Insurance scheme; (iii) the amounts paid for the purposes of supplementary pension funds shall not be subject to curtailments as a result of increases in the amount of pension benefits paid under the Compulsory General Insurance scheme; (iv) the amount payable to the beneficiaries will be subject to revaluation agreed with the Trade Unions. During the process of quantification of the pension fund, account was also taken of the assets of F.I.P.D.RAI, arising from the fund's investment in the amounts disbursed to it by the Group companies upon termination of the employment relationship of their employees, amounting to Euro 4.8 million (Euro 5.9 million as at 31 December 2014).

The provision for compensation in lieu of notice for journalists included the estimated amount that shall be paid to the journalists employed by the Group as provided for in the CNLG agreement (Labour Agreement for Journalists). According to said agreement, the journalists are entitled to the allocation in their name of an amount paid on the occasion of: (i) dismissal for justified reasons; (ii) dismissal upon reaching the retirement age; (iii) death of the journalist. On the contrary, no termination benefits are payable in the case of resignation or dismissal for cause. The aforementioned provision, which includes any related social security contributions, is equal to seven monthly salaries based on the salary of the month prior to the termination of employment, also for the journalists resident abroad, increased by one monthly salary for journalists holding the position of head of service or senior editor, by two monthly salaries for those holding the position of deputy editor, by three monthly salaries for those holding the position of editor in chief, correspondent from Rome or head of Rome Correspondence Office, and by six monthly salaries for those who hold the position of director, co-director and deputy director. The compensation payable is increased by one monthly salary for all journalists who, at the moment of the termination of their employment, have a minimum length of service of twenty years.

The Healthcare Fund for Rai executives (hereinafter "FASDIR") was set up in 1980 and ensures supplementary healthcare benefits to all the Group Executives in service, retired executives and survivors of executives, beneficiaries and members of the FASDIR (hereinafter the "Members"), as well as to their relatives. The FASDIR is funded through the payment of the annual membership fees of the Members and the payment of the shares of contributions pertaining to the company (annual contribution per capita for each Serving Executive and annual lump-sum supplementary contribution for retired Executives). Historically, through the annual lump-sum supplementary contribution paid by Rai to the FASDIR for retired executives, the fund managed to cover the deficit arising in each year. In a situation where Rai has no legal obligation, but only a constructive obligation to cover any possible future deficit of the funds and the Parent Company has no access to all information, known to the fund, required to assess through actuarial techniques the liability that represents the potential commitment to FASDIR, it was deemed appropriate to make an estimate based on the amount of average annual contributions paid by the Group during the last 5 years, multiplied by the average residual life of the retired executives as at the valuation date, which was equal to 12 years as at 31 December 2015.

Seniority bonuses, provided for at Rai Pubblicità, are benefits paid following a given period of continuous employment in the company and are paid in cash. These bonuses fall within the category of long-term benefit plans.

Provisions for employee benefits measured by applying actuarial techniques are broken down as follows:

(in millions of Euros)	31 December 2015				
	Provision for staff severance pay	Pension funds	FASDIR	Compensation in lieu of notice - journalists	Other benefits
Present value of the obligation at the beginning of the year	310.1	171.4	15.1	117.5	2.9
Current cost of defined-benefit plans	-	-	-	7.2	0.2
Current cost of defined-contribution plans	43.9	-	1.1	-	-
Interest expense	2.4	1.5	0.1	1.2	-
Revaluations:					
- Actuarial gains/losses from changes in demographic assumptions	2.9	0.9	-	(0.4)	-
- Actuarial gains/losses from changes in financial assumptions	(10.5)	(8.8)	-	(6.0)	-
- Effect of the past experience	(0.6)	(6.0)	-	(0.4)	-
- Actuarial gains/losses from returns on plan assets	-	(0.1)	-	-	-
Past service cost and Gains/losses from settlement	-	-	(1.3)	(2.1)	-
Benefits paid	(11.5)	(11.4)	-	(3.3)	(0.2)
Transfers to external funds for defined-contribution plans	(43.9)	-	-	-	-
Other changes	(3.1)	-	-	-	-
Present value of the obligation at the end of the year	289.7	147.5	15.0	113.7	2.9

(in millions of Euros)	31 December 2014				
	Provision for staff severance pay	Pension funds	FASDIR	Compensation in lieu of notice - journalists	Other benefits
Present value of the obligation at the beginning of the year	293.7	158.0	15.1	81.8	3.2
Current cost of defined-benefit plans	-	-	-	7.4	(0.1)
Current cost of defined-contribution plans	43.3	-	-	-	-
Interest expense	6.5	3.7	0.1	2.0	-
Revaluations:					
- Actuarial gains/losses from changes in demographic assumptions	-	-	-	-	-
- Actuarial gains/losses from changes in financial assumptions	26.8	24.8	-	9.0	-
- Effect of the past experience	(6.8)	(3.5)	-	(4.4)	(0.1)
- Actuarial gains/losses from returns on plan assets	-	(0.5)	-	-	-
Past service cost and Gains/losses from settlement	-	-	(0.1)	27.4	-
Benefits paid	(12.1)	(11.1)	-	(5.7)	(0.1)
Transfers to external funds for defined-contribution plans	(43.3)	-	-	-	-
Other changes	2.0	-	-	-	-
Present value of the obligation at the end of the year	310.1	171.4	15.1	117.5	2.9

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Costs of employee benefits, determined by using actuarial assumptions, recognised in consolidated profit or loss are broken down as follows:

(in millions of Euros)	31 December 2015				
	Provision for staff severance pay	Pension funds	FASDIR	Compensation in lieu of notice - journalists	Other benefits
Current cost of defined-benefit plans	-	-	-	7.2	0.2
Current cost of defined-contribution plans	43.9	-	1.1	-	-
Past service cost and Gains/losses from settlement	-	-	(1.3)	(2.1)	-
Net interest expense (income):					
- Interest expense	2.4	1.5	0.1	1.2	-
Total	46.3	1.5	(0.1)	6.3	0.2

(in millions of Euros)	31 December 2014				
	Provision for staff severance pay	Pension funds	FASDIR	Compensation in lieu of notice - journalists	Other benefits
Current cost of defined-benefit plans	-	-	-	7.4	(0.1)
Current cost of defined-contribution plans	43.3	-	-	-	-
Past service cost and Gains/losses from settlement	-	-	(0.1)	27.4	-
Net interest expense (income):					
- Interest expense	6.5	3.7	0.1	2.0	-
Total	49.8	3.7	-	36.8	(0.1)

Costs of defined-benefit plans recognised under other components of the consolidated statement of comprehensive income are broken down as follows:

(in millions of Euros)	31 December 2015				
	Provision for staff severance pay	Pension funds	FASDIR	Compensation in lieu of notice - journalists	Other benefits
Revaluations:					
- Actuarial gains/losses from changes in demographic assumptions	2.9	0.9	-	(0.4)	-
- Actuarial gains/losses from changes in financial assumptions	(10.5)	(8.8)	-	(6.0)	-
- Effect of past experience	(0.6)	(6.0)	-	(0.4)	-
- Actuarial gains (losses) from returns on plan assets	-	-	-	-	-
Total	(8.2)	(13.9)	-	(6.8)	-

(in millions of Euros)	31 December 2014				
	Provision for staff severance pay	Pension funds	FASDIR	Compensation in lieu of notice - journalists	Other benefits
Revaluations:					
- Actuarial gains/losses from changes in demographic assumptions	-	-	-	-	-
- Actuarial gains/losses from changes in financial assumptions	26.8	24.8	-	9.0	-
- Effect of past experience	(6.8)	(3.5)	-	(4.4)	(0.1)
- Actuarial gains (losses) from returns on plan assets	-	(0.5)	-	-	-
Total	20.0	20.8	-	4.6	(0.1)

The assets serving the Fipdrai pension fund are broken down as follows:

(in millions of Euros)	Financial year ended 31 December 2015		Financial year ended 31 December 2014	
	With prices quoted in active markets	With prices not quoted in active markets	With prices quoted in active markets	With prices not quoted in active markets
Cash and cash equivalents	-	1.3	-	0.7
Debt instruments	-	(0.3)	-	(0.3)
Securities issued by the Government or international organisations	3.7	-	5.0	-
Other listed securities	0.1	-	0.5	-
Total plan assets	3.8	1.0	5.5	0.4

The main actuarial assumptions adopted are outlined below:

	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Financial assumptions		
Discount rates	from 1.21% to 1.81%	from 0.77% to 1.12%
Rate of inflation	1.50%	1.50%
Expected rate of pay increase (*)	from 1.21% to 3%	from 1.21% to 3%
Demographic assumptions		
Maximum retirement age	According to law	According to law
Life tables	SI 2013 Amended	SI 2010 Amended
Average annual percentage of staff exits	from 3.31% to 7.16%	from 3.10% to 7.29%
Annual probability of requests for early retirement	from 1.00% to 1.50%	1.50%

(*) Inflation included

The discount rate adopted was determined taking account of the returns on high quality corporate bonds, specifying the class of rating, or other references (such as government bonds in the absence of high quality corporate bonds). The demographic tables adopted are SI 2013, broken down by gender and appropriately amended according to a specific study on the mortality concerning the Group community. The annual percentage of shift to the higher category (by age and seniority) was set to zero.

For the purposes of the definition of actuarial assumptions and, specifically, of the discount rate, taking account of the definition of Investment grade securities, only securities of corporate issuers with a rating of "AA" were considered.

The effects resulting from a reasonably possible change in the discount rate at the end of the financial years ended 31 December 2015 and 31 December 2014 are outlined below:

(in millions of Euros)	Financial year ended 31 December 2015				
	Sensitivity	Provision for staff severance pay	Pension funds	FASDIR	Compensation in lieu of notice - journalists
Discount rate	+0.50%	279.1	119.6	-	109.8
	-0.50%	300.9	130.3	-	117.8

(in millions of Euros)	Financial year ended 31 December 2014				
	Sensitivity	Provision for staff severance pay	Pension funds	FASDIR	Compensation in lieu of notice - journalists
Discount rate	+0.50%	298.6	168.7	-	113.3
	-0.50%	322.4	186.8	-	121.9

Notes to the consolidated financial statements

The profile of maturity of the obligations for employee benefit plans is outlined below:

(in millions of Euros)	GROUP			CRAIPI	FIPDRAI
Expected payments	Compensation in lieu of notice - journalists	Provision for staff severance pay	Pension funds	Pension funds	Pension funds
Expected payments as at 31.12.2016	7.0	21.7	10.4	0.7	1.2
Expected payments as at 31.12.2017	9.0	21.8	10.0	0.7	1.2
Expected payments as at 31.12.2018	8.9	25.0	9.6	0.7	1.1
Expected payments as at 31.12.2019	9.2	23.6	9.2	0.7	1.1
Expected payments as at 31.12.2020	8.2	27.0	8.8	0.7	1.1
Expected payments from 1.01.2021 to 31.12.2025	41.9	98.7	37.5	3.2	4.9

15.3 Non-current provisions for risks and charges

Non-current provisions for risks and charges, equal to Euro 194.9 million (Euro 206.5 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2014	Provisions	Uses	Reversals	Other movements	31 December 2015
Provision for legal disputes					-	77.6
Provision for 2014 - 2015 concession fee	25.3	10.5	-	-	-	35.8
Provision for reclamation and renovation of properties	16.3	-	(1.2)	-	-	15.1
Provision for decommissioning and restoration	10.9	1.2	-	-	-	12.1
Provision for costs of accrued commissions	6.5	6.5	(0.2)	(0.5)	-	12.3
Provision for litigation with social security institutions	12.0	-	(0.5)	(1.5)	-	10.0
Provision for tax litigation	3.1	-	-	-	(0.5)	2.6
Provision for ISC ICM Agents	2.5	0.3	-	(0.3)	-	2.5
Provision for return of license fees	1.1	1.2	(1.1)	-	-	1.2
Provision for disputes on leases	1.3	-	-	-	-	1.3
Provision for risks from default interest	0.7	-	-	-	-	0.7
Provision for corporate restructuring charges for early retirement incentives	0.2	-	(0.1)	(0.1)	-	-
Provision for write-down of equity investments exceeding the book value	0.1	-	-	-	-	0.1
Other provisions	21.9	6.9	(1.6)	(4.1)	0.5	23.6
Total provision for risks and charges	206.5	41.1	(33.2)	(19.5)	-	194.9

(in millions of Euros)	1 January 2014	Provisions	Uses	Reversals	Other movements	31 December 2014
Provision for legal disputes	114.1	14.0	(18.5)	(5.0)	-	104.6
Provision for 2014 - 2015 concession fee	-	25.3	-	-	-	25.3
Provision for reclamation and renovation of properties	17.2	-	(0.9)	-	-	16.3
Provision for decommissioning and restoration	10.7	0.1	-	-	0.1	10.9
Provision for costs of accrued commissions	3.1	6.5	(0.9)	(2.2)	-	6.5
Provision for litigation with social security institutions	12.0	-	-	-	-	12.0
Provision for tax litigation	2.9	0.2	-	-	-	3.1
Provision for ISC ICM Agents	2.6	0.3	(0.2)	(0.2)	-	2.5
Provision for return of license fees	0.5	1.1	(0.5)	-	-	1.1
Provision for disputes on leases	1.2	0.1	-	-	-	1.3
Provision for risks from default interest	0.7	-	-	-	-	0.7
Provision for corporate restructuring charges for early retirement incentives	1.7	-	(0.2)	-	(1.3)	0.2
Provision for write-down of equity investments exceeding the book value	0.1	-	-	-	-	0.1
Other provisions	29.2	5.9	(3.3)	(9.2)	(0.7)	21.9
Total provision for risks and charges	196.0	53.5	(24.5)	(16.6)	(1.9)	206.5

The provision for legal disputes, equal to Euro 77.6 million, included the prudential and prognostic estimate of the charges arising from pending legal proceedings, in which the Group is involved for various reasons. More specifically, they related (amounts including legal fees) to civil, administrative and criminal proceedings for Euro 41.5 million and to labour-related disputes for Euro 36.1 million.

The provision for contribution for the usage of frequencies (formerly concession fee), equal to Euro 35.8 million, included the amount of the costs that, pending a regulation that specifies the amount thereof, it is expected will be incurred.

The provision for reclamation and renovation of properties, equal to Euro 15.1 million, included the estimated costs that the Group expects to incur mainly with reference to the removal of materials containing asbestos from within two of the properties owned. The constructive obligation to carry out the reclamation and subsequent renovation of the aforementioned properties results from the Group's intention expressed on more than one occasion to the company's bargaining units.

The provision for decommissioning and restoration, equal to Euro 12.1 million, included the estimated costs for the decommissioning of, removal of installations from and changes made to, and the restoration of, the areas and/or premises operated by the Group under operating leases, these being agreements that place an obligation on the lessee to restore the leased areas and/or premises at the end of the lease term (i.e. when the area and/or premises are handed over absent any renewal of the lease).

The provision for costs of accrued commissions, equal to Euro 12.3 million, mainly related to the charges allocated for the renewal of employment contracts expired.

The provision for litigation with social security institutions, equal to Euro 10.0 million, included the estimated costs resulting from jurisdictional proceedings pending with a number of social security institutions. The significant reduction that was recorded during the period, recognised in consolidated profit or loss, reflects the positive outcome of a significant dispute with INPGI (National Social Security Institute for Italian Journalists).

The provision for tax disputes, equal to Euro 2.6 million, included the costs estimated for contingent liabilities arising from potential negative outcomes of pending disputes.

The provision for agent's supplementary clientele indemnity (*Indennità suppletiva di clientela* or ISC) and the provision for agent's merit clientele indemnity (*Indennità di clientela meritocratica* or ICM), equal to Euro 2.5 million, included the amounts to be paid to the agents upon termination of their agency contracts due to a cause not ascribable to the agent, determined also based on estimates that also take account of historical data, and with reference to the growth of the customer portfolio or the increase in business volumes with the customers already included in such portfolio.

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15.4 Deferred tax liabilities

Deferred tax liabilities, equal to Euro 12.1 million, are stated net of deferred tax assets that can be offset, equal to Euro 166.7 million. The net balance as at 31 December 2014 showed deferred tax liabilities of Euro 22.0 million.

The nature of the temporary differences that determined deferred tax liabilities and offset deferred tax assets is as follows:

(in millions of Euros)	31 December 2014	Changes			31 December 2015
		Income Statement	Other Comprehensive Income (expense)	Balance Sheet	
Statutory-tax differences on property, plant and equipment	(183.9)	21.7	-	-	(162.2)
Exchange and interest rate derivatives	(2.3)	-	-	-	(2.3)
Other equity investments	(1.9)	0.2	-	-	(1.7)
Deferred tax liabilities on consolidation adjustments	(0.1)	-	-	-	(0.1)
Other	(0.4)	-	-	-	(0.4)
Deferred tax liabilities	(188.6)	21.9	-	-	(166.7)
Negative taxable income	145.0	29.8	-	(32.6)	142.2
Write-down of programmes	7.8	-	-	(4.2)	3.6
Statutory-tax difference on programmes	4.5	(0.1)	-	(3.4)	1.0
Employee benefits	0.8	0.4	(0.2)	-	1.0
Estimated new accruals	5.1	(1.7)	-	1.1	4.5
Deferred tax assets from consolidation adjustments	2.1	(0.3)	-	-	1.8
Other	1.3	(0.6)	-	(0.2)	0.5
Deferred tax assets that can be offset	166.6	27.5	(0.2)	(39.3)	154.6
Net deferred tax liabilities	(22.0)	49.4	(0.2)	(39.3)	(12.1)

(in millions of Euros)	1 January 2014	Changes			31 December 2014
		Income Statement	Other Comprehensive Income (expense)	Balance Sheet	
Statutory-tax differences on property, plant and equipment	(185.8)	1.9	-	-	(183.9)
Exchange and interest rate derivatives	-	0.1	(2.4)	-	(2.3)
Other equity investments	(2.3)	0.4	-	-	(1.9)
Deferred tax liabilities on consolidation adjustments	-	(0.1)	-	-	(0.1)
Other	(0.5)	0.7	-	(0.6)	(0.4)
Deferred tax liabilities	(188.6)	3.0	(2.4)	(0.6)	(188.6)
Negative taxable income	101.9	65.3	-	(22.2)	145.0
Write-down of programmes	8.2	2.1	-	(2.5)	7.8
Statutory-tax difference on programmes	4.7	1.8	-	(2.0)	4.5
Employee benefits	0.2	0.1	0.5	-	0.8
Estimated new accruals	8.5	(3.1)	-	(0.3)	5.1
Deferred tax assets from consolidation adjustments	2.3	(0.2)	-	-	2.1
Other	0.7	(0.6)	-	1.2	1.3
Deferred tax assets that can be offset	126.5	65.4	0.5	(25.8)	166.6
Net deferred tax liabilities	(62.1)	68.4	(1.9)	(26.4)	(22.0)

The calculation of deferred tax assets took account of the reasonable certainty of their future recovery.

The changes related to other comprehensive income (expense) essentially concerned deferred tax assets and liabilities recognised in equity and mainly related to the tax effect on the restatement of defined-benefit plans and of cash flow hedge instruments recognised based on hedge accounting.

Deferred tax assets on tax losses carried forward amounted to Euro 142.2 million, and are likely to be used with reference to the possibility of them being offset, with the reversal of deferred tax liabilities to consolidated profit or loss.

15.5 Other non-current payables and liabilities

Other non-current payables and liabilities, which entirely reflect items expressed in Euros, were equal to Euro 6.3 million (Euro 11.9 million as at 31 December 2014) and related, for Euro 6.2 million (Euro 11,8 million as at 31 December 2014) to deferred income for the non-current portion of the grants disbursed by the Ministry for Communications in support of the initiatives for the switchover to Digital Terrestrial broadcasting. For additional information on such grants, reference should be made to note 16.1 "Trade payables and other current payables and liabilities".

Payables to related parties are described in note 18.4 "Related Parties".

16) Current liabilities

16.1 Trade payables and other current payables and liabilities

Trade payables and other current payables and liabilities, equal to Euro 1,014.1 million (Euro 985.1 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Trade payables to lenders	662.4	651.0
Trade payables to associated companies	4.0	3.7
Total trade payables	666.4	654.7
Payables to social security institutions	76.1	80.4
Other payables to personnel	184.6	185.8
Payables due to assessment items for the period	10.9	11.9
Advances	59.6	37.2
Deferred income:		
- Grant for switchover to Digital Terrestrial broadcasting	5.6	6.0
- Other deferrals	1.6	2.8
Other payables	9.3	6.3
Total other current payables and liabilities	347.7	330.4
Total trade payables and other current payables and liabilities	1,014.1	985.1

Trade payables, equal to Euro 666.4 million, showed an increase of Euro 11.7 million compared to 31 December 2014.

The increase in Other current payables and liabilities was Euro 17.3 million compared to 31 December 2014.

Payables to personnel, equal to Euro 184.6 million (Euro 185.8 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Untaken holidays	82.5	90.0
Untaken days off	52.1	53.6
Assessed remuneration	43.7	39.0
Early retirement incentives	4.1	1.4
Others	2.2	1.8
Total payables to personnel	184.6	185.8

The item "Deferred income/Grant for switchover to Digital Terrestrial broadcasting" included the current portion of Euro 5.6 million of the grants disbursed to the Parent Company by the former Ministry for Communications from 2007 to 2011 in support of activities performed to accelerate the switchover to digital terrestrial broadcasting. Such activities included operations on plant and systems and adaptation of site infrastructures to extend the areas covered by digital signal and improve reception and the quality of service provided to users. The task of making this type of investments is entrusted to subsidiary Rai Way, which is also responsible for the design, installation, construction, maintenance, implementation, development and operation of the telecommunications networks. The grant is recognised in profit or loss in each year in relation to the depreciation allowance that would have been recognised had the investment been made by Rai, taking account of the ratio of the amount of grants received to investments made for the implementation of the related projects.

Payables to social security institutions, equal to Euro 76.1 million (Euro 80.4 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Payables to ENPALS	19.8	19.8
Payables to INPGI	15.2	18.2
Payables to INPS	8.1	8.5
Payables to CASAGIT	1.5	1.5
Contributions on assessed remuneration	8.2	8.1
Other payables	23.3	24.3
Payables to social security institutions	76.1	80.4

Advances, equal to Euro 59.6 million (Euro 37.2 million as at 31 December 2014), mainly reflected ordinary TV licence fees of Euro 52.5 million.

The amount of payables expressed in currencies other than the Euro is shown in note 8.1 "Market risk".

Payables to related parties are described in note 18.4 "Related Parties".

16.2 Current financial liabilities

Current financial liabilities, equal to Euro 40.8 million (Euro 113.8 million as at 31 December 2014) are stated in the table below:

(in millions of Euros)	31 December 2015	31 December 2014
Medium/long-term payables to banks (current portion)	34.9	98.4
Medium/long-term payables to other lenders (current portion)	0.1	0.1
Short-term payables to banks	1.0	11.0
Payables to other lenders - under current financial liabilities	4.4	2.7
Hedging derivative instruments	-	1.2
Payables to associated companies - under current financial liabilities	0.1	0.3
Other current financial payables and liabilities	0.3	0.1
Total current financial liabilities	40.8	113.8

The decrease of Euro 73.0 million arose from a reduction in medium/long-term payables to banks, essentially due to the early repayment of the current portion of the syndicated loan mentioned in note 15.1 "Non-current financial liabilities".

Current portions of non-current financial liabilities are already reported and commented in note 15.1 "Non-current financial liabilities".

Short-term payables to banks, equal to Euro 1.0 million (Euro 11.0 million as at 31 December 2014), were due to the negative balance of the current account held with some credit institutions.

Payables to other lenders – under current financial liabilities, related to advances received from the factoring company on receivables assigned by Rai Pubblicità on a with-recourse basis.

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The fair value of derivative liabilities, both current and non-current, is specified below:

(in millions of Euros)	31 December 2015	31 December 2014
Currency contracts	-	-
Interest rate contracts	-	1.2
Total derivative financial instrument - Current portion	-	1.2
Currency contracts	-	-
Interest rate contracts	-	0.8
Total derivative financial instrument - Non-current portion	-	0.8
Total derivative financial instruments	-	2.0

Cash flow hedge transactions related to the activities to hedge exchange rate risks on contracts for the acquisition of rights to the broadcasting of sports events and TV rights relating to series and films, denominated in USD and, as at 31 December 2014 only, the Interest Rate Swap transactions on medium/long-term loans.

The negative fair value of derivatives hedging interest rates was equal to zero as at 31 December 2015 (Euro 2.0 million as at 31 December 2014) due to the early closure of the Interest Rate Swap transactions (IRS) during the first half of 2015 following the repayment of the relevant underlying loan.

The current portion as at 31 December 2014, equal to Euro 1.2 million, was deferred to equity, for the component of Euro 0.4 million regarded as effective, under the cash flow hedge reserve, whereas the non-effective component of Euro 0.8 million was accounted for in consolidated profit or loss under financial income and expenses.

The non-current portion, already stated in note 15.1 "Non-current financial liabilities" for Euro 0.8 million, was fully deferred to equity under the cash flow hedge reserve.

The information related to hedged risks and hedging policies is reported in note 8.1 "Market risk".

16.3 Tax payables

Tax payables, equal to Euro 78.5 million (Euro 72.9 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
IRES tax payables from national tax consolidation	38.0	32.5
IRAP tax payables	0.3	1.2
Total payables for direct taxes	38.3	33.7
VAT payables	2.7	3.8
Total payables for indirect taxes	2.7	3.8
Withholding taxes on income from subordinate and self-employment	36.8	34.9
Other withholdings and substitute taxes	0.7	0.4
Others	-	0.1
Total payables for withholdings applied as withholding agent	37.5	35.4
Total tax payables	78.5	72.9

As regards IRES tax payables to the Tax Office, equal to Euro 38.0 million (Euro 32.5 million as at 31 December 2014), the Group companies opted for Group taxation, appointing the Parent Company, as the consolidating entity, to fulfil any formalities related to the settlement and payment of IRES tax for the companies included in the tax consolidation. The procedure for consolidating the Group's taxable income is regulated by a specific agreement between the Parent Company and its subsidiaries, as described in note 18.4 "Related Parties".

Income taxes are analysed in note 17.9 "Income Taxes".

17) Income Statement

17.2 Revenues from sales and services

The main items that make up the "Revenues from sales and services" are broken down as follows.

(in millions of Euros)	31 December 2015	31 December 2014
Licence fees	1,637.5	1,588.1
Advertising	658.8	673.4
Other revenues	178.5	195.1
Total	2,474.8	2,456.6

The breakdown of revenues by geographical area shows the predominance of the domestic market.

Licence fees revenues

Licence fees revenues, equal to Euro 1,637.5 million (Euro 1,588.1 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Fees for the period - ordinary subscribers	1,537.4	1,492.5
Fees for the period - special subscribers	75.6	76.1
Fees recovered through enforcement procedures	25.9	22.0
Reimbursement of fees	(1.4)	(2.5)
Total	1,637.5	1,588.1

As regards licence fees revenues (for the definition of which reference should be made to note 3 "Accounting principles"), it should be noted that the "separate accounting" mechanism, which is used, as required by the consolidated broadcasting law, to determine the annual per-unit licence fee and thereby ensure alignment between licence fee revenues and the independently audited costs sustained by Rai in carrying out its Public Service remit, has shown an under provision of licence fee revenues amounting to over Euro 2.6 billion for the period from 2005 to 2014.

Law 89 of 23 June 2014 (Article 21, paragraph 4) provided, for year 2014, for a reduction of Euro 150 million in the sums to be paid to the Public radio and television Service broadcaster to cover for the cost of supplying the service. Subsequently, Law 190 of 23 December 2014 (Article 1, paragraph 293) provided that, for the year 2015, the amount of the licence fee could not exceed that set for the year 2014. The same rule also established that, starting from year 2015, the amounts to be paid to Rai to cover for the cost of supplying the Public Service shall be reduced by 5.0%.

Advertising revenues

Advertising revenues, equal to Euro 658.8 million in 2015 (Euro 673.4 million in 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
TV advertising on general interest channels:		
- commercials	432.1	456.1
- promotions, sponsorships and special events	113.4	106.6
- product placement	4.5	4.3
On specialist channels	68.2	66.8
Radio advertising	27.8	26.6
Cinema advertising	5.6	5.6
Web advertising	7.1	8.1
Other advertising	1.8	0.8
Minority interests	(1.2)	(1.4)
Contingent assets	(0.5)	(0.1)
Total	658.8	673.4

Advertising revenues for the year showed a decrease of Euro 14.6 million compared to 2014, when they had benefited from the broadcasting of the Football World Cup matches.

Revenues from sales and services - Other revenues

Other revenues from sales and services, equal to Euro 178.5 million in 2015 (Euro 195.1 million in 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Special services under agreement	50.3	51.0
Transfer of rights to use archive materials to football clubs	-	28.4
Sale of rights and musical publications	72.8	55.8
Film and home video distribution	37.1	41.2
Systems and equipment hosting fees	32.7	32.9
Sundry services, mainly for public entities	7.7	7.3
Signal broadcasting, circuit hire, radio link and connections	5.7	6.0
Agreements with telephone operators	2.7	2.6
Revenues from sales	0.7	0.6
Other	6.9	4.1
Non-controlling interests	(41.6)	(36.8)
Contingent assets	3.5	2.0
Total revenues from sales and services - other revenues	178.5	195.1

17.2 Other earnings and proceeds

Other earnings and proceeds, equal to Euro 18.3 million in 2015 (Euro 32.6 million in 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Income from investment property and rentals	2.1	2.2
Income from production of programmes	1.6	1.5
Operating grants	8.0	12.4
Capital gains on disposals	0.5	-
Income from IPO Rai Way	-	8.1
Contingent assets	0.4	0.6
Other	5.7	7.8
Total	18.3	32.6

17.3 Costs for purchases of consumables, for services and other costs

Costs for purchases of consumables, for services and other costs, equal to Euro 989.1 million in aggregate (Euro 1,072.1 million as at 31 December 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Purchases of consumables	16.4	18.9
Self-employment services	132.1	124.1
Services for acquisition and production of programmes	195.6	190.6
Daily allowances, travel expenses and transfer of personnel	38.6	39.1
Maintenance, repairs, transport and similar costs	44.7	46.3
Documentation and information services	46.5	45.7
Other external services (telephone systems, supply services, cleaning, post, insurance, etc.)	157.7	168.1
Leases and rentals (mainly Rai for production and Rai Way)	88.6	87.7
Filming rights	146.2	218.9
Rights of use	106.5	103.1
Contingent liabilities	(14.5)	(2.4)
Recoveries and reimbursement of expenses	(17.8)	(15.8)
Costs for services	924.2	1,005.4
Other costs	48.5	47.8
Total	989.1	1,072.1

Costs for services, the breakdown of which is stated in the table above, totalled Euro 924.2 million (Euro 1,005.4 million as at 31 December 2014), net of discounts and allowances obtained. They also included fees, position allowances and reimbursements of expenses paid by the Parent Company to the Directors for Euro 0.8 million and to the Statutory Auditors for Euro 0.2 million. It should also be noted that at the same time two Statutory Auditors of the Parent Company performed similar duties in other subsidiaries against insignificant remuneration.

Pursuant to Article 2427, no. 16-bis, of the Italian Civil Code, the fees for the financial year ended 31 December 2015 paid for auditing services and services other than auditing services rendered by the same Independent Auditors amounted to Euro 0.3 million and Euro 0.1 million, respectively.

Other costs, equal to Euro 48.5 million (Euro 47.8 million as at 31 December 2014), mainly related to prizes and winnings on radio and television contests, indirect taxes and other duties, contributions for the Supervisory Authorities.

Notes to the consolidated financial statements

17.4 Personnel costs

Personnel costs, equal to Euro 976.5 million (Euro 1,001.1 million in 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Wages and salaries	715.5	714.1
Social security contributions	204.5	231.6
Accrual to provision for Staff Severance Pay	43.9	43.3
Pension and similar costs	14.0	13.7
Corporate restructuring charges	8.1	5.3
Contingent liabilities	(5.7)	(3.7)
Recovery of expenses	(0.8)	(0.8)
Capitalised personnel costs	(22.0)	(18.1)
Other	19.0	15.7
Total	976.5	1,001.1

This item includes charges for defined-contribution plans for Euro 45.0 million and charges for defined-benefits plans for Euro 4.0 million, net of past service.

Charges for defined-benefit plans are analysed in note 15.2 "Employee benefits".

The Group applies five Collective Labour Agreements, i.e. the Collective Labour agreement for middle managers, office and manual workers employed by Rai, Rai Way, Rai Cinema and Rai Com SpA (hereinafter "Rai Com"), the National Labour Agreement for Journalists and the related Supplementary Agreement between Rai and Usigrai for journalists, the Collective Labour Agreement for Orchestra Members of Rai, the National Collective Labour Agreement for Executives of Companies that produce goods and services and the related Supplementary Agreement between Rai and ADRAI (Association of Rai Executives), the National Collective Labour Agreement for the employees of Rai Pubblicità. All company agreements and the supplementary agreements expired on 31 December 2013; the National Labour Agreement for Journalists was renewed for the period from 1 April 2013 to 31 March 2016, whereas the National Agreement for Executives was renewed for the period from 1 January 2015 to 31 December 2018 and the supplementary agreement Rai - ADRAI was renewed on 23 December 2015 and will expire on 31 December 2016.

Below is the breakdown of the average number of the consolidated companies' employees by category:

	Financial year ended 31 December 2015			Financial year ended 31 December 2014		
	Personnel under permanent contracts (average number of units) (*)	Personnel under fixed-term contracts (average number of units)	Total	Personnel under permanent contracts (average number of units) (*)	Personnel under fixed-term contracts (average number of units)	Total
- Executives	319	0	319	321	0	321
- Officers/middle managers	1,318	2	1,320	1,271	1	1,272
- Journalists	1,620	222	1,842	1,588	294	1,882
- Office workers	7,694	633	8,327	7,476	729	8,205
- Manual workers	948	106	1,054	934	112	1,046
- Orchestra members and choristers	120	4	124	114	6	120
- Medical staff	9	0	9	11	0	11
Total	12,028	967	12,995	11,716	1,142	12,857

(*) of which placement contracts and apprenticeship contracts

197

84

The average number of employees is calculated as the arithmetic mean of the daily number of employees in the period under consideration. The average number of employees includes employees under permanent, fixed term, placement and apprenticeship contracts.

17.5 Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs, equal to Euro 537.5 million (Euro 549.3 million in 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Property, plant and equipment:		
Buildings	17.6	17.9
Plant and machinery	87.6	91.8
Industrial and commercial equipment	2.7	2.9
Other assets	5.6	6.0
Total depreciation of property, plant and equipment	113.5	118.6
Intangible assets:		
Programmes	371.5	382.9
Software	5.7	6.4
Digital Terrestrial frequencies	3.4	3.4
Other rights	0.3	0.3
Total amortisation of intangible assets	380.9	393.0
Investment property	0.3	0.4
Total amortisation and depreciation	494.7	512.0
Programmes under amortisation	25.3	22.8
Other intangible assets	1.4	-
Programmes under development	9.6	7.7
Trade receivables	3.8	3.4
Other current receivables and assets	0.3	1.3
Other non-current receivables and assets	2.4	2.1
Total write-downs	42.8	37.3
Total amortisation, depreciation and write-downs	537.5	549.3

17.6 Provisions

Net provisions, equal to Euro 2.2 million as at 31 December 2015, reflected accruals of Euro 17.7 million, which were offset by uses of Euro 15.5 million.

17.7 Financial income and expenses

Net financial expenses, equal to Euro 19.4 million (Euro 28.8 million in 2014), are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Financial income		
Interest receivable from banks	0.4	0.3
Estimated foreign exchange gains	1.2	0.3
Foreign exchange gains realised	0.4	3.1
Income from derivatives	1.1	2.1
Other	1.9	2.0
Total financial income	5.0	7.8
Financial expenses		
Interest payable to banks	6.9	13.7
Interest payable to other lenders	1.0	1.3
Interest payable on bond issues	3.6	0.0
Expenses from derivatives	2.8	3.5
Estimated foreign exchange losses	0.6	0.8
Foreign exchange losses realised	1.1	2.5
Interest on obligations for employee benefits	5.2	12.3
Other	3.2	2.5
Total financial expenses	24.4	36.6
Net financial expenses	19.4	28.8

17.8 Income from equity-accounted investments

Income from equity-accounted investments, which was positive for Euro 1.9 million (negative for Euro 1.4 million in 2014), is broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
Auditel	-	0.2
Euronews	1.0	(2.1)
San Marino RTV	-	(0.1)
Tivù	0.9	0.6
Total	1.9	(1.4)

The breakdown of changes in equity investments is stated in note 12.4 "Equity investments".

17.9 Income taxes

Income taxes are broken down as follows:

(in millions of Euros)	31 December 2015	31 December 2014
IRES	(38.3)	(32.7)
IRAP	(7.7)	(28.2)
Deferred tax liabilities	21.9	3.0
Deferred tax assets	27.5	65.4
Direct taxes - previous years	0.7	0.3
Total	4.1	7.8

Due to the net effect of deferred tax liabilities, income taxes for the financial year ended 31 December 2015 showed a positive effect equal to Euro 4.1 million (Euro 7.8 million in 2014).

Below is the breakdown of the difference between theoretical and effective taxation:

(in millions of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Loss before tax	(29.7)	(183.6)
IRES tax rate	27.5%	27.5%
Theoretical tax income	8.2	50.5
Taxes relating to previous years	0.7	0.3
Tax difference	2.9	(14.8)
IRAP tax	(7.7)	(28.2)
Total income taxes	4.1	7.8

18) Other Information

18.1 Guarantees

Guarantees given, equal to Euro 41.8 million (unchanged from 31 December 2014), are broken down as follows:

(in millions of Euros)	Financial year ended 31 December 2015			
	Sureties	Other unsecured guarantees	Collaterals	Total
Joint ventures and associates	2.6	-	-	2.6
Other	36.9	-	2.3	39.2
Total	39.5	-	2.3	41.8

(in millions of Euros)	Financial year ended 31 December 2014			
	Sureties	Other unsecured guarantees	Collaterals	Total
Joint ventures and associates	2.6	-	-	2.6
Other	36.9	-	2.3	39.2
Total	39.5	-	2.3	41.8

Guarantees given included the surety in favour of the Tax Authorities, as security for the early repayment of VAT surplus of Euro 35.1 million as at 31 December 2015.

Other memorandum accounts, equal to Euro 389.5 million (Euro 342.0 million as at 31 December 2014) mainly related to:

- (i) guarantees received from
 - banks and other insurance entities as security for the acquisition of goods and services;
 - banks and other insurance entities as security for proper performance of agreements for the realisation of radio and television productions;
- (ii) third-party guarantees provided for the Group's obligations:
 - against payables - for surety as security for medium/long-term loans;
 - against other obligations - for sureties related to the activities of the Group.

18.2 Commitments

The main commitments, including multi-year commitments, linked to the product or to initiatives for technological upgrading and development, which had already been subscribed as at the reporting date, are listed below:

(in millions of Euros)	Financial year ended 31 December 2015	Financial year ended 31 December 2014
Commitments		
Rights to sports events	265.5	165.2
Investments in audiovisual works	220.8	340.0
Rights and services for the realisation of other programs	38.2	50.8
Technical investments	19.6	21.9
Total commitments	544.1	577.9

18.3 Potential liabilities

The Group companies, and mainly Rai, are involved in civil, administrative, labour-related and social security proceedings connected to the ordinary course of their business. Based on the information currently available, and taking account of the existing provisions for risks, the Group believes that the outcome of such proceedings should not reasonably determine any significant adverse impact on its Consolidated Financial Statements.

The disputes concerning civil law and administrative issues in which the Group is involved mainly relate to activities for the production and broadcasting of radio and television programmes. Almost all of the civil disputes concern claims for damages, mostly connected to defamation and infringement of personality rights, whereas within the context of the administrative proceedings concerning public contracts, the claim for compensation by way of equivalent measures is considered as an alternative only, given that the main claim regards the cancellation of the tender documents and, in some cases, the taking over of the contract.

Upon occurrence, based on the analyses conducted on these types of disputes, of the following conditions:

- the availability, at the moment of the preparation of the financial statements, of information that would indicate that a liability is likely to be incurred;
- the possibility of reasonably estimating the amount of the charge, taking account of the requests submitted by the plaintiffs,

the related charge is allocated through accruals to the Provisions for legal disputes.

As regards labour-related and social security issues, the Group is involved in a considerable number of disputes mainly concerning requests for reinstatement, demands for establishing a fictitious interposition of third-party labour (*interposizione fittizia di manodopera*), demands for higher positions or levels, claims for damages due to asserted downgrading and the inferred non-compliance with social security requirements laid down in collective contracts or agreements. In order to determine the amount, if any, to be allocated to provisions, considering the number of pending disputes and the subsequent difficulty in carrying out a correct assessment for each one of them, three sub-categories have been identified with reference to the status of the proceedings and the possible interim outcome of the dispute (lawsuits not yet settled in first instance, adverse and positive outcome in the appeal), for each one of which the percentage of risk is estimated by identifying an average value expressed in percentage terms, in order to quantify the accrual to the Provision for legal disputes.

Note 15.3 "Non-current provisions for risks and charges" provides details of the provisions set aside against these cases.

18.4 Related parties

The details of the relations maintained by the Parent Company with Related Parties, identified based on the criteria set out under IAS 24 "Related Party Disclosures", are provided below for the financial years ended 31 December 2015 and 31 December 2014.

The Parent Company mainly maintains relations of a commercial and financial nature with the following related parties:

- Rai Cinema;
- Rai Com;
- Rai Corporation;
- Rai Pubblicità;
- Rai Way;
- Key management personnel of the Group ("Top Management");
- other associates and joint ventures in which the Group holds an interest as specified in note 12.4 "Equity investments"; companies under the control or joint control of the Top Management and entities that manage post-employment benefit plans, reserved for the employees of the Rai Group ("Other related parties").

Although the transactions with Related Parties are carried out at arm's length, there is no guarantee that, had they been concluded between or with third parties, the latter would have negotiated and entered into the relevant agreements or carried out such transactions, at the same conditions and with the same procedures.

"Top Management" means the key management personnel who have authority and responsibility for planning, directing, and controlling the activities of the Group companies, directly or indirectly, and the term also includes the members of the Board of Directors of the Group companies. As regards the fees due to the Statutory Auditors, reference should be made to the provisions of note 17.3 "Costs for purchases of consumables, for services and other costs".

Notes to the consolidated financial statements

The table below reports the breakdown of the balance sheet balances as at 31 December 2015 and 31 December 2014 and the economic effects of the transactions concluded between the Group and the related parties during the financial years ended 31 December 2015 and on 31 December 2014, except, of course, for those between the Parent Company and its subsidiaries consolidated on a line-by-line basis:

(in millions of Euros)	Top management	Other related parties	Total
Current trade receivables			
As at 31 December 2015	-	0.2	0.2
As at 31 December 2014	-	0.3	0.3
Other current receivables and assets			
As at 31 December 2015	0.5	-	0.5
As at 31 December 2014	-	-	-
Employee benefits			
As at 31 December 2015	(6.9)	(15.0)	(21.9)
As at 31 December 2014	(8.0)	(15.1)	(23.1)
Trade payables			
As at 31 December 2015	-	(4.0)	(4.0)
As at 31 December 2014	-	(3.7)	(3.7)
Other current payables and liabilities			
As at 31 December 2015	(7.2)	(13.6)	(20.8)
As at 31 December 2014	(10.2)	(14.4)	(24.6)
Current financial liabilities			
As at 31 December 2015	-	(0.1)	(0.1)
As at 31 December 2014	-	(0.3)	(0.3)
Revenues from sales and services			
As at 31 December 2015	-	0.7	0.7
As at 31 December 2014	-	0.7	0.7
Other earnings and proceeds			
As at 31 December 2015	-	0.1	0.1
As at 31 December 2014	-	0.1	0.1
Costs for services			
As at 31 December 2015	(1.2)	(8.5)	(9.7)
As at 31 December 2014	(2.1)	(8.0)	(10.1)
Personnel costs			
As at 31 December 2015	(23.2)	(13.3)	(36.5)
As at 31 December 2014	(23.2)	(13.1)	(36.3)

A description of the main agreements existing between the Parent Company and its subsidiaries, associates and joint ventures identified above is provided below.

Agreements for the provision of services to Rai

Rai Pubblicità

Rai has entered into an agreement for advertising services according to which Rai Pubblicità manages, on an exclusive basis, the advertisement on general interest radio and television, on specialist digital and satellite unencrypted channels, on televideo, on product placement, on Rai domain and on other minor broadcasting means.

Rai Com

In June 2014 Rai entered into an undisclosed agency agreement (*mandato senza rappresentanza*) with Rai Com, mainly related to:

- (a) the sale of television, radio and/or cinema exploitation rights, exploitation rights to audiovisual works (meaning the rights of exploitation through home and commercial video etc.), multimedia exploitation rights, whether interactive or not, and resulting rights;
- (b) the management of negotiations of framework agreements and/or arrangements with central and local, national and international, public and private entities and institutions;
- (c) the acquisition and/or realisation of musical and/or theatrical performances: serious music and plays, musical editions;
- (d) the management of ticketing services, as well as the realisation and/or management of telephone interaction initiatives and/or interactive activities;
- (e) the design, development, definition, execution and/or management of projects focused on the participation of Rai in Italian and European calls for tenders concerning unsecured or subsidised loans receivable;
- (f) the negotiation, definition, formalisation and/or management of sports library agreements, including the realisation and/or management of any and all commercial initiatives provided for therein;
- (g) the negotiation, definition, formalisation and/or management of other cooperation arrangements with third parties, provided they have commercial nature and purposes; and
- (h) marketing activities for selling abroad channels controlled by Rai.

Rai Cinema

A specific agreement exists with Rai Cinema through which the company undertakes to make available to Rai, on an exclusive basis, a catalogue of free TV viewing related to audiovisual works acquired by Rai Cinema for any reason whatsoever, and Rai undertakes to purchase from Rai Cinema, on an exclusive basis, the exploitation rights for free TV viewing of audiovisual works.

Rai Way

With effect from 1 July 2014, for the purpose of replacing the Service Contract for the period from 2000 to 2014, Rai Way and Rai executed a new Service Contract, whereby Rai appointed Rai Way to provide, on an exclusive basis, a set of services that would allow:

- (i) the regular transmission and broadcasting, in Italy and abroad, of the MUXs assigned based on the applicable laws and regulations; and
- (ii) the regular compliance with the Public Service requirements.

The new Service Contract provides for, and also regulates, the possibility that, should new needs arise for Rai in the future, the parties may negotiate the provision of additional services or of services aimed at developing new electronic communication and telecommunication networks or, moreover, new technologies and broadcasting standards.

Financial agreements

A centralised treasury management arrangement, though bank cash-pooling, exists between Rai and its subsidiaries - except for Rai Way that, following the listing process, has now full autonomy in financial terms, which intends to ensure that all financial requirements are met and that cash flows are optimised.

With reference to Rai Way, the following agreements are also in force:

- an intercompany current account agreement, used to provide Rai with the funds necessary to settle the mutual credit and debit positions arising from certain residual payment services provided for in the service contract between Rai and Rai Way;
- an agency agreement in favour of Rai for the performance of payment and collection activities for payables and receivables, respectively, arising from the settlement of certain intergroup items, mainly within the context of offsetting activities, through Rai, concerning credit and debit positions between Group companies (netting activities), it being understood that this activity does not include the payments resulting from the Service Contract and that this mandate will not be used to authorise hedging transactions.

Agreements for the provision of services by Rai

Rai provides a set of services to some of its subsidiaries, regulated by specific service contracts, which concern, in particular, administrative services, real estate services, IT services, testing services and voice-over services.

Tax consolidation

Based on the regulations provided for in the TUIR (Consolidation Act on Income Taxes, Presidential Decree 917/1986, Articles 117 and ff.) and by operation of the provisions laid down in Article 11, paragraph 4, of Ministerial Decree dated 9 June 2004, concerning "Provisions for the application of the national consolidation tax regime, referred to in Articles 117 to 128 of the Consolidation Act on Income Taxes", Rai applies the Group taxation regime for the National Tax Consolidation.

This option, valid for a three-year period, for the adoption of the National Tax Consolidation regime, was renewed as between Rai and Rai Way, Rai Cinema and Rai Com until the tax period ending on 31 December 2015, whereas as regards Rai Pubblicità such renewal is valid until the tax period that will end on 31 December 2016.

The statutory and financial relationships between the participating companies are regulated by a specific agreement executed between the parties, updated with reference to the regulatory changes that might occur during the period when such agreement remains in force.

Group VAT Regime

The Group avails itself of the Group VAT netting procedure provided for in Ministerial Decree dated 13 December 1979, which contains the regulations implementing the provisions laid down in Article 73, last paragraph, of Presidential Decree 633 of 26 October 1972.

The option for carrying out the Group VAT procedure on an annual basis was exercised as regards Rai and all other national subsidiaries until 31 December 2015. The statutory and financial relationships are regulated by a specific agreement signed between the parties.

Other related parties

The Group maintains, with Other Related Parties, commercial and financial relations, the most significant of which are described below.

San Marino RTV

An agreement has been entered into with this company, which concerns an intercompany current account to which any payables and receivables arising from economic and financial transactions between the parties are transferred. Additionally, the agreement provides for Rai to grant a credit facility of Euro 1 million, which the company may use against overdraft positions arising from ordinary operations. This facility is endorsed, to the extent of 50%, by ERAS ("Ente per la Radiodiffusione Sammarinese"). Additionally, the cooperation agreement on radio and television issues between the Government of the Republic of San Marino and the Government of the Italian Republic - Prime Minister's Office, provides for the reversal to San Marino RTV of an annual lump-sum contribution through Rai Com.

Tivù

Agreements are in force that provide for the provision:

- by Rai of EPG (Electronic Program Guide) processing and management services, publishing and advisory services, as well as the supply of satellite transmission capacity for the purposes of the delivery of EPG services;
- by Tivù of the EPG service for the Digital Terrestrial and satellite platform and the encryption service.

Auditel

This company provides services for measuring audience data of the television channels.

19) Criteria for the transition from Italian GAAPs to IFRSs

The procedure followed for the transition from the Italian Accounting Standards to the IFRS for the purposes of the preparation of the Consolidated Financial Statements (the "Transition Process") is described below.

19.1 General principles

The Group applied the IFRSs retrospectively to all periods ended prior to 1 January 2014 (the "Transition Date"), except for mandatory exemptions and for certain voluntary exemptions adopted in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards", as described in the paragraph below. Specifically, the accounting standards to which reference was made are those described in note 4 above, "Accounting Principles".

The statement of financial position as at 1 January 2014 reflects the following key differences in accounting treatment with respect to the Group's Consolidated Financial Statements as at 31 December 2013, prepared in accordance with the Italian GAAPs:

- all assets and liabilities were reported and measured, the recognition of which is required by the IFRSs, including those not provided for in the application of the Italian GAAPs;
- all assets and liabilities the recognition of which is required by the Italian GAAPs, but not allowed by IFRSs, were derecognised;
- some items of the financial statements were reclassified according to the IFRSs.

As at the Transition Date, the impact of the adjustment to the opening balances of assets and liabilities in order to bring them into line with the new criteria was recognised under "IFRS FTA Reserve" in the consolidated equity, taking account of the related tax effects (see the information provided in note 4, "Accounting principles" for the procedures to recognise deferred tax assets).

19.2 Methods for the presentation of financial statements

As regards the methods for the presentation of financial statements, reference should be made to note 2 "Basis of preparation".

19.3 Mandatory exemptions from the application of IFRSs

The mandatory exemptions from the retrospective application of IFRSs, in compliance with IFRS 1, were applied during the Transition Process.

The estimates made as at the Transition Date to IFRSs were consistent with the estimates made as at the same date according to the Italian GAAPs (after the adjustments required to reflect any differences in the accounting standards).

No other mandatory exemption prescribed by IFRS 1 was applied, since they refer to cases that are not applicable to the Group.

19.4 Voluntary exemptions from the application of IFRSs

The voluntary exemptions from the retrospective application of IFRSs that, in compliance with IFRS 1, were adopted during the Transition Process, are described below.

- The fair value as deemed cost: the cost at which certain land and buildings owned by the Group were recognised as at the Transition Date corresponds to the fair value estimated, with reference to such date, by expert appraisers appointed for this purpose.
- Cumulative exchange differences: cumulative exchange differences arising from the translation into Euros of the balance sheet and income statement items related to subsidiary Rai Corporation were taken as equal to zero as at the Transition Date; therefore the capital gain or loss, if any, arising from its subsequent disposal to third parties shall not include any exchange difference generated prior to such date, but only any exchange difference generated afterwards.
- Employee benefits: all cumulative actuarial gains and losses outstanding as at the Transition Date were recognised under "IFRS FTA Reserve".

No other voluntary exemption prescribed by IFRS 1 were used, since they refer to cases in which: i) the Italian GAAPs were already in line with IFRSs, ii) the Group opted for retrospective application, or iii) they were not applicable to the Group.

19.5 Accounting treatments selected from among the options provided for in IFRSs

The accounting treatments adopted by the Group within the scope of the options provided for in IFRSs as regards the recognition of some items included in the Consolidated Financial Statements are described below.

- Inventories: according to IAS 2 "Inventories", the cost of inventories must be determined by adopting the FIFO method or the weighted average cost method. It was decided to use the weighted average cost method, which is also used in the financial statements prepared according to the Italian GAAPs.
- Measurement of property, plant and equipment and intangible assets: following the initial recognition at cost, IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" provide that such assets may be valued at cost, or by determining their market value periodically and adjusting the accounting balance at such value as at the reference date of the market value measurement. It was decided to adopt the cost method.

19.6 Description of the significant effects of the Transition

The tables below show the effects of the transition to IFRSs, in terms of both reclassifications and adjustments:

- on the Group's consolidated statement of financial position as at the Transition Date and as at 31 December 2014;
- on the Group's consolidated statement of comprehensive income and consolidated cash flow statement for the financial year ended 31 December 2014;
- on the Group's consolidated equity as at the Transition Date and as at 31 December 2014; and
- on the Group's consolidated total comprehensive income (expense) for the financial year ended 31 December 2014.

Effects of the transition on the consolidated statement of financial position as at the transition date

Financial year ended 1 January 2014 (in millions of Euros)	Italian GAAPs	Note	Adjustments	Reclassifications	IFRSs
Property, plant and equipment	650.8	a - f - g	520.2	1.6	1,172.6
Investment property	-	g	-	5.9	5.9
Intangible assets	862.1	f - g	(5.3)	(19.7)	837.1
Equity investments	13.8	f	(2.8)	-	11.0
Non-current financial assets	2.7	d	-	-	2.7
Deferred tax assets	40.9	b - d - e - f - g	85.7	(126.6)	-
Other non-current assets	42.8	g	-	(2.5)	40.3
Total non-current assets	1,613.1		597.8	(141.3)	2,069.6
Inventories	2.9		-	-	2.9
Trade receivables	488.1	g	-	35.7	523.8
Current financial assets	-	d - g	-	0.7	0.7
Tax receivables	60.2		-	-	60.2
Other current receivables and assets	136.0	b - f	0.4	-	136.4
Cash and cash equivalents	7.1	g	-	(0.6)	6.5
Total current assets	694.3		0.4	35.8	730.5
Assets held for sale	-		-	-	-
Total assets	2,307.4		598.2	(105.5)	2,800.1
Share capital	242.5		-	-	242.5
Other reserves	53.7	a - b - c - d - e - f	143.5	-	197.2
Profits (losses) carried forward	-		-	-	-
Total Group equity	296.2		143.5	-	439.7
Non-controlling interests' capital and reserves	-		-	-	-
Profits (losses) carried forward attributable to non-controlling interests	-		-	-	-
Total equity attributable to non-controlling interests	-		-	-	-
Total equity	296.2		143.5	-	439.7
Non-current financial liabilities	198.7	d - f	4.5	-	203.2
Employee benefits	427.2	b	124.5	-	551.7
Non-current provisions for risks and charges	213.1	a - b - f - g	(5.3)	(11.8)	196.0
Deferred tax liabilities	6.2	a - b - c - f - g	185.3	(129.4)	62.1
Other non-current payables and liabilities	18.0		-	-	18.0
Total non-current liabilities	863.2		309.0	(141.2)	1,031.0
Trade payables	664.2	d - g	(0.6)	(6.3)	657.3
Current provisions for risks and charges	0.7		-	-	0.7
Current financial liabilities	249.3	d - f - g	(1.7)	42.0	289.6
Tax payables	69.1		-	-	69.1
Other current payables and liabilities	164.7	b	148.0	-	312.7
Total current liabilities	1,148.0		145.7	35.7	1,329.4
Total liabilities	2,011.2		454.7	(105.5)	2,360.4
Liabilities held for sale	-		-	-	-
Total equity and liabilities	2,307.4		598.2	(105.5)	2,800.1

Notes to the consolidated financial statements

Effects of the transition on the consolidated statement of financial position as at 31 December 2014

Financial year ended 31 December 2014 (in millions of Euros)	Italian GAAPs	Note	Adjustments	Reclassifications	IFRSs
Property, plant and equipment	618.3	a - f - g	517.7	1.1	1,137.1
Investment property	-	g	-	5.5	5.5
Intangible assets	864.1	f - g	(7.5)	(22.1)	834.5
Equity investments	12.4	f	(3.2)	-	9.2
Non-current financial assets	2.7	d - f	3.6	-	6.3
Deferred tax assets	55.0	b - e - f - g	111.6	(166.6)	-
Other non-current assets	59.8	g	-	(4.7)	55.1
Total non-current assets	1,612.3		622.2	(186.8)	2,047.7
Inventories	2.6		-	-	2.6
Trade receivables	483.3	g	-	(10.6)	472.7
Current financial assets	0.1	d - f - g	4.9	0.3	5.3
Tax receivables	95.2		-	-	95.2
Other current receivables and assets	104.8	b - d - f	1.1	-	105.9
Cash and cash equivalents	128.6	g	-	(0.3)	128.3
Total current assets	814.6		6.0	(10.6)	810.0
Total assets	2,426.9		628.2	(197.4)	2,857.7
Share capital	242.5		-	-	242.5
Other reserves	53.7	a - b - c - d - e - f - g	372.1	-	425.8
Profits (losses) carried forward	47.3	a - b - c - e - f - g	(270.1)	-	(222.8)
Total Group equity	343.5		102.0	-	445.5
Non-controlling interests' capital and reserves	44.0	b - c	8.1	-	52.1
Profits (losses) carried forward attributable to non-controlling interests	10.6	b - c	(8.4)	-	2.2
Total equity attributable to non-controlling interests	54.6		(0.3)	-	54.3
Total equity	398.1		101.7	-	499.8
Non-current financial liabilities	327.7	d - f	0.4	-	328.1
Employee benefits	416.7	b - f	200.3	-	617.0
Non-current provisions for risks and charges	228.2	a - b - f - g	(4.6)	(17.1)	206.5
Deferred tax liabilities	5.9	a - d - f - g	185.8	(169.7)	22.0
Other non-current payables and liabilities	11.9		-	-	11.9
Total non-current liabilities	990.4		381.9	(186.8)	1,185.5
Trade payables	664.6	d - g	0.7	(10.6)	654.7
Current provisions for risks and charges	0.9	f	(0.3)	-	0.6
Current financial liabilities	116.1	d - f	(2.3)	-	113.8
Tax payables	72.9		-	-	72.9
Other current payables and liabilities	183.9	b	146.5	-	330.4
Total current liabilities	1,038.4		144.6	(10.6)	1,172.4
Total liabilities	2,028.8		526.5	(197.4)	2,357.9
Total equity and liabilities	2,426.9		628.2	(197.4)	2,857.7

Effects of the transition on the consolidated statement of comprehensive income for the financial year ended 31 December 2014

Financial year ended 31 December 2014 (in millions of Euros)	Italian GAAPs	Note	Adjustments	Reclassifications	IFRSs
Revenues from sales and services	2,474.8	g	-	(18.2)	2,456.6
Other earnings and proceeds	356.4	c - g	(228.2)	(95.6)	32.6
Total revenues	2,831.2		(228.2)	(113.8)	2,489.2
Costs for purchases of consumables	(18.6)	f - g	(0.1)	(0.2)	(18.9)
Costs for services	(1,047.9)	b - g	(15.1)	57.6	(1,005.4)
Other costs	(67.6)	g	(0.4)	20.2	(47.8)
Personnel costs	(998.2)	c - g	(19.8)	16.9	(1,001.1)
Amortisation, depreciation and write-downs	(562.2)	a - b - g	18.3	(5.4)	(549.3)
Provisions	(41.6)	a - g	(2.8)	24.3	(20.1)
Total costs	(2,736.1)		(19.9)	113.4	(2,642.6)
Operating result	95.1		(248.1)	(0.4)	(153.4)
Financial income	6.5	d - e	1.3	-	7.8
Financial expenses	(22.7)	b - c - d	(13.9)	-	(36.6)
Income from equity-accounted investments	(1.0)	d - h	(0.4)	-	(1.4)
Result before tax	77.9		(261.1)	(0.4)	(183.6)
Income taxes	(20.0)	a - b - d - e - f - g	27.4	0.4	7.8
Result for the year	57.9		(233.7)	-	(175.8)
Profit/(loss) on cash flow hedge		d	8.1	-	8.1
Translation of financial statements with functional currency other than Euro		f	0.4	-	0.4
Restatement of defined-benefit plans		b	(44.9)	-	(44.9)
Total comprehensive income (expense) for the year			(270.1)	-	(212.2)

Effects of the transition on the consolidated cash flow statement for the financial year ended 31 December 2014

Financial year ended 31 December 2014 (in millions of Euros)	Italian GAAPs	Reclassifications	IFRSs
Net cash flow from operating activities	362.3	7.3	369.6
Net cash flow (used in)/generated from investing activities	(236.5)	(267.6)	(504.1)
Net cash flow used in financing activities	(4.3)	260.6	256.3
Change in cash and cash equivalents	121.5	0.3	121.8
Cash and cash equivalents at the beginning of the year (*)	7.1	(0.6)	6.5
Cash and cash equivalents at the end of the year (*)	128.6	(0.3)	128.3

(*) the balance of the reclassifications of "Cash and cash equivalents" reflects restricted cash that, in compliance with the IFRSs, was reclassified to "Current financial assets".

Notes to the consolidated financial statements

The table below shows the reconciliation of the Group's consolidated equity determined according to the Italian GAAPs and the relevant equity determined according to the IFRSs, as at the Transition Date and as at 31 December 2014:

(in millions of Euros)	Financial year ended	
	1 January 2014	31 December 2014
Equity according to the Italian GAAPs	296.2	398.1
a. Restatement of property, plant and equipment	331.8	331.5
b. Employee benefits	(260.9)	(335.0)
c. Different representation of partial disposals of equity investments in consolidated companies	-	-
d. Hedging derivative instruments	(5.3)	2.8
e. Recognition of deferred tax assets calculated on losses that can be carried forward indefinitely	79.9	109.7
f. Other effects	(2.0)	(7.3)
Equity according to the IFRSs	439.7	499.8

The table below shows the reconciliation of the Group's result for the financial year ended 31 December 2014 determined according to the Italian GAAPs and the relevant result determined according to the IFRSs:

(in millions of Euros)	Financial year ended	
	31 December 2014	
Result for the year according to the Italian GAAPs	57.9	
a. Restatement of property, plant and equipment	(0.3)	
b. Employee benefits	(29.2)	
c. Different representation of partial disposals of equity investments in consolidated companies	(228.2)	
d. Hedging derivative instruments	-	
e. Recognition of deferred tax assets calculated on losses that can be carried forward indefinitely	29.8	
f. Other effects	(5.8)	
Result for the year according to the IFRSs	(175.8)	
Profit/(loss) on cash flow hedge	8.1	
Translation of financial statements with functional currency other than Euro	0.4	
Restatement of defined-benefit plans	(44.9)	
Total comprehensive income (expense) for the year	(212.2)	

19.7 Explanatory notes relating to the effects of the transition to IFRSs

a) Restatement of property, plant and equipment

- Upon first-time adoption of the IFRSs, the Group opted to recognise certain property, plant and equipment, namely some owned land and buildings, at their related fair value as at the Transition Date. As regards the measurement of such fair value, the Group availed itself of the services of external experts appointed for this purpose, who prepared specific expert evaluations for the selected properties. The appointed experts, in addition to estimating the fair value of the properties identified by the Group, also prepared an estimate of the economic and technical life of the buildings being assessed. Therefore, as at the Transition Date, the Group recognised the assets at the value resulting from the expert's reports and started, where applicable, a process of systematic depreciation based on their respective technical and economic useful lives estimated by external specialists.

This adjustment entailed:

- as at the Transition Date, (i) an increase in "Property, Plant and Equipment" for Euro 522.8 million (comprised of an increase in land and buildings for Euro 333.6 million and Euro 196.7 million, re-

spectively, a reduction in "Plant and machinery" and "Other assets" for Euro 1.2 million and Euro 6.3 million, respectively, (ii) the recognition of "Deferred tax liabilities" for Euro 181.1 million (as regards the recognition of deferred taxation, reference should be made to note 4 "Accounting principles"), (iii) an increase in "Equity" for Euro 341.7 million; and

- as at 31 December 2014, (i) an increase in "Property, plant and equipment" for Euro 522.6 million (comprised of an increase in the categories of "Land" and "Buildings" for Euro 323.3 million and Euro 206.4 million, respectively, a reduction in "Plant and machinery" and "Other assets" for Euro 0.8 million and Euro 6.3 million, respectively, (ii) the recognition of "Deferred tax liabilities" for Euro 180.2 million (as regards the recognition of deferred taxation, reference should be made to note 4 "Accounting Principles"), (iii) an increase in "Equity" for Euro 342.4 million, net of related deferred taxation.

As a result of this adjustment, the result for the financial year ended 31 December 2014 increased by Euro 0.8 million, reflected in a reduction in "Amortisation, depreciation and write-downs" for Euro 2.2 million, an increase in "Provisions" for Euro 2.4 million and lower "Income taxes" for Euro 1.0 million.

- At the same time as the first-time adoption of the IFRSs in the preparation of its Consolidated Financial Statements, the Group considered it appropriate to review the start date of the depreciation process for property, plant and equipment under construction. This amendment, therefore, does not change the criterion for recognising property, plant and equipment, which remains the cost, including any directly-attributable additional charges and financial charges (if any) that can be capitalised net of accumulated depreciation, as adjusted, in case, for impairment losses, but it entails a review of the identification criterion of the start date of the systematic depreciation process. Specifically, whilst:
 - for the preparation of the consolidated financial statements according to the Italian GAAPs, the Group used the month in which the property, plant and equipment under construction enter into service as the start date of their depreciation process;
 - for the preparation of the first Consolidated Financial Statements prepared according to the IFRSs, the Group, for the purpose of obtaining a more precise time distribution of the cost associated with the aforementioned property, plant and equipment, identified the month in which they enter into service as the date from which the depreciation should commence or, otherwise, the twenty-fifth month after the acquisition (two years).

In accordance with IFRS 1, the procedural change adopted by the Group was already applied with reference to the balance of inventories as at the Transition Date and, thus, it was reflected in the balances presented for comparative purposes.

Specifically, the change described above determined:

- as at the Transition Date, (i) a decrease in "Property, plant and equipment" for Euro 11.5 million, (ii) a decrease in "Non-current provisions for risks and charges" for Euro 1.7 million and (iii) a decrease in "Equity" for Euro 9.8 million; and
- as at 31 December 2014, (i) a decrease in "Property, plant and equipment" for Euro 12.9 million, (ii) a decrease in "Non-current provisions for risks and charges" for Euro 2.0 million and (iii) a decrease in "Equity" for Euro 10.9 million.

As a result of this adjustment, the result for the financial year ended 31 December 2014 decreased by Euro 1.1 million, following higher depreciation for Euro 1.4 million and lower provisions for Euro 0.3 million.

b) Employee Benefits

The adjustment in question related to:

- the recognition of costs relating to short- and long-term employee benefits not entered in the financial statements prepared according to the Italian GAAPs, which, however, meet the requirements set out in IAS 19 "Employee Benefits" for their recognition;
- the effects of the measurement of existing liabilities against the staff severance pay (TFR) payable to the employees upon termination of their employment relationship and additional supplementary welfare and social security funds of which some Group employees are members.

According to the Italian GAAPs, post-employment benefits are recognised on an accruals basis during the period when the employees are in active employment, in compliance with the applicable legislation and labour agreements. According to IAS 19, "Employee Benefits", post-employment benefits (such as pensions, life insurance, medical care, etc.) are divided into "defined contribution" and "defined benefit" plans. Defined-contribution plans are post-employment benefit schemes with reference to which the

employer fulfills its obligations by paying pre-set contributions to a separate fund, without any further legal or constructive obligation to pay additional contributions should the fund have no sufficient assets available to pay all benefits for the employees related to the services rendered by the latter until the reporting date. The employer's obligation, in case of defined-benefit plans, on the contrary, is satisfied only when the benefits granted to the employees as per contract are actually delivered.

According to the Italian GAAPs, the liability for the staff severance pay (TFR) is determined in accordance with the legislation in force, and, specifically, with Article 2120 of the Italian Civil Code and the labour agreements. The Staff Severance Pay accrued until 31 December 2006, according to IAS 19, can be treated as a defined-benefit plan, to be measured based on statistical and demographic assumptions, as well as according to actuarial calculation methods. Following the amendment introduced by the legislator in 2006, the Staff Severance Pay accrued as from 1 January 2007 can be treated as a defined-contribution plan.

Specifically, the application of IAS 19 determined:

- as at the Transition Date, (i) an increase in "Employee Benefits" for Euro 124.5 million, (ii) an increase in "Deferred tax assets" generated by Group entities other than the Parent Company for Euro 0.5 million, (iii) an increase in "Other current receivables and assets" for Euro 0.3 million, (iv) a decrease in "Non-current provisions for risks and charges" for Euro 10.8 million, (v) an increase in "Other current payables and liabilities" for Euro 148.0 million and (vi) a decrease in "Equity" for Euro 260.9 million; and
- as at 31 December 2014, (i) an increase in "Employee Benefits" for Euro 200.2 million, (ii) an increase in "Deferred tax assets" generated by Group entities other than the Parent Company for Euro 1.1 million, (iii) an increase in "Other current receivables and assets" for Euro 0.2 million, (iv) a decrease in "Non-current provisions for risks and charges" for Euro 10.4 million, (v) an increase in "Other current payables and liabilities" for Euro 146.5 million and (vi) a decrease in "Equity" for Euro 335.0 million.

As a result of this adjustment, the result for the financial year ended 31 December 2014 decreased by Euro 29.2 million, due to higher "Personnel costs" for Euro 16.3 million, higher "Provisions" for Euro 0.7 million and higher "Financial expenses" for Euro 12.3 million and lower "Income taxes" for Euro 0.1 million. The other components of the consolidated total comprehensive income (expense) for the financial year recorded a decrease of Euro 44.9 million, net of tax effect.

c) Different procedure for representing partial disposals of equity investments in consolidated companies

The accounting treatment in the Consolidated Financial Statements of the transactions carried out by a parent company on equity investments in subsidiary entities, made in accordance with IFRS 10 "Consolidated Financial Statements", shows certain differences regarding the measurement and recognition criteria, with respect to the provisions of the Italian GAAPs. These differences mainly result from the different consolidation theories adopted: (i) the IFRSs follow the theory of the economic entity; whereas (ii) the Italian GAAPs refer to the theory of the parent company.

Specifically, when, despite the disposal of an interest in a subsidiary entity, the Parent Company retains control over the same, IFRS 10, consistently with the theory of the economic entity, qualifies the transaction as a transaction between shareholders that impacts only on the equity; consequently, in accordance with the aforementioned standard, a change in the percentage of ownership of a subsidiary that does not modify the status thereof, is not relevant for the purposes of the economic result achieved by the Group and therefore does not entail the recognition of capital gains or losses to be charged to the consolidated result. In accordance with the Italian GAAPs, on the contrary, these transactions may generate capital gains or losses recognised in consolidated profit or loss.

The application of this accounting treatment did not entail any change in "Equity"; it did, however, entail a recognition of a lower result in the financial year ended 31 December 2014 for Euro 228.2 million and a change in "Other reserves" in the same amount as a result of the disposal of a non-controlling interest in relation to the listing of Rai Way, which took place in November 2014.

As a result of this adjustment, the result as at 31 December 2014 was reduced by Euro 228.2 million, the impact of which is reflected in lower "Other earnings and proceeds" in the same amount.

d) Hedging derivative instruments

Under IAS 39 "Financial Instruments: Recognition and Measurement", any change in the fair value of derivative financial instruments must be accounted for in profit or loss, and, where certain conditions are met, it is permitted to recognise such changes in a specific equity reserve, including them in other comprehensive income (expense). Specifically, this treatment is allowed if the conditions are fulfilled which would qualify derivative financial instruments as cash flow hedge instruments. Specifically, the Group enters into derivative contracts such as Interest Rate Swaps (IRSs) for the purpose of hedging interest rate risks with reference to the loan granted by a pool of banks, and forward purchases and options in order to hedge any risk of fluctuations in the Euro/US Dollar exchange rate related to the purchase of sports rights of Rai and of televisions rights of subsidiary Rai Cinema (see note 8.1 "Market risk"). These contracts meet all requirements set out under IAS 39 to be accounted for according to the hedge accounting method, and the Group has the documentation that proves their effectiveness in terms of ability to hedge the aforementioned cash flow risks: therefore, in accordance with IAS 39, these instruments were stated in the Consolidated Financial Statements at their fair value, while their changes were recognised in a specific equity reserve, under "Other comprehensive income (expense)".

Since, according to the Italian GAAPs, both the Interest Rate Swaps and the contracts on exchange rate derivatives were designated as hedging instruments, as at the Transition Date the Group recognised their fair value directly in a specific consolidated equity reserve.

The application of IAS 39 to the existing derivative contracts determined:

- as at the Transition Date, (i) an increase in "Non-current financial liabilities" for Euro 4.5 million, (ii) an increase in "Deferred tax assets" for Euro 0.1 million, (iii) a decrease in "Trade payables" for Euro 0.6 million, (iv) an increase in "Current financial liabilities" for Euro 1.5 million and (v) a decrease in "Equity" for Euro 5.3 million, Euro 4.4 million of which related to the recognition of a specific reserve named "Cash flow hedge reserve" and to a negative contribution resulting from the IFRS FTA reserve for Euro 0.9 million; and
- as at 31 December 2014, (i) an increase in "Non-current financial assets" for Euro 5.7 million, (ii) an increase in "Current financial assets" for Euro 7.8 million, (iii) a decrease in "Other current receivables and assets" for Euro 0.3 million, (iv) an increase in "Non-current financial liabilities" for Euro 3.0 million, (v) an increase in "Deferred tax liabilities" for Euro 2.4 million, (vi) an increase in "Trade payables" for Euro 0.7, (vii) an increase in "Current financial liabilities" for Euro 4.3 million and (viii) an increase in "Equity" for Euro 2.8 million, due to a positive contribution for Euro 3.7 million recognised in the "Cash flow hedge reserve" and to a negative contribution resulting from the IFRS FTA reserve for Euro 0.9 million.

As a result of this adjustment, the result for the financial year ended 31 December 2014 remained unchanged, following the offsetting between "Financial income" and "Financial expenses" increased by Euro 1.3 million. Other comprehensive income (expense) for the financial year recognised, on the contrary, an increase of Euro 8.1 million, net of tax effect.

e) Recognition of deferred tax assets calculated on losses that can be carried forward indefinitely

Under IAS 12 "Income Taxes", a deferred tax asset calculated on tax losses that can be carried forward indefinitely must be recognised if it is probable that a taxable income will be available against which such losses may be used. In case of taxable temporary differences the realisation of which will allow the use of tax losses, the aforementioned condition is regarded as satisfied. Specifically, given that, as indicated in note (a) above, an equal increase for the corresponding tax value was not recognised against the higher book value recognised for land and buildings, the Group reported, as at the Transition Date, deferred tax liabilities of Euro 181.1 million. To the extent of such amount, the preconditions exist for the recognition of deferred tax assets calculated on losses that can be carried forward indefinitely. For this purpose, it should be noted that, given that they can be brought forward without any time restriction, except in the case of currently unforeseeable changes in laws and regulations that could cancel such feature, the Group's tax losses may be used to offset the effects arising from the realisation of taxable temporary differences generated following the revaluation described in note (a). Should, in the future, such feature no longer exist, and if the requirements for their recognition are not satisfied otherwise, deferred tax assets calculated on the Group's tax losses will be appropriately written down with a subsequent recognition of a negative effect in profit or loss.

The application of this accounting treatment determined:

- as at the Transition Date, an increase in “Deferred tax Assets” for Euro 79.9 million and in “Equity” in the same amount; and
- as at 31 December 2014, an increase in “Deferred tax assets” for Euro 109.7 million and in “Equity” in the same amount.

As a result of this adjustment, the result for the financial year ended 31 December 2014 reported an increase of Euro 29.8 million, referred to the recognition of deferred tax assets.

f) Other effects

In addition to the foregoing, the Transition to IFRSs led to some minor adjustments, including: (i) the different accounting treatment of costs related to “documentaries” or “serious music and plays” programmes; (ii) the different method to account for certain options for the renewal of user licenses concerning the images of Italian football teams; (iii) the reversal of provisions for future charges, mainly related to expenses related to existing disputes, which do not meet the conditions provided for in IAS 37 for their recognition; (iv) the recognition of deferred tax liabilities arising from the difference between the book value of the equity investment and their deductible value for tax purposes; (v) the measurement of financial liabilities according to the amortised cost method; (vi) the inclusion of Rai Corporation in the consolidation area, which satisfies the conditions provided for in IFRS 10 for consolidation on a line-by-line basis; (vii) the recognition of decommissioning and restoration costs for land and buildings; and (viii) the recognition, within the context of the IPO for 34.93% of the investment in Rai Way, which took place on 19 November 2014, of the bonus shares due to the grantees of the shares.

Overall, these adjustments entailed:

- as at the Transition Date (i) an increase in “Property, plant and equipment” for Euro 8.9 million, (ii) a decrease in “Intangible assets” for Euro 5.3 million, (iii) a recognition of “Deferred tax assets” for Euro 5.2 million, (iv) a decrease in “Equity-accounted investments” for Euro 2.8 million, (v) an increase in “Other current receivables and assets” for Euro 0.1 million, (vi) an increase in “Non-current provisions for risks and charges” for Euro 7.2 million, (vii) an increase in “Deferred tax liabilities” for Euro 4.2 million, (viii) a decrease in “Current financial liabilities” for Euro 3.2 million and (ix) a decrease in “Equity” for Euro 2.1 million; and
- as at 31 December 2014 (i) an increase in “Property, plant and equipment” for Euro 8.0 million, (ii) a decrease in “Intangible assets” for Euro 7.5 million, (iii) a decrease in “Equity investments” for Euro 3.2 million, (iv) a decrease in “Non-current financial assets” for Euro 2.1 million, (v) an increase in “Deferred tax assets” for Euro 0.8 million, (vi) a decrease in “Current financial assets” for Euro 2.9 million, (vii) an increase in “Other current receivables and assets” for Euro 1.2 million, (viii) a decrease in “Non-current financial liabilities” for Euro 2.6 million, (ix) an increase in “Employee Benefits” for Euro 0.1 million, (x) an increase in “Non-current provisions for risks and charges” for Euro 7.8 million, (xi) an increase in “Deferred tax liabilities” for Euro 3.2 million, (xii) a decrease in “Current provisions for risks and charges” for Euro 0.3 million, (xiii) a decrease in “Current financial liabilities” for Euro 6.6 million and (xiv) a decrease in “Equity” for Euro 7.3 million.

As a result of this adjustment, the result for the financial year ended 31 December 2014 decreased by Euro 5.8 million, reflecting higher “Costs for purchases of raw materials” for Euro 0.1 million, “Costs for services” for Euro 15.1 million, “Other costs” for Euro 0.4 million, “Personnel costs” for Euro 3.5 million, lower “Amortisation, depreciation and write-downs” for Euro 17.5 million, higher “Financial expenses” for Euro 0.3 million, a lower “Income from equity-accounted investments” for Euro 0.4 million and higher “Income taxes” for Euro 3.5 million. The other components of the consolidated comprehensive income (expense) for the financial year, related to the translation of financial statements expressed in a functional currency other than the Euro, reported an increase of Euro 0.4 million.

g) Reclassifications

The adoption of the IFRSs also entailed some reclassifications that did not affect the consolidated result for the period nor the consolidated equity. The main reclassifications made to the consolidated statements of financial position as at the Transition Date and as at 31 December 2014, and to the consolidated statement of comprehensive income for the financial year ended 31 December 2014, are summarised below.

Consolidated statement of financial position

- 1) The Italian GAAPs provide for leasehold improvements to be classified under intangible assets, whereas, according to the IFRSs, such improvements must be classified under property, plant and equipment; accordingly, an amount of Euro 7.5 million was reclassified, as at the Transition Date, from intangible assets to property, plant and equipment (Euro 6.6 million as at 31 December 2014).
- 2) Group-owned properties leased to third parties, for which a periodic rental was received, were classified under a specific item named "Investment property", equal to Euro 5.9 million as at the Transition Date and to Euro 5.5 million as at 31 December 2014.
- 3) In the event that a financial asset is transferred, within the context of the treatment provided for in IAS 39, the reversal of a financial asset from the transferor's financial statements is subject to the transfer of risks and rewards. This transfer is assessed with reference to a significant change in the exposure to the variability of the cash flows of the asset transferred. These regulations are even stricter than the provisions laid down in the Italian GAAPs and entailed the recognition, as at the Transition Date, of higher "Trade receivables" and higher "Current financial liabilities" for Euro 42 million.
- 4) Deferred tax assets and liabilities, in accordance with IAS 12, are stated as a net balance under long-term assets/liabilities when they can be legally offset and related to the same counterparty. The reclassification entailed a decrease in "Deferred tax assets" and in "Deferred tax liabilities" for Euro 126.6 million as at the Transition Date, and for Euro 166.6 million as at 31 December 2014.
- 5) In accordance with IAS 1, the adjusting provisions concerning balance sheet asset items were reclassified as a reduction in the related asset items, thus entailing:
 - as at the Transition Date, a reduction in "Intangible assets" for Euro 12.2 million and a decrease in "Other non-current assets" for Euro 2.5 million, a decrease in "Provisions for risks and charges" for Euro 11.8 million and a decrease in "Deferred tax liabilities" for Euro 2.9 million; and
 - as at 31 December 2014, a reduction in "Intangible assets" for Euro 15.5 million, a decrease in "Other current receivables and assets" for Euro 4.7 million, a decrease in "Provisions for risks and charges" for Euro 17.1 million and a decrease in "Deferred tax liabilities" for Euro 3.1 million.
- 6) As at the Transition Date, other minor reclassifications led to a decrease in "Trade receivables" for Euro 6.3 million, an increase in "Current financial assets" for Euro 0.7 million, a decrease in "Cash and cash equivalents" for Euro 0.6 million, an increase in "Deferred tax liabilities" for Euro 0.1 million and a decrease in "Trade payables" for Euro 6.3 million.

As at 31 December 2014, other minor reclassifications entailed a decrease in "Trade receivables" for Euro 10.6 million, an increase in "Current financial assets" for Euro 0.3 million, a decrease in "Cash and cash equivalents" for Euro 0.3 million and a decrease in "Trade payables" for Euro 10.6 million.

Consolidated statement of comprehensive income

The reclassification resulting from the allocation of income and expenses from recurring and non-recurring contingent items entailed, in the financial year ended 31 December 2014, an increase in "Revenues from sales and services" for Euro 21.5 million, a decrease in "Other earnings and proceeds" for Euro 37.6 million, lower "Costs for services" for Euro 2.4 million, lower "Other costs" for Euro 11.3 million, lower "Personnel costs" for Euro 1.3 million and lower "Provisions" for Euro 1.1 million.

The reclassification resulting from the different classification of accruals to and releases of "Provisions for risks and charges" entailed, in the financial year ended 31 December 2014, lower "Revenues from sales and services" for Euro 1.4 million, lower "Other earnings and proceeds" for Euro 19.4 million, lower "Other costs" for Euro 9.0 million, higher "Personnel costs" for Euro 6.6 million, higher "Amortisation, depreciation and write-downs" for Euro 5.4 million and lower "Provisions" for Euro 23.8 million.

As required by IAS 18, revenues include only the flows of economic benefits received and receivable by the Company, in its own name and for its own account. The considerations collected on behalf of third parties are not economic benefits that flow to the entity and do not determine any increase in equity. This is why they were excluded from revenues. The application of this principle entailed, in the financial year ended 31 December 2014, a decrease in "Revenues from sales and services" for Euro 38.2 million and in "Costs for services" in the same amount. Likewise, the amounts of expenses charged to the principals are excluded from costs. The application of this principle entailed a decrease in "Other earnings and

proceeds" for Euro 16.6 million, a decrease in "Costs for services" for Euro 15.8 million and a decrease in "Personnel costs" for Euro 0.8 million.

The reclassification related to the capitalisations of internally-developed non-current assets entailed, in the financial year ended 31 December 2014, lower "Other earnings and proceeds" for Euro 21.5 million and lower "Personnel costs" in the same amount.

Other minor reclassifications entailed, in the financial year ended 31 December 2014, lower "Revenues from sales and services" for Euro 0.1 million, lower "Other earnings and proceeds" for Euro 0.5 million, higher "Costs for purchases of consumables" for Euro 0.2 million, lower "Costs for services" for Euro 1.2 million, higher "Other costs" for Euro 0.1 million, higher "Personnel costs" for Euro 0.1 million, higher "Provisions" for Euro 0.6 million, lower "Income taxes" for Euro 0.4 million.

20) Significant events after the reporting date

Extension of the Concession Term

On 19 April 2016, the new Code of Public Contracts (Legislative Decree 50 of 18 April 2016) entered into force. This decree, under Article 216, paragraph 24, provides that "in order to achieve the highest possible participation in the public consultation referred to in Article 5, paragraph 5, of Law 220 of 18 December 2015 (Rai Reform Act), and pending the updating of the regulations governing the assignment of the Public radio, television and multimedia Service", the term of the concession must be extended from 6 May 2016 to 31 October 2016, thus providing reasons for a reasonable expectation of renewal.

Amendments to the Articles of Associations

In compliance with the aforementioned developments regarding the governance, as provided for in the Rai Reform Act 220 of 28 December 2015 (as well as with the provisions regulating the transition phase), the Parent Company decided to prepare two separate sets of articles of associations, which were firstly approved by the management board on 26 January 2015 and then by the Extraordinary Shareholders' Meeting on 3 February 2015: the first set (Articles of Association "A"), which adopted the amendments introduced by the Reform Act that could be applied immediately, was intended to remain effective until the first renewal of the Board of Directors following the date of entry into force of the Act; the second set (Articles of Association "B"), which adopted the new governance structure in its entirety as regards the composition and appointment of the board and the position of Chief Executive Officer, was intended to become effective at a deferred date as from the first renewal of the board following the date of entry into force of the aforementioned Reform Act.

At the Board of Directors' Meeting of Rai held on 3 February 2016, with reference to the new regulatory and articles of association framework following the reform, the new governance structure of the company was acknowledged (duties of the Board of Directors, General Manager); by a resolution dated 16 March 2016, the Board (taking account of the resolution passed by the Shareholders' Meeting held on 10 March) delegated to the Chairman the responsibility for supervision of internal control audits.

Appointment of Independent Auditors for the financial years from 2015 to 2023

On 10 March 2016 the Ordinary Shareholders' Meeting of Rai approved the reasoned proposal put forward by the Board of Statutory Auditors as regards the appointment of PricewaterhouseCoopers SpA as independent auditors for the statutory audit of accounts for the financial years from 2015 to 2023, in consideration of the acquisition by Rai of the status of Public Interest Entity (PIE) during 2015.

Licence Fee

Under Article 1, paragraphs 152 and ff., the 2016 Stability Law (Law 208 of 28 December 2015) provides, as from 1 January 2016, for a new procedure for collecting the TV licence fees for private use through a charge - under a separate item - on the electricity bills.

Additionally, in order to combat licence fee avoidance, a mechanism was introduced according to which the possession of a TV set is assumed whenever a contract exists for the supply of electricity in the place where a person has his/her registered residence.

The assumed possession of a TV set may be ignored only with a self-certification issued pursuant to the consolidated act referred to in Presidential Decree 445 dated 28 December 2000, which, in case of false declarations, may also entail criminal penalties.

By an order dated 24 March 2016, the Director of the Revenue Agency approved the self-certification form to be used only by the holders of a contract for the supply of electricity for domestic residential use, setting out the procedures and time limits for filing such self-certification.

Under paragraph 154 of Law 208 of 2015, provisions are made for the issue of a decree by the Ministry of Economic Development, in agreement with the Ministry of Economy and Finance, having heard the Electricity, Gas and Water Network Authority, aimed at implementing the new regulations and the procedure of which is currently being carried out.

Incorporation of Tavolo Editori Radio Srl

On 1 April 2016 Tavolo Editori Radio Srl was incorporated, with a quota capital of Euro 110 thousand, divided between national Publishers (70%) and local Publishers (30%), in which Rai holds a share of 15.8%. The other quotaholders are: Elemedia Group, RB1 (Finelco), Il Sole 24 Ore, RadioKissKiss, Rtl 102.5, Radio Italia, RTI (Mediaset), Radio Dimensione Suono, and the associations Aeranti Corallo and FRT.

The priority purpose of the company is to design and implement a proprietary research system aimed at measuring the audience of the radio and of the radio broadcasting companies on all transmission platforms, in compliance with the guidelines issued by AGCOM, the Italian Communication Regulatory Authority, on this issue and in cooperation with the representatives of the advertising investors, in view of a new Joint Industry Committee of the Italian Radio Broadcasting.

21) Reconciliation of Separate and Consolidated Financial Statements

Below is the breakdown of the items of reconciliation of the Income Statement and Equity results in the Separate Financial Statements and the respective data in the Consolidated Financial Statements:

(in millions of Euros)	Net profit (loss)		Equity	
	2015	2014	2015	2014
Rai Financial Statements	(46.0)	(203.5)	811.8	828.4
Elimination of the value of equity investments against respective equity and of dividends distributed against profits for the year	20.3	29.7	(318.2)	(327.6)
Adjustment to deferred tax liabilities on revaluation of Ray VWay investment	(0.7)	(3.1)	5.0	5.7
Other consolidation adjustments	0.8	1.1	(5.8)	(6.7)
Consolidated financial statements	(25.6)	(175.8)	492.8	499.8
of which attributable to non-controlling interests	13.7	2.3	56.3	54.3

Notes to the consolidated financial statements

22) Appendix **22.1 Rai's equity investments in subsidiaries**

The table below reports the details of the equity investments held by Rai in joint-stock companies, including foreign companies.

The aforementioned equity investments as at 31 December 2015 had remained unchanged compared to 31 December 2014.

Value as at 31 December 2015	Registered Office	Number of shares owned	Par Value (in Euros)	Share Capital (in thousands of Euros)	Ownership %
Subsidiaries					
Rai Cinema SpA	Rome	38,759,690	5.16	200,000	100.00%
Rai Com SpA	Rome	2,000,000	5.16	10,320	100.00%
Rai Corporation in liquidation	New York (USA)	50,000	10.00 (1)	500 (2)	100.00%
Rai Pubblicità SpA	Turin	100,000	100.00	10,000	100.00%
Rai Way SpA	Rome	177,000,000	- (3)	70,176	65.07353%

(1) value in USD

(2) value in thousands of USD

(3) Ordinary shares with no par value

The market value of the Rai Way SpA shares as at 30 December 2015 was equal to Euro 4.72.

22.2 Net consolidated financial position

The net financial position, determined in accordance with paragraph 127 of the recommendations reported in the document no. 319 prepared by ESMA (European Securities and Markets Authority) in 2013, which implement Regulation (EC) no. 809/2004, is as follows:

(in millions of Euros)	31 December 2015	31 December 2014
A. Cash	0.3	0.3
B. Other cash and cash equivalents	145.8	128.0
C. Securities held for trading	-	-
D. Liquidity (A+B+C)	146.1	128.3
E. Current financial receivables	14.0	5.3
F. Current bank debt	(1.0)	(11.0)
G. Current portion of non-current debt	(35.0)	(98.5)
H. Other current financial debt	(4.8)	(4.3)
I. Current financial debt (F+G+H)	(40.8)	(113.8)
J. Current net financial position (D+E-I)	119.3	19.8
K. Non-current bank debt	(135.2)	(326.8)
L. Bonds issued	(346.1)	-
M. Other non-current debt	(0.4)	(1.3)
N. Non-current financial debt (K+L+M)	(481.7)	(328.1)
O. Net financial position (J+N)	(362.4)	(308.3)

Statement pursuant to art. 154-*bis* of Legislative Decree 58/98

The undersigned Antonio Campo Dall'Orto as General Manager and Massimo Cappelli as the Officer in charge of Financial Reporting for RAI Radiotelevisione italiana Spa, certify, in accordance with Article 154-*bis*, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:

- the appropriateness of the financial statements with regard to the nature of the business and
- the effective application

of administrative and accounting procedures in preparing the consolidated financial statements during financial year 2015.

The administrative and accounting procedures and the well-established operating practices in place with the Company have supported, on the whole, the administrative and accounting system of internal control in an adequate manner so as to ensure the compliance with the objectives provided for by Law 262/05, also in consideration of the applicable regulatory framework.

It is also certified that:

- The consolidated financial statements at 31 December 2015 of RAI Radiotelevisione Italiana Spa:
 - a) were prepared in accordance with International Financial Reporting Standards endorsed by the European Union pursuant to EC regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) correspond to the entries in the books and accounting records;
 - c) provide a true and fair view of the financial position and results of operations of the issuer and of the entities included in the scope of consolidation.
- The Report on Operations includes a reliable analysis of the performance and the operating result, as well as the position of the issuer and of the entities included in the scope of consolidation, together with a description of the main risks and uncertainties the group is exposed to.

Rome, 4 May 2016

Antonio Campo Dall'Orto
General Manager

Massimo Cappelli
Officer in charge of Financial Reporting

Report of the Board of Statutory Auditors

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015, PREPARED IN ACCORDANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS - IFRSs

With effect from the financial year ended 31 December 2015, Rai also applied the IFRSs, pursuant to Legislative Decree 38/2005, in the preparation of the Consolidated Financial Statements. Therefore, since these were the first Financial Statements prepared in accordance with IFRSs, the Company carried out a process of transition from Italian GAAPs to IFRSs, as required by IFRS 1, setting the “Transition Date” at 1 January 2014 in accordance with the financial statements of the Group companies. The accounting effects arising from the transition to the new standards, as in the Separate Financial Statements, are detailed in a specific paragraph of the Consolidated Financial Statements, accompanied by separate statements, where the values of the individual items of the Statement of Financial Position and of the Income Statement, as already calculated according to the Italian GAAPs, have been compared with the values obtained by applying the IFRSs; the same statements also show adjustments and reclassifications.

The 2015 Consolidated Financial Statements, which were made available by the Board of Directors at the meeting held on 4 May 2016, are made up of:

- Report on Operations;
- Consolidated Statement of Financial Position;
- Consolidated Income Statement;
- Consolidated Statement of Comprehensive Income;
- Consolidated Cash Flow Statement;
- Statement of Changes in Consolidated Equity;
- Notes to the Consolidated Financial Statements.

According to the IFRSs adopted by Rai, the layout of the Consolidated Financial Statements is the same as that adopted for the Separate Financial Statements.

After making reference to the report relating to the Parent Company’s Financial Statements, the Report on Operations is accompanied by an analysis of the Group’s performance based on the relevant balance sheet, income statement and cash flow statement highlights, with reference to the reclassified financial statement schedules.

The Consolidated Financial Statements were prepared according to the historical cost method, taking account of value adjustments, where appropriate, except for those items that must be measured at fair value according to IFRSs, as stated in the section on accounting principles and except where the IFRSs allow the application of a different accounting criterion.

The Board of Statutory Auditors also acknowledges that:

- the Consolidated Financial Statements were prepared on a going-concern basis, in the same way as the Separate Financial Statements;
- the items in the Consolidated Financial Statements are expressed in millions of Euros;
- the consolidation principles are detailed in a specific paragraph;
- the accounting principles are detailed in the individual items of reference;
- the consolidation area, for the two years under comparison, is reported in a specific statement, showing all the subsidiary and associated companies.

The Consolidated Financial Statements are accompanied by accounting notes that analyse and comment on the changes in the individual items in the Consolidated Statement of Financial Position and in the Consolidated Income Statement.

A specific statement reports the reconciliation of the Parent Company's Result and Equity reported in the Separate Financial Statements and the corresponding values in the Consolidated Financial Statements.

Pursuant to Article 154-*bis* of Legislative Decree 58/1998, the General Manager and the Financial Reporting Officer have issued the statutory certifications concerning the 2015 Consolidated Financial Statements, in the same way as for the Separate Financial Statements of the Parent Company.

PricewaterhouseCoopers, which is the company appointed to carry out the statutory audit of accounts, has issued its Report in accordance with Articles 14 and 16 of Legislative Decree 39/2010. In the opinion of PwC, the Consolidated Financial Statements as at 31 December 2015 give a true and fair view of the Rai Group's financial position, results of operations and cash flows for the financial year ended on the same date, in accordance with the IFRSs adopted by the European Union, as well as with the measures adopted in the implementation of Article 9 of Legislative Decree 38/2005.

Furthermore, in the opinion of PwC, the Report on Operations and the information provided in the report on corporate governance and ownership structure are consistent with the Rai Group's Consolidated Financial Statements as at 31 December 2015.

The Rai Group's Consolidated Financial Statements as at 31 December 2015, which were made available to you for information purposes – showed a loss of Euro 25.6 million, including the share attributable to minority interests, which amounted to Euro 13 million and related to the shares of profits attributable to the minority shareholders of Rai Way (holding 34.93%).

Within the sphere of its responsibilities, the Board of Statutory Auditors, following the information reported above, is of the opinion that the Rai Group's Consolidated Financial Statements as at 31 December 2015 and the related Report on Operations were prepared according to the prescribed provisions.

Rome, 26 May 2016

THE STANDING AUDITORS

Carlo GATTO

Maria Giovanna BASILE

Domenico MASTROIANNI

Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No 39 OF 27 JANUARY 2010

To the shareholders of
RAI – Radiotelevisione italiana SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of RAI – Radiotelevisione italiana and its subsidiaries (“RAI Group”), which comprise the statement of financial position as of 31 December 2015, the income statement, the statement of comprehensive income, the cash flow statement and the statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no 38/2005.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree no 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001



the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the RAI Group as of 31 December 2015, and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no 38/2005.

Report on compliance with other laws and regulations

Opinion on the consistency with the consolidated financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) no 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree no 58/98, which are the responsibility of the directors of RAI – Radiotelevisione italiana SpA, with the consolidated financial statements of the RAI Group as of 31 December 2015. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the RAI Group as of 31 December 2015.

Rome, 26 May 2016

PricewaterhouseCoopers SpA

Signed by

Pier Luigi Vitelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

Corporate Directory

Rai Headquarters

Viale Mazzini, 14
00195 Rome

Via Cavalli, 6
10138 Turin

ph. +39 06 38781
www.rai.it

Rai Branch Offices

TV Production

Largo Villy De Luca, 4
00188 Rome

Radio Production

Via Asiago, 10
00195 Rome

Production

Corso Sempione, 27
20145 Milan

Production

Via Marconi, 9
80125 Naples

Production

Via Verdi, 16
10124 Turin

Research

Via Cavalli, 6
10138 Turin

Subsidiaries

Rai Cinema SpA

Piazza Adriana, 12
00193 Rome

ph. +39 06 684701
www.raicinema.it

Rai Corporation

c/o GC Consultants
444 Madison Avenue - Suite 1206
New York - NY 10022

Rai Com SpA

Via Umberto Novaro, 18
00195 Rome

ph. +39 06 36861
www.rai-com.com

Rai Pubblicità SpA

Via Cavalli, 6
10138 Turin

ph. +39 011 7441111
www.raipubblicità.it

Rai Way SpA

Via Teulada, 66
00195 Rome

ph. 800 111 555
www.raiway.it



Regional Offices

Abruzzo

Via de Amicis, 27
65123 Pescara

Marche

Scalo Vittorio Emanuele, 1
60121 Ancona

Autonomous Province of Bolzano

Piazza Mazzini, 23
39100 Bolzano

Basilicata

Via dell'Edilizia, 2
85100 Potenza

Molise

Contrada Colle delle Api
86100 Campobasso

Autonomous Province of Trento

Via f.lli Perini, 141
38122 Trento

Calabria

Via G. Marconi snc
87100 Cosenza

Puglia

Via Dalmazia, 104
70121 Bari

Umbria

Via Luigi Masi, 2
06121 Perugia

Emilia Romagna

Viale della Fiera, 13
40127 Bologna

Sardinia

Via Barone Rossi, 27
09125 Cagliari

Valle d'Aosta

Loc. Grande Charriere, 70
11020 Saint Christophe (AO)

Friuli Venezia Giulia

Via Fabio Severo, 7
34133 Trieste

Tuscany

Largo Alcide De Gasperi, 1
50136 Florence

Veneto

Palazzo Labia - Campo San Geremia
Cannaregio, 275
30121 Venice

Liguria

Corso Europa, 125
16132 Genoa

Sicily

Viale Strasburgo, 19
90146 Palermo

Rai - Radiotelevisione Italiana SpA

Parent Company

Company name: Rai - Radiotelevisione italiana SpA
Share Capital: Euro 242,518,100.00 fully paid-up
Registered office: Viale Giuseppe Mazzini, 14
00195 - Rome

Produced by: Direzione Finanza e Pianificazione

Consulting: Ergon Com
Art direction: AchilliGhizzardiAssociati



2015. *A year with Rai.*